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CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

PNC Bank, National Association

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. [✓] the Applicant

OR

2. [ ] a legal entity currently holding, or anticipated to hold within six months after City action on the contract, transaction or other undertaking to which this EDS pertains (referred to below as the "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal name: ____________________

OR

3. [ ] a legal entity with a direct or indirect right of control of the Applicant (see Section II(B)(1)) State the legal name of the entity in which the Disclosing Party holds a right of control:

____

B. Business address of the Disclosing Party: PNC Centre, 1 North Franklin, 28th Floor
Chicago, IL 60606

C. Telephone: 312-487-3257 Fax: ____________ Email: dorothy.abreu@pnc.com

D. Name of contact person: Dorothy Abreu

E. Federal Employer Identification No. (if you have one): 22-1146430

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

Municipal Depository Designation RFP for 2024

G. Which City agency or department is requesting this EDS? Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # ____________________ and Contract # ____________________

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

[ ] Person
[ ] Publicly registered business corporation
[ ] Privately held business corporation
[ ] Sole proprietorship
[ ] General partnership
[ ] Limited partnership
[ ] Trust
[ ] Limited liability company
[ ] Limited liability partnership
[ ] Joint venture
[ ] Not-for-profit corporation
(Is the not-for-profit corporation also a 501(c)(3))?
[ ] Yes [ ] No
[✓] Other (please specify)
National Banking Association

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

N/A. PNC Bank, NA is a national banking association formed by U.S. federal law and regulated by the OCC. As such it is authorized to conduct business in all states, with no state qualifications.

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

[ ] Yes [✓] No [ ] Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) **for not-for-profit corporations**, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) **for trusts, estates or other similar entities**, the trustee, executor, administrator, or similarly situated party; (iv) **for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures**, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name	Title
See Attachment A	

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

Name	Business Address	Percentage Interest in the Applicant
PNC Bancorp, Inc.	222 Delaware Ave., Wilmington, DE 19801	100%

SECTION III -- INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? [ ] Yes [✓] No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? [ ] Yes [✓] No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

See Attachment B

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party?
[ ] Yes [✓] No

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner(s) and describe the financial interest(s).

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) **NOTE:** "hourly rate" or "t.b.d." is not an acceptable response.

(Add sheets if necessary)

[✓] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

[ ] Yes [ ] No [✓] No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

[ ] Yes [ ] No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II(B)(1) of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;

d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any “Contractor” (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, “Disclosure of Subcontractors and Other Retained Parties”);
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;

b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or

c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or

d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

See Attachment B

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

None.

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than $25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

None.

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)
   [✓] is [ ] is not

   a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

____

____

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

[ ] Yes [✓] No

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

[ ] Yes [✓] No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address	Nature of Financial Interest

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

____1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

__✓__2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

See Attachment B

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: **If the Matter is federally funded**, complete this Section VI. **If the Matter is not federally funded**, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

[✓] Yes [ ] No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

[✓] Yes [ ] No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

[✓] Yes [ ] No [ ] Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

[ ] Yes [ ] No

If you checked "No" to question (1) or (2) above, please provide an explanation:

___

___

SECTION VII -- FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. **NOTE:** With respect to Matters subject to MCC Chapter 1-23, Article I (imposing **PERMANENT INELIGIBILITY** for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

PNC Bank, National Association

(Print or type exact legal name of Disclosing Party)

By: Dorothy Abreu

(Sign here)

Dorothy Abreu

(Print or type name of person signing)

Senior Vice President

(Print or type title of person signing)

Signed and sworn to before me on (date) Nov. 08, 2023,

at Cook County, IL (state).

Detrius Hughes-McNeil

Notary Public

"OFFICIAL SEAL"
DETRIUS HUGHES - MCNEIL
Notary Public, State of Illinois
Commission No. 820774
My Commission Expires Sept. 28, 2024

Commission expires: Sept. 28, 2024.

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

[ ] Yes [✓] No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

____

____

____

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX B

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

[ ] Yes [✓] No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

[ ] Yes [✓] No [ ] The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

____
____
____

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX C

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

[ ] Yes

[ ] No

[✓] N/A – I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385.

This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1).

If you checked "no" to the above, please explain.

____

____

____

Attachment A

PNC BANK

CERTIFICATE

The undersigned, Kristin D. Biehl, a duly appointed Assistant Secretary of PNC Bank, National Association (the "Bank"), does hereby certify that:

(1) the following is a true and correct copy of an excerpt from the Bylaws of the Bank and a true and correct copy of Resolutions adopted by the Board of Directors of the Bank on April 26, 2023;

(2) the excerpt from the Bylaws of the Bank and Resolutions described above are in full force and effect as of the date of this Certificate; and

(3) Dorothy L. Abreu is a duly appointed Senior Vice President of the Bank.

Excerpt from Bylaws of PNC Bank, National Association

"Article VI. General Powers of Officers

Section 1. Corporate Seal. The corporate seal of the Bank may be imprinted or affixed by any process (including by electronic means). The Secretary, any Assistant Secretary and any other officer authorized by resolution of the Board shall have authority to affix and attest the seal of the Bank.

Section 2. Execution of Documents. The authority of officers and employees of the Bank to execute documents and instruments on its behalf in cases not specifically provided for in these Bylaws shall be as determined from time to time by the Board, or, in the case of employees, by officers in accordance with authority given them by the Board."

Board Resolutions Adopted April 26, 2023

WHEREAS, pursuant to the Bylaws of PNC Bank, National Association (the "Bank"), the Board of Directors of the Bank (the "Board"), seeks to grant authority to certain officers to take the actions evidenced herein.

NOW, THEREFORE, BE IT RESOLVED, that the Chair of the Board, the Chief Executive Officer, the President, each Vice Chair, Senior Executive Vice President, Executive Vice President, Senior Vice President, Vice President, Assistant Vice President, the Controller, the General Auditor, the Treasurer and each Assistant Treasurer, the Cashier and each Assistant Cashier, the Secretary and each Assistant Secretary, each Trust Officer and Assistant Trust Officer, each Chief Operating Officer, each Regional President or chief executive of a business region, the General Counsel, and each Deputy General Counsel (the "Authorizing Officers") of the Bank shall have the authority to affix and attest the seal of the Bank, including by electronic means;

RESOLVED FURTHER, that the Authorizing Officers of the Bank, and any other officers acting at the discretion of any officer authorized to affix and attest the seal of the Bank, are, and each of them hereby is, authorized and empowered in the name and on behalf of the Bank to execute, acknowledge and deliver any and all agreements, instruments, or other documents relating to the property or rights of all kinds held or owned by the Bank or to the operation of the Bank, either for its own account or in any agency or fiduciary capacity. Notwithstanding the foregoing, any and all agreements of sale, contracts, deeds and other documentation pertaining to the purchase, sale or transfer of real estate or buildings occupied by the Bank in the transaction of its business shall be executed in accordance with the terms of resolutions adopted from time to time in connection therewith and specifically designating the officer or officers authorized to execute the same. Notwithstanding the foregoing, those persons holding the title of General Counsel, Deputy General Counsel, or Chief Counsel of the Bank are, and each of them hereby is, authorized and empowered in the name and on behalf of the Bank to execute, acknowledge and deliver law firm engagement letters;

RESOLVED FURTHER, that the Chair of the Board, Chief Executive Officer, President, Secretary, each Vice Chair, Senior Executive Vice President, Executive Vice President, General Counsel, or Deputy General Counsel of the Bank, or any of them, is authorized to name, constitute and appoint such person or persons as they or any of them deem necessary as attorney-in-fact for the Bank, to execute documents for and in its name and stead, and to perform all other acts, deeds and things as may be required to effect the particular transactions for which the appointment is made;

RESOLVED FURTHER, that the Chair of the Board, Chief Executive Officer, President, Secretary, each Vice Chair, Senior Executive Vice President, Executive Vice President, General Counsel, or Deputy General Counsel of the Bank, or any of them, is authorized to name, constitute and appoint such person or persons employed by The PNC Financial Services Group, Inc. (the "Corporation") or any of its wholly owned direct or indirect subsidiaries as they or any of them deem necessary as attorney-in-fact for the Bank, to execute documents for and in its name and stead, and to perform all other acts, deeds and things as may be required to effect the particular transactions for which the appointment is made. Notwithstanding the foregoing, persons to be appointed to act as attorney-in-fact in the name and on behalf of the Corporation or the Bank, or any of the Corporation's or the Bank's wholly owned direct or indirect subsidiaries (the "Subsidiaries"), to execute and file tax-related documents for and in the Corporation's, the Bank's or the Subsidiaries' name and stead, shall be appointed pursuant to the terms of resolutions adopted from time to time specifically designating the persons authorized to appoint such attorneys-in-fact;

RESOLVED FURTHER, that any officer of the Bank and any non-officer employee of the Corporation or the Bank (or any affiliate of the Corporation or the Bank) designated in writing by the Chief Executive Officer, the President, any Vice Chair, Senior Executive Vice President, Executive Vice President, Senior Vice President, or the Corporate Secretary of the Corporation or Secretary of the Bank, are each hereby authorized and empowered:

(a) To sign or countersign checks, drafts, acceptances, guarantees of signatures on assignments of securities, certificates of securities of entities for whom the Bank is acting as registrar or transfer agent or in a fiduciary or representative capacity, correspondence or other papers or documents not ordinarily requiring execution under seal; and

(b) To receive any sums of money or property due or owing to the Bank in its own right, as an agent for another party, or in any fiduciary or representative capacity and, either as attorney-in-fact for the Bank or otherwise, to sign or countersign agreements, instruments, or other documents related to the foreclosure of residential real estate loans owned or serviced by the Corporation or the Bank or the enforcement of any other rights and remedies with respect to such loans (including, without limitation, in a bankruptcy or insolvency proceeding), including, without limitation, correspondence, affidavits, certifications, declarations, deeds, substitutions of trustee, verifications, assignments, powers of attorney, sales contracts or any other papers or documents, to execute any instrument of satisfaction for any mortgage, deed of trust, judgment or lien in the Office of the Recorder of Deeds, Prothonotary, or other office or court of record in any jurisdiction, provided, however, that in respect to any mortgage or deed of trust made to this Bank as trustee for bondholders, the foregoing authority shall be exercised only pursuant to an authorization of the Board or committee of the Board with oversight of fiduciary risk; and

RESOLVED FURTHER, that, in accordance with the Bank Act of Canada, the Principal Officer of the Canada Branch or any employee of the Canada Branch who is an Executive Vice President, Senior Vice President, Vice President, Assistant Vice President, Assistant Treasurer, Assistant Cashier, Assistant Secretary, or Assistant Trust Officer of the Bank or the Canada Branch (the "Canadian Authorized Officers") shall have the sole authority to affix and attest the seal of the Bank, including by electronic means with respect to agreements, instruments, or other documents executed on behalf of the Canada Branch;

RESOLVED FURTHER, that the Canadian Authorized Officers are, and each of them hereby is, authorized and empowered in the name and on behalf of the Canada Branch to execute, acknowledge and deliver any and all agreements, instruments, or other documents relating to the property or rights of all kinds held or owned by the Canada Branch or to the operation of the Canada Branch, either for its own account or in any agency or fiduciary capacity. Notwithstanding the foregoing, any and all agreements of sale, contracts, deeds and other documentation pertaining to the purchase, sale or transfer of real estate or buildings occupied by the Canada Branch in the transaction of its business shall be executed in accordance with the terms of resolutions adopted from time to time in connection therewith and specifically designating the officer or officers authorized to execute the same;

RESOLVED FURTHER, that any Canadian Authorized Officer is hereby authorized and empowered:

(a) To sign or countersign checks, drafts, acceptances, guarantees of signatures on assignments of securities, certificates of securities of entities for whom the Canada Branch is acting as registrar or transfer agent or in a fiduciary or representative capacity, correspondence or other papers or documents not ordinarily requiring execution under seal; and

(b) To receive any sums of money or property due or owing to the Canada Branch in its own right, as an agent for another party, or in any fiduciary or representative capacity;

RESOLVED FURTHER, that the Principal Officer of the Canada Branch and the Chief Operating Officer of the Canada Branch, or either of them, is authorized to name, constitute and appoint such person or persons as they or any of them deem necessary as attorney-in-fact for the Canada Branch, to execute documents for and in its name and stead, and to perform all other acts, deeds and things as may be required to effect the particular transactions for which the appointment is made;

RESOLVED FURTHER, that the Canadian Authorized Officers shall be the only employees or officers of the Canada Branch who are permitted to execute agreements, instruments, or other documents on behalf of the Canada Branch, consistent with the foregoing resolutions; and

RESOLVED FURTHER, that all actions heretofore taken by any of the officers, representatives or agents of the Bank by or on behalf of the Bank or any of its affiliates in connection with the foregoing resolutions be, and each of the same is, ratified and approved.

IN WITNESS WHEREOF, the undersigned has hereunto set their hand and affixed the seal of the Bank this 2nd day of November, 2023.

PNC BANK, NATIONAL ASSOCIATION
SEAL

Kristin D. Biehl

Kristin D. Biehl

Attachment A

Directors and Officers Report

PNC Bank, National Association

Directors

Name	Position
Alvarado, Joseph	Director
Cafaro, Debra Ann	Director
Cheshire, Marjorie Rodgers	Director
Demchak, William Stanton	Director
Feldstein, Andrew Todd	Director
Harshman, Richard Joseph	Director
Hesse, Daniel Ryan	Director
Khator, Renu	Director
Lyons, Michael Patrick	Director
Medler, Linda Rostal	Director
Niblock, Robert Alan	Director
Parsley, III, E William	Director
Pfinsgraff, Martin	Director
Reilly , Robert Quintin	Director
Salesky, Bryan Scott	Director

Officers

Name	Position
Brown, Carole Lynnette	Executive Vice President
Brown, Carole Lynnette	Head of Asset Management Group
Bynum, Richard Kevin	Executive Vice President
Bynum, Richard Kevin	Chief Corporate Responsibility Officer
Demchak, William Stanton	Chairman
Demchak, William Stanton	Chief Executive Officer
Demchak, William Stanton	President
Fallon, Kieran John	Executive Vice President
Fallon, Kieran John	Derivatives Chief Compliance Officer
Fallon, Kieran John	Chief Risk Officer
Guild, Deborah Quackenbush	Executive Vice President
Guild, Deborah Quackenbush	Head of Enterprise Technology & Security
Hannon, Michael John	Chief Credit Officer
Hannon, Michael John	Executive Vice President
Henn, Vicki Christine	Chief Human Resources Officer
Henn, Vicki Christine	Executive Vice President
Jordan, Gregory Baldwin	Executive Vice President
Jordan, Gregory Baldwin	General Counsel
Jordan, Gregory Baldwin	Head of Regulatory and Government Affairs
Jordan, Gregory Baldwin	Chief Administrative Officer
Juchno, Stacy M.	Executive Vice President
Juchno, Stacy M.	General Auditor

Kozich, Gregory H.	Executive Vice President
Kozich, Gregory H.	Controller
Krishnan, Ganesh Manapra	Executive Vice President
Krishnan, Ganesh Manapra	Enterprise Chief Information Officer
Lyons, Michael Patrick	Executive Vice President
Lyons, Michael Patrick	Head of Corporate and Institutional Banking
Overstrom, Alexander Edward Cadwell	Head of Retail Banking
Overstrom, Alexander Edward Cadwell	Executive Vice President
Parsley, III, E William	Chief Operating Officer
Parsley, III, E William	Executive Vice President
Reilly , Robert Quintin	Executive Vice President
Reilly , Robert Quintin	Chief Financial Officer

Report Printed as of : 2023-11-02

Attachment B
To: City of Chicago
Economic Disclosure Statement and Affidavit
Filed by: PNC Bank, National Association

This Attachment B modifies and supplements the information provided in the City of Chicago Economic Disclosure Statement and Affidavit executed by the Disclosing Party as of 11/08/23 (the "EDS"). Any capitalized term used in this Attachment B will have the definition set forth in the EDS, except as provided below.

SECTION III: INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

To the best knowledge of the Disclosing Party, after reasonable inquiry, the Disclosing Party has not provided nor reasonably expects to provide any income or compensation during the 12 months preceding or following the date that the Disclosing Party executed the EDS. For purposes of this certification, the term "City elected official" is treated as including only the City's Mayor, Aldermen, Treasurer and Clerk and not including their spouses, domestic partners (as defined in Chapter 2-156 of the Municipal Code) or any entity in which any such person has an interest.

SECTION V – CERTIFICATIONS

B. FURTHER CERTIFICATIONS

With respect to the statements contained in Section V, paragraph B.2, the Disclosing Party certifies, to the best of its knowledge, after reasonable inquiry, that neither the Disclosing Party nor any Affiliated Entity is delinquent in paying any fine, fee, tax or other source of indebtedness owed to the City other than fines, fees, taxes or other charges that are being contested in good faith by the Disclosing Party or such Affiliated Entity by appropriate legal proceedings.

The Disclosing Party certifies that, as of the date that the Disclosing Party executed the EDS, to the best of its knowledge, after reasonable inquiry, (x) the statement contained in Section V, paragraph B.3. a, B.3.d and B.8 is accurate with respect to itself (the Disclosing Party); and (y) the statements contained in Section V, paragraphs B.3.a through and including B.3.d and B.8 are accurate with respect to the executive officers and directors of the Disclosing Party.

With respect to Section V, paragraph B.3.e, due to an error by a third-party tax preparer, an executive officer of the Disclosing Party was subject to a civil proceeding in 2020 with regard to payment of State of Illinois State Income taxes for 2018. The lien has since been cleared as of May 2020.

With respect to Section V, paragraphs B.3.b, c and e, the Disclosing Party hereby makes reference to the information on legal proceedings set forth in the filings made by its ultimate parent company, The PNC Financial Services Group, Inc., with the Securities and Exchange Commission, which may be found at www.sec.gov or www.pnc.com/secfilings. Copies of the most current such disclosures are attached as Annex I to this Attachment B. Specifically, On the Form 10Q(s) (Quarterly Period Ending June 30, 2023) of the PNC Financial Services Group, Inc., please see Note 13 Legal Proceedings section on pages 96-97. On 10K (Fiscal Year Ending December 31, 2022), please see Note 21 Legal Proceedings section on pages 174-178. The Disclosing Party certifies that none of the judgments set forth therein, individually or in the aggregate, would have a material adverse effect on its ability to perform with respect to the Matter.

With respect to Section V, paragraph B.3.d., PNC can certify to the best of its knowledge that no public transaction agreements have been terminated for cause or default.

The Disclosing Party certifies that, as of the date that the Disclosing Party executed the EDS, to the best of its knowledge, after reasonable inquiry, the statements contained in Section V, paragraphs B.5.a through and including B.5.d and B.6 are accurate with respect to any Affiliated Entity of the Disclosing Party or any responsible official of the Disclosing Party or any such Affiliated Entity acting in such capacity or any other official or employee of the Disclosing Party or any such Affiliated Entity acting in such capacity pursuant to the direction or authorization of a responsible official of the Disclosing Party or any such Affiliated Entity acting in such capacity. The Disclosing Party makes no certification concerning (x) any Contractor, any Affiliated Entity of a Contractor or any Agent of any such Contractor or Affiliated Entity; or (y) any agent of the Disclosing Party or any Affiliated Entity of the Disclosing Party. With respect to the statements contained in Section V, paragraph B.7, the Disclosing Party is only certifying with respect to the Disclosing Party and any Affiliated Entity of the Disclosing Party.

D. FINANCIAL INTEREST IN CITY BUSINESS

As to the disclosure set forth in Section V, paragraph D.1., to the best knowledge of the Disclosing Party, after reasonable inquiry, no official or employee of the City of Chicago has a financial interest in his or her own name or in the name of any other person in the Matter.

As to the disclosure set forth in Section V, paragraph D.4., the Disclosing Party only certifies that no official or employee of the City of Chicago will acquire a prohibited financial interest in the Matter from the Disclosing Party, any Affiliated Entity of the Disclosing Party or any responsible official of the Disclosing Party or any such Affiliated Entity acting in such capacity or any other official or employee of the Disclosing Party or any such Affiliated Entity acting in such capacity pursuant to the direction or authorization of a responsible official of the Disclosing Party or any such Affiliated Entity acting in such capacity.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

The PNC Financial Services Group, Inc. reviewed the historical records of acquired institutions and discovered two instances of reportable pre-1865 business activities in the records of the National Bank of Kentucky, a predecessor of National City Bank, which is a predecessor of PNC Bank.

- In 1836, the National Bank of Kentucky loaned $200,000 to the City of Louisville. Records indicate the City then invested in the Lexington & Ohio Railroad Company.
- In 1852, the National Bank of Kentucky loaned $135,000 to the Louisville & Nashville Railroad Company.

Research indicates that both railroads used slave labor. There is no evidence that any additional transactions were conducted with either railroad.

Any questions regarding this statement should be directed to the following PNC executive:

Dorothy Abreu, Senior Vice President & Relationship Manager - PNC Bank - Public Finance Group
One North Franklin Street, Suite 2800 Chicago, IL 60606 (T) 312.520.9020
dorothy.abreu@pnc.com

ANNEX I

Form 10Q and 10K can be accessed via response to 2023 RFP for Designation as a 2024 Municipal Depository for City of Chicago and Chicago Board of Education Funds Documents 20a and 20b or access through link embedded in the above attachment related to: Form 10Q(s) (Quarterly Period Ending June 30, 2023) of the PNC Financial Services Group, Inc., please see Note 13 Legal Proceedings section on page 96-97. On 10K (Fiscal Year Ending December 31, 2022), please see Note 21 Legal Proceedings section on pages 174-178.

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

PNC Bancorp, Inc.

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:
1. [ ] the Applicant
   OR
2. [✓] a legal entity currently holding, or anticipated to hold within six months after City action on the contract, transaction or other undertaking to which this EDS pertains (referred to below as the "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal name: ______________________
   OR
3. [ ] a legal entity with a direct or indirect right of control of the Applicant (see Section II(B)(1)) State the legal name of the entity in which the Disclosing Party holds a right of control:

____

B. Business address of the Disclosing Party: 222 Delaware Ave., Wilmington, DE 19801

C. Telephone: 312-338-2295 Fax: ______________ Email: jonathan.casiano@pnc.com

D. Name of contact person: Jonathan Casiano - Senior Vice President, Public Finance

E. Federal Employer Identification No. (if you have one): 51-0326854

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

Municipal Depository Designation RFP for 2024

G. Which City agency or department is requesting this EDS? Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # ______________________ and Contract # ______________________

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

[ ] Person
[ ] Publicly registered business corporation
[✓] Privately held business corporation
[ ] Sole proprietorship
[ ] General partnership
[ ] Limited partnership
[ ] Trust
[ ] Limited liability company
[ ] Limited liability partnership
[ ] Joint venture
[ ] Not-for-profit corporation
(Is the not-for-profit corporation also a 501(c)(3))?
[ ] Yes [ ] No
[ ] Other (please specify)
____

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Delaware

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

[ ] Yes [✓] No [ ] Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) **for not-for-profit corporations**, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) **for trusts, estates or other similar entities**, the trustee, executor, administrator, or similarly situated party; (iv) **for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures**, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

See Attachment A

____

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

Name	Business Address	Percentage Interest in the Applicant
The PNC Financial Services Group, Inc.	The Tower at PNC Plaza, 300 Fifth Ave.	100% (in the Disclosing Party)
	Pittsburgh, PA 15222-2707	
The PNC Financial Services Group, Inc. owns 100% of the Disclosing Party and the Disclosing Party owns 100% of the Applicant.		

SECTION III -- INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? [ ] Yes [✓] No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? [ ] Yes [✓] No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

____

____

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party?
[ ] Yes [✓] No - See Attachment B

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner(s) and describe the financial interest(s).

____

____

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) **NOTE:** "hourly rate" or "t.b.d." is not an acceptable response.

(Add sheets if necessary)

[✓] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

[ ] Yes [ ] No [✓] No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

[ ] Yes [ ] No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [see definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II(B)(1) of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;

d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:

- the Disclosing Party;
- any “Contractor” (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, “Disclosure of Subcontractors and Other Retained Parties”);
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;

b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or

c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or

d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any "controlling person" [<u>see</u> MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any "sister agency"; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article's permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management ("SAM").

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

See Attachment B

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

None

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than $25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)
   [✓] is [ ] is not

   a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

____

____

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

[ ] Yes [✓] No - See Attachment B

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

[ ] Yes [✓] No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address	Nature of Financial Interest

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

____1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

_✓_2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

See Attachment B

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: **If the Matter is federally funded**, complete this Section VI. **If the Matter is not federally funded**, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?
[ ] Yes [✓] No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)
[ ] Yes [ ] No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?
[ ] Yes [ ] No [ ] Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?
[ ] Yes [ ] No

If you checked "No" to question (1) or (2) above, please provide an explanation:

____

____

SECTION VII -- FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City’s Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. **NOTE:** With respect to Matters subject to MCC Chapter 1-23, Article I (imposing **PERMANENT INELIGIBILITY** for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

PNC Bancorp, Inc.
(Print or type exact legal name of Disclosing Party)

By: ______________________
(Sign here)

Jonathan Casiano
(Print or type name of person signing)

Vice President
(Print or type title of person signing)

Signed and sworn to before me on (date) 03 November 2023,
at Cook County, Illinois (state).

Notary Public

Commission expires: Sept. 12, 2027

"OFFICIAL SEAL"
CINTHIA RENEE PATTON
Notary Public, State of Illinois
Commission No. 0977745
My Commission Expires Sept. 12, 2027

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

[ ] Yes [ ] No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

____

____

____

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX B

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

[ ] Yes [ ] No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

[ ] Yes [ ] No [ ] The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

____
____
____

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX C

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

[ ] Yes

[ ] No

[ ] N/A – I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385.

This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1).

If you checked "no" to the above, please explain.

____

____

____

Attachment A

PNC BANCORP, INC.

222 DELAWARE AVENUE
WILMINGTON, DE 19801

CERTIFICATE

The undersigned, Laura Long, Assistant Secretary of PNC Bancorp, Inc. (the "Corporation"), does hereby certify that Jonathan N. Casiano is the duly elected Senior Vice President of the Corporation.

Further, the undersigned hereby certifies that Jonathan N. Casiano is, by virtue of his office, authorized to execute and deliver on behalf of the Corporation guarantees, contracts and other legal documents.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the Corporation on this 2nd day of November, 2023.

PNC BANCORP, INC. CORPORATE SEAL DELAWARE * 1990 *

Laura Long

Attachment A

Directors and Officers Report

PNC Bancorp, Inc.

Directors

Name	Position
Biddle, Mary E.	Director
Reilly , Robert Quintin	Director
Russo, Cheryle A.	Director

Officers

Name	Position
Biddle, Mary E.	Chairman
Biddle, Mary E.	President
Russo, Cheryle A.	Executive Vice President

Report Printed as of : 2023-11-02

Attachment B
To: City of Chicago
Economic Disclosure Statement and Affidavit
Filed by: PNC Bancorp, Inc.

This Attachment B modifies and supplements the information provided in the City of Chicago Economic Disclosure Statement and Affidavit executed by the Disclosing Party as of 11/03/2023 (the "EDS"). Any capitalized term used in this Attachment B will have the definition set forth in the EDS, except as provided below.

SECTION III: INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

To the best knowledge of the Disclosing Party, after reasonable inquiry, the Disclosing Party has not provided nor reasonably expects to provide any income or compensation during the 12 months preceding or following the date that the Disclosing Party executed the EDS. For purposes of this certification, the term "City elected official" is treated as including only the City's Mayor, Aldermen, Treasurer and Clerk and not including their spouses, domestic partners (as defined in Chapter 2-156 of the Municipal Code) or any entity in which any such person has an interest.

SECTION V – CERTIFICATIONS

B. FURTHER CERTIFICATIONS

With respect to the statements contained in Section V, paragraph B.2, the Disclosing Party certifies, to the best of its knowledge, after reasonable inquiry, that neither the Disclosing Party nor any Affiliated Entity is delinquent in paying any fine, fee, tax or other source of indebtedness owed to the City other than fines, fees, taxes or other charges that are being contested in good faith by the Disclosing Party or such Affiliated Entity by appropriate legal proceedings.

The Disclosing Party certifies that, as of the date that the Disclosing Party executed the EDS, to the best of its knowledge, after reasonable inquiry, (x) the statement contained in Section V, paragraph B.3. a and B.3.d is accurate with respect to itself (the Disclosing Party); and (y) the statements contained in Section V, paragraphs B.3.a through and including B.3.d are accurate with respect to the executive officers and directors of the Disclosing Party. With respect to Section V, paragraphs B.3.b and c, the Disclosing Party hereby makes reference to the information on legal proceedings set forth in the filings made by its parent company, The PNC Financial Services Group, Inc., with the Securities and Exchange Commission, which may be found at www.sec.gov or www.pnc.com/secfilings. Copies of the most current such disclosures are attached as Annex I to this Attachment B. Specifically, On the Form 10Q(s) (Quarterly Period Ending June 30, 2023) of the PNC Financial Services Group, Inc., please see Note 13 Legal Proceedings section on page 96-97. On 10K (Fiscal Year Ending December 31, 2022), please see Note 21 Legal Proceedings section on pages 174-178. The Disclosing Party certifies that none of the judgments set forth therein, individually or in the aggregate, would have a material adverse effect on the Applicant's ability to perform with respect to the Matter. With respect to Section V, paragraph B.3.d., PNC can certify to the best of its knowledge that no public transaction agreements have been terminated for cause or default.

The Disclosing Party certifies that, as of the date that the Disclosing Party executed the EDS, to the best of its knowledge, after reasonable inquiry, the statements contained in Section V, paragraphs B.5.a through and including B.5.d and B.6 are accurate with respect to any Affiliated Entity of the Disclosing Party or any responsible official of the Disclosing Party or any such Affiliated Entity acting in such capacity or any other official or employee of the Disclosing Party or any such Affiliated Entity acting in such capacity pursuant to the direction or authorization of a responsible official of the Disclosing Party or any such Affiliated Entity acting in such capacity. The Disclosing Party makes no certification concerning (x) any Contractor, any Affiliated Entity of a Contractor or any Agent of any such Contractor or Affiliated Entity; or (y) any agent of the Disclosing Party or any Affiliated Entity of the Disclosing Party.

D. FINANCIAL INTEREST IN CITY BUSINESS

As to the disclosure set forth in Section V, paragraph D.1., to the best knowledge of the Disclosing Party, after reasonable inquiry, no official or employee of the City of Chicago has a financial interest in his or her own name or in the name of any other person in the Matter.

As to the disclosure set forth in Section V, paragraph D.4., the Disclosing Party only certifies that no official or employee of the City of Chicago will acquire a prohibited financial interest in the Matter from the Disclosing Party, any Affiliated Entity of the Disclosing Party or any responsible official of the Disclosing Party or any such Affiliated Entity acting in such capacity or any other official or employee of the Disclosing Party or any such Affiliated Entity acting in such capacity pursuant to the direction or authorization of a responsible official of the Disclosing Party or any such Affiliated Entity acting in such capacity.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

The PNC Financial Services Group, Inc. reviewed the historical records of acquired institutions and discovered two instances of reportable pre-1865 business activities in the records of the National Bank of Kentucky, a predecessor of National City Bank, which is a predecessor of PNC Bank.

- In 1836, the National Bank of Kentucky loaned $200,000 to the City of Louisville. Records indicate the City then invested in the Lexington & Ohio Railroad Company.
- In 1852, the National Bank of Kentucky loaned $135,000 to the Louisville & Nashville Railroad Company.

Research indicates that both railroads used slave labor. There is no evidence that any additional transactions were conducted with either railroad.

Any questions regarding this statement should be directed to the following PNC executive:

Dorothy Abreu, Senior Vice President & Relationship Manager
PNC Bank - Public Finance Group
One North Franklin Street, Suite 2800
Chicago, IL 60606
(T) 312.520.9020 / dorothy.abreu@pnc.com

ANNEX I

Form 10Q and 10K can be accessed via response to 2023 RFP for Designation as a 2024 Municipal Depository for City of Chicago and Chicago Board of Education Funds Documents 20a and 20b or access through link embedded in the above attachment related to: Form 10Q(s) (Quarterly Period Ending June 30, 2023) of the PNC Financial Services Group, Inc., please see Note 13 Legal Proceedings section on page 96-97. On 10K (Fiscal Year Ending December 31, 2022), please see Note 21 Legal Proceedings section on pages 174-178.

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

The PNC Financial Services Group, Inc.

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. [ ] the Applicant

OR

2. [✓] a legal entity currently holding, or anticipated to hold within six months after City action on the contract, transaction or other undertaking to which this EDS pertains (referred to below as the "Matter"), a direct or indirect interest in excess of 7.5% in the Applicant. State the Applicant's legal name: PNC Bank, National Association

OR

3. [ ] a legal entity with a direct or indirect right of control of the Applicant (see Section II(B)(1)) State the legal name of the entity in which the Disclosing Party holds a right of control:

____

B. Business address of the Disclosing Party: The Tower at PNC Plaza, 300 Fifth Ave.
Pittsburgh, PA 15222-2707

C. Telephone: 312-487-3257 Fax: ____________ Email: dorothy.abreu@pnc.com

D. Name of contact person: Dorothy Abreu - Senior Vice President, Public Finance

E. Federal Employer Identification No. (if you have one): 25-1435979

F. Brief description of the Matter to which this EDS pertains. (Include project number and location of property, if applicable):

Municipal Depository Designation RFP for 2024

G. Which City agency or department is requesting this EDS? Department of Finance

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # ____________________ and Contract # ____________________

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

[ ] Person
[✓] Publicly registered business corporation
[ ] Privately held business corporation
[ ] Sole proprietorship
[ ] General partnership
[ ] Limited partnership
[ ] Trust
[ ] Limited liability company
[ ] Limited liability partnership
[ ] Joint venture
[ ] Not-for-profit corporation
(Is the not-for-profit corporation also a 501(c)(3))?
[ ] Yes [ ] No
[ ] Other (please specify)
____

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Pennsylvania

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

[ ] Yes [✓] No [ ] Organized in Illinois

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles, if applicable, of: (i) all executive officers and all directors of the entity; (ii) **for not-for-profit corporations**, all members, if any, which are legal entities (if there are no such members, write "no members which are legal entities"); (iii) **for trusts, estates or other similar entities**, the trustee, executor, administrator, or similarly situated party; (iv) **for general or limited partnerships, limited liability companies, limited liability partnerships or joint ventures**, each general partner, managing member, manager or any other person or legal entity that directly or indirectly controls the day-to-day management of the Applicant.

NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name	Title
See Attachment A	

2. Please provide the following information concerning each person or legal entity having a direct or indirect, current or prospective (i.e. within 6 months after City action) beneficial interest (including ownership) in excess of 7.5% of the Applicant. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a

limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None."

NOTE: Each legal entity listed below may be required to submit an EDS on its own behalf.

Name	Business Address	Percentage Interest in the Applicant
The Vanguard Group*	100 Vanguard Blvd, Malvern PA 19355	9.30%

*The Vanguard Group owns 9.30% through its ownership of publicly traded shares, as of June 29, 2023 (verified 11/9/23). The Disclosing Party has an indirect interest in the Applicant through its 100% ownership of PNC Bancorp, which, in turn, owns 100% of the Applicant.

SECTION III -- INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

Has the Disclosing Party provided any income or compensation to any City elected official during the 12-month period preceding the date of this EDS? [ ] Yes [✓] No

Does the Disclosing Party reasonably expect to provide any income or compensation to any City elected official during the 12-month period following the date of this EDS? [ ] Yes [✓] No

If "yes" to either of the above, please identify below the name(s) of such City elected official(s) and describe such income or compensation:

____

____

Does any City elected official or, to the best of the Disclosing Party's knowledge after reasonable inquiry, any City elected official's spouse or domestic partner, have a financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago ("MCC")) in the Disclosing Party?
[ ] Yes [✓] No - See Attachment B

If "yes," please identify below the name(s) of such City elected official(s) and/or spouse(s)/domestic partner(s) and describe the financial interest(s).

____

____

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist (as defined in MCC Chapter 2-156), accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll. If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (<u>indicate whether paid or estimated</u>.) **NOTE:** "hourly rate" or "t.b.d." is not an acceptable response.

(Add sheets if necessary)

[✓] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under MCC Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

[ ] Yes [ ] No [✓] No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

[ ] Yes [ ] No

B. FURTHER CERTIFICATIONS

1. [This paragraph 1 applies only if the Matter is a contract being handled by the City's Department of Procurement Services.] In the 5-year period preceding the date of this EDS, neither the Disclosing Party nor any Affiliated Entity [<u>see</u> definition in (5) below] has engaged, in connection with the performance of any public contract, the services of an integrity monitor, independent private sector inspector general, or integrity compliance consultant (i.e., an individual or entity with legal, auditing, investigative, or other similar skills, designated by a public agency to help the agency monitor the activity of specified agency vendors as well as help the vendors reform their business practices so they can be considered for agency contracts in the future, or continue with a contract in progress).

2. The Disclosing Party and its Affiliated Entities are not delinquent in the payment of any fine, fee, tax or other source of indebtedness owed to the City of Chicago, including, but not limited to, water and sewer charges, license fees, parking tickets, property taxes and sales taxes, nor is the Disclosing Party delinquent in the payment of any tax administered by the Illinois Department of Revenue.

3. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II(B)(1) of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

b. have not, during the 5 years before the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in subparagraph (b) above;

d. have not, during the 5 years before the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

e. have not, during the 5 years before the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

4. The Disclosing Party understands and shall comply with the applicable requirements of MCC Chapters 2-56 (Inspector General) and 2-156 (Governmental Ethics).

5. Certifications (5), (6) and (7) concern:
- the Disclosing Party;
- any “Contractor” (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, “Disclosure of Subcontractors and Other Retained Parties”);
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity). Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity. With respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor, nor any Agents have, during the 5 years before the date of this EDS, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the 5 years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;

b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or

c. made an admission of such conduct described in subparagraph (a) or (b) above that is a matter of record, but have not been prosecuted for such conduct; or

d. violated the provisions referenced in MCC Subsection 2-92-320(a)(4)(Contracts Requiring a Base Wage); (a)(5)(Debarment Regulations); or (a)(6)(Minimum Wage Ordinance).

6. Neither the Disclosing Party, nor any Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

7. Neither the Disclosing Party nor any Affiliated Entity is listed on a Sanctions List maintained by the United States Department of Commerce, State, or Treasury, or any successor federal agency.

8. [FOR APPLICANT ONLY] (i) Neither the Applicant nor any “controlling person” [see MCC Chapter 1-23, Article I for applicability and defined terms] of the Applicant is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any “sister agency”; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If MCC Chapter 1-23, Article I applies to the Applicant, that Article’s permanent compliance timeframe supersedes 5-year compliance timeframes in this Section V.

9. [FOR APPLICANT ONLY] The Applicant and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed as having an active exclusion by the U.S. EPA on the federal System for Award Management (“SAM”).

10. [FOR APPLICANT ONLY] The Applicant will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in Certifications (2) and (9) above and will not, without the prior written consent of the City, use any such

contractor/subcontractor that does not provide such certifications or that the Applicant has reason to believe has not provided or cannot provide truthful certifications.

11. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

See Attachment B

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

12. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

None

13. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than $25 per recipient, or (iii) a political contribution otherwise duly reported as required by law (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)
[✓] is [ ] is not

a "financial institution" as defined in MCC Section 2-32-455(b).

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in MCC Chapter 2-32. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in MCC Chapter 2-32. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in MCC Section 2-32-455(b)) is a predatory lender within the meaning of MCC Chapter 2-32, explain here (attach additional pages if necessary):

____

____

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING FINANCIAL INTEREST IN CITY BUSINESS

Any words or terms defined in MCC Chapter 2-156 have the same meanings if used in this Part D.

1. In accordance with MCC Section 2-156-110: To the best of the Disclosing Party's knowledge after reasonable inquiry, does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

[ ] Yes [✓] No - See Attachment B

NOTE: If you checked "Yes" to Item D(1), proceed to Items D(2) and D(3). If you checked "No" to Item D(1), skip Items D(2) and D(3) and proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

[ ] Yes [✓] No

3. If you checked "Yes" to Item D(1), provide the names and business addresses of the City officials or employees having such financial interest and identify the nature of the financial interest:

Name	Business Address	Nature of Financial Interest

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either (1) or (2) below. If the Disclosing Party checks (2), the Disclosing Party must disclose below or in an attachment to this EDS all information required by (2). Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

____1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

__✓__2. The Disclosing Party verifies that, as a result of conducting the search in step (1) above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

See Attachment B

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: **If the Matter is federally funded**, complete this Section VI. **If the Matter is not federally funded**, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995, as amended, who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995, as amended, have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in paragraph A(1) above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee

of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A(1) and A(2) above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities," as that term is defined in the Lobbying Disclosure Act of 1995, as amended.

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A(1) through A(4) above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?
[ ] Yes [✓] No

If “Yes,” answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)
[ ] Yes [ ] No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?
[ ] Yes [ ] No [ ] Reports not required

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?
[ ] Yes [ ] No

If you checked “No” to question (1) or (2) above, please provide an explanation:

____

____

SECTION VII -- FURTHER ACKNOWLEDGMENTS AND CERTIFICATION

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics Ordinance, MCC Chapter 2-156, imposes certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of this ordinance and a training program is available on line at www.cityofchicago.org/Ethics, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with this ordinance.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other City transactions. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided in, and appended to, this EDS may be made publicly available on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. **NOTE:** With respect to Matters subject to MCC Chapter 1-23, Article I (imposing **PERMANENT INELIGIBILITY** for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by MCC Chapter 1-23 and Section 2-154-020.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS, and all applicable Appendices, on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS, and all applicable Appendices, are true, accurate and complete as of the date furnished to the City.

The PNC Financial Services Group, Inc.
(Print or type exact legal name of Disclosing Party)

By: Jacqueline D Kincak
(Sign here)

Jacqueline D. Kincak
(Print or type name of person signing)

Vice President
(Print or type title of person signing)

Signed and sworn to before me on (date) November 9, 2023,

at Allegheny County, Pennsylvania (state).

Cheryl C. Schademan
Notary Public

Commonwealth of Pennsylvania - Notary Seal
Cheryl C. Schademan, Notary Public
Allegheny County
My commission expires August 11, 2025
Commission number 1318744
Member, Pennsylvania Association of Notaries

Commission expires: August 11, 2025

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5%. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under MCC Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5% ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

[ ] Yes [ ] No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

N/A - This Appendix is not applicable for The PNC Financial Services Group, Inc.

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX B

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5% (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to MCC Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

[ ] Yes [ ] No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to MCC Section 2-92-416?

[ ] Yes [ ] No [ ] The Applicant is not publicly traded on any exchange.

3. If yes to (1) or (2) above, please identify below the name of each person or legal entity identified as a building code scofflaw or problem landlord and the address of each building or buildings to which the pertinent code violations apply.

N/A - This Appendix is not applicable for The PNC Financial Services Group, Inc.

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX C

PROHIBITION ON WAGE & SALARY HISTORY SCREENING - CERTIFICATION

This Appendix is to be completed only by an Applicant that is completing this EDS as a "contractor" as defined in MCC Section 2-92-385. That section, which should be consulted (www.amlegal.com), generally covers a party to any agreement pursuant to which they: (i) receive City of Chicago funds in consideration for services, work or goods provided (including for legal or other professional services), or (ii) pay the City money for a license, grant or concession allowing them to conduct a business on City premises.

On behalf of an Applicant that is a contractor pursuant to MCC Section 2-92-385, I hereby certify that the Applicant is in compliance with MCC Section 2-92-385(b)(1) and (2), which prohibit: (i) screening job applicants based on their wage or salary history, or (ii) seeking job applicants' wage or salary history from current or former employers. I also certify that the Applicant has adopted a policy that includes those prohibitions.

[ ] Yes

[ ] No

[✓] N/A – I am not an Applicant that is a "contractor" as defined in MCC Section 2-92-385.

This certification shall serve as the affidavit required by MCC Section 2-92-385(c)(1).

If you checked "no" to the above, please explain.

____

____

____

Attachment A

CERTIFICATE

The undersigned, Kristin D. Biehl, a duly appointed Assistant Corporate Secretary of The PNC Financial Services Group, Inc. (the "Corporation"), does hereby certify that:

(1) the following is a true and correct copy of Resolutions adopted by the Board of Directors of the Corporation on April 26, 2023;

(2) the Resolutions described above are in full force and effect as of the date of this Certificate; and

(3) Jacqueline D. Kincak is a duly appointed Vice President of the Corporation.

Board Resolutions Adopted April 26, 2023

WHEREAS, pursuant to the Bylaws of The PNC Financial Services Group, Inc., a Pennsylvania corporation (the "Corporation"), the Board of Directors of the Corporation (the "Board") seeks to grant authority to certain officers to take the actions as evidenced herein.

NOW, THEREFORE, BE IT RESOLVED, that the Chair of the Board, each Vice Chair, if any, the Chief Executive Officer, the President, each Senior Executive Vice President, Executive Vice President, Senior Vice President, Vice President and Assistant Vice President, the Controller, the General Auditor, the Treasurer and each Assistant Treasurer, the Corporate Secretary and each Assistant Corporate Secretary, the Chief Operating Officer, the General Counsel, and each Deputy General Counsel (the "Authorizing Officers") of the Corporation shall have authority to affix and attest the corporate seal of the Corporation, including by electronic means;

RESOLVED FURTHER, that the Authorizing Officers of the Corporation and any other officers acting at the discretion of any officer authorized to affix and attest the corporate seal are, and each of them hereby is, authorized and empowered in the name and on behalf of the Corporation to execute, acknowledge and deliver any and all agreements, instruments, or other documents relating to the property or rights of all kinds held or owned by the Corporation or to the operation of the Corporation, either for its own account or in any agency or fiduciary capacity. Notwithstanding the foregoing, any and all agreements of sale, contracts, deeds and other documentation pertaining to the purchase, sale or transfer of real estate or buildings occupied by the Corporation in the transaction of its business shall be executed in accordance with the terms of resolutions adopted from time to time in connection therewith and specifically designating the officer and/or officers authorized to execute the same. Notwithstanding the foregoing, those persons holding the title of General Counsel, Deputy General Counsel, or Chief Counsel of the Corporation are, and each of them hereby is, authorized and empowered in the name and on behalf of the Corporation to execute, acknowledge and deliver law firm engagement letters;

RESOLVED FURTHER, that the Chair of the Board, each Vice Chair, if any, the Chief Executive Officer, the President, the Corporate Secretary, each Senior Executive Vice President, Executive Vice President and Senior Vice President, General Counsel, or Deputy General Counsel of the Corporation are authorized to name, constitute and appoint such person or persons as they or any of them deem necessary as attorney-in-fact for the Corporation, to execute documents for and in its name and stead, and to perform all other acts, deeds and things as may be required to effect the particular transactions for which the appointment is made;

RESOLVED FURTHER, that the Chair of the Board, each Vice Chair, if any, the Chief Executive Officer, the President, the Corporate Secretary, each Senior Executive Vice President, Executive Vice President and Senior Vice President, General Counsel, or Deputy General Counsel of the Corporation, or any of them, is authorized to name, constitute and appoint such person or persons employed by PNC Bank, National Association (the "Bank"), or any of its wholly owned direct or indirect subsidiaries as they or any of them deem necessary as attorney-in-fact for the Corporation, to execute documents for and in its name and stead, and to perform all other acts, deeds and things as may be required to effect the particular transactions for which the appointment is made. Notwithstanding the foregoing, persons to be appointed to act as attorney-in-fact in the name and on behalf of the Corporation or the Bank, or any of the Corporation's or the Bank's wholly owned direct or indirect subsidiaries (the "Subsidiaries"), to execute and file tax-related documents for and in the Corporation's, the Bank's or the Subsidiaries' name and stead, shall be appointed pursuant to the terms of resolutions adopted from time to time specifically designating the persons authorized to appoint such attorneys-in-fact;

RESOLVED FURTHER, that any officer of the Corporation and any non-officer employee of the Corporation or Bank (or any affiliate of the Corporation or the Bank) designated in writing by the Chief Executive Officer, the President, any Vice Chair, Senior Executive Vice President, Executive Vice President, Senior Vice President, or the Corporate Secretary of the Corporation or Secretary of the Bank, are each hereby authorized and empowered:

a) To sign or countersign checks, drafts, acceptances, guaranties of signatures on assignments of securities, and to sign or countersign certificates of securities of entities for whom the Corporation is acting as Registrar, Transfer Agent or in any fiduciary or representative capacity, correspondence and other papers or documents not ordinarily requiring execution under the seal of the Corporation; and

b) To receive any sums of money or property due or owing to the Corporation in its own right, as an agent for another party, or in any fiduciary or representative capacity and, either as attorney-in-fact for the Corporation or otherwise, to sign or countersign agreements, instruments, or other documents related to the foreclosure of residential real estate loans owned or serviced by the Corporation or the Bank or the enforcement of any other rights and remedies with respect to such loans (including, without limitation, in a bankruptcy or insolvency proceeding), including, without limitation, correspondence, affidavits, certifications, declarations, deeds, substitutions of trustee, verifications, assignments, powers of attorney, sales contracts or any other papers or documents, to execute any instrument of satisfaction for any mortgage, deed of trust, judgment or lien in the Office of the Recorder of Deeds, Prothonotary, or other office or court of record in any jurisdiction, provided, however, that in respect to any mortgage or deed of trust made to this Corporation as trustee for bondholders, the foregoing authority shall be exercised only pursuant to an authorization of the Board or committee of the Board with oversight of fiduciary risk; and

RESOLVED FURTHER, that all actions heretofore taken by any of the officers, representatives or agents of the Corporation by or on behalf of the Corporation or any of its affiliates in connection with the foregoing resolutions be, and each of the same is, ratified and approved.

IN WITNESS WHEREOF, the undersigned has hereunto set their hand and affixed the seal of the Corporation this 2nd day of November, 2023.

The PNC Financial Services Group, Inc.
CORPORATE
Seal
1983
PENNSYLVANIA

Kristin D. Biehl

Attachment A

Directors and Officers Report

PNC Financial Services Group, Inc., The

Directors

Name	Position
Alvarado, Joseph	Director
Cafaro, Debra Ann	Director
Cheshire, Marjorie Rodgers	Director
Demchak, William Stanton	Director
Feldstein, Andrew Todd	Director
Harshman, Richard Joseph	Director
Hesse, Daniel Ryan	Director
Khator, Renu	Director
Medler, Linda Rostal	Director
Niblock, Robert Alan	Director
Pfinsgraff, Martin	Director
Salesky, Bryan Scott	Director

Officers

Name	Position
Brown, Carole Lynnette	Executive Vice President
Brown, Carole Lynnette	Head of Asset Management Group
Bynum, Richard Kevin	Executive Vice President
Bynum, Richard Kevin	Chief Corporate Responsibility Officer
Demchak, William Stanton	Chairman
Demchak, William Stanton	Chief Executive Officer
Demchak, William Stanton	President
Fallon, Kieran John	Executive Vice President
Fallon, Kieran John	Chief Risk Officer
Guild, Deborah Quackenbush	Head of Enterprise Technology & Security
Guild, Deborah Quackenbush	Executive Vice President
Hannon, Michael John	Chief Credit Officer
Hannon, Michael John	Executive Vice President
Henn, Vicki Christine	Chief Human Resources Officer
Henn, Vicki Christine	Executive Vice President
Jordan, Gregory Baldwin	Executive Vice President
Jordan, Gregory Baldwin	General Counsel
Jordan, Gregory Baldwin	Head of Regulatory and Government Affairs
Jordan, Gregory Baldwin	Chief Administrative Officer
Juchno, Stacy M.	General Auditor
Juchno, Stacy M.	Executive Vice President
Kozich, Gregory H.	Senior Vice President
Kozich, Gregory H.	Controller
Krishnan, Ganesh Manapra	Executive Vice President
Krishnan, Ganesh Manapra	Enterprise Chief Information Officer

Lyons, Michael Patrick	Executive Vice President
Lyons, Michael Patrick	Head of Corporate and Institutional Banking
Overstrom, Alexander Edward Cadwell	Head of Retail Banking
Overstrom, Alexander Edward Cadwell	Executive Vice President
Parsley, III, E William	Chief Operating Officer
Parsley, III, E William	Executive Vice President
Reilly , Robert Quintin	Chief Financial Officer
Reilly , Robert Quintin	Executive Vice President

Report Printed as of : 2023-11-02

Attachment B

To: City of Chicago
Economic Disclosure Statement and Affidavit
Filed by: The PNC Financial Services Group, Inc.

This Attachment B modifies and supplements the information provided in the City of Chicago Economic Disclosure Statement and Affidavit executed by the Disclosing Party as of 11/09/23 (the "EDS"). Any capitalized term used in this Attachment B will have the definition set forth in the EDS, except as provided below.

SECTION III: INCOME OR COMPENSATION TO, OR OWNERSHIP BY, CITY ELECTED OFFICIALS

To the best knowledge of the Disclosing Party, after reasonable inquiry, the Disclosing Party has not provided nor reasonably expects to provide any income or compensation during the 12 months preceding or following the date that the Disclosing Party executed the EDS. For purposes of this certification, the term "City elected official" is treated as including only the City's Mayor, Aldermen, Treasurer and Clerk and not including their spouses, domestic partners (as defined in Chapter 2-156 of the Municipal Code) or any entity in which any such person has an interest.

SECTION V – CERTIFICATIONS

B. FURTHER CERTIFICATIONS

With respect to the statements contained in Section V, paragraph B.2, the Disclosing Party certifies, to the best of its knowledge, after reasonable inquiry, that neither the Disclosing Party nor any Affiliated Entity is delinquent in paying any fine, fee, tax or other source of indebtedness owed to the City other than fines, fees, taxes or other charges that are being contested in good faith by the Disclosing Party or such Affiliated Entity by appropriate legal proceedings.

The Disclosing Party certifies that, as of the date that the Disclosing Party executed the EDS, to the best of its knowledge, after reasonable inquiry, (x) the statement contained in Section V, paragraph B.3. a and B.3.d is accurate with respect to itself (the Disclosing Party); and (y) the statements contained in Section V, paragraphs B.3.a through and including B.3.d are accurate with respect to the executive officers and directors of the Disclosing Party. With respect to Section V, paragraph B.3.e, due to an error by a third party tax preparer, an executive officer of the Disclosing Party was subject to a civil proceeding in 2020 with regard to payment of State of Illinois State Income taxes for 2018. The lien has since been cleared as of May 2020.

With respect to Section V, paragraphs B.3.b, c and e, the Disclosing Party hereby makes reference to the information on legal proceedings set forth in the filings made by its parent company, The PNC Financial Services Group, Inc., with the Securities and Exchange Commission, which may be found at www.sec.gov or www.pnc.com/secfilings. Copies of the most current such disclosures are attached as Annex I to this Attachment B. Specifically, on the Form 10Q(s) (Quarterly Period Ending June 30, 2023) of the PNC Financial Services Group, Inc., please see Note 13 Legal Proceedings section on pages 96-97. On 10K (Fiscal Year Ending December 31, 2022), please see Note 21 Legal Proceedings section on pages 174-178. The Disclosing Party certifies that none of the judgments set forth therein, individually or in the aggregate, would have a material adverse effect on the Applicant's ability to perform with respect to the Matter.

With respect to Section V, paragraph B.3.d., PNC can certify to the best of its knowledge that no public transaction agreements have been terminated for cause or default.

The Disclosing Party certifies that, as of the date that the Disclosing Party executed the EDS, to the best of its knowledge, after reasonable inquiry, the statements contained in Section V, paragraphs B.5.a through and including B.5.d and B.6 are accurate with respect to any Affiliated Entity of the Disclosing Party or any responsible official of the Disclosing Party or any such Affiliated Entity acting in such capacity or any other official or employee of the Disclosing Party or any such Affiliated Entity acting in such capacity pursuant to the direction or authorization of a responsible official of the Disclosing Party or any such Affiliated Entity acting in such capacity. The Disclosing Party makes no certification concerning (x) any Contractor, any Affiliated Entity of a Contractor or any Agent of any such Contractor or Affiliated Entity; or (y) any agent of the Disclosing Party or any Affiliated Entity of the Disclosing Party.

D. FINANCIAL INTEREST IN CITY BUSINESS

As to the disclosure set forth in Section V, paragraph D.1., to the best knowledge of the Disclosing Party, after reasonable inquiry, no official or employee of the City of Chicago has a financial interest in his or her own name or in the name of any other person in the Matter.

As to the disclosure set forth in Section V, paragraph D.4., the Disclosing Party only certifies that no official or employee of the City of Chicago will acquire a prohibited financial interest in the Matter from the Disclosing Party, any Affiliated Entity of the Disclosing Party or any responsible official of the Disclosing Party or any such Affiliated Entity acting in such capacity or any other official or employee of the Disclosing Party or any such Affiliated Entity acting in such capacity pursuant to the direction or authorization of a responsible official of the Disclosing Party or any such Affiliated Entity acting in such capacity.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

The PNC Financial Services Group, Inc. reviewed the historical records of acquired institutions and discovered two instances of reportable pre-1865 business activities in the records of the National Bank of Kentucky, a predecessor of National City Bank, which is a predecessor of PNC Bank.

- In 1836, the National Bank of Kentucky loaned $200,000 to the City of Louisville. Records indicate the City then invested in the Lexington & Ohio Railroad Company.
- In 1852, the National Bank of Kentucky loaned $135,000 to the Louisville & Nashville Railroad Company.

Research indicates that both railroads used slave labor. There is no evidence that any additional transactions were conducted with either railroad.

Any questions regarding this statement should be directed to the following PNC executive:

Dorothy Abreu, Senior Vice President & Relationship Manager
PNC Bank - Public Finance Group
One North Franklin Street, Suite 2800
Chicago, IL 60606
(T) 312.520.9020 / dorothy.abreu@pnc.com

ANNEX I

Form 10Q and 10K can be accessed via response to 2023 RFP for Designation as a 2024 Municipal Depository for City of Chicago and Chicago Board of Education Funds Documents 20a and 20b or access through link embedded in the above attachment related to: Form 10Q(s) (Quarterly Period Ending June 30, 2023) of the PNC Financial Services Group, Inc., please see Note 13 Legal Proceedings section on page 96-97. On 10K (Fiscal Year Ending December 31, 2022), please see Note 21 Legal Proceedings section on pages 174-178.

Anti-Predatory Lending Pledge*
for Municipal Depositories

We pledge that we are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code of Chicago. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code of Chicago. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of our designation as a municipal depository.

PNC Bank National Association
Name of Financial Institution

Dorothy Abreu
Signature of Authorized Officer

Senior Vice President, Public Finance
Title

Dorothy Abreu
Name of Authorized Officer (Print or Type)

312-487-3257
Business Telephone Number

Subscribed and sworn to before me this
1 day of Nov., 2023

Deb Hughes-McNeil
Notary Public

"OFFICIAL SEAL"
DETRIUS HUGHES - MCNEIL
Notary Public, State of Illinois
Commission No. 820774
My Commission Expires Sept. 28, 2024

Date: Nov. 1, 2023

Name of transaction for which this certificate is submitted: Municipal Depository Designation RFP for 2024

Contact Person: Dorothy Abreu
Address: 1 North Franklin, Suite 2800
Chicago, IL 60606

Telephone: 312-487-3257

*The definitions of certain terms set forth in Chapter 2-32 of the Municipal Code of Chicago and used in the Anti-Predatory Lending Pledge are reproduced on the attached pages.

Loan Policy Pledge for Municipal Depositories

We pledge not to arbitrarily reject mortgage loans for residential properties within a specific geographic area in Chicago because of the location and/or age of the property, or in the case of proposed borrower to arbitrarily vary the terms of those loans or the application procedures for those loans on the basis of race, color, religion, national origin, age, sex, marital status, ancestry, sexual orientation, parental status, source of income, disability or military discharge status. In addition, we pledge to make loans available to low- and moderate-income residential property in the neighborhoods of the City of Chicago within the limits of our legal restriction and prudent financial practices.

We understand that arbitrarily rejecting or varying the terms and/or application procedures of mortgage loans on the basis of the factors listed above may result in the lost of our designation as a municipal depository.

PNC Bank National Association
Name of Financial Institution

Dorothy Abreu
Signature of Authorized Officer

Senior Vice President, Public Finance
Title

Dorothy Abreu
Name of Authorized Officer (Print or Type)

312-487-3257
Business Telephone Number

Subscribed and sworn to before me this
1 day of Nov., 2023

Detrius Hughes - McNeil
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"OFFICIAL SEAL"
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Contact Person: Dorothy Abreu

Address: 1 North Franklin, Suite 2800
Chicago, IL 60606

Telephone: 312-487-3257

AFFIDAVIT OF COMMITMENT TO COMMUNITY REINVESTMENT, RESPONSIBILITY AND TRANSPARENCY
CITY OF CHICAGO OFFICE OF THE COMPTROLLER

I, Dorothy Abreu a duly authorized representative of PNC Bank, National Association represent and say as follows:

That for the purpose of becoming an eligible depository for active deposits of the City of Chicago, the undersigned Affiant states that it will use reasonable efforts to provide lending, financing, and banking opportunities as a commitment of community reinvestment to Chicago's low and moderate income (LMI) communities; Affiant states that such reasonable efforts shall include, but are not limited to:

A. Assignment of identifiable personnel to answer and respond to questions, concerns and inquiries by the citizens of Chicago, City Treasurer, City Comptroller, and the City Council regarding financial services, investment and lending products, services and related issues, including the Community Reinvestment Act (CRA) of 1977;

B. Cooperate with and support non-profit neighborhood development/redevelopment organizations in the implementation of "neighborhood economic development" strategies that focus on revitalization of communities that are more locally focused where an institution has a branch or market presence;

C. Commit to affirmatively market and make available banking services throughout Chicago's low and moderate income communities, by not meeting this commitment only through the installation of ATM distribution centers, but also by opening and/or maintaining branch locations within those communities;

D. Prepare an annual report of CRA activities, presented to the Comptroller, the Treasurer, and the City Council, that is made publicly available, demonstrating investment in all Chicago Communities, as well as reinvestment in LMI communities of Chicago, by community area that includes the number of loans and amount of loans in the following (6) categories:

   1. Home Purchase within LMI communities;
   2. Refinancing within LMI communities;
   3. Home Improvement;
   4. Small Business Loans (to companies with revenues under $1 Million);
   5. Community Development Loans including multi-family lending; and
   6. Community Development Investments to eligible Community Development Financial Institutions (CDFI) and other community intermediaries to further the goals of an institution to meet its obligations to the Community Reinvestment Act of 1977 and this Affidavit.

   Such a Municipal Depository annual CRA report will include, by community area, the number of mortgage loans originated and other strategies to minimize the impact of foreclosure and neighborhood instability.

E. An institution acknowledges that failure to comply with this Affidavit may result in discontinued status as a municipal depository.

Signed: Dorothy Abreu   Dated: 11/1/23

Print Name: Dorothy Abreu

Title: Senior Vice President, Public Finance

Response to Request for Proposals
For Designation as a 2024 Municipal Depository for
City of Chicago and Chicago Board of Education Funds

November 14, 2023

Primary Contacts

Dorothy Abreu
SVP and Relationship Manager

PNC Bank, N.A.
312-520-9020
dorothy.abreu@pnc.com

Jonathan Casiano
Managing Director

PNC Bank, N.A.
312-338-2295
jonathan.casiano@pnc.com

Matthew Klimek
Treasury Mgmt. Officer

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312-338-5335
matthew.klimek@pnc.com

One North Franklin Street
Suite 2800
Chicago, IL 60606

TABLE OF CONTENTS

I. COVER LETTER

November 14, 2022

Chasse Rehwinkel	Melissa Conyears-Ervin
City Comptroller	City Treasurer
The City of Chicago	The City of Chicago
Department of Finance, 7th	Treasurer's Office – 106
121 North LaSalle Street	121 North LaSalle Street
Chicago, IL 60602-1246	Chicago, IL 60602-1242

Dear Comptroller Rehwinkel and Treasurer Conyears-Ervin:

On behalf of PNC Bank, National Association, we are pleased to submit the enclosed response to the City of Chicago's *Request for Proposals for Designation as a 2024 Municipal Depository for City of Chicago and Chicago Board of Education Funds*. PNC Bank is currently an authorized City Municipal Depository and we look forward to continuing to provide depository and other financial services to both the City and Board of Education. We hereby acknowledge receipt of Addendum #1 dated October 12, 2023, and Addendum #2 dated October 20, 2023.

Since entering the Chicago market in 2010, PNC has been committed to our partnership with the City and Board of Education, providing more than $4B in direct credit and serving this past year as joint bookrunner on the City's Wastewater bonds and co-senior on two bond issuances for Chicago Public Schools through our investment banking affiliate, PNC Capital Markets, LLC. Along with our consistent support for the City's financing needs, PNC has worked diligently to foster a broad-based service relationship, providing compelling solutions across the spectrum of treasury and investment management services. Specifically, PNC has led the creation of a purchasing card consortium across the City, Board of Education and sister agencies that has generated millions of dollars in cash rebates and driven payment efficiencies through the migration of vendor payments to an electronic card platform.

Additionally, PNC remains committed to expanding economic opportunity for all individuals and communities we serve, supporting, by extension, the engagement city residents and businesses. Beginning in 2022, PNC began implementation of a **Community Benefits Plan** to provide $88 billion in loans, investments, and other financial support to bolster economic opportunity for low- and moderate-income (LMI) individuals and communities, people and communities of color, and other underserved individuals and communities over the next four years. From January 2022 through August 2023, across the Chicagoland market, just over $2 billion has been deployed: $1.5 million in residential mortgage and home equity loans have funded, positively impacting LMI and minority borrowers across Chicago; $337 million deployed in lending to small business in communities of color; and $237 million has been deployed via equity and debt investments and loans to create more economic equity and inclusion in our communities. **PNC continues to be intentional about serving low and moderate-income peoples and geographies**. This is best reflected in the "Outstanding" ratings we have earned under the Community Reinvestment Act each year since these examinations began more than 40 years ago. Furthermore, PNC's impact on the local economy and contributions to the Chicago community is evidenced by the 36 branches and more than 550 employees based in the City, to the extensive support for early childhood education provided through PNC's Grow Up Great initiative.

The PNC team looks forward to continuing its relationship with the City and Board of Education. If there are any questions about this submission, or if additional information is needed, please do not hesitate to contact either Jonathan or myself directly.

Sincerely,

Dorothy Abreu

Dorothy Abreu	Jonathan Casiano
Senior Vice President and Relationship Manager	Senior Vice President, Managing Director
PNC Bank, N.A.	PNC Bank, N.A.
(312) 338-2295	(312) 338-2295
dorothy.abreu@pnc.com	jonathan.casiano@pnc.com

II. PNC OVERVIEW – A STRONG AND DIVERSIFIED ORGANIZATION

PNC Overview - A Strong and Diversified Organization.

The PNC Financial Services Group, Inc. (NYSE:PNC) ("PNC" or the "Company") is one of the largest and most diversified financial services firms in the United States. PNC is the product of mergers of several distinguished banks, notably: Pittsburgh National Corporation (1852), Provident National Corporation (1983), National City Corp. (2008) and most recently, BBVA USA (2021). Each of these institutions has served diverse markets resulting in a widespread footprint covering all regions of the US. PNC also maintains a growing international presence with offices in Canada, the United Kingdom, Germany, and China. Please refer to PNC Corporate History for a complete account of corporate growth.

Today, PNC offers a wide range of services for our entire customer base of individuals, small businesses, corporations, and governmental entities. Headquartered in Pittsburgh, Pennsylvania, with dedicated regional offices, we provide a full suite of banking services across the continental United States. PNC employs approximately 61,300 individuals in the United Stated and abroad and maintains approximately 2,400 branches.
As of June 30, 2023, PNC reported $558 billion in total assets. Despite being the 5th largest bank in the country, all of PNC's capabilities are delivered locally through PNC's Regional President model, ensuring that our priorities are aligned with those of the communities we serve. PNC is organized around its customers and communities for strong relationships and is engaged in retail banking, including residential mortgage, corporate and institutional banking, and asset management.

Service Philosophy

Despite being the 5th largest bank in the country, all of PNC's capabilities are delivered locally through PNC's Regional President model, ensuring that our priorities are aligned with those of the communities we serve. PNC is organized around its customers and communities for strong relationships and is engaged in retail banking, including residential mortgage, corporate and institutional banking, and asset management, providing many of its products and services nationally.

PNC employs an integrated team approach to service delivery. Based on a regional delivery model, our commitment as a firm is to develop a deep understanding of your organization's priorities, assemble the most knowledgeable and diverse team to tackle those challenges, craft a solution that best addresses your needs and execute that solution in the most appropriate venue, whether it be on the bank's balance sheet or in the capital markets.
Moreover, we truly value our client relationships and appreciate the opportunity to partner with them to achieve their financial goals. Our capabilities and platform allow us to provide solutions in an efficient and effective manner for both the clients and communities we proudly serve.

Experience within City of Chicago and State of Illinois

PNC has repeatedly demonstrated the ability to be a provider of credit to Illinois government entities. Over the past five years alone, PNC has provided both credit and cash management solutions for the City of Chicago, Chicago Public Schools, Chicago Transit Authority, and Cook County, to name a few.

PNC Credit Ratings. Please see current ratings below. PNC Bank, N.A. Credit Ratings as of October 31, 2023. All PNC ratings are confirmed and not presently under review.

	Moody's	S&P	Fitch	Outlook
Senior Debt	A2	A	A+	Stable
Subordinate Debt	A3	A-	A	Stable
Long-Term deposits	Aa3	A	AA-	Stable
Short-Term deposits	P-1	A-1	F1+	Stable

Note: Moody's updated their Outlook for PNC on August 7, 2023, to Negative Outlook from Stable. S&P and Fitch Outlook remain Stable. For more information about PNC and our financial position, please see web links below.

For more information about PNC and our financial position, please see web links below.

PNC 2022 ANNUAL REPORT

PNC 3Q 2023 FINANCIAL SUPPLEMENT

PNC CREDIT RATINGS

Acknowledgement: We hereby acknowledge receipt of Addendum #1 dated October 12, 2023, and Addendum #2 dated October 20, 2023, to the 2023 RFP for Designation as a 2024 Municipal Depository for the City of Chicago and Chicago Board of Education Funds.

III. PNC PUBLIC FINANCE – AN INTEGRATED PLATFORM WITH LOCAL ROOTS & PRESENCE

PNC Public Finance's unique integrated platform allows seamless delivery of both capital markets and commercial bank solutions. Our dedicated team of public finance bankers (a 4 person Chicago-based public sector team) will work together to provide a coordinated and comprehensive plan of finance designed to meet the city's specific depository or financing goals. By combining the lending and cash management capabilities of a traditional commercial bank with the municipal bond underwriting and distribution capabilities of a leading investment bank, we are able to deliver thoughtful, consistent client coverage and capital solutions tailored to the specific need at hand.

PNC Public Finance

Public Finance Investment Banking	Public Finance Commercial Banking
PNC Capital Markets LLC	*PNC Bank N.A.*
▪ New Issue Bond Underwriting	▪ Loans / Direct Purchases
▪ Long Term Bonds	▪ Letters of Credit / SBPAs
▪ Short Term Bonds	▪ Lines of Credit
▪ Floating Rate Notes (FRNs)	▪ Leasing / Equipment Finance
▪ VRDB / CP Remarketing	▪ **Treasury Management**
▪ Private Placements	▪ Derivatives/Interest Rate Management

Our commitment as a firm is to develop a deep understanding of your organization's priorities, assemble the most knowledgeable team to tackle those challenges, craft a solution that best addresses your needs and execute that solution in the most appropriate venue, whether it be on the bank's balance sheet or in the capital markets.

We truly value our client relationships and appreciate the opportunity to partner with them to achieve their financial goals. Our capabilities and platform allow us to provide solutions in an efficient and effective manner for both the clients and communities we proudly serve.

Chicago-Based Relationship Team. The relationship team for City of Chicago will be led by Senior Vice President, Dorothy Abreu, a Chicago-based Relationship Manager focused on large government entities and economic development in Illinois. Supporting Ms. Abreu is Senior Associate, Claire Drew, Matthew Klimek, Treasury Management Officer, and Justin Smoak, a local credit underwriter, each dedicated exclusively to public finance. Jonathan Casiano, Managing Director for Public Finance, continues to lead the broader region with deep roots and knowledge within the Chicago public finance market.

With PNC's integrated approach to public finance, Ms. Abreu brings banking solutions complemented by PNC Capital Markets' team of public finance investment bankers, coordinated by Director Mary Kate Rogan. Together, the PNC team evaluates the full spectrum of capital markets and bank balance sheet solutions with a commitment to delivering the best structure and execution to our clients, regardless of venue.

Minority/Diverse Engagement. PNC actively recruits, promotes, and supports the development and inclusion of women and minorities. The combined relationship and credit team in place for the City of Chicago and related agencies is represented by two Women, two Latin Americans, and an African American.

Experience and Additional Capacity. PNC has repeatedly demonstrated the ability to be a provisioner of credit and treasury services to Illinois government entities. Over the past two years alone, PNC has executed financing solutions utilizing a variety of structures for the City of Chicago, Chicago Public Schools, City Colleges of Chicago, and The County of Cook Illinois.

The PNC relationship team is rounded out with Chicago-based product specialists focused on a variety of cash and investment management services, including: traditional treasury management products, integrated purchasing card / electronic payables solutions, brokerage services and pension fund investment options. The provision of services are led by Ms. Abreu with support provided by Ms. Drew as collaborative points of contact responsible for delivering ideas that best address the city's needs and ensuring successful execution of all services. Jonathan Casiano, a long-time Chicago resident, banker and Managing Director of the team, will remain engaged and available to provide additional support, as needed.

IV. PNC'S VALUES: DIVERSITY, EQUITY, AND INCLUSION

PNC's commitment to social responsibility is a deep-seated core value and truly shapes how we do business in all aspects. It drives us to build a talent-focused culture with opportunities for our employees, strengthen our communities, deliver exceptional customer experiences, and strive to put doing what is right ahead of every other consideration. At PNC, we are committed to making a positive difference by leveraging the power of our resources to **help all move forward financially**.

PNC's commitment to serving communities starts with learning more about the community, whether through PNC employees' involvement in their neighborhoods, through the bank's Community Advisory Council or by creating new opportunities to engage, discuss and explore critical issues impacting communities across the bank's footprint.

Through our Community Development group PNC continues to support impact directly and indirectly though CRA-qualified loans, financing of affordable housing development, along with investments into CDFI entities. During calendar year 2022, PNC funded $**246 million in CRA-qualified loans**, including three affordable housing developments and five federally qualified health centers across Chicago. More than **$173 million in CRA qualified investments** were made to individuals and entities throughout the Chicagoland area.

PNC's commitment to building stronger communities goes beyond loans and investments. Through our national main street bank model, PNC employees deliver time, talent, and financial resources to support local community organizations and nonprofits dedicated to engaging and empowering people and communities in need. At an enterprise level, in 2022, PNC awarded **$120 million in charitable giving** – including mortgage assistance grants – to support individuals and communities. The PNC Foundation also continues to strategically support initiatives that promote **social justice** across the communities it serves.

Building on our efforts to drive meaningful **homeownership growth, affordability, and wealth creation** in the communities where our customers live, work and play, PNC is investing in down payment and closing cost assistance as well as other home-buying resources to advance homeownership and to reduce the wealth gap in low- and moderate-income (LMI) and majority-minority census tracts. Under the plan, PNC continues to be engaged with community partners and provides community-based financial education.

Our company's commitment to an inclusive culture is reflected in our supplier relationships. PNC has a robust Supplier Diversity program, and we are committed to including diverse suppliers in our sourcing processes. In **2022, PNC spent $335.76 million (or 8.5 percent of eligible spend) with diverse suppliers** (Tier 1 and Tier 2), an increase of 46.6 percent, which exceeded our stated goal.

Additional information on PNC's commitment to Diversity & Inclusion and Corporate Social Responsibility is available via the weblink below:

2022 PNC CSR Report: Corporate Responsibility Report_2022.pdf

V. PNC TREASURY MANAGEMENT - DEPOSITORY RATES AND PORTAL SUMMARIES

PNC leverages various platforms and products to provide a customized solution for each client's liquidity management and payment optimization needs.

RATE OVERVIEW:

As of November 10, 2023, PNC will offer the following rates for our IBDDA and MMDA account options.*

Interest Bearing Demand Deposit Account (IBDDA)
0 - $2MM: 2.80%
$2MM-$10MM: 3.20%
$10MM-$25MM: 3.80%
$25MM-$100MM: 5.05%
$100MM+: 5.15%

Money Market Deposit Account (MMDA)
0M-$2MM: 2.75%
$2MM-$10MM: 2.90%
$10MM-$25MM: 3.15%
$25MM+: 4.25%

* The rates quoted above are PNC managed rates as of 11/10/23 and subject to change based on future economic conditions.

PINNACLE OVERVIEW:

PNC's PINACLE® Information Reporting offers a centralized location for viewing current and previous day account balances and transaction information. Information is available for your accounts giving you easy access to view your consolidated cash position. Current Day reporting can provide up-to-the-minute account information to help you efficiently manage your daily cash position. Previous Day reporting can help improve your reconciliation process with quick access to the information you need. With both, you can view transaction-specific data and generate a variety of reports.

PINACLE provides access to account information when and how you need it through the PINACLE interactive landing page.

- Choose from task-focused portlets to access reports and information quickly, minimizing the time you spend looking for your information. Easily rearrange the portlet order to best suit your needs.
- Customize your landing page by filtering, sorting or searching your current or previous day balances.
- Get fast access to detailed balance information and advanced reporting tools
- Generate a wide range of reports with summary and detailed information directly from the landing page. One-click printing and exporting can save you time by getting you to your information quickly.

PINACLE also offers event notifications where the city can subscribe to event notifications to receive an email or text message when your account balance reaches a predefined threshold or when certain transactions have been received (for example, deposits, wire transfers).

Finally, the city can stay up to date with the PINACLE Mobile App. The PINACLE Mobile App helps you stay on top of the account activity while on the go by giving you access to your transactions with our Information Reporting features. The city can view Current Day and Previous Day account balances and transaction details for all of your depository accounts and search for transactions and view images associated with transactions.

PNC ACCOUNT VERIFICATION SERVICES:

Account ownership and identity verification are critical to avoid financial losses. PNC Account Verification Services is a distinct platform that can be accessed by any entity and does not require the existence of a depository or operating account. The portal can help confirm the existence and identity of your counterparties instantly, increasing confidence that the person or business you are interacting with is indeed who they claim. Additionally, the tool provides information about the bank account you believe them to own or control, empowering your agency to make payments with confidence and limit returns and losses.

PNC Account Verification Services can be used for a variety of purposes, including, but not limited to:

- **Payables:** Help confirm vendors' identity, existence and payment instructions prior to onboarding or when changes are requested.
- **Receivables:** Help adhere to Nacha rules as well as screen customers' bank account ownership and status during enrollment, reducing return rates and associated costs.
- **Direct Deposit:** Help confirm direct deposit instructions for new and existing employees during employee onboarding and routine change requests.
- **Transactions:** Help confirm account details in advance of releasing high-dollar, time-sensitive or otherwise critical one-time transactions.

Verification is performed through the submission of inquiries. The contents of the inquiries are compared against robust public and proprietary data sources comprising current and accurate identity and bank account data. For each inquiry, PNC Account Verification Services will deliver standard responses and associated details where applicable. Responses and additional details are received in as quickly as real time and can assist with confirming the existence of business and consumer entities, and the status, standing, and ownership or signatory authority of their bank accounts.

GOVERNMENT TREASURY SOLUTIONS:

PNC offers the following additional enhancements and services:

- **Integrated Payables**: Execute check, ACH, Wire, and Card payments through a single file, and initiate and control release of funds through a single payment platform.
- **Lockbox**: Integrated Receivables solution to streamline the receivables process. Platform allows user to increase automation through access to virtual batching, provides integrated remote deposit capture and workflow, thereby minimizing exceptions.
- **ePayments**: Simplify consumer payments with convenient and secure electronic payment options. Platform provides consumers with choices to accept payments via Zelle, Direct Debit, and Check.
- **PNC Earnedit**: An on-demand payment platform that provides the ability for employees to access their pay as it is earned – instead of having to wait for payday. The optionality helps to improve employee financial stability thereby increasing employee morale and reducing turnover. There is no impact to the employer's cash flows and day-to-day payroll processes or cost to employer.

VI. CITY OF CHICAGO'S DEDICATED PUBLIC FINANCE RELATIONSHIP TEAM

Dorothy Abreu, Senior Vice President / Relationship Manager – Public Finance
One North Franklin Street, Suite 2800, Chicago, IL 60606
312-520-9020 - Office; dorothy.abreu@pnc.com

Dorothy Abreu is a Senior Vice President and Relationship Manager for PNC Public Finance, directly managing large public and non-profit relationships in Illinois and Missouri, actively providing financial solutions to cities, state, and related authorities, including the City of Chicago, City of St. Louis, Chicago Public Schools, and Cook County. Over the past three years Dorothy has directly structured and executed credit transactions of more than $2 billion including Lines of Credit, Letter of Credit, Term Loans, and collaborated on more than $4 billion in issuance by our Capital Market partners. Prior to joining the Public Finance team in March 2021, she was the regional sales leader for PNC's Community Development Banking team, guiding one of the largest and most impactful production units in the division. Dorothy brings to Public Finance more than 20 years of community development and commercial banking experience, working in both sales and underwriting capacities.

Ms. Abreu is an active volunteer in several PNC community programs and leads efforts internally to support diversity and inclusion, employee engagement, mentoring and professional development. Outside the bank, Dorothy serves on the board of several high-impact non-profit organizations, continuing to support the Executive Board of the Latino Policy Forum as Past President, incoming Board Treasure on Habitat for Humanity Chicago's board, and recently joined the Advisory Board of the Southland Development Authority. Abreu earned a bachelor's degree in business administration from North Park University, *summa cum laude*. Ms. Abreu holds 52 and 63-municipality securities licenses.

Claire Drew, Senior Associate – Public Finance
One North Franklin Street, 28th Floor, Chicago, IL 60606
216-257-9436 – Office; clare.drew@pnc.com

Claire Drew is a Senior Associate on the Public Finance team responsible for supporting client relationships in the government, higher education, and non-profit sectors. In her role as Senior Associate, she helps Relationship Managers service clients through preparing proposals, analyzing financial statements, and assisting to provide excellent service to customer relationships. Additionally, she assists with data research, financial analysis, and portfolio management.

Claire joined the Public Finance Group in September 2023 and before that worked as a Senior Associate on the Leasing and Transportation Finance team, and as an Underwriting Associate for PNC's middle-market, large corporate, public finance, and healthcare clients. Claire has been with PNC since August of 2021. Ms. Drew holds her BS in Human Capital Management and Leadership, with a specialization in Global and Intercultural Studies, from Miami University.

Jonathan Casiano, Senior Vice President / Managing Director, Public Finance
312-338-2295 - Office; Jonathan.casiano@pnc.com

Mr. Casiano leads PNC's Public Finance business for the Midwest and Western U.S., providing financing solutions and banking services to governmental entities, higher education institutions and non-profit organizations. In addition to managing this group, Mr. Casiano has directly structured and executed credit transactions totaling nearly $4 billion in par for issuers including Cook County, City of Chicago, State of Illinois, State of Wisconsin, City of Kansas City and City of Denver. This experience spans a variety of municipal credit structures, including Lines of Credit, Letters of Credit, Standby Purchase Agreements, Direct Bond Purchases and Term Loans.

Prior to joining PNC in 2010, Mr. Casiano was a reporter for the *Newark Star-Ledger*, New Jersey's largest daily newspaper, covering government, politics and urban issues. He also worked in the Mayor's Office in Jersey City, NJ focusing on economic development initiatives. Jonathan holds an MBA in Finance and a Masters in Public Policy, both from Carnegie Mellon University, and a BA from American University's School of Public Affairs. He holds his Series 7, 53 and 63 securities licenses.

A 2019 Leadership Greater Chicago fellow, Mr. Casiano also serves on the board of Latin United Community Housing Association (LUCHA), a non-profit affordable housing developer and advocacy organization.

Matthew Klimek, Senior Vice President / Treasury Management Officer
One North Franklin Street, 29th Floor, Chicago, IL 60606
312-338-5335 – Office; matthew.klimek@pnc.com

Matt serves as a Treasury Management Officer at PNC managing the overall delivery of your treasury solutions. In this role, Matt solutions banking services across payments, receivables, and treasury technology capabilities to help clients achieve their financial objectives.

Previously, Matt worked for Citi in treasury relationship management roles focused on supporting clients in the Corporate and Public Sectors. Matt has over 18 years of direct client relationship experience in the financial services industry focused on providing Treasury Management solutions to Public Sector and Corporate clients including federal government, municipal government, higher education, not-for-profit and international non-governmental organization (NGO) sectors. Matt holds a bachelor's degree in finance from the University of Illinois Urbana Champaign.

Kevin Stewart, Vice President / Credit Product Specialist
121 SW Morrison Street, Suite 1300, Portland, OR 97204
(859) 757-6777 – Direct; kevin.stewart@pnc.com

Kevin Stewart is a Vice President and Credit Product Specialist on PNC's Public Finance team. He focuses on structuring, documenting, and delivering bank credit products to state and local governments, higher education institutions, and not-for-profit entities across the PNC footprint. Mr. Stewart has been a leader on PNC's Credit Products Group team over the last 3 years, working on credit analysis, underwriting, and delivering financing solutions to our clients across the United States. He has been a Bank employee for over 11 years and a member of the Public Finance team since 2021. Mr. Stewart received his B.S. in Accounting from the University of Kentucky and holds FINRA Series 52 and 63 licenses.

Justin Smoak, Vice President / Senior Underwriter
One North Franklin Street, 28th Floor, Chicago, IL 60606
(312) 338-3569 – Office; justin.smoak@pnc.com

Justin joined PNC in 2019 as a Senior Underwriter where he manages an active $1.35B public finance portfolio, specializing in municipal, non-profit, and higher education sectors. Smoak brings more than 10 years of experience to the PNC, holding previous underwriting and investment banking analysis positions at J.P.Morgan and Key Bank where he focused on local municipalities and non-profits in more than 26 states. Smoak earned a bachelor of science in finance and banking from Johnson C. Smith University (JCSU). Outside the bank, Smoak serves as a volunteer consultant assisting entrepreneurs and business owners with strategic planning and implementation.

VII. DISCLOSURES

Standard Disclosure

PNCCM, member FINRA and SIPC, is a wholly owned subsidiary of The PNC Financial Services Group, Inc. ("PNC") and affiliate of PNC Bank, National Association ("PNC Bank"). PNCCM is not a bank or thrift, but rather, it is a separate and distinct corporate entity from its bank affiliate.

This document is for informational purposes only. No part of this document may be reproduced in any manner without the prior written permission of PNCCM. Under no circumstances should it be used or considered as an offer to sell, or a solicitation of an offer to buy, any of the securities or other instruments mentioned in it. The information contained herein is based on information PNCCM believes to be reliable and accurate, however, no representation is being made that this document is accurate or complete and it should not be relied upon as such. Neither PNCCM nor its affiliates make any guaranty or warranty as to the accuracy or completeness of the data set forth herein. Opinions expressed herein are subject to change without notice. The securities or other instruments mentioned in this document may not be eligible for sale in some states or countries, or suitable for all types of investors; and their value and returns may fluctuate and/or be adversely affected by changes in exchange rates, interest rates, or other factors.

PNCCM and/or its affiliates may either make a market or deal as principal in the securities mentioned in this document, or in options or other derivative instruments based thereon. In addition, PNCCM and its affiliates, shareholders, directors, officers and/or other employees may, from time to time, have long or short positions in such securities or in options, futures or other derivative instruments based thereon. One or more directors, officers and/or employees of PNCCM or its affiliates may be a director of an issuer of securities mentioned in this document. PNCCM or its predecessors and/or affiliates may have managed or co-managed a public offering of, or acted as initial purchaser or placement agent for, a private placement of any of the securities for any issuer mentioned herein within the last three (3) years and may, from time to time, perform investment banking or other services for, or solicit investment banking or other business from, any company or issuer mentioned in this document.

PNC Capital Markets is the marketing name used for investment banking and capital markets activities conducted by PNC through its subsidiaries PNC Bank and PNCCM. Securities underwriting, sales and trading services are provided by PNCCM. Foreign exchange and derivative products are obligations of PNC Bank, National Association.

PNC Bank N.A. Disclosure

PNC, PNC Bank, ACHIEVEMENT, PINACLE, Working Cash, ActivePay, Global Trade Excellence, Midland Loan Services, Enterprise!, CMBS Investor Insight, Portfolio Investor Insight, Borrower Insight, Shared Servicing, PNC Riverarch Capital, PNC Erieview Capital, Solebury Capital, Solebury Trout, TEMPUS TECHNOLOGIES, Forecast and Forsite are registered marks of The PNC Financial Services Group, Inc. ("PNC").

Bank deposit, treasury management and lending products and services, foreign exchange and derivative products (including commodity derivatives), and investment and wealth management and fiduciary services, are provided by PNC Bank, National Association ("PNC Bank"), a wholly owned subsidiary of PNC and Member FDIC. Equipment financing and leasing products are provided by PNC Equipment Finance, LLC, a wholly owned subsidiary of PNC Bank. Energy financing is provided by PNC Energy Capital LLC, a wholly owned subsidiary of PNC Equipment Finance, LLC, and by PNC Commercial, LLC (an indirect wholly owned subsidiary of PNC). Aircraft financing is provided by PNC Aviation Finance, a division of PNC Equipment Finance, LLC. Asset–based lending is provided by PNC Business Credit, a division of PNC Bank and PNC Financial Services UK Ltd (an indirect wholly owned subsidiary of PNC Bank) in the United Kingdom. Specialty finance products are provided by Steel City Capital Funding, a division of PNC Bank. Merchant services are provided by PNC Merchant Services Company. Payroll processing services to employees, officers, and directors of third party companies acquired by, or merged into, other third parties are provided by PNC PAID, LLC, a wholly owned subsidiary of PNC Bank. Secure payment gateway services and reporting and payment-processing solutions are provided by Tempus Technologies, Inc., a wholly owned subsidiary of PNC Bank. Direct equity investing and mezzanine financing are conducted by PNC Capital Finance, LLC through its PNC Riverarch Capital, PNC Mezzanine Capital and PNC Erieview Capital divisions. Investment banking and capital markets activities are conducted by PNC through its subsidiaries PNC Bank, PNC Capital Markets LLC (including through its trade name, PNC FIG Advisory), Harris Williams LLC, Solebury Capital LLC, and Sixpoint Partners LLC and Sixpoint Partners Europe Ltd.. SP Capital Partners, LLC, an exempt reporting investment adviser not currently registered as an investment adviser under the Investment Advisers Act of 1940 and an indirect subsidiary of PNC, provides investment advisory and management services to SP Capital Fund, LP. Services such as public finance investment banking services, securities underwriting, and securities sales and trading are provided by PNC Capital Markets LLC and PNC FIG Advisory. Mergers & acquisitions advisory and related services are provided by PNC Capital Markets LLC, PNC FIG Advisory, Fortis Advisors LLC, Harris Williams LLC, Harris Williams & Co. Ltd., and Harris Williams & Co. Corporate Finance Advisors GmbH. Harris Williams & Co. Ltd is a private limited company incorporated under English law with its registered office at 8th Floor, 20 Farringdon Street, London EC4A 4AB, UK, registered with the Registrar of Companies for England and Wales (registration number 07078852). Harris Williams & Co. Ltd is authorized and regulated by the Financial Conduct Authority. Harris Williams & Co. Corporate Finance Advisors GmbH is registered in the commercial register of the local court of Frankfurt am Main, Germany, under HRB 107540. The registered address is Bockenheimer Landstrasse 33-35, 60325 Frankfurt am Main, Germany (email address: hwgermany@harriswilliams.com). Geschäftsführer/Directors: Jeffery H. Perkins, Paul Poggi. (VAT No.DE321666994). Harris Williams is a trade name under which Harris Williams LLC, Harris Williams & Co. Ltd, and Harris Williams & Co. Corporate Finance Advisors GmbH conduct business. Equity capital markets advisory and related services are provided by PNC Capital Markets LLC, Harris Williams LLC, Harris Williams & Co. Ltd, Harris Williams & Co. Corporate Finance Advisors GmbH, Solebury Capital LLC and Solebury Trout LLC. PNC Capital Markets LLC, Harris Williams LLC, Solebury Capital LLC, and Sixpoint Partners LLC are registered broker-dealers and members of FINRA and SIPC. Sixpoint Partners Europe Ltd is a private limited company incorporated under English law with its registered office at 25 Savile Row, 4th Floor, London, W1S 2ER, UK, registered with the Registrar of Companies for England and Wales (registration number 12327421). Sixpoint Partners Europe Ltd is an Appointed Representative of Mirabella Advisers LLP, which is authorized and regulated by the Financial Conduct Authority number 606792. Retail brokerage services and managed account advisory services are offered by PNC Investments LLC, a registered broker-dealer and an SEC-registered investment adviser and member of FINRA and SIPC. Annuities and other insurance products are offered through PNC Insurance Services, LLC. Neither PNC Bank nor PNC Capital Markets LLC are registered as a municipal advisor under the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Act"). PNC Bank and certain of its affiliates including PNC TC, LLC, an SEC-registered investment adviser wholly owned by PNC Bank, do business as PNC Real Estate. PNC Real Estate provides commercial real estate financing and related services. Through its Tax Credit Solutions segment, PNC Real Estate provides lending services, equity investments and equity investment services relating to Low Income Housing Tax Credit ("LIHTC"), affordable housing preservation, New Markets Tax Credit ("NMTC") and Historic Tax Credit ("HTC") investments. PNC TC, LLC provides investment advisory services to funds sponsored by PNC Real Estate for LIHTC, HTC and affordable housing preservation investments. Registration with the SEC does not imply a certain level of skill or training. This material does not constitute an offer to sell or a solicitation of an offer to buy any investment product. Risks of each fund, as well as information regarding the investments, risks, and expenses of each fund, are described in the fund's private placement memorandum (PPM) or other offering documents. Please read the PPM and other offering documents carefully before investing.

Important Investor Information – Securities, insurance, foreign exchange, and derivative products are:

Not FDIC Insured • Not Bank Guaranteed • Not A Deposit
Not Insured By Any Federal Government Agency • May Lose Value

In Canada, PNC Bank Canada Branch, the Canadian branch of PNC Bank, provides bank deposit, treasury management, lending (including asset-based lending) and leasing products and services. Deposits with PNC Bank Canada Branch are not insured by the Canada Deposit Insurance Corporation or by the United States Federal Deposit Insurance Corporation.

Lending, leasing and equity products and services, as well as certain other banking products and services, require credit approval.
PNC does not provide legal, tax or accounting advice unless, with respect to tax advice, PNC Bank has entered into a written tax services agreement.
PNC does not provide investment advice to PNC Retirement Solutions and Vested Interest plan sponsors or participants.

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EQUAL HOUSING LENDER

PNC

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2023
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-09718

The PNC Financial Services Group, Inc.

(Exact name of registrant as specified in its charter)

Pennsylvania	**25-1435979**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

The Tower at PNC Plaza, 300 Fifth Avenue, Pittsburgh, Pennsylvania 15222-2401
(Address of principal executive offices, including zip code)

(888) 762-2265
(Registrant's telephone number including area code)

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value $5.00	PNC	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of April 18, 2023, there were 399,108,019 shares of the registrant's common stock ($5 par value) outstanding.

THE PNC FINANCIAL SERVICES GROUP, INC.
Cross-Reference Index to First Quarter 2023 Form 10-Q

MD&A TABLE REFERENCE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS TABLE REFERENCE

FINANCIAL REVIEW
THE PNC FINANCIAL SERVICES GROUP, INC.

This Financial Review, including the Consolidated Financial Highlights, should be read together with our unaudited Consolidated Financial Statements and unaudited Statistical Information included elsewhere in this Quarterly Report on Form 10-Q (the "Report" or "Form 10-Q") and with Items 6, 7, 8 and 9A of our 2022 Annual Report on Form 10-K (our "2022 Form 10-K"). For information regarding certain business, regulatory and legal risks, see the following: the Risk Management section of this Financial Review and of Item 7 in our 2022 Form 10-K; Item 1A Risk Factors included in this Report and our 2022 Form 10-K; and the Commitments and Legal Proceedings Notes included in this Report and Item 8 of our 2022 Form 10-K. Also, see the Cautionary Statement Regarding Forward-Looking Information section in this Financial Review and the Critical Accounting Estimates and Judgments section in this Financial Review and in our 2022 Form 10-K for certain other factors that could cause actual results or future events to differ, perhaps materially, from historical performance and from those anticipated in the forward-looking statements included in this Report. See Note 14 Segment Reporting for a reconciliation of total business segment earnings to total PNC consolidated net income as reported on a GAAP basis. In this Report, "PNC," "we" or "us" refers to The PNC Financial Services Group, Inc. and its subsidiaries on a consolidated basis (except when referring to PNC as a public company, its common stock or other securities issued by PNC, which just refer to The PNC Financial Services Group, Inc.). References to The PNC Financial Services Group, Inc. or to any of its subsidiaries are specifically made where applicable.

See page 103 for a glossary of certain terms and acronyms used in this Report.

EXECUTIVE SUMMARY

Headquartered in Pittsburgh, Pennsylvania, we are one of the largest diversified financial institutions in the U.S. We have businesses engaged in retail banking, including residential mortgage, corporate and institutional banking and asset management, providing many of our products and services nationally. Our retail branch network is located coast-to-coast. We also have strategic international offices in four countries outside the U.S.

Key Strategic Goals

At PNC we manage our company for the long term. We are focused on the fundamentals of growing customers, loans, deposits and revenue and improving profitability, while investing for the future and managing risk, expenses and capital. We continue to invest in our products, markets and brand, and embrace our commitments to our customers, shareholders, employees and the communities where we do business.

We strive to serve our customers and expand and deepen relationships by offering a broad range of deposit, credit and fee-based products and services. We are focused on delivering those products and services to our customers with the goal of addressing their financial objectives and needs. Our business model is built on customer loyalty and engagement, understanding our customers' financial goals and offering our diverse products and services to help them achieve financial well-being. Our approach is concentrated on organically growing and deepening client relationships across our businesses that meet our risk/return measures.

We are focused on our strategic priorities, which are designed to enhance value over the long term, and consist of:
- Expanding our leading banking franchise to new markets and digital platforms,
- Deepening customer relationships by delivering a superior banking experience and financial solutions, and
- Leveraging technology to create efficiencies that help us better serve customers.

Our capital and liquidity priorities are to support customers, fund business investments and return excess capital to shareholders, while maintaining appropriate capital in light of economic conditions, the Basel III framework and other regulatory expectations. For more detail, see the Capital Highlights portion of this Executive Summary, the Liquidity and Capital Management portion of the Risk Management section of this Financial Review and the Supervision and Regulation section in Item 1 Business of our 2022 Form 10-K.

Presentation of Noninterest Income

In the fourth quarter of 2022, PNC updated the name of the noninterest income line item "Capital markets related" to "Capital markets and advisory." This update did not impact the components of the category. All periods presented herein reflect these changes. For a description of each updated noninterest income revenue stream, see Note 1 Accounting Policies in our 2022 Form 10-K.

Selected Financial Data

The following tables include selected financial data, which should be reviewed in conjunction with the Consolidated Financial Statements and Notes included in Item 1 of this Report as well as the other disclosures in this Report concerning our historical financial performance, our future prospects and the risks associated with our business and financial performance.

Table 1: Summary of Operations, Per Common Share Data and Performance Ratios

Dollars in millions, except per share data Unaudited	Three months ended March 31 2023	 December 31 2022	 March 31 2022
Summary of Operations (a)			
Net interest income	$ 3,585	$ 3,684	$ 2,804
Noninterest income	2,018	2,079	1,888
Total revenue	5,603	5,763	4,692
Provision for (recapture of) credit losses	235	408	(208)
Noninterest expense	3,321	3,474	3,172
Income before income taxes and noncontrolling interests	$ 2,047	$ 1,881	$ 1,728
Income taxes	353	333	299
Net income	$ 1,694	$ 1,548	$ 1,429
Net income attributable to common shareholders	$ 1,607	$ 1,407	$ 1,361
Per Common Share			
Basic	$ 3.98	$ 3.47	$ 3.23
Diluted	$ 3.98	$ 3.47	$ 3.23
Book value per common share	$ 104.76	$ 99.93	$ 106.47
Performance Ratios			
Net interest margin (b)	2.84 %	2.92 %	2.28 %
Noninterest income to total revenue	36 %	36 %	40 %
Efficiency	59 %	60 %	68 %
Return on:			
Average common shareholders' equity	16.11 %	14.19 %	11.64 %
Average assets	1.22 %	1.10 %	1.05 %

(a) The Executive Summary and Consolidated Income Statement Review portions of this Financial Review section provide information regarding items impacting the comparability of the periods presented.
(b) See explanation and reconciliation of this non-GAAP measure in Average Consolidated Balance Sheet and Net Interest Analysis and Reconciliation of Taxable-Equivalent Net Interest Income (non-GAAP) in the Statistical Information (Unaudited) section in Item 1 of this Report.

Table 2: Balance Sheet Highlights and Other Selected Ratios

Dollars in millions, except as noted Unaudited	March 31 2023	December 31 2022	March 31 2022
Balance Sheet Highlights (a)			
Assets	$ 561,777	$ 557,263	$ 541,246
Loans	$ 326,475	$ 326,025	$ 294,457
Allowance for loan and lease losses	$ 4,741	$ 4,741	$ 4,558
Interest-earning deposits with banks	$ 33,865	$ 27,320	$ 48,776
Investment securities	$ 138,239	$ 139,334	$ 132,411
Total deposits	$ 436,833	$ 436,282	$ 450,197
Borrowed funds	$ 60,822	$ 58,713	$ 26,571
Total shareholders' equity	$ 49,044	$ 45,774	$ 49,181
Common shareholders' equity	$ 41,809	$ 40,028	$ 44,170
Other Selected Ratios			
Common equity Tier 1	9.2 %	9.1 %	9.9 %
Loans to deposits	75 %	75 %	65 %
Common shareholders' equity to total assets	7.4 %	7.2 %	8.2 %

(a) The Executive Summary and Consolidated Balance Sheet Review portions of this Financial Review provide information regarding items impacting the comparability of the periods presented.

Income Statement Highlights

Net income of $1.7 billion, or $3.98 per diluted common share, for the first quarter of 2023 increased $146 million, or 9%, compared to $1.5 billion, or $3.47 per diluted common share, for the fourth quarter of 2022, primarily due to a lower provision for credit losses and a decline in expenses, partially offset by decreased net interest income and noninterest income.

- For the three months ended March 31, 2023 compared to the three months ended December 31, 2022:
  - Total revenue decreased $160 million, or 3%, to $5.6 billion.
    - Net interest income of $3.6 billion decreased $99 million, or 3%, driven by two fewer days in the quarter and higher funding costs, partially offset by higher yields on interest-earning assets.

        - Net interest margin decreased 8 basis points to 2.84% as higher yields on interest-earning assets were more than offset by increased funding costs.
    - Noninterest income decreased $61 million, or 3%, and included lower merger and acquisition advisory activity as well as seasonally lower consumer transaction volumes.
- Provision for credit losses of $235 million in the first quarter of 2023 included the impact of updated economic assumptions and changes in portfolio composition and quality. The fourth quarter of 2022 included a provision for credit losses of $408 million.
- Noninterest expense decreased $153 million, or 4%, to $3.3 billion, reflecting strong expense control and lower personnel costs, primarily due to lower variable compensation related to decreased business activity as well as seasonally lower benefits expense.
- We generated positive operating leverage of 2%.

Net income of $1.7 billion, or $3.98 per diluted common share, for the first quarter of 2023 increased $265 million, or 19%, compared to $1.4 billion, or $3.23 per diluted common share, for the first quarter of 2022, as a result of higher net interest income and noninterest income, partially offset by a higher provision for credit losses and increased expenses.

- For the three months ended March 31, 2023 compared to the three months ended March 31, 2022:
    - Total revenue increased $911 million, or 19%, to $5.6 billion.
        - Net interest income increased $781 million, or 28%, as a result of higher interest-earning asset yields and balances, partially offset by higher funding costs.
            - Net interest margin increased 56 basis points, reflecting the benefit of higher yields on interest-earning assets.
        - Noninterest income increased $130 million, or 7%, as a result of business growth across the franchise as well as higher private equity revenue, partially offset by the impact of lower average equity markets.
    - Noninterest expense increased $149 million, or 5%, due to higher personnel costs, an increased FDIC assessment rate and continued investments in technology and marketing to support business growth.
    - We generated positive operating leverage of 15%.

For additional detail, see the Consolidated Income Statement Review section of this Financial Review.

Balance Sheet Highlights

Our balance sheet was strong and well positioned at March 31, 2023. In comparison to December 31, 2022:

- Total assets increased modestly, to $561.8 billion.
- Total loans remained largely stable at $326.5 billion.
    - Total commercial loans increased modestly to $225.4 billion as new production and higher utilization of loan commitments were largely offset by payoffs and maturities.
    - Total consumer loans were relatively stable at $101.1 billion as increases in home equity, residential mortgages and automobile loans were offset by declines in the remaining portfolios as paydowns outpaced new originations.
- Investment securities decreased $1.1 billion to $138.2 billion, due to prepayments and maturities outpacing purchases, partially offset by the favorable impact of interest rate changes on net unrealized losses for available for sale securities.
- Interest-earning deposits with banks, primarily with the Federal Reserve Bank, increased $6.5 billion, or 24%, to $33.9 billion, primarily due to higher borrowed funds and deposits. In the first quarter of 2023, Interest-earning deposits with banks also included a $1.0 billion uninsured deposit with First Republic Bank. The deposit was acquired out of First Republic Bank's receivership on May 1, 2023, and will be repaid to PNC.
- Total deposits increased $551 million to $436.8 billion as a result of higher consumer time deposits, partially offset by seasonally lower commercial deposits, and reflected a continued shift from noninterest-bearing to interest-bearing deposit products as interest rates have risen.
- Borrowed funds increased $2.1 billion, or 4%, to $60.8 billion as a result of parent company senior debt issuances in January 2023.

For additional detail, see the Consolidated Balance Sheet Review section of this Financial Review.

Credit Quality Highlights

The first quarter of 2023 reflected solid credit quality performance.

- At March 31, 2023 compared to December 31, 2022:
  - Nonperforming assets of $2.0 billion were stable.
  - Overall loan delinquencies of $1.3 billion decreased $164 million, or 11%, driven by lower consumer and commercial loan delinquencies.
  - The ACL related to loans, which consists of the ALLL and the allowance for unfunded lending related commitments, totaled $5.4 billion at both March 31, 2023 and December 31, 2022. During the three months ended March 31, 2023, reserves reflected our updated economic assumptions and changes in portfolio composition and quality. ACL to total loans was 1.66% and 1.67% at March 31, 2023 and December 31, 2022, respectively.
- Net charge-offs of $195 million, or 0.24% of average loans, in the first quarter of 2023 decreased $29 million, or 13%, compared to $224 million, or 0.28% of average loans, for the fourth quarter of 2022, due to lower consumer and commercial net charge-offs.

For additional detail see the Credit Risk Management portion of the Risk Management section of this Financial Review.

Capital and Liquidity Highlights

We maintained our strong capital and liquidity positions.

- Common shareholders' equity of $41.8 billion at March 31, 2023, increased $1.8 billion, or 4%, compared to December 31, 2022, driven by the benefit of net income and an increase in AOCI, partially offset by common dividends paid and share repurchases during the first quarter of 2023.
- In the first quarter of 2023, PNC returned $1.0 billion of capital to shareholders, reflecting $0.6 billion of dividends on common shares and $0.4 billion of common share repurchases, representing 2.4 million shares.
  - Consistent with the SCB framework, which allows for capital returns in amounts in excess of the SCB minimum levels, our Board of Directors has authorized a repurchase framework under the previously approved repurchase program of up to 100 million common shares, of which approximately 47% were still available for repurchase at March 31, 2023. Due to recent market volatility and increased economic uncertainty, share repurchase activity is expected to be reduced in the second quarter of 2023 compared to recent quarters. PNC continues to evaluate and may adjust share repurchase activity, as actual amounts and timing are dependent on market and economic conditions as well as other factors. PNC's SCB for the four-quarter period that began October 1, 2022 is 2.9%.
- On April 3, 2023, the PNC Board of Directors declared a quarterly cash dividend on common stock of $1.50 per share payable on May 5, 2023.
- Our CET1 ratio increased to 9.2% at March 31, 2023 from 9.1% at December 31, 2022.
  - PNC elected a five-year transition provision effective March 31, 2020 to delay until December 31, 2021 the full impact of the CECL standard on regulatory capital, followed by a three-year transition period. Effective for the first quarter of 2022, PNC is now in the three-year transition period, and the full impact of the CECL standard is being phased-in to regulatory capital through December 31, 2024. The fully implemented ratios reflect the full impact of CECL and exclude the benefits of this transition provision. The CET1 fully implemented ratio was 9.1% at March 31, 2023 compared to 8.9% at December 31, 2022.
- PNC's average LCR for the three months ended March 31, 2023 was 108% and exceeded the regulatory minimum requirement throughout the quarter.

See the Liquidity and Capital Management portion of the Risk Management section of this Financial Review for more detail on our 2023 liquidity and capital actions as well as our capital ratios.

PNC's ability to take certain capital actions, including returning capital to shareholders, is subject to PNC meeting or exceeding an SCB established by the Federal Reserve Board in connection with the Federal Reserve Board's CCAR process. For additional information, see Capital Management in the Risk Management section in this Financial Review and the Supervision and Regulation section in our 2022 Form 10-K.

Business Outlook

Statements regarding our business outlook are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Our forward-looking financial statements are subject to the risk that economic and financial market conditions will be substantially different than those we are currently expecting and do not take into account potential legal and regulatory contingencies. These statements are based on our views that:

- The economy continues to expand in the first half of 2023, but economic growth is slowing in response to the ongoing Federal Reserve monetary policy tightening to slow inflation. This has led to large increases in both short- and long-term interest rates. With much higher mortgage rates the housing market is already in contraction, with steep drops in existing

home sales and single-family housing starts, and a modest decline in house prices. Other sectors where interest rates play an outsized role, such as business investment and consumer spending on durable goods, will contract over 2023.
- PNC's baseline outlook is for a recession starting in the second half of 2023, with real GDP contracting less than 1% before recovery starts in the first half of 2024 as the Federal Reserve lowers interest rates in response to a deteriorating labor market and slower inflation. The unemployment rate will increase throughout 2023, peaking at above 5% in the second half of 2024. Inflation will slow with the recession and be back to the Federal Reserve's 2% long-term objective by mid-2024.
- PNC expects the FOMC to raise the federal funds rate by 25 basis points in May. This would bring the federal funds rate to a range of 5.00% to 5.25% by early-May. PNC expects a federal funds rate cut of 25 basis points in early 2024 as inflation moves toward the FOMC's 2% long-term objective.

For the second quarter of 2023, compared to the first quarter of 2023, we expect:
- Average loans to be stable,
- Net interest income to be down 2% to 4%,
- Fee income to be stable to down 1%,
- Other noninterest income, excluding net securities gains and Visa activity, to be $200 million to $250 million,
- Revenue to be down approximately 3%,
- Noninterest expense to be up 1% to 2%, and
- Net loan charge-offs to be $200 million to $250 million.

For the full year 2023, compared to the full year of 2022, we expect:
- Average loans to be up 5% to 7%,
- Period-end loans to be up 1% to 3%,
- Revenue to be up 4% to 5%,
- Noninterest expense to be up 2% to 3%, and
- The effective tax rate to be approximately 18%.

We cannot provide, without unreasonable effort, a meaningful or accurate reconciliation of forward-looking non-GAAP measures to their most directly comparable GAAP financial measures. This is due to the inherent difficulty of forecasting the timing and amounts necessary for the reconciliation when such amounts are subject to events that cannot be reasonably predicted, as noted in our Cautionary Statement. Accordingly, we cannot address the probable significance of unavailable information.

See the Cautionary Statement Regarding Forward-Looking Information section in this Financial Review and Item 1A Risk Factors included in this Report and in our 2022 Form 10-K for other factors that could cause future events to differ, perhaps materially, from those anticipated in these forward-looking statements.

Consolidated Income Statement Review

Our Consolidated Income Statement is presented in Item 1 of this Report.

Net income of $1.7 billion, or $3.98 per diluted common share, for the first quarter of 2023 increased $146 million, or 9%, compared to $1.5 billion, or $3.47 per diluted common share, for the fourth quarter of 2022, primarily due to a lower provision for credit losses and a decline in expenses, partially offset by decreased net interest income and noninterest income. Net income increased $265 million, or 19%, compared to $1.4 billion, or $3.23 per diluted common share for the first quarter of 2022, as a result of higher net interest income and noninterest income, partially offset by a higher provision for credit losses and increased expenses.

Net Interest Income

Table 3: Summarized Average Balances and Net Interest Income (a)

Three months ended Dollars in millions	March 31, 2023 Average Balances	Average Yields/ Rates	Interest Income/ Expense	December 31, 2022 Average Balances	Average Yields/ Rates	Interest Income/ Expense	March 31, 2022 Average Balances	Average Yields/ Rates	Interest Income/ Expense
Assets									
Interest-earning assets									
Investment securities	$143,391	2.49 %	$ 891	$142,890	2.36 %	$ 843	$133,897	1.64 %	$ 548
Loans	325,526	5.29 %	4,290	321,875	4.75 %	3,889	290,701	3.19 %	2,311
Interest-earning deposits with banks	34,054	4.58 %	390	30,395	3.76 %	286	62,540	0.19 %	29
Other	8,806	5.75 %	126	9,690	5.20 %	127	9,417	2.07 %	48
Total interest-earning assets/interest income	$511,777	4.46 %	5,697	$504,850	4.02 %	5,145	496,555	2.37 %	2,936
Liabilities									
Interest-bearing liabilities									
Interest-bearing deposits	$315,056	1.66 %	1,291	$301,447	1.07 %	812	$299,543	0.04 %	27
Borrowed funds	62,968	4.98 %	783	59,231	4.07 %	613	30,312	1.10 %	83
Total interest-bearing liabilities/interest expense	$378,024	2.20 %	2,074	$360,678	1.55 %	1,425	$329,855	0.13 %	110
Net interest margin/income (non-GAAP)		2.84 %	3,623		2.92 %	3,720		2.28 %	2,826
Taxable-equivalent adjustments			(38)			(36)			(22)
Net interest income (GAAP)			$ 3,585			$ 3,684			$ 2,804

(a) Interest income calculated as taxable-equivalent interest income. To provide more meaningful comparisons of interest income and yields for all interest-earning assets, as well as net interest margins, we use interest income on a taxable-equivalent basis in calculating average yields and net interest margins by increasing the interest income earned on tax-exempt assets to make it fully equivalent to interest income earned on taxable investments. This adjustment is not permitted under GAAP on the Consolidated Income Statement. For more information, see Reconciliation of Taxable-Equivalent Net Interest Income (non-GAAP) in the Statistical Information (Unaudited) section in Item 1 of this Report.

Changes in net interest income and margin result from the interaction of the volume and composition of interest-earning assets and related yields, interest-bearing liabilities and related rates paid, and noninterest-bearing sources of funding. See the Statistical Information (Unaudited) – Average Consolidated Balance Sheet And Net Interest Analysis section of this Report.

Net interest income decreased $99 million, or 3%, for the first quarter of 2023 compared to the fourth quarter of 2022, driven by two fewer days in the quarter and higher funding costs, partially offset by higher yields on interest-earning assets. Net interest income increased $781 million, or 28%, for the first quarter of 2023 compared to the same period in 2022, as a result of higher interest-earning asset yields and balances, partially offset by higher funding costs. Net interest margin decreased 8 basis points compared to the fourth quarter of 2022 as higher yields on interest-earning assets were more than offset by increased funding costs. Compared to the first quarter of 2022, net interest margin increased 56 basis points, reflecting the benefit of higher yields on interest-earning assets.

Average investment securities of $143.4 billion were relatively stable for the first quarter of 2023 compared to the fourth quarter of 2022. Compared to the first quarter of 2022, average investment securities increased $9.5 billion, or 7%, reflecting net purchases, primarily of agency residential mortgage-backed securities. Average investment securities represented 28% of average interest-earning assets for the first quarter of 2023 and the fourth quarter of 2022, and 27% for the first quarter of 2022.

Average loans of $325.5 billion for the first quarter of 2023 increased $3.7 billion compared to the fourth quarter of 2022, primarily driven by growth in PNC's corporate banking business during the fourth quarter of 2022. In comparison to the first quarter of 2022, average loans increased $34.8 billion, or 12%, reflecting growth in both commercial and consumer loans. Average loans represented 64% of average interest-earning assets for both the first quarter of 2023 and the fourth quarter of 2022, and 59% for the first quarter of 2022.

Average interest-earning deposits with banks of $34.1 billion for the first quarter of 2023, increased $3.7 billion, or 12% compared to the fourth quarter of 2022, primarily due to higher borrowed funds and deposits. Compared to the first quarter of 2022, average interest-earning deposits with banks decreased $28.5 billion, or 46%, primarily due to higher loans outstanding.

Average interest-bearing deposits of $315.1 billion for the first quarter of 2023 increased $13.6 billion, or 5%, and $15.5 billion, or 5%, compared to the fourth and first quarters of 2022, respectively. Both comparisons reflected a continued shift from noninterest-bearing to interest-bearing deposits, as interest rates have risen. In total, average interest-bearing deposits represented 83% of average interest-bearing liabilities for the first quarter of 2023, 84% for the fourth quarter of 2022 and 91% for the first quarter of 2022.

Average borrowed funds of $63.0 billion for the first quarter of 2023 increased $3.7 billion, or 6%, compared to the fourth quarter of 2022, driven by parent company senior debt issuances in January 2023. Compared to the first quarter of 2022, average borrowed funds increased $32.7 billion, or 108% due to increased FHLB borrowings and senior debt issuances.

Further details regarding average loans and deposits are included in the Business Segments Review section of this Financial Review.

Noninterest Income

Table 4: Noninterest Income

	Three months ended				Three months ended			
	March 31	December 31	Change		March 31	March 31	Change	
Dollars in millions	2023	2022	$	%	2023	2022	$	%
Noninterest income								
Asset management and brokerage	$ 356	$ 345	$ 11	3 %	$ 356	$ 377	$ (21)	(6)%
Capital markets and advisory	262	336	(74)	(22)%	262	252	10	4 %
Card and cash management	659	671	(12)	(2)%	659	620	39	6 %
Lending and deposit services	306	296	10	3 %	306	269	37	14 %
Residential and commercial mortgage	177	184	(7)	(4)%	177	159	18	11 %
Other	258	247	11	4 %	258	211	47	22 %
Total noninterest income	$ 2,018	$ 2,079	$ (61)	(3)%	$ 2,018	$ 1,888	$ 130	7 %

Noninterest income as a percentage of total revenue was 36% for both the first quarter of 2023 and the fourth quarter of 2022 compared to 40% for the first quarter of 2022.

Asset management and brokerage fees increased compared to the fourth quarter of 2022, reflecting the impact of higher average equity markets and increased annuity sales. The decrease compared to the first quarter of 2022 reflected the impact of lower average equity markets. PNC's discretionary client assets under management of $177 billion at March 31, 2023 increased from $173 billion at December 31, 2022, primarily as a result of higher spot equity markets. PNC's discretionary client assets under management decreased from $182 billion at March 31, 2022, driven by lower spot equity markets.

Capital markets and advisory fees decreased compared to the fourth quarter of 2022 driven by lower merger and acquisition advisory fees. The increase compared to the first quarter of 2022 included higher asset backed financing, merger and acquisition advisory and underwriting fees.

Card and cash management revenue decreased compared to the fourth quarter of 2022, reflecting seasonally lower consumer transaction volumes. The increase in the first quarter of 2022 comparison was primarily due to increased treasury management product revenue and higher consumer spending.

Lending and deposit services increased compared to both the fourth and first quarters of 2022, primarily driven by increased client activity.

Residential and commercial mortgage decreased compared to the fourth quarter of 2022 due to lower results from residential mortgage servicing rights valuation, net of economic hedge. The increase compared to the first quarter of 2022 was driven by modestly higher commercial and residential banking activities.

Other noninterest income increased compared to both the fourth quarter and first quarter of 2022. The increase compared to the first quarter of 2022 included the impact of higher private equity revenue. The first quarter of 2023 included $45 million of negative Visa Class B fair value adjustments compared to $41 million of negative adjustments in the fourth quarter of 2022, and $4 million of positive adjustments for the first quarter of 2022.

Noninterest Expense

Table 5: Noninterest Expense

	Three months ended				Three months ended			
	March 31	December 31	Change		March 31	March 31	Change	
Dollars in millions	2023	2022	$	%	2023	2022	$	%
Noninterest expense								
Personnel	$ 1,826	$ 1,943	$ (117)	(6)%	$ 1,826	$ 1,717	$ 109	6 %
Occupancy	251	247	4	2 %	251	258	(7)	(3)%
Equipment	350	369	(19)	(5)%	350	331	19	6 %
Marketing	74	106	(32)	(30)%	74	61	13	21 %
Other	820	809	11	1 %	820	805	15	2 %
Total noninterest expense	$ 3,321	$ 3,474	$ (153)	(4)%	$ 3,321	$ 3,172	$ 149	5 %

Noninterest expense decreased compared to the fourth quarter of 2022, reflecting strong expense control and lower personnel costs, primarily due to lower variable compensation related to decreased business activity as well as seasonally lower benefits expense. The increase compared to the first quarter of 2022 was due to higher personnel costs, increased technology costs and marketing to support business growth. In both comparisons, the increase in other noninterest expense included the impact of a higher FDIC assessment rate, which resulted in an additional $25 million of expense in the first quarter of 2023.

Effective Income Tax Rate

The effective income tax rate was 17.2% in the first quarter of 2023, compared to 17.7% in the fourth quarter of 2022, and 17.3% for the same period in 2022.

Provision For (Recapture of) Credit Losses

Table 6: Provision for (Recapture of) Credit Losses

	Three months ended			Three months ended		
	March 31	December 31	Change	March 31	March 31	Change
Dollars in millions	2023	2022	$	2023	2022	$
Provision for (recapture of) credit losses						
Loans and leases	$ 229	$ 380	$ (151)	$ 229	$ (172)	$ 401
Unfunded lending related commitments	(22)	12	(34)	(22)	(23)	1
Investment securities	(1)	10	(11)	(1)	1	(2)
Other financial assets	29	6	23	29	(14)	43
Total provision for (recapture of) credit losses	$ 235	$ 408	$ (173)	$ 235	$ (208)	$ 443

Provision for credit losses of $235 million in the first quarter of 2023 included the impact of updated economic assumptions and changes in portfolio composition and quality. The fourth quarter of 2022 included a provision for credit losses of $408 million. The first quarter of 2022 included a recapture of credit losses of $208 million.

Consolidated Balance Sheet Review

The summarized balance sheet data in Table 7 is based upon our Consolidated Balance Sheet in Item 1 of this Report.

Table 7: Summarized Balance Sheet Data

Dollars in millions	March 31 2023	December 31 2022	Change $	Change %
Assets				
Interest-earning deposits with banks	$ 33,865	$ 27,320	$ 6,545	24 %
Loans held for sale	998	1,010	(12)	(1)%
Investment securities	138,239	139,334	(1,095)	(1)%
Loans	326,475	326,025	450	—
Allowance for loan and lease losses	(4,741)	(4,741)		—
Mortgage servicing rights	3,293	3,423	(130)	(4)%
Goodwill	10,987	10,987		—
Other	52,661	53,905	(1,244)	(2)%
Total assets	$ 561,777	$ 557,263	$ 4,514	1 %
Liabilities				
Deposits	$ 436,833	$ 436,282	$ 551	—
Borrowed funds	60,822	58,713	2,109	4 %
Allowance for unfunded lending related commitments	672	694	(22)	(3)%
Other	14,376	15,762	(1,386)	(9)%
Total liabilities	512,703	511,451	1,252	—
Equity				
Total shareholders' equity	49,044	45,774	3,270	7 %
Noncontrolling interests	30	38	(8)	(21)%
Total equity	49,074	45,812	3,262	7 %
Total liabilities and equity	$ 561,777	$ 557,263	$ 4,514	1 %

Our balance sheet was strong and well positioned at March 31, 2023. In comparison to December 31, 2022:

- Total assets increased modestly, and included higher Federal Reserve Bank balances.
- Total liabilities were largely stable.
- Total equity increased due to the benefit of net income, a preferred stock issuance and an improvement in AOCI, partially offset by dividends paid and common share repurchases.

The ACL related to loans totaled $5.4 billion at both March 31, 2023 and December 31, 2022. During the three months ended March 31, 2023, reserves reflected our updated economic assumptions and changes in portfolio composition and quality. See the following for additional information regarding our ACL related to loans:

- Allowance for Credit Losses in the Credit Risk Management section of this Financial Review,
- Critical Accounting Estimates and Judgments section of this Financial Review, and
- Note 3 Loans and Related Allowance for Credit Losses.

The following discussion provides additional information about the major components of our balance sheet. Information regarding our capital and regulatory compliance is included in the Liquidity and Capital Management portion of the Risk Management section in this Financial Review and in Note 20 Regulatory Matters in our 2022 Form 10-K.

Loans

Table 8: Loans

Dollars in millions	March 31 2023	December 31 2022	Change $	Change %
Commercial				
Commercial and industrial	$ 182,997	$ 182,219	$ 778	—
Commercial real estate	35,991	36,316	(325)	(1)%
Equipment lease financing	6,424	6,514	(90)	(1)%
Total commercial	225,412	225,049	363	—
Consumer				
Residential real estate	46,067	45,889	178	—
Home equity	26,203	25,983	220	1 %
Automobile	14,923	14,836	87	1 %
Credit card	6,961	7,069	(108)	(2)%
Education	2,131	2,173	(42)	(2)%
Other consumer	4,778	5,026	(248)	(5)%
Total consumer	101,063	100,976	87	—
Total loans	$ 326,475	$ 326,025	$ 450	—

Commercial loans increased modestly as an increase in commercial and industrial loans was offset by declines in both commercial real estate and equipment lease financing.

Consumer loans were relatively stable as increases in home equity, residential mortgages and automobile loans were offset by declines in the remaining portfolios as paydowns outpaced new originations.

For additional information regarding our loan portfolio see the Credit Risk Management portion of the Risk Management section in this Financial Review and Note 3 Loans and Related Allowance for Credit Losses.

Investment Securities

Investment securities of $138.2 billion at March 31, 2023 decreased $1.1 billion, compared to December 31, 2022, due to prepayments and maturities outpacing purchases, partially offset by the favorable impact of interest rate changes on net unrealized losses for available for sale securities.

The level and composition of the investment securities portfolio fluctuates over time based on many factors, including market conditions, loan and deposit growth and balance sheet management activities. We manage our investment securities portfolio to optimize returns, while providing a reliable source of liquidity for our banking and other activities, considering the LCR, NSFR and other internal and external guidelines and constraints.

Table 9: Investment Securities (a)

	March 31, 2023		December 31, 2022	
Dollars in millions	Amortized Cost (b)	Fair Value	Amortized Cost (b)	Fair Value
U.S. Treasury and government agencies	$ 45,291	$ 43,455	$ 45,767	$ 43,330
Agency residential mortgage-backed	76,701	71,565	77,385	71,073
Non-agency residential mortgage-backed	947	1,040	973	1,074
Agency commercial mortgage-backed	2,674	2,518	2,693	2,501
Non-agency commercial mortgage-backed (c)	2,624	2,529	2,992	2,883
Asset-backed (d)	7,277	7,219	7,291	7,183
Other (e)	6,482	6,319	6,642	6,394
Total investment securities (f)	$ 141,996	$ 134,645	$ 143,743	$ 134,438

(a) Of our total securities portfolio, 97% were rated AAA/AA at both March 31, 2023 and December 31, 2022.
(b) Amortized cost is presented net of the allowance for investment securities, which totaled $148 million at March 31, 2023 and primarily related to non-agency commercial mortgage-backed securities. The comparable amount at December 31, 2022 was $149 million.
(c) Collateralized primarily by office buildings, multifamily housing, retail properties, lodging properties and industrial properties.
(d) Collateralized primarily by corporate debt, government guaranteed education loans and other consumer credit products.
(e) Includes state and municipal securities.
(f) Includes available for sale and held to maturity securities, which are recorded on our balance sheet at fair value and amortized cost, respectively.

Table 9 presents our investment securities portfolio by amortized cost and fair value. The relationship of fair value to amortized cost at March 31, 2023 compared to December 31, 2022 primarily reflected the impact of lower interest rates on the valuation of fixed rate securities. We continually monitor the credit risk in our portfolio and maintain the allowance for investment securities at an appropriate level to absorb expected credit losses on our investment securities portfolio for the remaining contractual term of the securities adjusted for expected prepayments. See Note 2 Investment Securities for additional details regarding the allowance for investment securities.

The duration of investment securities was 4.4 years and 4.5 years at March 31, 2023 and December 31, 2022, respectively. We estimate that at March 31, 2023 the effective duration of investment securities was 4.4 years for an immediate 50 basis points parallel increase in interest rates and 4.4 years for an immediate 50 basis points parallel decrease in interest rates. Comparable amounts at December 31, 2022 for the effective duration of investment securities were 4.4 years and 4.5 years, respectively.

Based on expected prepayment speeds, the weighted-average expected maturity of the investment securities portfolio was 5.8 years at March 31, 2023 compared to 6.0 years at December 31, 2022.

Table 10: Weighted-Average Expected Maturities of Mortgage and Asset-Backed Debt Securities

March 31, 2023	Years
Agency residential mortgage-backed	7.5
Non-agency residential mortgage-backed	10.1
Agency commercial mortgage-backed	5.3
Non-agency commercial mortgage-backed	1.4
Asset-backed	2.4

Additional information regarding our investment securities portfolio is included in Note 2 Investment Securities and Note 11 Fair Value.

Funding Sources

Table 11: Details of Funding Sources

Dollars in millions	March 31 2023	December 31 2022	Change $	Change %
Deposits				
Noninterest-bearing	$ 118,014	$ 124,486	$ (6,472)	(5)%
Interest-bearing				
Money market	63,943	64,150	(207)	—
Demand	128,404	126,143	2,261	2 %
Savings	104,712	103,033	1,679	2 %
Time deposits	21,760	18,470	3,290	18 %
Total interest-bearing deposits	318,819	311,796	7,023	2 %
Total deposits	436,833	436,282	551	—
Borrowed funds				
Federal Home Loan Bank borrowings	32,020	32,075	(55)	—
Senior debt	19,622	16,657	2,965	18 %
Subordinated debt	5,630	6,307	(677)	(11)%
Other	3,550	3,674	(124)	(3)%
Total borrowed funds	60,822	58,713	2,109	4 %
Total funding sources	$ 497,655	$ 494,995	$ 2,660	1 %

Total deposits increased modestly as a result of higher consumer time deposits, partially offset by seasonally lower commercial deposits. In addition, noninterest-bearing balances decreased due to the continued shift into interest-bearing deposit products as interest rates have risen.

Borrowed funds increased due to parent company senior debt issuances in January 2023.

The level and composition of borrowed funds fluctuates over time based on many factors, including market conditions, loan, investment securities and deposit growth and capital considerations. We manage our borrowed funds to provide a reliable source of liquidity for our banking and other activities, considering our LCR and NSFR requirements and other internal and external guidelines and constraints. See the Liquidity and Capital Management portion of the Risk Management section in this Financial Review for additional information regarding our liquidity and capital activities. See Note 7 Borrowed Funds in this Report and Note 10 Borrowed Funds in our 2022 Form 10-K for additional information related to our borrowings.

Shareholders' Equity

Total shareholders' equity was $49.0 billion at March 31, 2023, an increase of $3.2 billion compared to December 31, 2022, as increases related to net income of $1.7 billion, a preferred stock issuance of $1.5 billion and an improvement in AOCI of $1.1 billion were partially offset by dividends paid of $0.7 billion and common share repurchases of $0.4 billion.

Business Segments Review

We have three reportable business segments:

- Retail Banking
- Corporate & Institutional Banking
- Asset Management Group

Business segment results and a description of each business are included in Note 14 Segment Reporting. Certain amounts included in this Business Segments Review differ from those amounts shown in Note 14, primarily due to the presentation in this Financial Review of business net interest income on a taxable-equivalent basis.

Net interest income in business segment results reflects our internal funds transfer pricing methodology. Assets receive a funding charge and liabilities and capital receive a funding credit based on a transfer pricing methodology that incorporates product repricing characteristics, tenor and other factors.

Total business segment financial results differ from total consolidated net income. The impact of these differences is reflected in the "Other" category as shown in Table 78 in Note 14 Segment Reporting. "Other" includes residual activities that do not meet the criteria for disclosure as a separate reportable business, such as asset and liability management activities, including net securities gains or losses, ACL for investment securities, certain trading activities, certain runoff consumer loan portfolios, private equity investments, intercompany eliminations, certain corporate overhead, tax adjustments that are not allocated to business segments, exited businesses and differences between business segment performance reporting and financial statement reporting (GAAP).

Retail Banking

Retail Banking's core strategy is to build lifelong, primary relationships by creating a sense of financial well-being and ease for our clients. Over time, we seek to deepen those relationships by meeting the broad range of our clients' financial needs across savings, liquidity, lending, payments, investment and retirement solutions. We work to deliver these solutions in the most seamless and efficient way possible, meeting our customers where they want to be met – whether in a branch, through digital channels, at an ATM or through our phone-based customer contact centers – while continuously optimizing the cost to sell and service. We believe that, over time, we can grow our customer base, enhance the breadth and depth of our client relationships and improve our efficiency through differentiated products and leading digital channels.

Table 12: Retail Banking Table

(Unaudited) Three months ended March 31 Dollars in millions, except as noted	2023	2022	Change $	Change %
Income Statement				
Net interest income	$ 2,281	$ 1,531	$ 750	49 %
Noninterest income	743	745	(2)	—
Total revenue	3,024	2,276	748	33 %
Provision for (recapture of) credit losses	238	(81)	319	*
Noninterest expense	1,927	1,892	35	2 %
Pretax earnings	859	465	394	85 %
Income taxes	202	109	93	85 %
Noncontrolling interests	10	16	(6)	(38)%
Earnings	$ 647	$ 340	$ 307	90 %
Average Balance Sheet				
Loans held for sale	$ 542	$ 1,183	$ (641)	(54)%
Loans				
Consumer				
Residential real estate	$ 35,421	$ 31,528	$ 3,893	12 %
Home equity	24,571	22,458	2,113	9 %
Automobile	14,918	16,274	(1,356)	(8)%
Credit card	6,904	6,401	503	8 %
Education	2,188	2,532	(344)	(14)%
Other consumer	1,990	2,348	(358)	(15)%
Total consumer	85,992	81,541	4,451	5 %
Commercial	11,438	11,610	(172)	(1)%
Total loans	$ 97,430	$ 93,151	$ 4,279	5 %
Total assets	$ 115,384	$ 111,754	$ 3,630	3 %
Deposits				
Noninterest-bearing	$ 60,801	$ 64,058	$ (3,257)	(5)%
Interest-bearing	201,720	201,021	699	—
Total deposits	$ 262,521	$ 265,079	$ (2,558)	(1)%
Performance Ratios				
Return on average assets	2.27 %	1.23 %		
Noninterest income to total revenue	25 %	33 %		
Efficiency	64 %	83 %		

At or for three months ended March 31 Dollars in millions, except as noted	2023	2022	Change $	Change %
Supplemental Noninterest Income Information				
Asset management and brokerage	$ 131	$ 134	$ (3)	(2)%
Card and cash management	$ 324	$ 308	$ 16	5 %
Lending and deposit services	$ 181	$ 164	$ 17	10 %
Residential and commercial mortgage	$ 104	$ 99	$ 5	5 %
Residential Mortgage Information				
Residential mortgage servicing statistics (in billions, except as noted) (a)				
Serviced portfolio balance (b)	$ 188	$ 135	$ 53	39 %
Serviced portfolio acquisitions	$ 2	$ 6	$ (4)	(67)%
MSR asset value (b)	$ 2.2	$ 1.3	$ 0.9	69 %
MSR capitalization value (in basis points) (b)	119	98	21	21 %
Servicing income: (in millions)				
Servicing fees, net (c)	$ 78	$ 33	$ 45	*
Mortgage servicing rights valuation, net of economic hedge	$ 14	$ 2	$ 12	*
Residential mortgage loan statistics				
Loan origination volume (in billions)	$ 1.4	$ 5.1	$ (3.7)	(73)%
Loan sale margin percentage	2.26 %	2.45 %		
Percentage of originations represented by:				
Purchase volume (d)	84 %	42 %		
Refinance volume	16 %	58 %		
Other Information (b)				
Customer-related statistics (average)				
Non-teller deposit transactions (e)	65 %	64 %		
Digital consumer customers (f)	75 %	78 %		
Credit-related statistics				
Nonperforming assets	$ 1,009	$ 1,168	$ (159)	(14)%
Net charge-offs - loans and leases	$ 112	$ 141	$ (29)	(21)%
Other statistics				
ATMs	8,697	9,502	(805)	(8)%
Branches (g)	2,450	2,591	(141)	(5)%
Brokerage account client assets (in billions) (h)	$ 73	$ 74	$ (1)	(1)%

*- Not Meaningful
(a) Represents mortgage loan servicing balances for third parties and the related income.
(b) Presented as of period end, except for average customer-related statistics and net charge-offs, which are both shown for the three months ended.
(c) Servicing fees net of impact of decrease in MSR value due to passage of time, including the impact from regularly scheduled loan principal payments, prepayments and loans paid off during the period.
(d) Mortgages with borrowers as part of residential real estate purchase transactions.
(e) Percentage of total consumer and business banking deposit transactions processed at an ATM or through our mobile banking application.
(f) Represents consumer checking relationships that process the majority of their transactions through non-teller channels.
(g) Reflects all branches and solution centers excluding standalone mortgage offices and satellite offices (*e.g.*, drive-ups, electronic branches and retirement centers) that provide limited products and/or services.
(h) Includes cash and money market balances.

Retail Banking earnings for the first three months of 2023 increased $307 million compared to the same period in 2022 primarily due to increased net interest income, partially offset by an increased provision for credit losses, and higher noninterest expense.

Net interest income increased in the comparison primarily due to wider interest rate spreads on the value of deposits, partially offset by narrower interest rate spreads on the value of loans.

Noninterest income was relatively stable in the comparison.

Provision for credit losses included the impact of updated economic assumptions and changes in portfolio composition and quality.

Noninterest expense increased in the comparison, and included increased technology costs and higher marketing spend.

Retail Banking average total loans increased in the first three months of 2023 compared to the same period in 2022. Average consumer loans increased 5% driven by higher residential real estate and home equity loans as a result of new volume and draws on existing accounts outpacing liquidations, as well as growth in credit card loans due to new account production and purchase volume increases. The increase was partially offset by a decline in automobile, education and other consumer loans as paydowns outpaced new originations. Average commercial loans decreased primarily due to forgiveness of PPP loans, largely offset by growth in dealer segment balances.

Our focus on growing primary customer relationships is at the core of our deposit strategy in Retail, which is based on attracting and retaining stable, low-cost deposits as a key funding source for PNC. We have taken a disciplined approach to pricing, focused on retaining relationship-based balances and executing on targeted deposit growth and retention strategies aimed at more rate sensitive customers. Our goal with regard to deposits is to optimize balances, economics and long-term customer growth. In the first three months of 2023, average total deposits decreased compared to the same period in 2022, reflecting the impact of inflationary pressures and competitive pricing dynamics.

As part of our strategic focus on growing customers and meeting their financial needs, we have established a coast-to-coast network of retail branches, solution centers and ATMs that operate alongside PNC’s suite of digital capabilities. Over time, we plan to continue to convert a portion of branches into solution centers, which have a distinctive layout and the capability to support transactions, sales and advice using a combination of technology and personalized banker assistance.

Retail Banking continues to enhance the customer experience with refinements to product and service offerings that drive value for consumers and small businesses. We are focused on meeting the financial needs of customers by providing a broad range of liquidity, banking, payments and investment products.

Corporate & Institutional Banking

Corporate & Institutional Banking's strategy is to be the leading relationship-based provider of traditional banking products and services to its customers through the economic cycles. We aim to grow our market share and drive higher returns by delivering value-added solutions that help our clients better run their organizations, all while maintaining prudent risk and expense management. We continue to focus on building client relationships where the risk-return profile is attractive.

Table 13: Corporate & Institutional Banking Table

(Unaudited) Three months ended March 31 Dollars in millions, except as noted	2023	2022	Change $	Change %
Income Statement				
Net interest income	$ 1,414	$ 1,160	$ 254	22 %
Noninterest income	886	804	82	10 %
Total revenue	2,300	1,964	336	17 %
Provision for (recapture of) credit losses	(28)	(118)	90	76 %
Noninterest expense	939	837	102	12 %
Pretax earnings	1,389	1,245	144	12 %
Income taxes	325	285	40	14 %
Noncontrolling interests	5	4	1	25 %
Earnings	$ 1,059	$ 956	$ 103	11 %
Average Balance Sheet				
Loans held for sale	$ 456	$ 628	$ (172)	(27)%
Loans				
Commercial				
Commercial and industrial	$ 168,874	$ 141,622	$ 27,252	19 %
Commercial real estate	34,605	32,433	2,172	7 %
Equipment lease financing	6,451	6,099	352	6 %
Total commercial	209,930	180,154	29,776	17 %
Consumer	7	8	(1)	(13)%
Total loans	$ 209,937	$ 180,162	$ 29,775	17 %
Total assets	$ 234,536	$ 200,724	$ 33,812	17 %
Deposits				
Noninterest-bearing	$ 58,529	$ 86,178	$(27,649)	(32)%
Interest-bearing	86,832	68,429	18,403	27 %
Total deposits	$ 145,361	$ 154,607	$ (9,246)	(6)%
Performance Ratios				
Return on average assets	1.83 %	1.93 %		
Noninterest income to total revenue	39 %	41 %		
Efficiency	41 %	43 %		
Other Information				
Consolidated revenue from: (a)				
Treasury Management (b)	$ 785	$ 546	$ 239	44 %
Commercial mortgage banking activities:				
Commercial mortgage loans held for sale (c)	$ 27	$ 16	$ 11	69 %
Commercial mortgage loan servicing income (d)	39	68	(29)	(43)%
Commercial mortgage servicing rights valuation, net of economic hedge	41	13	28	215 %
Total	$ 107	$ 97	$ 10	10 %
Commercial mortgage servicing statistics				
Serviced portfolio balance (in billions) (e)	$ 281	$ 278	$ 3	1 %
MSR asset value (e)	$ 1,061	$ 886	$ 175	20 %
Average loans by C&IB business				
Corporate Banking	$ 118,229	$ 92,503	$ 25,726	28 %
Real Estate	47,297	43,213	4,084	9 %
Business Credit	30,180	26,535	3,645	14 %
Commercial Banking	8,430	10,045	(1,615)	(16)%
Other	5,801	7,866	(2,065)	(26)%
Total average loans	$ 209,937	$ 180,162	$ 29,775	17 %
Credit-related statistics				
Nonperforming assets (e)	$ 801	$ 866	$ (65)	(8)%
Net charge-offs (recoveries) - loans and leases	$ 85	$ (1)	$ 86	*

*- Not Meaningful

(a) See the additional revenue discussion regarding treasury management and commercial mortgage banking activities in the Product Revenue section of this Corporate & Institutional Banking section.

(b) Amounts are reported in net interest income and noninterest income.
(c) Represents commercial mortgage banking income for valuations on commercial mortgage loans held for sale and related commitments, derivative valuations, origination fees, gains on sale of loans held for sale and net interest income on loans held for sale.
(d) Represents net interest income and noninterest income from loan servicing, net of reduction in commercial mortgage servicing rights due to amortization expense and payoffs. Commercial mortgage servicing rights valuation, net of economic hedge is shown separately.
(e) As of March 31.

Corporate & Institutional Banking earnings in the first three months of 2023 increased $103 million compared to the same period in 2022 driven by higher net interest income and noninterest income, partially offset by increased noninterest expense and a lower provision recapture.

Net interest income increased in the comparison primarily due to wider interest rate spreads on the value of deposits and higher average loan balances, partially offset by narrower interest rate spreads on the value of loans and lower average deposit balances.

Noninterest income increased in the comparison and included higher capital markets and advisory fees and growth in treasury management product revenue.

Noninterest expense increased in the comparison due to continued investments to support business growth.

Average loans increased compared to the three months ended March 31, 2022 due to increases in Corporate Banking, Real Estate and Business Credit, partially offset by a decrease in Commercial Banking:

- Corporate Banking provides lending, equipment finance, treasury management and capital markets products and services to mid-sized and large corporations, and government and not-for-profit entities. Average loans for this business increased driven by strong new production throughout 2022 and higher average utilization of loan commitments.
- Real Estate provides banking, financing and servicing solutions for commercial real estate clients across the country. Average loans for this business increased largely due to new production throughout 2022, partially offset by a lower average utilization of loan commitments.
- Business Credit provides asset-based lending and equipment financing solutions. The loan and lease portfolio is relatively high yielding, with acceptable risk as the loans are mainly secured by business assets. Average loans for this business increased primarily driven by new production and higher utilization of loan commitments.
- Commercial Banking provides lending, treasury management and capital markets related products and services to smaller corporations and businesses. Average loans for this business declined primarily driven by PPP loan forgiveness and lower average utilization of loan commitments.

The deposit strategy of Corporate & Institutional Banking is to remain disciplined on pricing and focused on growing and retaining relationship-based balances over time, executing on customer and segment-specific deposit growth strategies and continuing to provide funding and liquidity to PNC. Average total deposits decreased compared to the three months ended March 31, 2022, reflecting the impact of competitive pricing dynamics. We continue to actively monitor the interest rate environment and make adjustments to our deposit strategy in response to evolving market conditions, bank funding needs and client relationship dynamics.

Following the BBVA acquisition in 2021 and our de novo expansion efforts, we are now a coast-to-coast franchise and have a presence in the largest 30 U.S. metropolitan statistical areas. These expanded locations complement Corporate & Institutional Banking's existing national businesses with a significant presence in these cities, and our full suite of commercial products and services are offered nationally.

Product Revenue

In addition to credit and deposit products for commercial customers, Corporate & Institutional Banking offers other services, including treasury management, capital markets and advisory products and services and commercial mortgage banking activities, for customers of all business segments. On a consolidated basis, the revenue from these other services is included in net interest income and noninterest income, as appropriate. From a business perspective, the majority of the revenue and expense related to these services is reflected in the Corporate & Institutional Banking segment results, and the remainder is reflected in the results of other businesses where the customer relationship exists. The Other Information section in Table 13 includes the consolidated revenue to PNC for treasury management and commercial mortgage banking services. A discussion of the consolidated revenue from these services follows.

The Treasury Management business provides corporations with cash and investment management services, receivables and disbursement management services, funds transfer services, international payment services and access to online/mobile information management and reporting services. Treasury management revenue is reported in noninterest income and net interest income. Noninterest income includes treasury management product revenue less earnings credits provided to customers on compensating deposit balances used to pay for products and services. Net interest income includes funding credit from all treasury management customer deposit balances. Compared to the first three months of 2022, treasury management revenue increased due to wider interest rate spreads on the value of deposits and higher noninterest income.

Commercial mortgage banking activities include revenue derived from commercial mortgage servicing (both net interest income and noninterest income), revenue derived from commercial mortgage loans held for sale and hedges related to those activities. Total revenue from commercial mortgage banking activities increased in the comparison primarily due to a higher benefit from commercial mortgage servicing rights valuation, net of economic hedge and higher revenue from commercial mortgage loans held for sale, partially offset by lower commercial mortgage servicing income.

Capital markets and advisory includes services and activities primarily related to merger and acquisition advisory, equity capital markets advisory, asset-backed financing, loan syndication, securities underwriting and customer-related trading. The increase in capital markets and advisory fees in the comparison was mostly driven by higher fees and credit valuation on customer-related derivative activities as well as asset-backed financing and underwriting fees.

Asset Management Group

The Asset Management Group strives to be the leading relationship-based provider of investment, planning, credit and cash management solutions and fiduciary services to affluent individuals and institutions by endeavoring to proactively deliver value-added ideas, solutions and exceptional service. Asset Management Group's priorities are to serve our clients' financial objectives, grow and deepen customer relationships and deliver solid financial performance with prudent risk and expense management.

Table 14: Asset Management Group Table

(Unaudited) Three months ended March 31 Dollars in millions, except as noted	2023	2022	Change $	Change %
Income Statement				
Net interest income	$ 127	$ 138	$ (11)	(8)%
Noninterest income	230	248	(18)	(7)%
Total revenue	357	386	(29)	(8)%
Provision for credit losses	9	2	7	350 %
Noninterest expense	280	251	29	12 %
Pretax earnings	68	133	(65)	(49)%
Income taxes	16	31	(15)	(48)%
Earnings	$ 52	$ 102	$ (50)	(49)%
Average Balance Sheet				
Loans				
Consumer				
Residential real estate	$ 9,174	$ 6,989	$ 2,185	31 %
Other consumer	4,156	4,541	(385)	(8)%
Total consumer	13,330	11,530	1,800	16 %
Commercial	1,246	1,848	(602)	(33)%
Total loans	$ 14,576	$ 13,378	$ 1,198	9 %
Total assets	$ 14,997	$ 13,801	$ 1,196	9 %
Deposits				
Noninterest-bearing	$ 1,846	$ 3,458	$ (1,612)	(47)%
Interest-bearing	26,337	29,830	(3,493)	(12)%
Total deposits	$ 28,183	$ 33,288	$ (5,105)	(15)%
Performance Ratios				
Return on average assets	1.41 %	3.00 %		
Noninterest income to total revenue	64 %	64 %		
Efficiency	78 %	65 %		
Supplemental Noninterest Income Information				
Asset management fees	$ 224	$ 241	$ (17)	(7)%
Brokerage fees	2	2		—
Total	$ 226	$ 243	$ (17)	(7)%
Other Information				
Nonperforming assets (a)	$ 42	$ 72	$ (30)	(42)%
Net charge-offs - loans and leases		$ 2	$ (2)	(100)%
Brokerage account client assets (in billions) (a)	$ 4	$ 5	$ (1)	(20)%
Client Assets Under Administration (in billions) (a) (b)				
Discretionary client assets under management	$ 177	$ 182	$ (5)	(3)%
Nondiscretionary client assets under administration	156	165	(9)	(5)%
Total	$ 333	$ 347	$ (14)	(4)%
Discretionary client assets under management				
PNC Private Bank	$ 108	$ 115	$ (7)	(6)%
Institutional Asset Management	69	67	2	3 %
Total	$ 177	$ 182	$ (5)	(3)%

(a) As of March 31.
(b) Excludes brokerage account client assets.

The Asset Management Group consists of two primary businesses: PNC Private Bank and Institutional Asset Management.

The PNC Private Bank is focused on being a premier private bank in each of the markets it serves. This business seeks to deliver high quality banking, trust, and investment management services to our emerging affluent, high net worth and ultra high net worth clients through a broad array of products and services.

Institutional Asset Management provides outsourced chief investment officer, custody, private real estate, cash and fixed income client solutions, and retirement plan fiduciary investment services to institutional clients including corporations, healthcare systems, insurance companies, unions, municipalities and non-profits.

Asset Management Group earnings in the first three months of 2023 decreased $50 million compared to the same period in 2022 primarily driven by higher noninterest expense, lower noninterest income and a decrease in net interest income.

Net interest income decreased in the comparison due to a decline in average deposits as well as narrower interest rate spreads on the value of loans.

Noninterest income decreased in the comparison primarily attributable to the asset management fee impact from lower average equity markets.

Noninterest expense increased in the comparison reflecting continued investments to support business growth.

Discretionary client assets under management decreased in comparison to the prior year, primarily due to lower equity markets as of March 31, 2023.

RISK MANAGEMENT

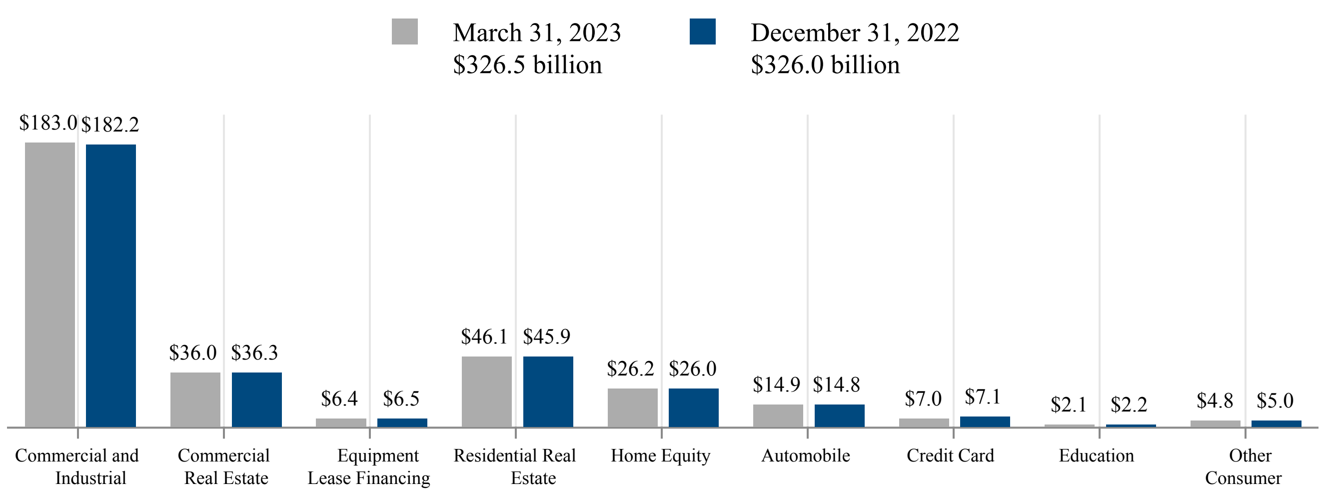
The Risk Management section included in Item 7 of our 2022 Form 10-K describes our enterprise risk management framework including risk culture, enterprise strategy, risk governance and oversight framework, risk identification, risk assessments, risk controls and monitoring, and risk aggregation and reporting. Additionally, our 2022 Form 10-K provides an analysis of the firm's Capital Management and our key areas of risk, which include, but are not limited to, Credit, Market, Liquidity and Operational (including Compliance and Information Security).

Credit Risk Management

Credit risk, including our credit risk management processes, is described in further detail in the Credit Risk Management section of our 2022 Form 10-K. The following provides additional information around our loan portfolio, which is our most significant concentration of credit risk.

Loan Portfolio Characteristics and Analysis

Table 15: Details of Loans
In billions



We use several credit quality indicators, as further detailed in Note 3 Loans and Related Allowance for Credit Losses, to monitor and measure our exposure to credit risk within our loan portfolio. The following provides additional information about the significant loan classes that comprise our Commercial and Consumer portfolio segments.

Commercial

Commercial and Industrial

Commercial and industrial loans comprised 56% of our total loan portfolio at both March 31, 2023 and December 31, 2022. The majority of our commercial and industrial loans are secured by collateral that provides a secondary source of repayment for the loan should the borrower experience cash generation difficulties. Examples of this collateral include short-term assets, such as accounts receivable, inventory and securities, and long-lived assets, such as equipment, owner-occupied real estate and other business assets.

We actively manage our commercial and industrial loans to assess any changes (both positive and negative) in the level of credit risk at both the borrower and portfolio level. To evaluate the level of credit risk, we assign internal risk ratings reflecting our estimates of the borrower's PD and LGD for each related credit facility. This two-dimensional credit risk rating methodology provides granularity in the risk monitoring process and is updated on an ongoing basis through our credit risk management processes. In addition to monitoring the level of credit risk, we also monitor concentrations of credit risk pertaining to both specific industries and geographies that may exist in our portfolio. Our commercial and industrial portfolio is well-diversified across industries as shown in the following table which provides a breakout by industry classification (classified based on the North American Industry Classification System).

Table 16: Commercial and Industrial Loans by Industry

	March 31, 2023		December 31, 2022	
Dollars in millions	Amount	% of Total	Amount	% of Total
Commercial and industrial				
Manufacturing	$ 32,132	18 %	$ 30,845	17 %
Retail/wholesale trade	29,172	16	29,176	16
Service providers	23,186	13	23,548	13
Financial services	22,534	12	21,320	12
Real estate related (a)	17,548	10	17,780	10
Technology, media & telecommunications	11,338	6	11,845	7
Health care	10,537	6	10,649	6
Transportation and warehousing	7,824	4	7,858	4
Other industries	28,726	15	29,198	15
Total commercial and industrial loans	$ 182,997	100 %	$ 182,219	100 %

(a) Represents loans to customers in the real estate and construction industries.

Commercial Real Estate

Commercial real estate loans comprised $22.2 billion related to commercial mortgages on income-producing properties, $6.7 billion of real estate construction project loans and $7.1 billion of intermediate-term financing loans as of March 31, 2023. Comparable amounts as of December 31, 2022 were $22.3 billion, $6.4 billion and $7.6 billion, respectively.

We monitor credit risk associated with our commercial real estate loans similar to commercial and industrial loans by analyzing PD and LGD. Additionally, risks associated with these types of credit activities tend to be correlated to the loan structure, collateral location and quality, project progress and business environment. These attributes are also monitored and utilized in assessing credit risk. The portfolio is geographically diverse due to the nature of our business involving clients throughout the U.S.

The following table presents our commercial real estate loans by geography and property type:

Table 17: Commercial Real Estate Loans by Geography and Property Type

	March 31, 2023		December 31, 2022	
Dollars in millions	Amount	% of Total	Amount	% of Total
Geography (a)				
California	$ 6,073	17 %	$ 6,224	17 %
Texas	3,787	11	3,871	11
Florida	3,420	10	3,275	9
Pennsylvania	1,648	5	1,638	5
Virginia	1,611	4	1,638	5
Maryland	1,446	4	1,496	4
Colorado	1,366	4	1,336	4
Illinois	1,284	4	1,321	4
Ohio	1,183	3	1,236	3
North Carolina	1,147	3	1,150	3
Other	13,026	35	13,131	35
Total commercial real estate loans	$ 35,991	100 %	$ 36,316	100 %
Property Type (a)				
Multifamily	$ 14,278	40 %	$ 13,738	38 %
Office	8,880	25	9,123	25
Industrial/warehouse	3,882	11	4,035	11
Retail	2,798	8	2,855	8
Seniors housing	1,960	5	2,228	6
Hotel/motel	1,830	5	1,896	5
Mixed use	648	2	701	2
Other	1,715	4	1,740	5
Total commercial real estate loans	$ 35,991	100 %	$ 36,316	100 %

(a) Presented in descending order based on loan balances at March 31, 2023.

As remote work continues to be a feasible alternative and notable portions of leased space remain unoccupied, real estate related to the office sector is an area of continuing uncertainty. We continue to closely monitor and manage our office portfolio for elevated levels of credit risk given the ongoing shift in office demand.

At March 31, 2023, our outstanding loan balances in the office portfolio totaled $8.9 billion, or 2.7% of total loans, while additional unfunded loan commitments totaled $0.4 billion. Nonperforming loans totaled 3.5% of total office loans outstanding at March 31, 2023, while criticized loans totaled 20.0% of this portfolio. At March 31, 2023, 0.2% of total office loans outstanding were 30 or more days delinquent. We have established reserves against these loans that we believe appropriately reflect the expected credit losses in the portfolio as of March 31, 2023.

Our office portfolio is well diversified geographically across our coast-to-coast franchise. From a tenancy category perspective, 58% of this portfolio represents multi-tenant properties at March 31, 2023, which is an area where we have noted increased stress. The remaining 42% of the portfolio is comprised of single-tenant, government tenant, and medical office tenant.

<u>Consumer</u>

<u>Residential Real Estate</u>

Residential real estate loans primarily consisted of residential mortgage loans at both March 31, 2023 and December 31, 2022.

We obtain loan attributes at origination, including FICO scores and LTVs, and we update these and other credit metrics at least quarterly. We track borrower performance monthly. We also segment the mortgage portfolio into pools based on product type (*e.g.*, nonconforming or conforming). This information is used for internal reporting and risk management. As part of our overall risk analysis and monitoring, we also segment the portfolio based upon loan delinquency, nonperforming status, modification and bankruptcy status, FICO scores, LTV and geographic concentrations. Loan performance is evaluated by source originators and loan servicers.

The following table presents certain key statistics related to our residential real estate portfolio:

Table 18: Residential Real Estate Loan Statistics

	March 31, 2023		December 31, 2022	
Dollars in millions	Amount	% of Total	Amount	% of Total
Geography (a)				
California	$ 18,802	41 %	$ 18,609	41 %
Texas	4,139	9	4,194	9
Florida	3,356	7	3,360	7
Washington	3,063	7	3,009	7
New Jersey	1,914	4	1,925	4
New York	1,556	3	1,558	3
Arizona	1,446	3	1,436	3
Colorado	1,193	3	1,192	3
Pennsylvania	1,192	3	1,188	3
North Carolina	972	2	965	2
Other	8,434	18	8,453	18
Total residential real estate loans	$ 46,067	100 %	$ 45,889	100 %

	March 31, 2023	December 31, 2022
Weighted-average loan origination statistics (b)		
Loan origination FICO score	770	770
LTV of loan originations	73 %	71 %

(a) Presented in descending order based on loan balances at March 31, 2023.
(b) Weighted-averages calculated for the twelve months ended March 31, 2023 and December 31, 2022, respectively.

We originate residential mortgage loans nationwide through our national mortgage business as well as within our branch network. Residential mortgage loans underwritten to agency standards, including conforming loan amount limits, are typically sold with servicing retained by us. We also originate nonconforming residential mortgage loans that do not meet agency standards, which we retain on our balance sheet. Our portfolio of originated nonconforming residential mortgage loans totaled $40.9 billion at March 31, 2023 with 44% located in California. Comparable amounts at December 31, 2022 were $40.6 billion and 44%, respectively.

<u>Home Equity</u>
Home equity loans comprised $19.9 billion of home equity lines of credit and $6.3 billion of closed-end home equity installment loans at March 31, 2023. Comparable amounts were $19.5 billion and $6.5 billion as of December 31, 2022, respectively. Home equity lines of credit are a variable interest rate product with fixed rate conversion options available to certain borrowers.

Similar to residential real estate loans, we track borrower performance of this portfolio on a monthly basis. We also segment the population into pools based on product type (*e.g.*, home equity loans, brokered home equity loans, home equity lines of credit, or brokered home equity lines of credit) and track the historical performance of any related mortgage loans regardless of whether we hold such liens. This information is used for internal reporting and risk management. As part of our overall risk analysis and monitoring, we also segment the portfolio based upon loan delinquency, nonperforming status, modification and bankruptcy status, FICO scores, LTV, lien position and geographic concentration.

The credit performance of the majority of the home equity portfolio where we hold the first lien position is superior to the portion of the portfolio where we hold the second lien position but do not hold the first lien. Lien position information is generally determined at the time of origination and monitored on an ongoing basis for risk management purposes. We use a third-party service provider to obtain updated loan information, including lien and collateral data that is aggregated from public and private sources.

The following table presents certain key statistics related to our home equity portfolio:

Table 19: Home Equity Loan Statistics

	March 31, 2023		December 31, 2022	
Dollars in millions	Amount	% of Total	Amount	% of Total
Geography (a)				
Pennsylvania	$ 4,959	19 %	$ 5,051	19 %
New Jersey	3,258	12	3,266	13
Ohio	2,326	9	2,352	9
Florida	2,136	8	2,082	8
California	1,389	5	1,247	5
Michigan	1,248	5	1,263	5
Maryland	1,245	5	1,254	5
Texas	1,186	5	1,144	4
Illinois	1,111	4	1,126	4
North Carolina	1,005	4	995	4
Other	6,340	24	6,203	24
Total home equity loans	$ 26,203	100 %	$ 25,983	100 %
Lien type				
1st lien		56 %		58 %
2nd lien		44		42
Total		100 %		100 %
Weighted-average loan origination statistics (b)	March 31, 2023		December 31, 2022	
Loan origination FICO score		773		774
LTV of loan originations		67 %		67 %

(a) Presented in descending order based on loan balances at March 31, 2023.
(b) Weighted-averages calculated for the twelve months ended March 31, 2023 and December 31, 2022, respectively.

<u>*Automobile*</u>
Auto loans comprised $13.8 billion in the indirect auto portfolio and $1.1 billion in the direct auto portfolio as of March 31, 2023. Comparable amounts as of December 31, 2022 were $13.7 billion and $1.1 billion, respectively. The indirect auto portfolio consists of loans originated primarily through franchised dealers, including from expansion into new markets. This business is strategically aligned with our core retail banking business.

The following table presents certain key statistics related to our indirect and direct auto portfolios:

Table 20: Auto Loan Statistics

	March 31, 2023	December 31, 2022
Weighted-average loan origination FICO score (a) (b)		
Indirect auto	785	784
Direct auto	778	776
Weighted-average term of loan originations - in months (a)		
Indirect auto	73	73
Direct auto	63	63

(a) Weighted-averages calculated for the twelve months ended March 31, 2023 and December 31, 2022, respectively.
(b) Calculated using the auto enhanced FICO scale.

We continue to focus on borrowers with strong credit profiles as evidenced by the weighted-average loan origination FICO scores noted in Table 20. We offer both new and used auto financing to customers through our various channels. At March 31, 2023, the portfolio balance was composed of 48% new vehicle loans and 52% used vehicle loans. Comparable amounts at December 31, 2022 were 50% and 50%, respectively.

The auto loan portfolio’s performance is measured monthly, including updated collateral values that are obtained monthly and updated FICO scores that are obtained at least quarterly. For internal reporting and risk management, we analyze the portfolio by product channel and product type and regularly evaluate default and delinquency experience. As part of our overall risk analysis and monitoring, we segment the portfolio by geography, channel, collateral attributes and credit metrics which include FICO score, LTV and term.

Nonperforming Assets and Loan Delinquencies

Nonperforming Assets
Nonperforming assets include nonperforming loans and leases for which ultimate collectability of the full amount of contractual principal and interest is not probable and include nonperforming loans whose terms were modified as a result of a borrower's financial difficulty and PCD loans, OREO and foreclosed assets. Loans held for sale, certain government insured or guaranteed loans and loans accounted for under the fair value option are excluded from nonperforming loans. See Note 1 Accounting Policies of this Report for details on our nonaccrual policies.

The following table presents a summary of nonperforming assets by major category:

Table 21: Nonperforming Assets by Type

Dollars in millions	March 31, 2023	December 31, 2022	Change $	Change %
Nonperforming loans (a)				
Commercial	$ 891	$ 858	$ 33	4 %
Consumer (b)	1,119	1,127	(8)	(1)%
Total nonperforming loans	2,010	1,985	25	1 %
OREO and foreclosed assets	38	34	4	12 %
Total nonperforming assets	$ 2,048	$ 2,019	$ 29	1 %
Nonperforming loans to total loans	0.62 %	0.61 %		
Nonperforming assets to total loans, OREO and foreclosed assets	0.63 %	0.62 %		
Nonperforming assets to total assets	0.36 %	0.36 %		
Allowance for loan and lease losses to nonperforming loans	236 %	239 %		
Allowance for credit losses to nonperforming loans (c)	269 %	274 %		

(a) In connection with the adoption of ASU 2022-02 *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures,* nonperforming loans as of March 31, 2023 include certain loans where terms were modified as a result of a borrower's financial difficulty. Prior period amounts included nonperforming TDRs, for which accounting guidance was eliminated effective January 1, 2023. See Note 1 Accounting Policies and the Loan Modifications to Borrowers Experiencing Financial Difficulty section of Note 3 Loans and Related Allowance for more information on our adoption of this ASU.
(b) Excludes most unsecured consumer loans and lines of credit, which are charged off after 120 to 180 days past due and are not placed on nonperforming status.
(c) Calculated excluding allowances for investment securities and other financial assets.

The following table provides details on the change in nonperforming assets for the three months ended March 31, 2023 and 2022:

Table 22: Change in Nonperforming Assets

In millions	2023	2022
January 1	$ 2,019	$ 2,506
New nonperforming assets	452	346
Charge-offs and valuation adjustments	(122)	(62)
Principal activity, including paydowns and payoffs	(172)	(274)
Asset sales and transfers to loans held for sale	(46)	(21)
Returned to performing status	(83)	(171)
March 31	$ 2,048	$ 2,324

As of March 31, 2023, approximately 98% of total nonperforming loans were secured by collateral, which lessened reserve requirements and is expected to reduce credit losses.

Loan Delinquencies
We regularly monitor the level of loan delinquencies and believe these levels may be a key indicator of credit quality in our loan portfolio. Measurement of delinquency status is based on the contractual terms of each loan. Loans that are 30 days or more past due in terms of payment are considered delinquent. Loan delinquencies include government insured or guaranteed loans, loans accounted for under the fair value option and PCD loans. Amounts exclude loans held for sale.

We manage credit risk based on the risk profile of the borrower, repayment sources, underlying collateral, and other support given current events, economic conditions and expectations. We refine our practices to meet the changing environment resulting from rising inflation levels, labor-related supply chain pressures, higher interest rates and structural and secular changes fostered by the pandemic. To mitigate losses and enhance customer support, we offer loan modifications and collection programs to assist our customers. Under the CARES Act credit reporting rules, certain loans modified due to COVID-19 related hardships are not being reported as past due as of March 31, 2023 and December 31, 2022 based on the contractual terms of the loan, even where borrowers may not be making payments on their loans during the modification period.

The following table presents a summary of accruing loans past due by delinquency status:

Table 23: Accruing Loans Past Due (a)

	Amount		Change		% of Total Loans Outstanding	
Dollars in millions	March 31 2023	December 31 2022	$	%	March 31 2023	December 31 2022
Early stage loan delinquencies						
Accruing loans past due 30 to 59 days	$ 645	$ 747	$ (102)	(14)%	0.20 %	0.23 %
Accruing loans past due 60 to 89 days	225	261	(36)	(14)%	0.07 %	0.08 %
Total early stage loan delinquencies	870	1,008	(138)	(14)%	0.27 %	0.31 %
Late stage loan delinquencies						
Accruing loans past due 90 days or more	456	482	(26)	(5)%	0.14 %	0.15 %
Total accruing loans past due	$ 1,326	$ 1,490	$ (164)	(11)%	0.41 %	0.46 %

(a) Past due loan amounts include government insured or guaranteed loans of $0.4 billion at both March 31, 2023 and December 31, 2022.

The decrease in accruing loans past due from December 31, 2022 was the result of lower delinquencies in both the consumer and commercial portfolios.

Accruing loans past due 90 days or more continue to accrue interest because they are (i) well secured by collateral and are in the process of collection, (ii) managed in homogeneous portfolios with specified charge-off timeframes adhering to regulatory guidelines, or (iii) certain government insured or guaranteed loans. As such, they are excluded from nonperforming loans.

Loan Modifications

We provide relief to our customers experiencing financial hardships through a variety of solutions. Commercial loan and lease modifications are based on each individual borrower's situation, while consumer loan modifications are evaluated under our hardship relief programs.

On January 1, 2023, we adopted ASU 2022-02 *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*, which eliminates the accounting guidance for TDRs and enhances the disclosure requirements for certain loan modifications when a borrower is experiencing financial difficulty. Refer to Note 1 Accounting Policies and Note 3 Loans and Related Allowance for Credit Losses for additional information on our adoption of this ASU.

Allowance for Credit Losses

Our determination of the ACL is based on historical loss and performance experience, current economic conditions, reasonable and supportable forecasts of future conditions and other relevant factors, including current borrower and/or transaction characteristics. We maintain the ACL at an appropriate level for expected losses on our existing investment securities, loans, equipment finance leases, trade receivables and other financial assets and off-balance sheet credit exposures and determine this allowance based on assessments of the remaining estimated contractual term as of the balance sheet date.

See Note 1 Accounting Policies for additional discussion of our ACL, including details of our methodologies. Also see the Critical Accounting Estimates and Judgments section of this Report for further discussion of the assumptions used in the determination of the ACL as of March 31, 2023.

The following table summarizes our ACL related to loans:

Table 24: Allowance for Credit Losses by Loan Class (a)

	March 31, 2023			December 31, 2022		
Dollars in millions	Allowance Amount	Total Loans	% of Total Loans	Allowance Amount	Total Loans	% of Total Loans
Allowance for loans and lease losses						
Commercial						
Commercial and industrial	$ 1,771	$ 182,997	0.97 %	$ 1,957	$ 182,219	1.07 %
Commercial real estate	1,171	35,991	3.25 %	1,047	36,316	2.88 %
Equipment lease financing	104	6,424	1.62 %	110	6,514	1.69 %
Total commercial	3,046	225,412	1.35 %	3,114	225,049	1.38 %
Consumer						
Residential real estate	95	46,067	0.21 %	92	45,889	0.20 %
Home equity	316	26,203	1.21 %	274	25,983	1.05 %
Automobile	199	14,923	1.33 %	226	14,836	1.52 %
Credit card	782	6,961	11.23 %	748	7,069	10.58 %
Education	64	2,131	3.00 %	63	2,173	2.90 %
Other consumer	239	4,778	5.00 %	224	5,026	4.46 %
Total consumer	1,695	101,063	1.68 %	1,627	100,976	1.61 %
Total	4,741	$ 326,475	1.45 %	4,741	$ 326,025	1.45 %
Allowance for unfunded lending related commitments	672			694		
Allowance for credit losses	$ 5,413			$ 5,435		
Allowance for credit losses to total loans			1.66 %			1.67 %
Commercial			1.60 %			1.66 %
Consumer			1.79 %			1.69 %

(a) Excludes allowances for investment securities and other financial assets, which together totaled $205 million and $176 million at March 31, 2023 and December 31, 2022, respectively.

The following table summarizes our loan charge-offs and recoveries:

Table 25: Loan Charge-Offs and Recoveries

Three months ended March 31 Dollars in millions	Gross Charge-offs	Recoveries	Net Charge-offs / (Recoveries)	% of Average Loans (Annualized)
2023				
Commercial				
Commercial and industrial	$ 104	$ 20	$ 84	0.19 %
Commercial real estate	12	2	10	0.11 %
Equipment lease financing	4	3	1	0.06 %
Total commercial	120	25	95	0.17 %
Consumer				
Residential real estate	3	3		
Home equity	6	11	(5)	(0.08)%
Automobile	33	24	9	0.24 %
Credit card	74	11	63	3.70 %
Education	4	2	2	0.37 %
Other consumer	42	11	31	2.57 %
Total consumer	162	62	100	0.40 %
Total	$ 282	$ 87	$ 195	0.24 %
2022				
Commercial				
Commercial and industrial	$ 41	$ 30	$ 11	0.03 %
Commercial real estate	10	1	9	0.11 %
Equipment lease financing	1	3	(2)	(0.13)%
Total commercial	52	34	18	0.04 %
Consumer				
Residential real estate	7	5	2	0.02 %
Home equity	4	21	(17)	(0.29)%
Automobile	52	31	21	0.52 %
Credit card	68	12	56	3.54 %
Education	4	1	3	0.48 %
Other consumer	64	10	54	3.88 %
Total consumer	199	80	119	0.51 %
Total	$ 251	$ 114	$ 137	0.19 %

Total net charge-offs increased $58 million, or 42%, for the first quarter of 2023 compared to the same period in 2022. The increase in the comparison was attributable to higher net charge-offs in our commercial portfolio, most notably within the commercial and industrial loan class, partially offset by lower consumer net charge-offs.

See Note 1 Accounting Policies in our 2022 Form 10-K and Note 3 Loans and Related Allowance for Credit Losses of this Report for additional information.

Liquidity and Capital Management

Liquidity risk, including our liquidity monitoring measures and tools, is described in further detail in the Liquidity and Capital Management section of our 2022 Form 10-K.

One of the ways we monitor our liquidity is by reference to the LCR, a regulatory minimum liquidity requirement designed to ensure that covered banking organizations maintain an adequate level of liquidity to meet net liquidity needs over the course of a hypothetical 30-day stress scenario. PNC and PNC Bank calculate the LCR daily and are required to maintain a regulatory minimum of 100%. The LCR for each of PNC and PNC Bank exceeded the regulatory minimum requirement throughout the first quarter of 2023. Fluctuations in our average LCR result from changes to the components of the calculation, including high-quality liquid assets and net cash outflows, as a result of ongoing business activity.

The NSFR is designed to measure the stability of the maturity structure of assets and liabilities of banking organizations over a one-year time horizon. PNC and PNC Bank calculate the NSFR on an ongoing basis and are required to maintain a regulatory minimum of 100%. The NSFR for each of PNC and PNC Bank exceeded the regulatory minimum requirement throughout the first quarter of 2023.

We provide additional information regarding regulatory liquidity requirements and their potential impact on us in the Supervision and Regulation section of Item 1 Business and Item 1A Risk Factors of our 2022 Form 10-K.

Sources of Liquidity

Our largest source of liquidity on a consolidated basis is the customer deposit base generated by our banking businesses. These deposits provide relatively stable and low-cost funding. Total deposits increased to $436.8 billion at March 31, 2023 from $436.3 billion at December 31, 2022, and included a continued shift from noninterest-bearing to interest-bearing deposit products, as interest rates have risen. As of March 31, 2023, uninsured deposits represented approximately 43% of our total deposit base. The majority of our uninsured deposits are related to commercial operating and relationship accounts, which we define as commercial deposit customers who utilize two or more PNC products. See the Funding Sources portion of the Consolidated Balance Sheet Review and Business Segments Review sections of this Financial Review for additional information on our deposits and related strategies. Additionally, certain liquid assets as well as unused borrowing capacity from a number of sources are also available to manage our liquidity position.

At March 31, 2023, our liquid assets consisted of cash and due from banks and short-term investments (federal funds sold, resale agreements, trading securities and interest-earning deposits with banks) totaling $43.5 billion and securities available for sale totaling $43.2 billion. The level of liquid assets fluctuates over time based on many factors, including market conditions, loan and deposit growth and balance sheet management activities. PNC pledges securities as collateral to secure public and trust deposits, repurchase agreements and for other purposes. Pledged securities included $28.1 billion of securities held to maturity and an immaterial amount of available for sale and trading securities.

We also obtain liquidity through various forms of funding, including long-term debt (senior notes, subordinated debt and FHLB borrowings) and short-term borrowings (securities sold under repurchase agreements, commercial paper and other short-term borrowings). See the Funding Sources section of the Consolidated Balance Sheet Review in this Financial Review, Note 7 Borrowed Funds included in this Report and Note 10 Borrowed Funds in the Notes To Consolidated Financial Statements included in Item 8 of our 2022 Form 10-K for additional information related to our borrowings.

Total senior and subordinated debt, on a consolidated basis, increased due to the following activity:

Table 26: Senior and Subordinated Debt

In billions	2023
January 1	$ 23.0
Issuances	2.7
Calls and maturities	(0.8)
Other	0.4
March 31	$ 25.3

Bank Liquidity

Under PNC Bank's 2014 bank note program, as amended, PNC Bank may from time to time offer up to $40.0 billion aggregate principal amount outstanding at any one time of its unsecured senior and subordinated notes with maturity dates more than nine months (in the case of senior notes) and five years or more (in the case of subordinated notes) from their date of issue. At March 31, 2023, PNC Bank had $7.9 billion of notes outstanding under this program of which $4.8 billion were senior notes and $3.1 billion were subordinated notes.

PNC Bank maintains additional secured borrowing capacity with the FHLB-Pittsburgh and through the Federal Reserve Bank discount window. The Federal Reserve Bank, however, is not viewed as a primary means of funding our routine business activities, but rather as a potential source of liquidity in a stressed environment or during a market disruption. At March 31, 2023, our unused secured borrowing capacity at the FHLB-Pittsburgh and the Federal Reserve Bank totaled $72.3 billion.

In March 2023, following the failures of Silicon Valley Bank and Signature Bank, the Federal Reserve created a new Bank Term Funding Program as an additional source of liquidity against high-quality securities. The program offers loans of up to one year in length to eligible depository institutions, including PNC Bank, pledging certain qualifying assets as collateral, provided that such collateral was owned by the borrower as of March 12, 2023. See the Recent Regulatory Developments section in this Financial Review and Item 1A Risk Factors for further detail on the risks related to the recent turmoil in the financial services industry and responsive measures to manage it.

PNC Bank has the ability to offer up to $10.0 billion of its commercial paper to provide additional liquidity. At March 31, 2023, there were no issuances outstanding under this program.

Additionally, PNC Bank may also access funding from the parent company through deposits placed at the bank, or through issuing its senior unsecured notes.

Parent Company Liquidity
In addition to managing liquidity risk at the bank level, we monitor the parent company's liquidity. The parent company's contractual obligations consist primarily of debt service related to parent company borrowings and funding non-bank affiliates. Additionally, the parent company maintains liquidity to fund discretionary activities such as paying dividends to our shareholders, share repurchases and acquisitions.

At March 31, 2023, available parent company liquidity totaled $13.9 billion. Parent company liquidity is held in intercompany cash and investments. For investments with longer durations, the related maturities are aligned with scheduled cash needs, such as the maturity of parent company debt obligations.

The principal source of parent company liquidity is the dividends or other capital distributions it receives from PNC Bank, which may be impacted by the following:

- Bank-level capital needs,
- Laws, regulations and the results of supervisory activities,
- Corporate policies,
- Contractual restrictions, and
- Other factors.

There are statutory and regulatory limitations on the ability of a national bank to pay dividends or make other capital distributions or to extend credit to the parent company or its non-bank subsidiaries. The amount available for dividend payments by PNC Bank to the parent company without prior regulatory approval was $3.6 billion at March 31, 2023. See Note 20 Regulatory Matters in the Notes To Consolidated Financial Statements included in Item 8 of our 2022 Form 10-K for further discussion of these limitations.

In addition to dividends from PNC Bank, other sources of parent company liquidity include cash and investments, as well as dividends and loan repayments from other subsidiaries and dividends or distributions from equity investments. We can also generate liquidity for the parent company and PNC's non-bank subsidiaries through the issuance of debt and equity securities, including certain capital instruments, in public or private markets and commercial paper. Authorized by the Board of Directors, the parent company has the ability to offer up to $5.0 billion of commercial paper to provide additional liquidity. At March 31, 2023, there were no commercial paper issuances outstanding.

The following table details Parent Company note issuances in the first quarter of 2023:

Table 27: Parent Company Notes Issued

Issuance Date	Amount	Description of Issuance
January 19, 2023	$1.25 billion	$1.25 billion of senior fixed-to-floating green bond notes with a maturity date of January 26, 2027. Interest is payable semi-annually in arrears at a fixed rate of 4.758% per annum, on January 26 and July 26 of each year, beginning on July 26, 2023. Beginning on January 26, 2026, interest is payable quarterly in arrears at a floating rate per annum equal to Compounded SOFR (determined with respect to each quarterly interest period using the SOFR Index as described in the Prospectus Supplement), plus 1.085%, on April 26, 2026, July 26, 2026, October 26, 2026, and at the maturity date.
January 19, 2023	$1.5 billion	$1.5 billion of senior fixed-to-floating notes with a maturity date of January 24, 2034. Interest is payable semi-annually in arrears at a fixed rate of 5.068% per annum, on January 24 and July 24 of each year, beginning on July 24, 2023. Beginning on January 24, 2033, interest is payable quarterly in arrears at a floating rate per annum equal to Compounded SOFR (determined with respect to each quarterly interest period using the SOFR Index, plus 1.933% on April 24, 2033, July 24, 2033, October 24, 2033 and at the maturity date.

Parent company senior and subordinated debt outstanding totaled $16.0 billion and $13.1 billion at March 31, 2023 and December 31, 2022, respectively.

Contractual Obligations and Commitments
We have contractual obligations representing required future payments on borrowed funds, time deposits, leases, pension and postretirement benefits and purchase obligations. See the Liquidity and Capital Management portion of the Risk Management section of our 2022 Form 10-K for more information on these future cash outflows. Additionally, in the normal course of business we have various commitments outstanding, certain of which are not included on our Consolidated Balance Sheet. We provide information on our commitments in Note 8 Commitments.

Credit Ratings
PNC's credit ratings affect the cost and availability of short and long-term funding, collateral requirements for certain derivative instruments and the ability to offer certain products.

In general, rating agencies base their ratings on many quantitative and qualitative factors, including capital adequacy, liquidity, asset quality, business mix, level and quality of earnings, and the current legislative and regulatory environment, including implied government support. A decrease, or potential decrease, in credit ratings could impact access to the capital markets and/or increase the cost of debt, and thereby adversely affect liquidity and financial condition.

The following table presents credit ratings for PNC and PNC Bank as of March 31, 2023:

Table 28: Credit Ratings for PNC and PNC Bank

	March 31, 2023		
	Moody's	Standard & Poor's	Fitch
PNC			
Senior debt	A3	A-	A
Subordinated debt	A3	BBB+	A-
Preferred stock	Baa2	BBB-	BBB
PNC Bank			
Senior debt	A2	A	A+
Subordinated debt	A3	A-	A
Long-term deposits	Aa3	A	AA-
Short-term deposits	P-1	A-1	F1+
Short-term notes	P-1	A-1	F1

Capital Management
Detailed information on our capital management processes and activities is included in the Supervision and Regulation section of Item 1 of our 2022 Form 10-K.

We manage our funding and capital positions by making adjustments to our balance sheet size and composition, issuing or redeeming debt, issuing equity or other capital instruments, executing treasury stock transactions and capital redemptions or repurchases, and managing dividend policies and retaining earnings.

On February 7, 2023, PNC issued 1,500,000 depositary shares each representing 1/100th ownership in a share of 6.250% fixed-rate reset non-cumulative perpetual preferred stock, Series W, with a par value of $1 per share.

In the first quarter of 2023, PNC returned $1.0 billion of capital to shareholders, reflecting $0.6 billion of dividends on common shares and $0.4 billion of common share repurchases, representing 2.4 million shares. Consistent with the SCB framework, which allows for capital return of amounts in excess of the SCB minimum levels, our Board of Directors has authorized a repurchase framework under the previously approved repurchase program of up to 100 million common shares, of which approximately 47% were still available for repurchase at March 31, 2023. Due to recent market volatility and increased economic uncertainty, share repurchase activity is expected to be reduced in the second quarter of 2023 compared to recent quarters. PNC continues to evaluate and may adjust share repurchase activity, as actual amounts and timing are dependent on market and economic conditions as well as other factors. PNC's SCB for the four-quarter period that began October 1, 2022 is 2.9%.

On April 3, 2023, the PNC Board of Directors declared a quarterly cash dividend on common stock of $1.50 per share payable on May 5, 2023.

On April 5, 2023, PNC submitted its 2023 Capital Plan to the Federal Reserve under the Federal Reserve's CCAR process. We anticipate that the Federal Reserve will provide the updated SCB requirement on a preliminary basis to PNC by June 30, 2023. The updated SCB will become effective October 1, 2023. Refer to the Supervision and Regulation section in our 2022 Form 10-K for additional information on CCAR and the SCB framework.

Table 29: Basel III Capital

	March 31, 2023	
Dollars in millions	Basel III (a)	Fully Implemented (estimated) (b)
Common equity Tier 1 capital		
Common stock plus related surplus, net of treasury stock	$ (3,681)	$ (3,681)
Retained earnings	55,081	54,598
Goodwill, net of associated deferred tax liabilities	(10,756)	(10,756)
Other disallowed intangibles, net of deferred tax liabilities	(363)	(363)
Other adjustments/(deductions)	(92)	(93)
Common equity Tier 1 capital (c)	$ 40,189	$ 39,705
Additional Tier 1 capital		
Preferred stock plus related surplus	7,235	7,235
Tier 1 capital	$ 47,424	$ 46,940
Additional Tier 2 capital		
Qualifying subordinated debt	3,541	3,541
Eligible credit reserves includable in Tier 2 capital	4,765	5,242
Total Basel III capital	$ 55,730	$ 55,723
Risk-weighted assets		
Basel III standardized approach risk-weighted assets (d)	$ 435,827	$ 436,022
Average quarterly adjusted total assets	$ 556,297	$ 555,812
Supplementary leverage exposure (e)	$ 659,292	$ 659,291
Basel III risk-based capital and leverage ratios (f)		
Common equity Tier 1	9.2 %	9.1 %
Tier 1	10.9 %	10.8 %
Total	12.8 %	12.8 %
Leverage (g)	8.5 %	8.4 %
Supplementary leverage ratio (e)	7.2 %	7.1 %

(a) The ratios are calculated to reflect PNC's election to adopt the CECL five-year transition provisions. Effective for the first quarter 2022, PNC is now in the three-year transition period and the full impact of the CECL standard is being phased-in to regulatory capital through December 31, 2024.
(b) The ratios are calculated to reflect the full impact of CECL and excludes the benefits of the optional five-year transition.
(c) As permitted, PNC and PNC Bank have elected to exclude AOCI related to both available for sale securities and pension and other post-retirement plans from CET1 capital.
(d) Basel III standardized approach risk-weighted assets are based on the Basel III standardized approach rules and include credit and market risk-weighted assets.
(e) The Supplementary leverage ratio is calculated based on Tier 1 capital divided by Supplementary leverage exposure, which takes into account the quarterly average of both on balance sheet assets as well as certain off-balance sheet items, including loan commitments and potential future exposure under derivative contracts.
(f) All ratios are calculated using the regulatory capital methodology applicable to PNC and calculated based on the standardized approach.
(g) Leverage ratio is calculated based on Tier 1 capital divided by Average quarterly adjusted total assets.

PNC's regulatory risk-based capital ratios are calculated using the standardized approach for determining risk-weighted assets. Under the standardized approach for determining credit risk-weighted assets, exposures are generally assigned a pre-defined risk weight. Exposures to high volatility commercial real estate, nonaccruals, financial difficulty modifications, past due exposures and equity exposures are generally subject to higher risk weights than other types of exposures.

The regulatory agencies have adopted a rule permitting certain banks, including PNC, to delay the estimated impact on regulatory capital stemming from implementing CECL. CECL's estimated impact on CET1 capital, as defined by the rule, is the change in retained earnings at adoption plus or minus 25% of the change in CECL ACL at the balance sheet date, excluding the allowance for PCD loans, compared to CECL ACL at adoption. Effective for the first quarter of 2022, PNC is now in the three-year transition period, and the full impact of the CECL standard is being phased-in to regulatory capital through December 31, 2024. See additional discussion of this rule in the Supervision and Regulation section of Item 1 Business and Item 1A Risk Factors of our 2022 Form 10-K.

At March 31, 2023, PNC and PNC Bank were considered "well capitalized," based on applicable U.S. regulatory capital ratio requirements. To qualify as "well capitalized," PNC must have Basel III capital ratios of at least 6% for Tier 1 risk-based capital and 10% for Total risk-based capital, and PNC Bank must have Basel III capital ratios of at least 6.5% for Common equity Tier 1 risk-based capital, 8% for Tier 1 risk-based capital, 10% for Total risk-based capital and a Leverage ratio of at least 5%.

Federal banking regulators have stated that they expect the largest U.S. BHCs, including PNC, to have a level of regulatory capital well in excess of the regulatory minimum and have required the largest U.S. BHCs, including PNC, to have a capital buffer sufficient to withstand losses and allow them to meet the credit needs of their customers through estimated stress scenarios. We seek to manage our capital consistent with these regulatory principles, and we believe that our March 31, 2023 capital levels were aligned with them.

We provide additional information regarding regulatory capital requirements and some of their potential impacts on us in the Supervision and Regulation section of Item 1 Business, Item 1A Risk Factors and Note 20 Regulatory Matters in the Notes To Consolidated Financial Statements in Item 8 of our 2022 Form 10-K.

Market Risk Management

See the Market Risk Management portion of the Risk Management Section in our 2022 Form 10-K for additional discussion regarding market risk.

Market Risk Management – Interest Rate Risk

Interest rate risk results primarily from our traditional banking activities of gathering deposits and extending loans. Many factors, including economic and financial conditions, movements in interest rates and consumer preferences, affect the difference between the interest that we earn on assets and the interest that we pay on liabilities and the level of our noninterest-bearing funding sources. Due to the repricing term mismatches and embedded options inherent in certain of these products, changes in market interest rates not only affect expected near-term earnings, but also the economic values of these assets and liabilities.

Our Asset and Liability Management group centrally manages interest rate risk as prescribed in our risk management policies, which are approved by management's Asset and Liability Committee and the Risk Committee of the Board of Directors.

Sensitivity results and market interest rate benchmarks for the first quarters of 2023 and 2022 follow:

Table 30: Interest Sensitivity Analysis

	First Quarter 2023	First Quarter 2022
Net Interest Income Sensitivity Simulation		
Effect on net interest income in first year from gradual interest rate change over the following 12 months of:		
100 basis point increase	0.5 %	4.6 %
100 basis point decrease (a)	(0.6)%	N/A
Effect on net interest income in second year from gradual interest rate change over the preceding 12 months of:		
100 basis point increase	1.3 %	7.3 %
100 basis point decrease (a)	(1.8)%	N/A

(a) Due to the prevailing low interest rate environment post pandemic, the reporting of Net interest income sensitivities for the 100 basis point decrease scenario was suspended from the first quarter of 2020 to the first quarter of 2022.

In addition to measuring the effect on net interest income assuming parallel changes in current interest rates, we routinely simulate the effects of a number of nonparallel interest rate environments. Table 31 reflects the percentage change in net interest income over the next two 12-month periods, assuming (i) the PNC Economist's most likely rate forecast, (ii) implied market forward rates and (iii) yield curve slope flattening (a 100 basis point yield curve slope flattening between one-month and ten-year rates superimposed on current base rates) scenario.

All changes in forecasted net interest income are relative to results in a base rate scenario where current market rates are assumed to remain unchanged over the forecast horizon.

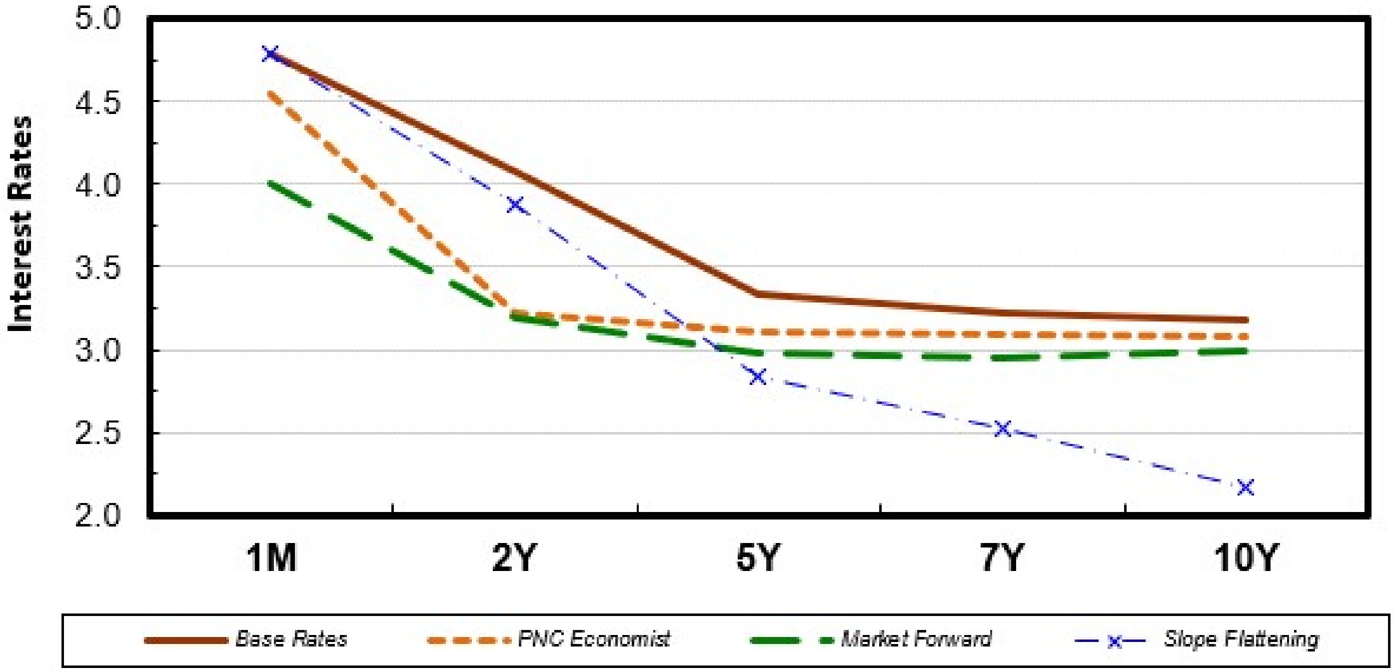
Table 31: Net Interest Income Sensitivity to Alternative Rate Scenarios

	March 31, 2023		
	PNC Economist	Market Forward	Slope Flattening
First year sensitivity	(0.2)%	1.9 %	(0.6)%
Second year sensitivity	1.3 %	2.1 %	(2.8)%

When forecasting net interest income, we make assumptions about interest rates and the shape of the yield curve, the volume and characteristics of new business and the behavior of existing on- and off-balance sheet positions. These assumptions determine the future level of simulated net interest income in the base interest rate scenario and the other interest rate scenarios presented in Tables 30 and 31. These simulations assume that as assets and liabilities mature, they are replaced or repriced at then-current market rates.

The following graph presents the SOFR curves for the base rate scenario and each of the alternate scenarios one year forward:

Table 32: Alternate Interest Rate Scenarios: One Year Forward



The first quarter 2023 interest sensitivity analyses indicate that our Consolidated Balance Sheet is positioned to benefit from an increase in interest rates and an upward sloping interest rate yield curve. We believe that we have the deposit funding base and balance sheet flexibility to adjust, where appropriate and permissible, to changing interest rates and market conditions.

LIBOR Transition

The scheduled cessation of the requirement that banks submit rates for the calculation of LIBOR after June 30, 2023 presents risks to the financial instruments originated, held or serviced by PNC that use LIBOR as a reference rate. For more discussion regarding the transition from LIBOR, see Item 1 Risk Factors and the Risk Management section in Item 7 of our 2022 Form 10-K.

As of December 31, 2021, PNC Bank ceased entering into new contracts with a LIBOR reference rate, except on a limited basis, as permissible. PNC is offering conforming adjustable-rate mortgages using SOFR instead of USD LIBOR, in line with Fannie Mae and Freddie Mac requirements, nonconforming adjustable-rate residential mortgages using SOFR and private education loans using Prime. Alternative rates, primarily SOFR and BSBY, are currently offered to our corporate and commercial customers. The focus for all lines of business is planning for the cessation event in June 2023 and client communication and outreach.

The Federal Reserve adopted a final rule effective February 27, 2023 that implements the Adjustable Interest Rate LIBOR Act (the “LIBOR Act”) by identifying benchmark rates based on SOFR that will replace LIBOR in certain financial contracts after June 30, 2023. The final rule identifies replacement benchmark rates based on SOFR to replace overnight, one-month, three-month, six-month, and 12-month LIBOR contracts subject to the LIBOR Act. These contracts include U.S. contracts that do not mature before publication of LIBOR ends June 30, 2023, and that lack adequate fallback provisions that would replace LIBOR with a practicable replacement benchmark rate.

In addition to the previously announced transition of PNC’s Series O, Series R and Series S preferred stock to three-month CME Term SOFR plus a tenor spread adjustment of 0.26161% per annum (“Adjusted 3-Month CME Term SOFR”), PNC will also rely on the LIBOR Act and its implementing regulations to transition the calculation of interest on the junior subordinated debentures issued by The PNC Financial Services Group, Inc. and owned by PNC Capital Trust C, a wholly-owned finance subsidiary of The PNC Financial Services Group, Inc., as well as the calculation of distributions on the trust preferred securities issued by PNC Capital Trust C. Adjusted 3-Month CME Term SOFR will be the replacement reference rate and will be used with respect to interest or distribution periods, as applicable, with determination dates occurring after June 30, 2023. Further, two series of debt securities issued by a predecessor banking subsidiary, National City Bank, will also rely on the LIBOR Act to transition the calculation of interest. The National City Bank Notes due April 1, 2043 will use Adjusted 3-Month CME Term SOFR as the replacement reference rate for interest periods with determination dates occurring after June 30, 2023. The National City Bank Notes due April 1, 2037 will use one-month CME Term SOFR plus a tenor spread adjustment of 0.11448% per annum as the replacement reference rate with respect to interest periods with determination dates occurring after June 30, 2023.

PNC is actively working to address other contracts without sufficient fallbacks in advance of LIBOR cessation; however, PNC does expect to leverage the LIBOR Act for its intended purpose to address difficult exposures when necessary. We anticipate these exposures to be a small subset of our overall portfolio.

Market Risk Management – Customer-Related Trading Risk

We engage in fixed income securities, derivatives and foreign exchange transactions to support our customers' investing and hedging activities. These transactions, related hedges and the credit valuation adjustment related to our customer derivatives portfolio are marked-to-market daily and reported as customer-related trading activities.We do not engage in proprietary trading of these products.

We use VaR as the primary means to measure and monitor market risk in customer-related trading activities. VaR is used to estimate the probability of portfolio losses based on the statistical analysis of historical market risk factors. VaR is calculated for each of the portfolios that comprise our customer-related trading activities of which the majority are covered positions as defined by the Market Risk Rule. VaR is computed with positions and market risk factors updated daily to ensure each portfolio is operating within its acceptable limits.

See the Market Risk Management – Customer-Related Trading Risk section of our 2022 Form 10-K for more information on our models used to calculate VaR and our backtesting process. Customer-related trading revenue was $84 million for the three months ended March 31, 2023, compared to $88 million for the three months ended March 31, 2022. The decrease was mainly due to lower derivative client sales revenue, offset by increases in client related trading results.

Market Risk Management – Equity And Other Investment Risk

Equity investment risk is the risk of potential losses associated with investing in both private and public equity markets. In addition to extending credit, taking deposits, underwriting securities and trading financial instruments, we make and manage direct investments in a variety of transactions, including management buyouts, recapitalizations and growth financings in a variety of industries. We also have investments in affiliated and non-affiliated funds that make similar investments in private equity, consistent with regulatory limitations. The economic and/or book value of these investments and other assets are directly affected by changes in market factors.

Various PNC business units manage our equity and other investment activities. Our businesses are responsible for making investment decisions within the approved policy limits and associated guidelines.

A summary of our equity investments follows:

Table 33: Equity Investments Summary

Dollars in millions	March 31 2023	December 31 2022	Change $	Change %
Tax credit investments	$ 4,056	$ 4,308	$ (252)	(6)%
Private equity and other	4,267	4,129	138	3 %
Total	$ 8,323	$ 8,437	$ (114)	(1)%

Tax Credit Investments

Included in our equity investments are direct tax credit investments and equity investments held by consolidated entities. These tax credit investment balances included unfunded commitments totaling $2.4 billion and $2.5 billion at March 31, 2023 and December 31, 2022, respectively. These unfunded commitments are included in Other liabilities on our Consolidated Balance Sheet.

Note 5 Loan Sale and Servicing Activities and Variable Interest Entities in the Notes To Consolidated Financial Statements in Item 8 of our 2022 Form 10-K has further information on tax credit investments.

Private Equity and Other

The largest component of our other equity investments is our private equity portfolio. The private equity portfolio is an illiquid portfolio consisting of mezzanine and equity investments that vary by industry, stage and type of investment. Private equity investments carried at estimated fair value totaled $2.0 billion and $1.8 billion at March 31, 2023 and December 31, 2022, respectively. As of March 31, 2023, $1.8 billion was invested directly in a variety of companies and $0.2 billion was invested indirectly through various private equity funds.

Included in our other equity investments are Visa Class B common shares, which are recorded at cost. Visa Class B common shares that we own are transferable only under limited circumstances until they can be converted into shares of the publicly-traded Class A common shares, which cannot happen until the resolution of the pending interchange litigation. Based upon the March 31, 2023 per share closing price of $225.46 for a Visa Class A common share, the estimated value of our total investment in the Class B common shares was approximately $1.3 billion at the current conversion rate of Visa B shares to Visa A shares, while our cost basis was insignificant. See Note 15 Fair Value and Note 21 Legal Proceedings in the Notes To Consolidated Financial Statements in Item 8 of our 2022 Form 10-K for additional information regarding our Visa agreements. The estimated value does not represent fair value of the Visa B common shares given the shares' limited transferability and the lack of observable transactions in the marketplace.

We also have certain other equity investments, the majority of which represent investments in affiliated and non-affiliated funds with both traditional and alternative investment strategies. Net gains related to these investments were $21 million for the three months ended March 31, 2023 and $20 million for the three months ended March 31, 2022.

Financial Derivatives
We use a variety of financial derivatives as part of the overall asset and liability risk management process to help manage exposure to market (primarily interest rate) and credit risk inherent in our business activities. We also enter into derivatives with customers to facilitate their risk management activities.

Financial derivatives involve, to varying degrees, market and credit risk. Derivatives represent contracts between parties that usually require little or no initial net investment and result in one party delivering cash or another type of asset to the other party based on a notional and an underlying as specified in the contract. Therefore, cash requirements and exposure to credit risk are significantly less than the notional amount on these instruments.

Further information on our financial derivatives is presented in Note 1 Accounting Policies, Note 15 Fair Value and Note 16 Financial Derivatives in our Notes To Consolidated Financial Statements in Item 8 of our 2022 Form 10-K and in Note 11 Fair Value and Note 12 Financial Derivatives.

Not all elements of market and credit risk are addressed through the use of financial derivatives, and such instruments may be ineffective for their intended purposes due to unanticipated market changes, among other reasons.

Recent Regulatory Developments

Bank Failures and Resolutions
Following the bank failures in March 2023 of Silicon Valley Bank, Santa Clara, California, and Signature Bank, New York, New York, and after recommendations by the boards of the FDIC and Federal Reserve and a determination by the Secretary of the Treasury in consultation with the President, the FDIC invoked the systemic risk exception to certain resolution-related and Deposit Insurance Fund restrictions in order to fully protect all depositors of both institutions, including uninsured deposits. By law, any losses to the Deposit Insurance Fund to support uninsured depositors under the systemic risk exception must be recovered by one or more special assessments on insured depository institutions or depository institution holding companies, or both. The FDIC has not yet announced the amount or timeline of any special assessments.

The Federal Reserve also created a new Bank Term Funding Program as an additional source of liquidity against high-quality securities in order to make additional funding available to eligible depository institutions. This program offers loans of up to one year in length to eligible depository institutions pledging U.S. Treasuries, agency debt and mortgage-backed securities, and other qualifying assets as collateral, provided that such collateral was owned by the borrower as of March 12, 2023. These pledged assets will be valued at par under the Program. Eligible institutions can request advances under the Program at least through March 11, 2024.

Other Developments
In February 2023, the CFPB issued a notice of proposed rulemaking to amend the rules under the Truth in Lending Act governing credit card late fees that could reduce credit card fee income for credit card issuers, including PNC Bank. Among other things, the proposed rule would lower the safe harbor dollar amount for credit card late fees that issuers can charge to $8 regardless of whether the late payment is the initial or a subsequent late payment from $30 for an initial late payment and $41 for subsequent late payments. The proposal also would eliminate the inflation adjustment to the safe harbor and cap late fees at 25% of the consumer's required minimum payment. The proposal also seeks comment on, among other things, whether to eliminate the safe harbor or to require a grace period of 15 calendar days before a card issuer can impose a late fee.

In February 2023, the SEC proposed changes to the rules under the Investment Advisers Act of 1940 governing the custody of client assets that would increase the obligations of registered investment advisers, such as PNC Investments, PNC Capital Advisors, LLC, and PNC TC, LLC and impact PNC Bank in its role as custodian for the clients of registered investment advisers. Among other things, the proposal would expand the current custody rule to apply to additional advisory activities and all client assets held in advisory accounts. Investment advisers with custody of client assets would be required to maintain them with a qualified custodian and enter into a written agreement and receive certain assurances from the qualified custodian regarding custodial protections. Qualified custodians would be required to hold client cash off-balance sheet, potentially reducing the liquidity available for bank lending and other activities. The SEC also has proposed rules and rule changes that would impose new obligations on registered broker-dealers and registered investment advisers with respect to cybersecurity and safeguarding of customer information, as well as mandatory swing pricing of mutual fund shares and a hard close for transacting in fund shares that would fundamentally change current industry practices.

In March 2023, the CFPB finalized its rule to implement small business data collection under Section 1071 of the Dodd-Frank Act. The final rule introduces substantial data collection and reporting requirements for small business lenders, including PNC Bank, in connection with credit applications by small businesses, which impose significant compliance and operational risks and costs. Under the final rule, PNC Bank must begin collecting certain prescribed information from small business credit applicants by no later than October 1, 2024, and begin reporting such data to the CFPB by June 1, 2025.

Critical Accounting Estimates and Judgments

Our consolidated financial statements are prepared by applying certain accounting policies. Note 1 Accounting Policies in our 2022 Form 10-K describes the most significant accounting policies that we use. Certain of these policies require us to make estimates or economic assumptions that may vary under different assumptions or conditions, and such variations may significantly affect our reported results and financial position for the period or in future periods. The policies and judgments related to residential and commercial MSRs and Level 3 fair value measurements are described in Critical Accounting Estimates and Judgments in our 2022 Form 10-K. The following details the critical estimates and judgments around the ACL.

Allowance for Credit Losses

We maintain the ACL at levels that we believe to be appropriate as of the balance sheet date to absorb expected credit losses on our existing investment securities, loans, equipment finance leases, other financial assets and unfunded lending related commitments, for the remaining contractual term of the assets or exposures, taking into consideration expected prepayments and estimated recoveries. Our determination of the ACL is based on historical loss and performance experience, as well as current borrower and transaction characteristics including collateral type and quality, current economic conditions, reasonable and supportable forecasts of future conditions and other relevant factors. We use methods sensitive to changes in economic conditions to interpret these factors and to estimate expected credit losses. We evaluate and, when appropriate, enhance the quality of our data and models and other methods used to estimate the ACL on an ongoing basis. We incorporate qualitative factors in the ACL that reflect our best estimate of expected losses that may not be adequately represented in our quantitative methods or economic assumptions. The major drivers of ACL estimates include, but are not limited to:

- Current economic conditions: Our forecast of expected losses depends on economic conditions as of the estimation date. As current economic conditions evolve, forecasted losses could be materially affected.
- Scenario weights and design: Our loss estimates are sensitive to the shape, direction and rate of change of macroeconomic forecasts and thus vary significantly between upside and downside scenarios. Change to probability weights assigned to these scenarios and timing of peak business cycles reflected by the scenarios could materially affect our loss estimates.
- Current borrower quality: Our forecast of expected losses depends on current borrower and transaction characteristics, including credit metrics and collateral type/quality. As borrower quality evolves, forecasted losses could be materially affected.
- Portfolio volume and mix: Changes to portfolio volume and mix could materially affect our estimates, as CECL reserves would be recognized upon origination or acquisition and derecognized upon paydown, maturity or sale.

For all assets and unfunded lending related commitments within the scope of the CECL standard, the applicable ACL is composed of one or a combination of the following components: (i) collectively assessed or pooled reserves, (ii) individually assessed reserves, and (iii) qualitative (judgmental) reserves. Our methodologies and key assumptions for each of these components are discussed in Note 1 Accounting Policies.

Reasonable and Supportable Economic Forecast
Under the CECL standard, we are required to consider reasonable and supportable forecasts in estimating expected credit losses. For this purpose, we have established a framework that includes a three-year forecast period and the use of four economic scenarios with associated probability weights, which in combination create a forecast of expected economic outcomes. Credit losses estimated in our reasonable and supportable forecast period are sensitive to the shape and severity of the scenarios used and weights assigned to them.

To generate the four economic forecast scenarios we use a combination of quantitative macroeconomic models, other measures of economic activity and forward-looking expert judgment to forecast the distribution of economic outcomes over the reasonable and supportable forecast period. Each scenario is then given an associated probability (weight) in order to represent our current expectation within that distribution over the forecast period. This process is informed by current economic conditions, expected business cycle evolution and the expert judgment of PNC’s RAC. This approach seeks to provide a reasonable representation of the forecast of expected economic outcomes and is used to estimate expected credit losses across a variety of loans and securities. Each quarter the scenarios are presented to RAC for approval, and the committee determines and approves CECL scenarios’ weights for use for the current reporting period.

The scenarios used for the period ended March 31, 2023 reflect an increase in downside risk compared to December 31, 2022. The current outlook considers ongoing inflationary pressures, along with the projected impacts of the recent stress on the banking industry. Our most-likely expectation at March 31, 2023 is that the U.S. economy will be impacted by a mild recession in the second half of the year.

We used a number of economic variables in our scenarios, with two of the most significant drivers being real GDP and the U.S. unemployment rate. The following table presents a comparison of these two economic variables based on the weighted-average scenario forecasts used in determining our ACL at March 31, 2023 and December 31, 2022.

Table 34: Key Macroeconomic Variables in CECL Weighted-Average Scenarios

	Assumptions as of March 31, 2023		
	2023	2024	2025
U.S. real GDP (a)	0.4%	0.3%	1.9%
U.S. unemployment rate (b)	4.1%	5.0%	4.4%
	Assumptions as of December 31, 2022		
	2023	2024	2025
U.S. real GDP (a)	(0.4)%	1.4%	1.9%
U.S. unemployment rate (b)	4.9%	4.9%	4.4%

(a) Represents year-over-year growth (loss) rates.
(b) Represents quarterly average rate at December 31, 2023, 2024 and 2025, respectively.

Real GDP growth is expected to end 2023 at 0.4% on a weighted average basis, up from the (0.4%) assumed at December 31, 2022 due primarily to stronger economic activity at the start of 2023. Growth then drops narrowly to 0.3% in 2024, before jumping to 1.9% in 2025. In line with stronger-than-anticipated job growth at the start of 2023, the weighted-average projection of the unemployment rate is expected to end 2023 at 4.1%, down from the 4.9% assumed at December 31, 2022. In line with the slowing in overall economic activity, the weighted average unemployment rate is expected to increase throughout 2023 and 2024, peaking at 5.0% by year-end 2024, and gradually improving to 4.4% by the fourth quarter of 2025.

The current state of the economy reflects an environment with receding COVID-19 related risks, but heightened uncertainty remains due to structural and secular changes fostered by the pandemic for certain sectors of the economy combined with inflation, rising interest rates and ongoing labor-related supply chain pressures. As such, for both our commercial and consumer loan portfolios, PNC identified and performed significant analysis around segments impacted by such uncertainties to ensure our reserves are adequate, given our current macroeconomic expectations.

We believe the economic scenarios effectively reflect the distribution of potential economic outcomes. Additionally, through in-depth and granular analysis we have addressed reserve requirements for the specific populations most affected in the current environment. Through this approach, we believe the reserve levels appropriately reflect the expected credit losses in the portfolio as of the balance sheet date.

See the following for additional details on the components of our ACL:
- Allowance For Credit Losses in the Credit Risk Management section of this Financial Review, and
- Note 2 Investment Securities and Note 3 Loans and Related Allowance for Credit Losses in this Report.

Recently Issued Accounting Standards

Accounting Standards Update	Description	Financial Statement Impact
Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method – ASU 2023-02 Issued March 2023	• Required effective date of January 1, 2024; early adoption is permitted. • The amendments in this Update must be applied on either a modified retrospective or a retrospective basis. • The amendments in this Update permit reporting entities to elect to account for their tax equity investments, regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method if certain conditions are met. • A reporting entity makes an accounting policy election to apply the proportional amortization method on a tax-credit-program-by-tax-credit-program basis rather than electing to apply the proportional amortization method at the reporting entity level or to individual investments.	• We are currently evaluating when to adopt the amendments in ASU 2023-02 and the impact of the ASU on our consolidated results of operations and our consolidated financial position.

Recently Adopted Accounting Pronouncements

See Note 1 Accounting Policies regarding the impact of new accounting pronouncements that we have adopted.

Internal Controls And Disclosure Controls And Procedures

As of March 31, 2023, we performed an evaluation under the supervision of and with the participation of our management, including the Chairman, President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures and of changes in our internal control over financial reporting.

Based on that evaluation, our Chairman, President and Chief Executive Officer and our Executive Vice President and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) were effective as of March 31, 2023, and that there has been no change in PNC's internal control over financial reporting that occurred during the first quarter of 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Cautionary Statement Regarding Forward-Looking Information

We make statements in this Report, and we may from time to time make other statements, regarding our outlook for financial performance, such as earnings, revenues, expenses, tax rates, capital and liquidity levels and ratios, asset levels, asset quality, financial position, and other matters regarding or affecting us and our future business and operations, including our sustainability strategy, that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. Forward-looking statements are typically identified by words such as "believe," "plan," "expect," "anticipate," "see," "look," "intend," "outlook," "project," "forecast," "estimate," "goal," "will," "should" and other similar words and expressions.

Forward-looking statements are necessarily subject to numerous assumptions, risks and uncertainties, which change over time. Future events or circumstances may change our outlook and may also affect the nature of the assumptions, risks and uncertainties to which our forward-looking statements are subject. Forward-looking statements speak only as of the date made. We do not assume any duty and do not undertake any obligation to update forward-looking statements. Actual results or future events could differ, possibly materially, from those anticipated in forward-looking statements, as well as from historical performance. As a result, we caution against placing undue reliance on any forward-looking statements.

Our forward-looking statements are subject to the following principal risks and uncertainties.

- Our businesses, financial results and balance sheet values are affected by business and economic conditions, including:

- Changes in interest rates and valuations in debt, equity and other financial markets,
  - Disruptions in the U.S. and global financial markets,
  - Actions by the Federal Reserve Board, U.S. Treasury and other government agencies, including those that impact money supply, market interest rates and inflation,
  - Changes in customer behavior due to changing business and economic conditions or legislative or regulatory initiatives,
  - Changes in customers', suppliers' and other counterparties' performance and creditworthiness,
  - Impacts of sanctions, tariffs and other trade policies of the U.S. and its global trading partners,
  - A continuation of recent turmoil in the banking industry, responsive measures to mitigate and manage it and related supervisory and regulatory actions and costs,
  - Impacts of changes in federal, state and local governmental policy, including on the regulatory landscape, capital markets, taxes, infrastructure spending and social programs,
  - PNC's ability to attract, recruit and retain skilled employees, and
  - Commodity price volatility.
- Our forward-looking financial statements are subject to the risk that economic and financial market conditions will be substantially different than those we are currently expecting and do not take into account potential legal and regulatory contingencies. These statements are based on our views that:
  - The economy continues to expand in the first half of 2023, but economic growth is slowing in response to the ongoing Federal Reserve monetary policy tightening to slow inflation. This has led to large increases in both short- and long-term interest rates. With much higher mortgage rates the housing market is already in contraction, with steep drops in existing home sales and single-family housing starts, and a modest decline in house prices. Other sectors where interest rates play an outsized role, such as business investment and consumer spending on durable goods, will contract over 2023.
  - PNC's baseline outlook is for a recession starting in the second half of 2023, with real GDP contracting less than 1% before recovery starts in the first half of 2024 as the Federal Reserve lowers interest rates in response to a deteriorating labor market and slower inflation. The unemployment rate will increase throughout 2023, peaking at above 5% in the second half of 2024. Inflation will slow with the recession and be back to the Federal Reserve's 2% long-term objective by mid-2024.
  - PNC expects the FOMC to raise the federal funds rate by 25 basis points in May. This would bring the federal funds rate to a range of 5.00% to 5.25% by early-May. PNC expects a federal funds rate cut of 25 basis points in early 2024 as inflation moves toward the FOMC's 2% long-term objective.
- PNC's ability to take certain capital actions, including returning capital to shareholders, is subject to PNC meeting or exceeding an SCB established by the Federal Reserve Board in connection with the Federal Reserve Board's CCAR process.
- PNC's regulatory capital ratios in the future will depend on, among other things, our financial performance, the scope and terms of final capital regulations then in effect and management actions affecting the composition of PNC's balance sheet. In addition, PNC's ability to determine, evaluate and forecast regulatory capital ratios, and to take actions (such as capital distributions) based on actual or forecasted capital ratios, will be dependent at least in part on the development, validation and regulatory review of related models and the reliability of and risks resulting from extensive use of such models.
- Legal and regulatory developments could have an impact on our ability to operate our businesses, financial condition, results of operations, competitive position, reputation, or pursuit of attractive acquisition opportunities. Reputational impacts could affect matters such as business generation and retention, liquidity, funding, and ability to attract and retain employees. These developments could include:
  - Changes to laws and regulations, including changes affecting oversight of the financial services industry, changes in the enforcement and interpretation of such laws and regulations, and changes in accounting and reporting standards.
  - Unfavorable resolution of legal proceedings or other claims and regulatory and other governmental investigations or other inquiries resulting in monetary losses, costs, or alterations in our business practices, and potentially causing reputational harm to PNC.
  - Results of the regulatory examination and supervision process, including our failure to satisfy requirements of agreements with governmental agencies.
  - Costs associated with obtaining rights in intellectual property claimed by others and of adequacy of our intellectual property protection in general.
- Business and operating results are affected by our ability to identify and effectively manage risks inherent in our businesses, including, where appropriate, through effective use of systems and controls, third-party insurance, derivatives, and capital management techniques, and to meet evolving regulatory capital and liquidity standards.
- Our reputation and business and operating results may be affected by our ability to appropriately meet or address environmental, social or governance targets, goals, commitments or concerns that may arise.
- We grow our business in part through acquisitions and new strategic initiatives. Risks and uncertainties include those presented by the nature of the business acquired and strategic initiative, including in some cases those associated with our entry into new businesses or new geographic or other markets and risks resulting from our inexperience in those new areas, as

well as risks and uncertainties related to the acquisition transactions themselves, regulatory issues, the integration of the acquired businesses into PNC after closing or any failure to execute strategic or operational plans.

- Competition can have an impact on customer acquisition, growth and retention and on credit spreads and product pricing, which can affect market share, deposits and revenues. Our ability to anticipate and respond to technological changes can also impact our ability to respond to customer needs and meet competitive demands.
- Business and operating results can also be affected by widespread manmade, natural and other disasters (including severe weather events), health emergencies, dislocations, geopolitical instabilities or events, terrorist activities, system failures or disruptions, security breaches, cyberattacks, international hostilities, or other extraordinary events beyond PNC's control through impacts on the economy and financial markets generally or on us or our counterparties, customers or third-party vendors and service providers specifically.

We provide greater detail regarding these as well as other factors in our 2022 Form 10-K and subsequent Form 10-Qs and elsewhere in this Report, including in the Risk Factors and Risk Management sections and the Legal Proceedings and Commitments Notes of the Notes To Consolidated Financial Statements in these reports. Our forward-looking statements may also be subject to other risks and uncertainties, including those discussed elsewhere in this Report or in our other filings with the SEC.

CONSOLIDATED INCOME STATEMENT

THE PNC FINANCIAL SERVICES GROUP, INC.

Unaudited In millions, except per share data	Three months ended March 31 2023	2022
Interest Income		
Loans	$ 4,258	$ 2,293
Investment securities	885	544
Other	516	77
Total interest income	5,659	2,914
Interest Expense		
Deposits	1,291	27
Borrowed funds	783	83
Total interest expense	2,074	110
Net interest income	3,585	2,804
Noninterest Income		
Asset management and brokerage	356	377
Capital markets and advisory	262	252
Card and cash management	659	620
Lending and deposit services	306	269
Residential and commercial mortgage	177	159
Other	258	211
Total noninterest income	2,018	1,888
Total revenue	5,603	4,692
Provision For (Recapture of) Credit Losses	235	(208)
Noninterest Expense		
Personnel	1,826	1,717
Occupancy	251	258
Equipment	350	331
Marketing	74	61
Other	820	805
Total noninterest expense	3,321	3,172
Income before income taxes and noncontrolling interests	2,047	1,728
Income taxes	353	299
Net income	1,694	1,429
Less: Net income attributable to noncontrolling interests	17	21
Preferred stock dividends	68	45
Preferred stock discount accretion and redemptions	2	2
Net income attributable to common shareholders	$ 1,607	$ 1,361
Earnings Per Common Share		
Basic	$ 3.98	$ 3.23
Diluted	$ 3.98	$ 3.23
Average Common Shares Outstanding		
Basic	401	420
Diluted	402	420

See accompanying Notes To Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

THE PNC FINANCIAL SERVICES GROUP, INC.

Unaudited In millions	Three months ended March 31 2023	2022
Net income	$ 1,694	$ 1,429
Other comprehensive income (loss), before tax and net of reclassifications into Net income		
Net change in debt securities	869	(6,315)
Net change in cash flow hedge derivatives	527	(1,758)
Pension and other postretirement benefit plan adjustments	(10)	54
Net change in Other	4	(3)
Other comprehensive income (loss), before tax and net of reclassifications into Net income	1,390	(8,022)
Income tax benefit (expense) related to items of other comprehensive income	(326)	1,882
Other comprehensive income (loss), after tax and net of reclassifications into Net income	1,064	(6,140)
Comprehensive income (loss)	2,758	(4,711)
Less: Comprehensive income attributable to noncontrolling interests	17	21
Comprehensive income (loss) attributable to PNC	$ 2,741	$ (4,732)

See accompanying Notes To Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET
THE PNC FINANCIAL SERVICES GROUP, INC.

Unaudited In millions, except par value	March 31 2023	December 31 2022
Assets		
Cash and due from banks	$ 5,940	$ 7,043
Interest-earning deposits with banks	33,865	27,320
Loans held for sale (a)	998	1,010
Investment securities – available for sale	43,220	44,159
Investment securities – held to maturity	95,019	95,175
Loans (a)	326,475	326,025
Allowance for loan and lease losses	(4,741)	(4,741)
Net loans	321,734	321,284
Equity investments	8,323	8,437
Mortgage servicing rights	3,293	3,423
Goodwill	10,987	10,987
Other (a)	38,398	38,425
Total assets	$ 561,777	$ 557,263
Liabilities		
Deposits		
Noninterest-bearing	$ 118,014	$ 124,486
Interest-bearing	318,819	311,796
Total deposits	436,833	436,282
Borrowed funds		
Federal Home Loan Bank borrowings	32,020	32,075
Senior debt	19,622	16,657
Subordinated debt	5,630	6,307
Other (b)	3,550	3,674
Total borrowed funds	60,822	58,713
Allowance for unfunded lending related commitments	672	694
Accrued expenses and other liabilities	14,376	15,762
Total liabilities	512,703	511,451
Equity		
Preferred stock (c)		
Common stock ($5 par value, Authorized 800 shares, issued 543 shares)	2,714	2,714
Capital surplus	19,864	18,376
Retained earnings	54,598	53,572
Accumulated other comprehensive income (loss)	(9,108)	(10,172)
Common stock held in treasury at cost: 144 and 142 shares	(19,024)	(18,716)
Total shareholders' equity	49,044	45,774
Noncontrolling interests	30	38
Total equity	49,074	45,812
Total liabilities and equity	$ 561,777	$ 557,263

(a) Our consolidated assets included the following for which we have elected the fair value option: Loans held for sale of $0.9 billion, Loans held for investment of $1.3 billion and Other assets of $0.1 billion at both March 31, 2023 and December 31, 2022.

(b) Our consolidated liabilities included the following for which we have elected the fair value option: Other borrowed funds of less than $0.1 billion and Other liabilities of $0.1 billion at March 31, 2023. Comparable amounts at December 31, 2022 were less than $0.1 billion and $0.2 billion.

(c) Par value less than $0.5 million at each date.

See accompanying Notes To Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

THE PNC FINANCIAL SERVICES GROUP, INC.

Unaudited In millions	Three months ended March 31 2023	2022
Operating Activities		
Net income	$ 1,694	$ 1,429
Adjustments to reconcile net income to net cash provided (used) by operating activities		
Provision for (recapture of) credit losses	235	(208)
Depreciation, amortization and accretion	65	385
Deferred income taxes (benefit)	(30)	61
Changes in fair value of mortgage servicing rights	174	(264)
Net change in		
Trading securities and other short-term investments	(385)	(1,024)
Loans held for sale and related securitization activity	(11)	642
Other assets	1,108	(3,024)
Accrued expenses and other liabilities	(1,142)	969
Other	168	45
Net cash provided (used) by operating activities	$ 1,876	$ (989)
Investing Activities		
Sales		
Securities available for sale	$ (73)	$ 2,561
Loans	215	268
Repayments/maturities		
Securities available for sale	2,293	6,639
Securities held to maturity	1,502	57
Purchases		
Securities available for sale	(612)	(15,599)
Securities held to maturity	(1,324)	(1)
Loans	(261)	(807)
Net change in		
Federal funds sold and resale agreements	32	(478)
Interest-earning deposits with banks	(6,580)	25,474
Loans	(587)	(5,631)
Other	(317)	224
Net cash provided (used) by investing activities	$ (5,712)	$ 12,707

CONSOLIDATED STATEMENT OF CASH FLOWS

THE PNC FINANCIAL SERVICES GROUP, INC.

(Continued from previous page)

Unaudited In millions	Three months ended March 31 2023	2022
Financing Activities		
Net change in		
Noninterest-bearing deposits	$ (6,462)	$ (4,350)
Interest-bearing deposits	7,023	(2,704)
Federal funds purchased and repurchase agreements	(94)	16
Short-term Federal Home Loan Bank borrowings	(50)	
Other borrowed funds	(74)	471
Sales/issuances		
Senior debt	2,743	
Other borrowed funds	167	289
Preferred stock	1,484	
Common and treasury stock	26	22
Repayments/maturities		
Federal Home Loan Bank borrowings	(5)	
Senior debt		(3,750)
Subordinated debt	(750)	
Other borrowed funds	(141)	(289)
Acquisition of treasury stock	(459)	(1,279)
Preferred stock cash dividends paid	(68)	(45)
Common stock cash dividends paid	(607)	(531)
Net cash provided (used) by financing activities	$ 2,733	$ (12,150)
Net Increase (Decrease) In Cash And Due From Banks And Restricted Cash	$ (1,103)	$ (432)
Cash and due from banks and restricted cash at beginning of period	7,043	8,004
Cash and due from banks and restricted cash at end of period	$ 5,940	$ 7,572
Cash And Due From Banks And Restricted Cash		
Cash and due from banks at end of period (unrestricted cash)	$ 5,335	$ 6,971
Restricted cash	605	601
Cash and due from banks and restricted cash at end of period	$ 5,940	$ 7,572
Supplemental Disclosures		
Interest paid	$ 1,691	$ 85
Income taxes paid	$ 56	$ 16
Income taxes refunded	$ 3	$ 3
Leased assets obtained in exchange for new operating lease liabilities	$ 45	$ 43
Non-cash Investing And Financing Items		
Transfer from securities available for sale to securities held to maturity		$ 20,041
Transfer from loans to loans held for sale, net	$ 106	$ 137
Transfer from loans to foreclosed assets	$ 16	$ 8

See accompanying Notes To Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THE PNC FINANCIAL SERVICES GROUP, INC.
Unaudited

See page 103 for a glossary of certain terms and acronyms used in this Report.

BUSINESS

PNC is one of the largest diversified financial services companies in the U.S. and is headquartered in Pittsburgh, Pennsylvania.

We have businesses engaged in retail banking, including residential mortgage, corporate and institutional banking and asset management, providing many of our products and services nationally. Our retail branch network is located coast-to-coast. We also have strategic international offices in four countries outside the U.S.

NOTE 1 ACCOUNTING POLICIES

Basis of Financial Statement Presentation

Our consolidated financial statements include the accounts of the parent company and its subsidiaries, most of which are wholly-owned, certain partnership interests and VIEs.

We prepared these consolidated financial statements in accordance with GAAP. We have eliminated intercompany accounts and transactions.

In our opinion, the unaudited interim consolidated financial statements reflect all normal, recurring adjustments needed to state fairly our results for the interim periods. The results of operations for interim periods are not necessarily indicative of the results that may be expected for the full year or any other interim period.

We have also considered the impact of subsequent events on these consolidated financial statements.

When preparing these unaudited interim consolidated financial statements, we have assumed that you have read the audited consolidated financial statements included in our 2022 Form 10-K. These interim consolidated financial statements serve to update our 2022 Form 10-K and may not include all information and Notes necessary to constitute a complete set of financial statements. There have been changes to certain of our accounting policies as disclosed in our 2022 Form 10-K due to the adoption of ASU 2022-02 *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures* (ASU 2022-02). The updated policies impacted by this adoption are included in this Note 1 in the first quarter of 2023. Reference is made to Note 1 Accounting Policies in our 2022 Form 10-K for a detailed description of all other significant accounting policies.

Use of Estimates

We prepared these consolidated financial statements using financial information available at the time of preparation, which requires us to make estimates and assumptions that affect the amounts reported. Our most significant estimates pertain to the ACL and our fair value measurements. Actual results may differ from the estimates and the differences may be material to the consolidated financial statements.

Loans

Loans are classified as held for investment when management has both the intent and ability to hold the loan for the foreseeable future, or until maturity or payoff. Management's intent and view of the foreseeable future may change based on changes in business strategies, the economic environment, market conditions and the availability of government programs.

Measurement of delinquency status is based on the contractual terms of each loan. Loans that are 30 days or more past due in terms of payment are considered delinquent. See Note 3 Loans and Related Allowance for Credit Losses for additional information on how COVID-19 hardship related loan modification delinquencies are reported as of March 31, 2023 and December 31, 2022.

Loans held for investment, excluding PCD loans, are recorded at amortized cost basis unless we elect to measure these under the fair value option. Amortized cost basis represents principal amounts outstanding, net of unearned income, unamortized deferred fees and costs on originated loans, premiums or discounts on purchased loans and charge-offs. Amortized cost basis does not include accrued interest, as we include accrued interest in Other assets on our Consolidated Balance Sheet. Interest on performing loans is accrued based on the principal amount outstanding and recorded in Interest income as earned using the constant effective yield method over the contractual life. Loan origination fees, direct loan origination costs, and loan premiums and discounts are deferred and accreted or amortized into Net interest income using the constant effective yield method, over the contractual life of the loan. The processing fee received for loans originated through PPP lending under the CARES Act is deferred and accreted into Net interest income using the effective yield method, over the contractual life of the loan. Loans under the fair value option are reported at their fair value, with any changes to fair value reported as Noninterest income on the Consolidated Income Statement, and are excluded from the measurement of ALLL.

In addition to originating loans, we also acquire loans through the secondary loan market, portfolio purchases or acquisitions of other financial services companies. Certain acquired loans that have experienced a more-than-insignificant deterioration of credit quality since origination (*i.e.*, PCD) are recognized at an amortized cost basis equal to their purchase price plus an ALLL measured at the acquisition date. PNC considers a variety of factors in connection with the identification of more-than-insignificant deterioration in credit quality, including but not limited to nonperforming status, delinquency, risk ratings and other qualitative factors that indicate deterioration in credit quality since origination. Subsequent decreases in expected cash flows that are attributable, at least in part, to credit quality are recognized through a charge to the provision for credit losses resulting in an increase in the ALLL. Subsequent increases in expected cash flows are recognized as a provision recapture of previously recorded ALLL.

We consider a loan to be collateral dependent when we determine that substantially all of the expected cash flows will be generated from the operation or sale of the collateral underlying the loan, or when the borrower is experiencing financial difficulty and we have elected to measure the loan at the estimated fair value of collateral (less costs to sell if sale or foreclosure of the property is expected). Additionally, we consider a loan to be collateral dependent when foreclosure or liquidation of the underlying collateral is probable.

On January 1, 2023, we adopted ASU 2022-02, which eliminates the accounting guidance for TDRs. See Note 1 Accounting Policies in our 2022 Form 10-K for a description of our accounting policies for TDRs that were in effect prior to adoption.

Modifications to borrowers experiencing financial difficulty result from our loss mitigation activities and include principal forgiveness, interest rate reductions, payment delays, term extensions, or combinations thereof. Modified loans to borrowers experiencing financial difficulty continue to be subject to our existing nonaccrual policies. Expected losses or recoveries on loans where modifications have been granted to borrowers experiencing financial difficulty have been factored into the ALLL estimates for each loan class under the methodologies described in this Note. Refer to Note 3 Loans and Related Allowance for Credit Losses for more information on modifications granted to borrowers experiencing financial difficulty.

See the following for additional information related to loans, including further discussion regarding our policies, the methodologies and significant inputs used to determine the ALLL and additional details on the composition of our loan portfolio:

- Nonperforming Loans and Leases section of this Note 1,
- Allowance for Credit Losses section of this Note 1,
- Note 3 Loans and Related Allowance for Credit Losses in this Report, and
- Note 4 Loans and Related Allowance for Credit Losses in our 2022 Form 10-K.

Nonperforming Loans and Leases
The matrix that follows summarizes our policies for classifying certain loans as nonperforming loans and/or discontinuing the accrual of loan interest income.

Commercial	
Loans classified as nonperforming and accounted for as nonaccrual	• Loans accounted for at amortized cost where: – The loan is 90 days or more past due. – The loan is rated substandard or worse due to the determination that full collection of principal and interest is not probable as demonstrated by the following conditions: • The collection of principal or interest is 90 days or more past due, • Reasonable doubt exists as to the certainty of the borrower's future debt service ability, according to the terms of the credit arrangement, regardless of whether 90 days have passed or not, • The borrower has filed or will likely file for bankruptcy, • The bank advances additional funds to cover principal or interest, • We are in the process of liquidating a commercial borrower, or • We are pursuing remedies under a guarantee.
Loans excluded from nonperforming classification but accounted for as nonaccrual	• Loans accounted for under the fair value option and full collection of principal and interest is not probable. • Loans accounted for at the lower of cost or market less costs to sell (held for sale) and full collection of principal and interest is not probable.
Loans excluded from nonperforming classification and nonaccrual accounting	• Loans that are well secured and in the process of collection. • Certain government insured or guaranteed loans where substantially all principal and interest is insured. • Commercial purchasing card assets that do not accrue interest.

Consumer	
Loans classified as nonperforming and accounted for as nonaccrual	• Loans accounted for at amortized cost where full collection of contractual principal and interest is not deemed probable as demonstrated in the policies below: – The loan is 90 days past due for home equity and installment loans, and 180 days past due for well secured residential real estate loans, – The loan has been modified due to a borrower experiencing financial difficulty and is not government insured or guaranteed, – The loan has been modified to defer prior payments in forbearance to the end of the loan term, – Notification of bankruptcy has been received, – The bank holds a subordinate lien position in the loan and the first lien mortgage loan is seriously stressed (*i.e.*, 90 days or more past due), – Other loans within the same borrower relationship have been placed on nonaccrual or charge-offs have been taken on them, – The bank has ordered the repossession of non-real estate collateral securing the loan, or – The bank has charged-off the loan to the value of the collateral.
Loans excluded from nonperforming classification but accounted for as nonaccrual	• Loans accounted for under the fair value option and full collection of principal and interest is not probable. • Loans accounted for at the lower of cost or market less costs to sell (held for sale) and full collection of principal and interest is not probable.
Loans excluded from nonperforming classification and nonaccrual accounting	• Certain government insured or guaranteed loans where substantially all principal and interest is insured. • Residential real estate loans that are well secured and in the process of collection. • Consumer loans and lines of credit, not secured by residential real estate or automobiles, as permitted by regulatory guidance.

Commercial

We generally charge-off commercial (commercial and industrial, commercial real estate and equipment lease financing) nonperforming loans when we determine that a specific loan, or portion thereof, is uncollectible. This determination is based on the specific facts and circumstances of the individual loans. In making this determination, we consider the viability of the business or project as a going concern, the past due status when the asset is not well-secured, the expected cash flows to repay the loan, the value of the collateral and the ability and willingness of any guarantors to perform. For commercial loans and leases less than a defined dollar threshold, balances are generally charged-off in full after 180 days for loans and 120 days for leases.

Consumer

We generally charge-off secured consumer (home equity, residential real estate and automobile) nonperforming loans to the fair value of collateral less costs to sell, if lower than the amortized cost basis of the loan outstanding, when delinquency of the loan, combined with other risk factors (*e.g.*, bankruptcy or lien position), indicates that the loan, or some portion thereof, is uncollectible as per our historical experience, or the collateral has been repossessed. We charge-off secured consumer loans no later than 180 days past due. Most consumer loans and lines of credit, not secured by automobiles or residential real estate, are charged-off once they have reached 120-180 days past due.

For secured collateral dependent loans, collateral values are updated at least annually and subsequent declines in collateral values are charged-off resulting in incremental provision for credit loss. Subsequent increases in collateral values may be reflected as an adjustment to the ALLL to reflect the expectation of recoveries in an amount greater than previously expected, limited to amounts previously charged-off.

Accounting for Nonperforming Assets and Leases and Other Nonaccrual Loans

For nonaccrual loans, interest income accrual and deferred fee/cost recognition is discontinued. Additionally, depending on whether the accrued interest has been incorporated into the ACL estimates, as discussed in the Accrued Interest section of this Note 1, the accrued and uncollected interest is either reversed through Net interest income (if a CECL reserve is not maintained for accrued interest) or charged-off against the allowance (if a CECL reserve is maintained for accrued interest), except for credit cards, where we reverse any accrued interest through Net interest income at the time of charge-off, as per industry standard practice. Nonaccrual loans that are also collateral dependent may be charged-off to reduce the basis to the fair value of collateral less costs to sell.

If payment is received on a nonaccrual loan, generally the payment is first applied to the remaining principal balance; payments are then applied to recover any charged-off amounts related to the loan. Finally, if both principal balance and any charge-offs have been recovered, then the payment will be recorded as fee and interest income. For certain consumer loans, the receipt of interest payments is recognized as interest income on a cash basis. Cash basis income recognition is applied if a loan’s amortized cost basis is deemed fully collectible and the loan has performed for at least six months. For loans modified due to a borrower experiencing financial difficulty, payments are applied based upon their contractual terms unless the related loan is deemed nonperforming. Loans modified due to a borrower experiencing financial difficulty are generally included in nonperforming and nonaccrual loans if they are not government insured or guaranteed. However, after a reasonable period of time, generally six months, in which the loan performs under modified terms and meets other performance indicators, it is returned to performing/accruing status. This return to performing/accruing status demonstrates that the bank expects to collect all of the loan’s remaining contractual principal and interest. Loan modifications granted to borrowers experiencing financial difficulty resulting from (i) borrowers that have been discharged from personal liability through Chapter 7 bankruptcy and have not formally reaffirmed their loan obligations to us, and (ii) borrowers that are not currently obligated to make both principal and interest payments under the modified terms are not returned to accrual status.

Other nonaccrual loans are generally not returned to accrual status until the borrower has performed in accordance with the contractual terms and other performance indicators for at least six months, the period of time which was determined to demonstrate the expected collection of the loan’s remaining contractual principal and interest. Nonaccrual loans with partially charged-off principal are not returned to accrual. When a nonperforming loan is returned to accrual status, it is then considered a performing loan.

Foreclosed assets consist of any asset seized or property acquired through a foreclosure proceeding or acceptance of a deed-in-lieu of foreclosure. OREO comprises principally residential and commercial real estate properties obtained in partial or total satisfaction of loan obligations. After obtaining a foreclosure judgment, or in some jurisdictions the initiation of proceedings under a power of sale in the loan instruments, the property will be sold. When we are awarded title or completion of deed-in-lieu of foreclosure, we transfer the loan to foreclosed assets included in Other assets on our Consolidated Balance Sheet. Property obtained in satisfaction of a loan is initially recorded at estimated fair value less cost to sell. Based upon the estimated fair value less cost to sell, the amortized cost basis of the loan is adjusted and a charge-off/recovery is recognized to the ALLL. We estimate fair values primarily based on appraisals, or sales agreements with third parties. Subsequently, foreclosed assets are valued at the lower of the amount recorded at acquisition date or estimated fair value less cost to sell. Valuation adjustments on these assets and gains or losses realized from disposition of such property are reflected in Other noninterest expense.

For certain mortgage loans that have a government guarantee, we establish a separate other receivable upon foreclosure. The receivable is measured based on the loan balance (inclusive of principal and interest) that is expected to be recovered from the guarantor.

See Note 3 Loans and Related Allowance for Credit Losses for additional information on loan modifications granted to borrowers experiencing financial difficulty, nonperforming assets and credit quality indicators related to our loan portfolio.

Allowance for Credit Losses

Our ACL is based on historical loss experience, current borrower risk characteristics, current economic conditions, reasonable and supportable forecasts of future conditions and other relevant factors. We maintain the ACL at an appropriate level for expected losses on our existing investment securities, loans, equipment finance leases, other financial assets and unfunded lending related commitments, for the estimated contractual term of the assets or exposures as of the balance sheet date. The remaining contractual term of assets in scope of CECL is estimated considering contractual maturity dates, prepayment expectations, utilization or draw expectations and any contractually embedded extension options that do not allow us to unilaterally cancel the extension options. For products without a fixed contractual maturity date (*e.g*., credit cards), we rely on historical payment behavior to determine the length of the paydown or default time period.

We estimate expected losses on a pooled basis using a combination of (i) the expected losses over a reasonable and supportable forecast period, (ii) a period of reversion to long-run average expected losses, where applicable and (iii) the long run average expected losses for the remaining estimated contractual term. For all assets and unfunded lending related commitments in the scope of CECL, the ACL also includes individually assessed reserves and qualitative reserves, as applicable.

We use forward-looking information in estimating expected credit losses for our reasonable and supportable forecast period. For this purpose, we use forecasted scenarios produced by PNC's Economics Team, which are designed to reflect business cycles and their related estimated probabilities. The forecast length that we have determined to be reasonable and supportable is three years. As noted in the methodology discussions that follow, forward-looking information is incorporated into the expected credit loss estimates. Such forward looking information includes forecasted relevant macroeconomic variables, which are estimated using quantitative macroeconomic models, analysis from PNC economists and management judgment.

The reversion period is used to bridge our three year reasonable and supportable forecast period and the long run average expected credit losses. We consider a number of factors in determining the duration of the reversion period, such as contractual maturity of the asset, observed historical patterns and the estimated credit loss rates at the end of the forecast period relative to the beginning of the long run average period. The reversion period is typically one to three years, if not immediate.

The long-run average expected credit losses are derived from long run historical credit loss information adjusted for the credit quality of the current portfolio, and therefore do not consider current and forecasted economic conditions.

See the following sections related to loans and unfunded lending related commitments for details about specific methodologies.

Allowance for Loan and Lease Losses

Our pooled expected loss methodology is based upon the quantification of risk parameters, such as PD, LGD and EAD for a loan, loan segment or lease. We also consider the impact of prepayments and amortization on contractual maturity in our expected loss estimates. We use historical credit loss information, current borrower risk characteristics and forecasted economic variables for the reasonable and supportable forecast period, coupled with analytical methods, to estimate these risk parameters by loan, loan segment or lease. PD, LGD and EAD parameters are calculated for each forecasted scenario and the long run average period, and combined to generate expected loss estimates by scenario. The following matrix provides key credit risk characteristics that we use to estimate these risk parameters.

Loan Class	Probability of Default	Loss Given Default	Exposure at Default
Commercial			
Commercial and industrial / Equipment lease financing	• For wholesale obligors: internal risk ratings based on borrower characteristics and industry • For retail small balance obligors: credit score, delinquency status, and product type	• Collateral type, collateral value, industry, size and outstanding exposure for secured loans • Capital structure, industry and size for unsecured loans • For retail small balance obligors, product type and credit scores	• Outstanding balances, commitment, contractual maturities and historical prepayment experience for loans • Current utilization and historical pre-default draw experience for lines
Commercial real estate (CRE)	• Property performance metrics, property type, market and risk pool for the forecast period • For the long run average period, internal risk ratings based on borrower characteristics	• Property values and anticipated liquidation costs	• Outstanding balances, commitment, contractual maturities and historical prepayment experience for loans
Consumer			
Home equity / Residential real estate	• Borrower credit scores, delinquency status, origination vintage, LTV and contractual maturity	• Collateral characteristics, LTV and costs to sell	• Outstanding balances, contractual maturities and historical prepayment experience for loans • Current utilization and historical pre-default draw experience for lines
Automobile	• Borrower credit scores, delinquency status, borrower income, LTV and contractual maturity	• New vs. used, LTV and borrower credit scores	• Outstanding balances, contractual maturities and historical prepayment experience
Credit card	• Borrower credit scores, delinquency status, utilization, payment behavior and months on book	• Borrower credit scores and credit line amount	• Pay-down curves are developed using a pro-rata method and estimated using borrower behavior segments, payment ratios and borrower credit scores
Education / Other consumer	• Net charge-off and pay-down rates are used to estimate expected losses in lieu of discrete risk parameters		

The following matrix describes the key economic variables that are consumed during our forecast period by loan class, as well as other assumptions that are used for our reversion and long run average approaches.

Loan Class	Forecast Period - Key Economic Variables	Reversion Method	Long Run Average
Commercial			
Commercial and industrial / Equipment lease financing	• GDP and Gross Domestic Investment measures, employment related variables and personal income and consumption measures	• Immediate reversion	• Average parameters determined based on internal and external historical data • Modeled parameters using long run economic conditions for retail small balance obligors
Commercial real estate (CRE)	• CRE Price Index, unemployment rates, GDP, corporate bond yield and interest rates	• Immediate reversion	• Average parameters determined based on internal and external historical data
Consumer			
Home equity / Residential real estate	• Unemployment rates, HPI and interest rates	• Straight-line over 3 years	• Modeled parameters using long run economic conditions
Automobile	• Unemployment rates, HPI, personal consumption expenditure and Manheim used car index	• Straight-line over 1 year	• Average parameters determined based on internal and external historical data
Credit card	• Unemployment rates, personal consumption expenditure and HPI	• Straight-line over 2 years	• Modeled parameters using long run economic conditions
Education / Other consumer	• Net charge-off and pay-down rates are used to estimate expected losses in lieu of discrete risk parameters		

After the forecast period, we revert to the long run average over the reversion period noted above, which is the period between the end of the forecast period and when losses are estimated to have completely reverted to the long run average.

Once we have developed a combined estimate of credit losses (*i.e.*, for the forecast period, reversion period and long run average) under each of the forecasted scenarios, we produce a probability-weighted credit loss estimate by loan class. We then add or deduct any qualitative components and other adjustments, such as individually assessed loans, to produce the ALLL. See the Individually Assessed Component and Qualitative Component discussions that follow in this Note 1 for additional information about those adjustments.

Discounted Cash Flow

Prior to January 1, 2023, we used a discounted cash flow methodology for our home equity and residential real estate loan classes. Effective January 1, 2023, we discontinued our use of a discounted cash flow methodology, and we now use a pooled expected loss methodology based upon the quantification of risk parameters, such as PD, LGD and EAD for a loan or loan segment. See Note 1 Accounting Policies in our 2022 Form 10-K for a description of our use of a discounted cash flow methodology prior to January 1, 2023.

Individually Assessed Component

Loans and leases that do not share similar risk characteristics with a pool of loans are individually assessed as follows:

- For commercial nonperforming loans greater than or equal to a defined dollar threshold, reserves are based on an analysis of the present value of the loan’s expected future cash flows or the fair value of the collateral, if appropriate under our policy for collateral dependent loans. Nonperforming commercial loans below the defined threshold are reserved for under a pooled basis.
- For consumer nonperforming loans classified as collateral dependent, charge-off and ALLL related to recovery of amounts previously charged-off are evaluated through an analysis of the fair value of the collateral less costs to sell.

Qualitative Component

While our reserve methodologies strive to reflect all relevant credit risk factors, there continues to be uncertainty associated with, but not limited to, potential imprecision in the estimation process due to the inherent time lag of obtaining information and normal variations between expected and actual outcomes. We may hold additional reserves that are designed to provide coverage for losses

attributable to such risks. The ACL also takes into account factors that may not be directly measured in the determination of individually assessed or pooled reserves. Such qualitative factors may include, but are not limited to:

- Industry concentrations and conditions,
- Changes in market conditions, including regulatory and legal requirements,
- Changes in the nature and volume of our portfolio,
- Recent credit quality trends,
- Recent loss experience in particular portfolios, including specific and unique events,
- Recent macroeconomic factors that may not be reflected in the forecast information,
- Limitations of available input data, including historical loss information and recent data such as collateral values,
- Model imprecision and limitations,
- Changes in lending policies and procedures, including changes in loss recognition and mitigation policies and procedures, and
- Timing of available information.

See Note 3 Loans and Related Allowance for Credit Losses for additional information about our loan portfolio and the related allowance.

Accrued Interest

When accrued interest is reversed or charged-off in a timely manner, the CECL standard provides a practical expedient to exclude accrued interest from ACL measurement. We consider our nonaccrual and charge-off policies to be timely for all of our investment securities, loans and leases, with the exception of consumer credit cards, education loans and certain unsecured consumer lines of credit. We consider the length of time before nonaccrual/charge-off and the use of appropriate other triggering events for nonaccrual and charge-offs in making this determination. Pursuant to these policy elections, we calculate reserves for accrued interest on credit cards, education loans and certain unsecured consumer lines of credit, which are then included within the ALLL. See the Debt Securities section of Note 1 Accounting Policies in our 2022 Form 10-K and the Nonperforming Loans and Leases section of this Note 1 for additional information on our nonaccrual and charge-off policies.

See Note 1 Accounting Policies in our 2022 Form 10-K for a description of the accounting policies related to the applicable reserves on accrued interest for our home equity and residential real estate loan classes prior to January 1, 2023.

Purchased Credit Deteriorated Loans or Securities

The allowance for PCD loans or securities is determined at the time of acquisition, as the estimated expected credit loss of the outstanding balance or par value, based on the methodologies described previously for loans and securities. In accordance with CECL, the allowance recognized at acquisition is added to the acquisition date purchase price to determine the asset's amortized cost basis.

Allowance for Unfunded Lending Related Commitments

We maintain the allowance for unfunded lending related commitments on off-balance sheet credit exposures that are not unconditionally cancelable (*e.g.*, unfunded loan commitments, letters of credit and certain financial guarantees), at a level we believe is appropriate as of the balance sheet date to absorb expected credit losses on these exposures. Other than the estimation of the probability of funding, this reserve is estimated in a manner similar to the methodology used for determining reserves for loans and leases. See the Allowance for Loan and Lease Losses section of this Note 1 for the key credit risk characteristics for unfunded lending related commitments. The allowance for unfunded lending related commitments is recorded as a liability on the Consolidated Balance Sheet. Net adjustments to this reserve are included in the provision for credit losses.

See Note 3 Loans and Related Allowance for Credit Losses for additional information about this allowance.

Recently Adopted Accounting Standards

Accounting Standards Update	Description	Financial Statement Impact
Reference Rate Reform - ASU 2020-04 Issued March 2020 **Reference Rate Reform Scope - ASU 2021-01** Issued January 2021 **Reference Rate Reform Deferral of Sunset Date – ASU 2022-06** Issued December 2022	• Provides optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform (codified in ASC 848). • Includes optional expedients related to contract modifications that allow an entity to account for modifications (if certain criteria are met) as if the modifications were only minor (assets within the scope of ASC 310, Receivables), were not substantial (assets within the scope of ASC 470, Debt) and/or did not result in remeasurements or reclassifications (assets within the scope of ASC 842, Leases, and other Topics) of the existing contract. • Includes optional expedients related to hedging relationships within the scope of ASC 815, Derivatives & Hedging, whereby changes to the critical terms of a hedging relationship do not require dedesignation if certain criteria are met. In addition, potential sources of ineffectiveness as a result of reference rate reform may be disregarded when performing some effectiveness assessments. • Includes optional expedients and exceptions for contract modifications and hedge accounting that apply to derivative instruments impacted by the market-wide discounting transition. • Guidance in these ASUs is effective as of March 12, 2020 through December 31, 2024.	• ASU 2020-04 was adopted March 12, 2020. ASU 2021-01 was retrospectively adopted October 1, 2020. ASU 2022-06 was adopted upon issuance. • Refer to Note 1 Accounting Policies in our 2022 Form 10-K for more information on elections of optional expedients that occurred in 2020, 2021 and 2022. • We did not make any additional elections for the first quarter of 2023. We expect to continue to elect various optional expedients for contract modifications and hedge relationships affected by reference rate reform through the effective date of this guidance.
Troubled Debt Restructurings and Vintage Disclosures - ASU 2022-02 Issued March 2022	• Eliminates the accounting guidance for TDRs and requires an entity to apply the loan refinancing and restructuring guidance to determine whether a modification results in a new loan or a continuation of an existing loan. • Eliminates the requirement to use a discounted cash flow approach to measure the allowance for credit losses for TDRs. • Enhances disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. • Requires disclosure of current-period gross charge-offs by year of origination for financing receivables and net investments in leases within the scope of CECL. • Requires a prospective transition approach to all amendments except those related to the recognition and measurement of TDRs (which allow the option to apply a modified retrospective transition approach through a cumulative-effect adjustment to retained earnings in the period of adoption).	• Adopted January 1, 2023 using a modified retrospective transition approach for the amendments related to the recognition and measurement of TDRs. • The impact of adoption resulted in a decrease to the beginning period ALLL of $35 million, resulting in an increase to Retained Earnings of $26 million, net of tax, as of January 1, 2023. • The presentation of our loan modification disclosures have been updated to reflect information on loan modifications given to borrowers experiencing financial difficulty and can be found within Note 3 Loans and Related Allowance for Credit Losses. TDR disclosures are presented for comparative periods only and are not required to be updated in current periods. Additionally, our vintage disclosure has been updated to reflect gross charge-offs by year of origination.

NOTE 2 INVESTMENT SECURITIES

The following table summarizes our available for sale and held to maturity portfolios by major security type:

Table 35: Investment Securities Summary (a)(b)

	March 31, 2023				December 31, 2022			
		Unrealized				Unrealized		
In millions	Amortized Cost (c)	Gains	Losses	Fair Value	Amortized Cost (c)	Gains	Losses	Fair Value
Securities Available for Sale								
U.S. Treasury and government agencies	$ 8,453	$ 14	$ (720)	$ 7,747	$ 9,196	$ 10	$ (836)	$ 8,370
Residential mortgage-backed								
Agency	31,510	25	(2,840)	28,695	32,114	13	(3,304)	28,823
Non-agency	675	123	(11)	787	697	131	(9)	819
Commercial mortgage-backed								
Agency	1,852	1	(148)	1,705	1,845		(170)	1,675
Non-agency	1,020		(65)	955	1,325		(69)	1,256
Asset-backed	393	28	(2)	419	103	27	(1)	129
Other	3,074	40	(202)	2,912	3,288	44	(245)	3,087
Total securities available for sale	$ 46,977	$ 231	$ (3,988)	$ 43,220	$ 48,568	$ 225	$ (4,634)	$ 44,159
Securities Held to Maturity								
U.S. Treasury and government agencies	$ 36,838	$ 32	$ (1,162)	$ 35,708	$ 36,571	$ 6	$ (1,617)	$ 34,960
Residential mortgage-backed								
Agency	45,191	134	(2,455)	42,870	45,271	74	(3,095)	42,250
Non-agency	272		(19)	253	276		(21)	255
Commercial mortgage-backed								
Agency	822	10	(19)	813	848	4	(26)	826
Non-agency	1,604	1	(31)	1,574	1,667		(40)	1,627
Asset-backed	6,884	13	(97)	6,800	7,188	6	(140)	7,054
Other	3,408	39	(40)	3,407	3,354	25	(72)	3,307
Total securities held to maturity (d)	$ 95,019	$ 229	$ (3,823)	$ 91,425	$ 95,175	$ 115	$ (5,011)	$ 90,279

(a) At March 31, 2023, the accrued interest associated with our held to maturity and available for sale portfolios totaled $257 million and $135 million, respectively. The comparable amounts at December 31, 2022 were $282 million and $144 million, respectively. These amounts are included in Other assets on the Consolidated Balance Sheet.
(b) Credit ratings represent a primary credit quality indicator used to monitor and manage credit risk. Of our total securities portfolio, 97% were rated AAA/AA at both March 31, 2023 and December 31, 2022.
(c) Amortized cost is presented net of allowance of $142 million for securities available for sale, primarily related to non-agency commercial mortgage-backed securities and $6 million for securities held to maturity at March 31, 2023. The comparable amounts at December 31, 2022 were $142 million and $7 million, respectively.
(d) Held to maturity securities transferred from available for sale are included in held to maturity at fair value at the time of the transfer. The amortized cost of held to maturity securities included net unrealized losses of $4.9 billion at March 31, 2023 related to securities transferred, which are offset in AOCI, net of tax.

The fair value of investment securities is impacted by interest rates, credit spreads, market volatility and liquidity conditions. Securities available for sale are carried at fair value with net unrealized gains and losses included in Total shareholders' equity as AOCI, unless credit-related. Net unrealized gains and losses are determined by taking the difference between the fair value of a security and its amortized cost, net of any allowance. Securities held to maturity are carried at amortized cost, net of any allowance. Investment securities at March 31, 2023 included $30 million of net unsettled sales that represent non-cash investing activity, and accordingly, are not reflected on the Consolidated Statement of Cash Flows. The comparable amount for March 31, 2022 was $0.8 billion of net unsettled purchases.

We maintain the allowance for investment securities at levels that we believe to be appropriate as of the balance sheet date to absorb expected credit losses on our portfolio. At March 31, 2023, the allowance for investment securities was $148 million and primarily related to non-agency commercial mortgage-backed securities in the available for sale portfolio. The comparable amount at December 31, 2022 was $149 million. See Note 1 Accounting Policies in our 2022 Form 10-K for a discussion of the methodologies used to determine the allowance for investment securities.

At March 31, 2023, AOCI included pretax losses of $305 million from derivatives that hedged the purchase of investment securities classified as held to maturity. The losses will be accreted to interest income as an adjustment of yield on the securities.

Table 36 presents the gross unrealized losses and fair value of securities available for sale that do not have an associated allowance for investment securities at March 31, 2023 and December 31, 2022. These securities are segregated between investments that had been in a continuous unrealized loss position for less than twelve months and twelve months or more, based on the point in time that the fair value declined below the amortized cost basis. All securities included in the table have been evaluated to determine if a credit loss exists. As part of that assessment, as of March 31, 2023, we concluded that we do not intend to sell and believe we will not be required to sell these securities prior to recovery of the amortized cost basis.

Table 36: Gross Unrealized Loss and Fair Value of Securities Available for Sale Without an Allowance for Credit Losses

	Unrealized loss position less than 12 months		Unrealized loss position 12 months or more		Total	
In millions	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value
March 31, 2023						
U.S. Treasury and government agencies	$ (55)	$ 1,316	$ (665)	$ 5,995	$ (720)	$ 7,311
Residential mortgage-backed						
Agency	(302)	6,475	(2,538)	20,353	(2,840)	26,828
Non-agency	(6)	93	(3)	30	(9)	123
Commercial mortgage-backed						
Agency	(20)	406	(128)	1,244	(148)	1,650
Non-agency	(8)	86	(46)	756	(54)	842
Asset-backed	(2)	253	(1)	11	(3)	264
Other	(10)	502	(161)	1,825	(171)	2,327
Total securities available for sale	$ (403)	$ 9,131	$ (3,542)	$ 30,214	$ (3,945)	$ 39,345
December 31, 2022						
U.S. Treasury and government agencies	$ (601)	$ 5,868	$ (235)	$ 2,208	$ (836)	$ 8,076
Residential mortgage-backed						
Agency	(1,744)	19,036	(1,560)	8,971	(3,304)	28,007
Non-agency	(6)	112	(2)	17	(8)	129
Commercial mortgage-backed						
Agency	(125)	1,283	(45)	372	(170)	1,655
Non-agency	(44)	750	(18)	394	(62)	1,144
Asset-backed			(1)	5	(1)	5
Other	(96)	1,418	(112)	1,144	(208)	2,562
Total securities available for sale	$ (2,616)	$ 28,467	$ (1,973)	$ 13,111	$ (4,589)	$ 41,578

Information related to gross realized securities gains and losses from the sales of securities is set forth in the following table:

Table 37: Gains (Losses) on Sales of Securities Available for Sale (a)

Three months ended March 31 In millions	Gross Gains	Gross Losses	Net Gains (Losses)	Tax Expense (Benefit)
2022	$ 11	$ (15)	$ (4)	$ (1)

(a) Amounts for the three months ended March 31, 2023 were less than $1 million.

The following table presents, by remaining contractual maturity, the amortized cost, fair value and weighted-average yield of debt securities at March 31, 2023:

Table 38: Contractual Maturity of Debt Securities

March 31, 2023 Dollars in millions	1 Year or Less	After 1 Year through 5 Years	After 5 Years through 10 Years	After 10 Years	Total
Securities Available for Sale					
U.S. Treasury and government agencies	$ 1,217	$ 3,400	$ 1,789	$ 2,047	$ 8,453
Residential mortgage-backed					
Agency	1	97	3,598	27,814	31,510
Non-agency			8	667	675
Commercial mortgage-backed					
Agency	64	443	924	421	1,852
Non-agency		120	100	800	1,020
Asset-backed		45	9	339	393
Other	308	2,084	528	154	3,074
Total securities available for sale at amortized cost	$ 1,590	$ 6,189	$ 6,956	$ 32,242	$ 46,977
Fair value	$ 1,574	$ 5,847	$ 6,419	$ 29,380	$ 43,220
Weighted-average yield, GAAP basis (a)	2.23 %	1.89 %	2.30 %	2.93 %	2.23 %
Securities Held to Maturity					
U.S. Treasury and government agencies	$ 1,927	$ 30,359	$ 3,634	$ 918	$ 36,838
Residential mortgage-backed					
Agency		9	326	44,856	45,191
Non-agency				272	272
Commercial mortgage-backed					
Agency		85	474	263	822
Non-agency		114		1,490	1,604
Asset-backed	7	2,145	2,132	2,600	6,884
Other	200	1,155	666	1,387	3,408
Total securities held to maturity at amortized cost	$ 2,134	$ 33,867	$ 7,232	$ 51,786	$ 95,019
Fair value	$ 2,107	$ 32,973	$ 6,986	$ 49,359	$ 91,425
Weighted-average yield, GAAP basis (a)	1.28 %	1.39 %	3.27 %	2.90 %	2.35 %

(a) Weighted-average yields are based on amortized cost with effective yields weighted for the contractual maturity of each security. Actual maturities and yields may differ as certain securities may be prepaid.

At March 31, 2023, there were no securities of a single issuer, other than FNMA and FHLMC, that exceeded 10% of Total shareholders' equity. The FNMA and FHLMC investments had a total amortized cost of $39.2 billion and $33.0 billion and fair value of $36.6 billion and $31.0 billion, respectively.

The following table presents the fair value of securities that have been either pledged to or accepted from others to collateralize outstanding borrowings:

Table 39: Fair Value of Securities Pledged and Accepted as Collateral

In millions	March 31, 2023	December 31, 2022
Pledged to others	$ 27,586	$ 24,708
Accepted from others:		
Permitted by contract or custom to sell or repledge	$ 1,357	$ 1,266
Permitted amount repledged to others	$ 1,357	$ 1,266

The securities pledged to others include positions held in our portfolio of investment securities, trading securities and securities accepted as collateral from others that we are permitted by contract or custom to sell or repledge, and were used to secure public and trust deposits, repurchase agreements and for other purposes. See Note 12 Financial Derivatives for information related to securities pledged and accepted as collateral for derivatives.

NOTE 3 LOANS AND RELATED ALLOWANCE FOR CREDIT LOSSES

Loan Portfolio

Our loan portfolio consists of two portfolio segments – Commercial and Consumer. Each of these segments comprises multiple loan classes. Classes are characterized by similarities in risk attributes and the manner in which we monitor and assess credit risk.

Commercial	Consumer
• Commercial and industrial	• Residential real estate
• Commercial real estate	• Home equity
• Equipment lease financing	• Automobile
	• Credit card
	• Education
	• Other consumer

See Note 1 Accounting Policies for additional information on our loan related policies.

Credit Quality

We closely monitor economic conditions and loan performance trends to manage and evaluate our exposure to credit risk within the loan portfolio based on our defined loan classes. In doing so, we use several credit quality indicators, including trends in delinquency rates, nonperforming status, analysis of PD and LGD ratings, updated credit scores and originated and updated LTV ratios.

The measurement of delinquency status is based on the contractual terms of each loan. Loans that are 30 days or more past due in terms of payment are considered delinquent. Loan delinquencies include government insured or guaranteed loans and loans accounted for under the fair value option.

Table 40 presents the composition and delinquency status of our loan portfolio at March 31, 2023 and December 31, 2022. We manage credit risk based on the risk profile of the borrower, repayment sources, underlying collateral and other support given current events, economic conditions and expectations. We refine our practices to meet the changing environment resulting from rising inflation levels, labor-related supply chain pressures, higher interest rates, and structural and secular changes fostered by the pandemic. To mitigate losses and enhance customer support, we offer loan modifications and collection programs to assist our customers. Under the CARES Act credit reporting rules, certain loans modified due to COVID-19 related hardships are not being reported as past due as of March 31, 2023 and December 31, 2022 based on the contractual terms of the loan, even where borrowers may not be making payments on their loans during the modification period.

Table 40: Analysis of Loan Portfolio (a) (b)

	Accruing							
Dollars in millions	Current or Less Than 30 Days Past Due	30-59 Days Past Due	60-89 Days Past Due	90 Days Or More Past Due	Total Past Due (c)	Nonperforming Loans	Fair Value Option Nonaccrual Loans (d)	Total Loans (e)(f)
March 31, 2023								
Commercial								
Commercial and industrial	$ 182,175	$ 119	$ 21	$ 134	$ 274	$ 548		$ 182,997
Commercial real estate	35,628	25	1		26	337		35,991
Equipment lease financing	6,380	33	5		38	6		6,424
Total commercial	224,183	177	27	134	338	891		225,412
Consumer								
Residential real estate	44,558	245	98	178	521 (c)	432	$ 556	46,067
Home equity	25,537	48	18		66	523	77	26,203
Automobile	14,676	79	18	5	102	145		14,923
Credit card	6,795	48	35	74	157	9		6,961
Education	2,019	35	21	56	112 (c)			2,131
Other consumer	4,738	13	8	9	30	10		4,778
Total consumer	98,323	468	198	322	988	1,119	633	101,063
Total	$ 322,506	$ 645	$ 225	$ 456	$ 1,326	$ 2,010	$ 633	$ 326,475
Percentage of total loans	98.78 %	0.20 %	0.07 %	0.14 %	0.41 %	0.62 %	0.19 %	100.00 %
December 31, 2022								
Commercial								
Commercial and industrial	$ 181,223	$ 169	$ 27	$ 137	$ 333	$ 663		$ 182,219
Commercial real estate	36,104	19	4		23	189		36,316
Equipment lease financing	6,484	20	4		24	6		6,514
Total commercial	223,811	208	35	137	380	858		225,049
Consumer								
Residential real estate	44,306	281	112	199	592 (c)	424	$ 567	45,889
Home equity	25,305	53	20		73	526	79	25,983
Automobile	14,543	106	25	7	138	155		14,836
Credit card	6,906	50	35	70	155	8		7,069
Education	2,058	34	22	59	115 (c)			2,173
Other consumer	4,975	15	12	10	37	14		5,026
Total consumer	98,093	539	226	345	1,110	1,127	646	100,976
Total	$ 321,904	$ 747	$ 261	$ 482	$ 1,490	$ 1,985	$ 646	$ 326,025
Percentage of total loans	98.73 %	0.23 %	0.08 %	0.15 %	0.46 %	0.61 %	0.20 %	100.00 %

(a) Amounts in table represent loans held for investment and do not include any associated ALLL.
(b) The accrued interest associated with our loan portfolio totaled $1.3 billion and $1.2 billion at March 31, 2023 and December 31, 2022, respectively. These amounts are included in Other assets on the Consolidated Balance Sheet.
(c) Past due loan amounts include government insured or guaranteed Residential real estate loans and Education loans totaling $0.3 billion and $0.1 billion at both March 31, 2023 and December 31, 2022, respectively.
(d) Consumer loans accounted for under the fair value option for which we do not expect to collect substantially all principal and interest are subject to nonaccrual accounting and classification upon meeting any of our nonaccrual policy criteria. Given that these loans are not accounted for at amortized cost, these loans have been excluded from the nonperforming loan population.
(e) Includes unearned income, unamortized deferred fees and costs on originated loans and premiums or discounts on purchased loans totaling $0.8 billion and $0.9 billion at March 31, 2023 and December 31, 2022, respectively.
(f) Collateral dependent loans totaled $1.2 billion and $1.3 billion at March 31, 2023 and December 31, 2022, respectively.

At March 31, 2023, we pledged $27.8 billion of commercial and other loans to the Federal Reserve Bank and $94.0 billion of residential real estate and other loans to the FHLB as collateral for the ability to borrow, if necessary. The comparable amounts at December 31, 2022 were $28.1 billion and $90.4 billion, respectively. Amounts pledged reflect the unpaid principal balances.

Nonperforming Assets

Nonperforming assets include nonperforming loans and leases, OREO and foreclosed assets. Nonperforming loans are those loans accounted for at amortized cost whose credit quality has deteriorated to the extent that full collection of contractual principal and interest is not probable. Interest income is not recognized on these loans. Loans accounted for under the fair value option are reported as performing loans; however, when nonaccrual criteria is met, interest income is not recognized on these loans. Additionally, certain government insured or guaranteed loans for which we expect to collect substantially all principal and interest are not reported as nonperforming loans and continue to accrue interest. See Note 1 Accounting Policies for additional information on our nonperforming loan and lease policies.

The following table presents our nonperforming assets as of March 31, 2023 and December 31, 2022, respectively:

Table 41: Nonperforming Assets

Dollars in millions	March 31, 2023	December 31, 2022
Nonperforming loans (a)		
Commercial	$ 891	$ 858
Consumer (b)	1,119	1,127
Total nonperforming loans (c)	2,010	1,985
OREO and foreclosed assets	38	34
Total nonperforming assets	$ 2,048	$ 2,019
Nonperforming loans to total loans	0.62 %	0.61 %
Nonperforming assets to total loans, OREO and foreclosed assets	0.63 %	0.62 %
Nonperforming assets to total assets	0.36 %	0.36 %

(a) In connection with the adoption of ASU 2022-02, nonperforming loans as of March 31, 2023 include certain loans where terms were modified as a result of a borrower's financial difficulty. Prior period amounts included nonperforming TDRs, for which accounting guidance was eliminated effective January 1, 2023. See Note 1 Accounting Policies and the Loan Modifications to Borrowers Experiencing Financial Difficulty section of this Note 3 for more information on our adoption of this ASU.
(b) Excludes most unsecured consumer loans and lines of credit, which are charged off after 120 to 180 days past due and are not placed on nonperforming status.
(c) Nonperforming loans for which there is no related ALLL totaled $0.6 billion at March 31, 2023 and primarily include loans with a fair value of collateral that exceeds the amortized cost basis. The comparable amount at December 31, 2022 was $0.7 billion.

Additional Credit Quality Indicators by Loan Class

Commercial Loan Classes

See Note 4 Loans and Related Allowance for Credit Losses in our 2022 Form 10-K for additional information related to these loan classes, including discussion around the credit quality indicators that we use to monitor and manage the credit risk associated with each loan class.

The following table presents credit quality indicators for our commercial loan classes:

Table 42: Commercial Credit Quality Indicators (a) (b)

March 31, 2023 In millions	Term Loans by Origination Year 2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Commercial and industrial									
Pass Rated	$ 7,365	$ 37,110	$ 10,730	$ 7,134	$ 5,534	$ 16,109	$ 91,552	$ 67	$ 175,601
Criticized	31	1,541	422	375	246	843	3,908	30	7,396
Total commercial and industrial loans	$ 7,396	$ 38,651	$ 11,152	$ 7,509	$ 5,780	$ 16,952	$ 95,460	$ 97	$ 182,997
Gross charge-offs (c)	$ 5	$ 4	$ 22	$ 4		$ 9	$ 55	5	$ 104
Commercial real estate									
Pass Rated	$ 672	$ 9,321	$ 4,043	$ 2,993	$ 5,477	$ 9,602	$ 350		$ 32,458
Criticized		280	98	322	653	2,177	3		3,533
Total commercial real estate loans	$ 672	$ 9,601	$ 4,141	$ 3,315	$ 6,130	$ 11,779	$ 353		$ 35,991
Gross charge-offs					$ 12				$ 12
Equipment lease financing									
Pass Rated	$ 325	$ 1,751	$ 909	$ 887	$ 619	$ 1,732			$ 6,223
Criticized	8	60	41	41	29	22			201
Total equipment lease financing loans	$ 333	$ 1,811	$ 950	$ 928	$ 648	$ 1,754			$ 6,424
Gross charge-offs			$ 1	$ 3					$ 4
Total commercial loans	$ 8,401	$ 50,063	$ 16,243	$ 11,752	$ 12,558	$ 30,485	$ 95,813	$ 97	$ 225,412
Total commercial gross charge-offs	$ 5	$ 4	$ 23	$ 7	$ 12	$ 9	$ 55	5	$ 120

December 31, 2022 In millions	Term Loans by Origination Year 2022	2021	2020	2019	2018	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Commercial and industrial									
Pass Rated	$ 41,685	$ 12,493	$ 8,134	$ 6,261	$ 4,209	$ 13,165	$ 89,384	$ 69	$ 175,400
Criticized	1,259	423	277	299	297	551	3,682	31	6,819
Total commercial and industrial	42,944	12,916	8,411	6,560	4,506	13,716	93,066	100	182,219
Commercial real estate									
Pass Rated	8,835	4,153	3,266	5,511	3,005	7,454	450		32,674
Criticized	348	37	322	758	807	1,367	3		3,642
Total commercial real estate	9,183	4,190	3,588	6,269	3,812	8,821	453		36,316
Equipment lease financing									
Pass Rated	1,797	962	942	670	410	1,495			6,276
Criticized	60	55	56	39	17	11			238
Total equipment lease financing	1,857	1,017	998	709	427	1,506			6,514
Total commercial	$ 53,984	$ 18,123	$ 12,997	$ 13,538	$ 8,745	$ 24,043	$ 93,519	$ 100	$ 225,049

(a) Loans in our commercial portfolio are classified as Pass Rated or Criticized based on the regulatory definitions, which are driven by the PD and LGD ratings that we assign. The Criticized classification includes loans that were rated special mention, substandard or doubtful as of March 31, 2023 and December 31, 2022.
(b) Gross charge-offs are presented on a year-to-date basis, as of the reporting date.
(c) Gross charge-offs for the 2023 origination year include deposit overdrafts.

Consumer Loan Classes

See Note 4 Loans and Related Allowance for Credit Losses in our 2022 Form 10-K for additional information related to these loan classes, including discussion around the credit quality indicators that we use to monitor and manage the credit risk associated with each loan class.

Residential Real Estate and Home Equity

The following table presents credit quality indicators for our residential real estate and home equity loan classes:

Table 43: Credit Quality Indicators for Residential Real Estate and Home Equity Loan Classes (a)

	Term Loans by Origination Year								
March 31, 2023 In millions	2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Residential real estate									
Current estimated LTV ratios									
Greater than 100%	$ 4	$ 41	$ 98	$ 36	$ 11	$ 46			$ 236
Greater than or equal to 80% to 100%	388	4,433	1,469	295	95	134			6,814
Less than 80%	804	5,983	14,606	6,818	2,273	7,780			38,264
No LTV available	43		23			3			69
Government insured or guaranteed loans	1	13	17	70	39	544			684
Total residential real estate loans	$ 1,240	$ 10,470	$ 16,213	$ 7,219	$ 2,418	$ 8,507			$ 46,067
Updated FICO scores									
Greater than or equal to 780	$ 520	$ 7,179	$ 12,230	$ 5,078	$ 1,533	$ 4,291			$ 30,831
720 to 779	556	2,656	2,957	1,364	511	1,651			9,695
660 to 719	87	541	768	404	182	868			2,850
Less than 660	9	64	133	121	91	807			1,225
No FICO score available	67	17	108	182	62	346			782
Government insured or guaranteed loans	1	13	17	70	39	544			684
Total residential real estate loans	$ 1,240	$ 10,470	$ 16,213	$ 7,219	$ 2,418	$ 8,507			$ 46,067
Gross charge-offs				$ 1		$ 2			$ 3
Home equity									
Current estimated LTV ratios									
Greater than 100%			$ 3	$ 15	$ 8	$ 17	$ 303	$ 217	$ 563
Greater than or equal to 80% to 100%			6	55	27	35	1,185	1,892	3,200
Less than 80%			167	2,020	928	2,976	7,227	9,122	22,440
Total home equity loans			$ 176	$ 2,090	$ 963	$ 3,028	$ 8,715	$ 11,231	$ 26,203
Updated FICO scores									
Greater than or equal to 780			$ 109	$ 1,297	$ 520	$ 1,839	$ 4,941	$ 5,823	$ 14,529
720 to 779			44	523	254	603	2,237	2,996	6,657
660 to 719			18	205	130	316	1,160	1,615	3,444
Less than 660			5	62	58	261	364	734	1,484
No FICO score available				3	1	9	13	63	89
Total home equity loans			$ 176	$ 2,090	$ 963	$ 3,028	$ 8,715	$ 11,231	$ 26,203
Gross charge-offs						$ 2		$ 4	$ 6

(Continued from previous page)

December 31, 2022 In millions	Term Loans by Origination Year 2022	2021	2020	2019	2018	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Residential real estate									
Current estimated LTV ratios									
Greater than 100%	$ 4	$ 52	$ 20	$ 10	$ 4	$ 41			$ 131
Greater than or equal to 80% to 100%	1,185	678	232	84	24	92			2,295
Less than 80%	9,396	15,844	7,074	2,346	822	7,220			42,702
No LTV available		61		3		4			68
Government insured or guaranteed loans	9	15	66	39	28	536			693
Total residential real estate	$ 10,594	$ 16,650	$ 7,392	$ 2,482	$ 878	$ 7,893			$ 45,889
Updated FICO scores									
Greater than or equal to 780	$ 6,825	$ 12,596	$ 5,276	$ 1,623	$ 463	$ 4,027			$ 30,810
720 to 779	3,172	3,024	1,369	476	180	1,457			9,678
660 to 719	514	744	378	189	98	796			2,719
Less than 660	63	108	110	88	71	740			1,180
No FICO score available	11	163	193	67	38	337			809
Government insured or guaranteed loans	9	15	66	39	28	536			693
Total residential real estate	$ 10,594	$ 16,650	$ 7,392	$ 2,482	$ 878	$ 7,893			$ 45,889
Home equity									
Current estimated LTV ratios									
Greater than 100%		$ 4	$ 14	$ 9	$ 2	$ 15	$ 268	$ 137	$ 449
Greater than or equal to 80% to 100%		4	51	27	4	31	854	1,149	2,120
Less than 80%		172	2,078	961	285	2,851	7,780	9,287	23,414
Total home equity		$ 180	$ 2,143	$ 997	$ 291	$ 2,897	$ 8,902	$ 10,573	$ 25,983
Updated FICO scores									
Greater than or equal to 780		$ 110	$ 1,357	$ 554	$ 155	$ 1,791	$ 5,093	$ 5,545	$ 14,605
720 to 779		47	515	248	64	567	2,305	2,843	6,589
660 to 719		19	211	140	42	288	1,146	1,449	3,295
Less than 660		4	57	54	29	242	342	671	1,399
No FICO score available			3	1	1	9	16	65	95
Total home equity		$ 180	$ 2,143	$ 997	$ 291	$ 2,897	$ 8,902	$ 10,573	$ 25,983

(a) Gross charge-offs are presented on a year-to-date basis, as of the reporting date.

Automobile, Credit Card, Education and Other Consumer

The following table presents credit quality indicators for our automobile, credit card, education and other consumer loan classes:

Table 44: Credit Quality Indicators for Automobile, Credit Card, Education and Other Consumer Loan Classes (a)

	Term Loans by Origination Year								
March 31, 2023 In millions	2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Automobile									
Updated FICO scores									
Greater than or equal to 780	$ 971	$ 1,982	$ 1,953	$ 800	$ 634	$ 234			$ 6,574
720 to 779	474	1,647	1,176	491	457	218			4,463
660 to 719	212	890	600	303	340	186			2,531
Less than 660	15	259	293	214	330	244			1,355
Total automobile loans	$ 1,672	$ 4,778	$ 4,022	$ 1,808	$ 1,761	$ 882			$ 14,923
Gross charge-offs		$ 5	$ 6	$ 5	$ 10	$ 7			$ 33
Credit card									
Updated FICO scores									
Greater than or equal to 780							$ 1,876	$ 1	$ 1,877
720 to 779							1,913	5	1,918
660 to 719							1,985	13	1,998
Less than 660							1,021	35	1,056
No FICO score available or required (b)							109	3	112
Total credit card loans							$ 6,904	$ 57	$ 6,961
Gross charge-offs							$ 67	$ 7	$ 74
Education									
Updated FICO scores									
Greater than or equal to 780	$ 2	$ 87	$ 51	$ 46	$ 57	$ 385			$ 628
720 to 779	9	55	27	23	29	161			304
660 to 719	7	19	8	8	9	65			116
Less than 660	2	2	1	1	2	25			33
No FICO score available or required (b)	5	8	6	5	2	1			27
Total loans using FICO credit metric	25	171	93	83	99	637			1,108
Other internal credit metrics						1,023			1,023
Total education loans	$ 25	$ 171	$ 93	$ 83	$ 99	$ 1,660			$ 2,131
Gross charge-offs					$ 1	$ 3			$ 4
Other consumer									
Updated FICO scores									
Greater than or equal to 780	$ 57	$ 203	$ 78	$ 41	$ 34	$ 24	$ 41	$ 2	$ 480
720 to 779	93	263	101	53	47	25	82	2	666
660 to 719	62	191	96	56	51	27	90	2	575
Less than 660		48	45	33	34	20	44	2	226
Total loans using FICO credit metric	212	705	320	183	166	96	257	8	1,947
Other internal credit metrics	6	126	36	36	75	29	2,502	21	2,831
Total other consumer loans	$ 218	$ 831	$ 356	$ 219	$ 241	$ 125	$ 2,759	$ 29	$ 4,778
Gross charge-offs (c)	$ 16	$ 3	$ 5	$ 4	$ 6	$ 4	$ 4		$ 42

(Continued from previous page) December 31, 2022 In millions	Term Loans by Origination Year 2022	2021	2020	2019	2018	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Updated FICO Scores									
Automobile									
Greater than or equal to 780	$ 2,390	$ 2,162	$ 922	$ 760	$ 241	$ 75			$ 6,550
720 to 779	1,702	1,312	561	538	222	69			4,404
660 to 719	854	660	341	401	187	56			2,499
Less than 660	193	290	230	368	228	74			1,383
Total automobile	$ 5,139	$ 4,424	$ 2,054	$ 2,067	$ 878	$ 274			$ 14,836
Credit card									
Greater than or equal to 780							$ 1,954	$ 2	$ 1,956
720 to 779							1,994	6	2,000
660 to 719							1,957	13	1,970
Less than 660							1,001	35	1,036
No FICO score available or required (b)							104	3	107
Total credit card							$ 7,010	$ 59	$ 7,069
Education									
Greater than or equal to 780	$ 42	$ 53	$ 48	$ 61	$ 51	$ 357			$ 612
720 to 779	39	27	24	30	24	143			287
660 to 719	21	8	8	9	8	59			113
Less than 660	4	1	1	2	2	24			34
No FICO score available or required (b)	20	8	7	3		1			39
Education loans using FICO credit metric	126	97	88	105	85	584			1,085
Other internal credit metrics						1,088			1,088
Total education	$ 126	$ 97	$ 88	$ 105	$ 85	$ 1,672			$ 2,173
Other consumer									
Greater than or equal to 780	$ 224	$ 97	$ 53	$ 46	$ 14	$ 18	$ 47	$ 2	$ 501
720 to 779	302	122	68	62	20	15	89	2	680
660 to 719	229	110	68	66	28	8	95	2	606
Less than 660	32	48	37	40	20	6	44	2	229
Other consumer loans using FICO credit metric	787	377	226	214	82	47	275	8	2,016
Other internal credit metrics	125	43	40	34	7	29	2,720	12	3,010
Total other consumer	$ 912	$ 420	$ 266	$ 248	$ 89	$ 76	$ 2,995	$ 20	$ 5,026

(a) Gross charge-offs are presented on a year-to-date basis, as of the reporting date.
(b) Loans with no FICO score available or required generally refers to new accounts issued to borrowers with limited credit history, accounts for which we cannot obtain an updated FICO score (*e.g.*, recent profile changes), cards issued with a business name and/or cards secured by collateral. Management proactively assesses the risk and size of this loan category and, when necessary, takes actions to mitigate the credit risk.
(c) Gross charge-offs for the 2023 origination year include deposit overdrafts.

Loan Modifications to Borrowers Experiencing Financial Difficulty

On January 1, 2023, we adopted ASU 2022-02, which eliminates the accounting guidance for TDRs and enhances the disclosure requirements for certain loan modifications when a borrower is experiencing financial difficulty.

We modify loans to borrowers experiencing financial difficulty as a result of our loss mitigation activities. A variety of solutions are offered to borrowers, including loan modifications that may result in principal forgiveness, interest rate reductions, term extensions, payment delays, or combinations thereof.

- Principal forgiveness includes principal and accrued interest forgiveness.
- Interest rate reductions include modifications where the interest rate is reduced and interest is deferred.
- Term extensions extend the original contractual maturity date of the loan.
- Payment delays consist of modifications where we expect to collect contractual amounts due, but that result in a delay in the receipt of payments specified under the original loan terms. We generally consider payment delays to be insignificant when the delay is three months or less.
- We also offer repayment plans for some of our credit card and unsecured line of credit products, which provide for a reduced payment and interest rate for a specific period of time.
- Additionally, modifications to borrowers experiencing financial difficulty also result from borrowers that have been discharged from personal liability through Chapter 7 bankruptcy and have not formally reaffirmed their obligations to us, and those that enter into trial modifications.

Loan modifications granted to borrowers experiencing financial difficulty exclude loans held for sale and loans accounted for under the fair value option. Government insured or guaranteed loans, commercial loans with an appraised value of collateral that exceeds the loan value, and loans with guarantor support are evaluated for inclusion in our disclosed population of loan modifications granted to borrowers experiencing financial difficulty, if the loan has been modified in the current period. Refer to Note 1 Accounting Policies for additional information around our adoption of ASU 2022-02.

The following table presents the amortized cost basis, as of March 31, 2023, of loans modified to borrowers experiencing financial difficulty during the three months ended March 31, 2023:

Table 45: Loan Modifications Granted to Borrowers Experiencing Financial Difficulty (a)

Three months ended March 31, 2023 Dollars in millions	Principal Forgiveness	Term Extension	Payment Delay	Repayment Plan	Interest Rate Reduction and Term Extension	Other (b)	Total	% of Loan Class
Commercial								
Commercial and industrial	$ 1	$ 198	$ 20			$ 5	$ 224	0.12 %
Commercial real estate		273					273	0.76 %
Total commercial	1	471	20			5	497	0.22 %
Consumer								
Residential real estate			46		$ 2	1	49	0.11 %
Home equity			1		2	2	5	0.02 %
Credit card				$ 13			13	0.19 %
Education		58					58	2.72 %
Other consumer				1			1	0.02 %
Total consumer		58	47	14	4	3	126	0.12 %
Total	$ 1	$ 529	$ 67	$ 14	$ 4	$ 8	$ 623	0.19 %

(a) At March 31, 2023, there were $0.1 billion of unfunded lending related commitments associated with loan modifications to borrowers experiencing financial difficulty.
(b) Includes loans where we have received notification that a borrower has filed for Chapter 7 bankruptcy relief, but specific instructions as to the terms of the relief have not been formally ruled upon by the court. Amounts also include trial modifications.

Table 46 presents the financial effect of the loan modifications made to borrowers experiencing financial difficulty during the three months ended March 31, 2023:

Table 46: Financial Effect of Modifications to Borrowers Experiencing Financial Difficulty (a)

Three months ended March 31, 2023 Dollars in millions	Total Principal Forgiveness	Weighted-Average Interest Rate Reduction	Weighted-Average Term Extension (in Months)	Weighted-Average Payment Delay (in Months)
Commercial				
Commercial and industrial	$ 2		5	2
Commercial real estate			13	
Consumer				
Residential real estate		1.71 %	145	8
Home equity		0.77 %	51	6
Education			27	

(a) Excludes the financial effects of modifications for loans that were paid off, charged-off or otherwise liquidated as of period end.

Repayment plans are excluded from Table 46. The terms of these programs, which are offered for certain credit card and unsecured line of credit products, are as follows:

- Short-term programs are granted for periods of 6 and 12 months. These programs are structurally similar such that the interest rate is reduced to a standard rate of 4.99% and the minimum payment percentage is adjusted to 1.90% of the outstanding balance. At the end of the 6 or 12 months, the borrower is returned to the original contractual interest rate and minimum payment amount specified in the original lending agreement.
- Fully-amortized repayment plans are also granted, the most common of which being a 60-month program. In this program, we convert the borrower's drawn and unpaid balances into a fully-amortized repayment plan consisting of an interest rate of 4.99% and a minimum payment amount of 1.90%. This fully-amortized program is designed in a manner that allows the drawn and unpaid amounts to be recaptured at the end of the 60 months.

After we modify a loan, we continue to track its performance under its most recent modified terms. The following table presents the performance, as of March 31, 2023, of loans that have been modified as a result of a borrower's financial difficulty during the three months ended March 31, 2023:

Table 47: Delinquency Status of Loans Modified to Borrowers Experiencing Financial Difficulty (a) (b)

Three months ended March 31, 2023 Dollars in millions	Current or Less Than 30 Days Past Due	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total
Commercial					
Commercial and industrial	$ 218	$ 5	$ 1	$	$ 224
Commercial real estate	273				273
Total commercial	491	5	1		497
Consumer					
Residential real estate	24	10	2	13	49
Home equity	4			1	5
Credit card	7	2	2	2	13
Education	54	2		2	58
Other consumer	1				1
Total consumer	90	14	4	18	126
Total	$ 581	$ 19	$ 5	$ 18	$ 623

(a) Represents amortized cost basis.
(b) Amounts include nonaccrual loans that were current or less than 30 days past due of $49 million and $18 million for the commercial and consumer portfolios, respectively. Nonaccrual amounts included in the table above that were 30 or more days delinquent totaled $5 million and $23 million for the commercial and consumer portfolios, respectively.

We generally consider loan modifications to borrowers experiencing financial difficulty to have subsequently defaulted when they become 60 days past due after the most recent date the loan was modified. Loans that were both (i) modified due to a financial difficulty during the period, and (ii) subsequently defaulted during the three months ended March 31, 2023 were not material.

Troubled Debt Restructuring Disclosures Prior to the Adoption of ASU 2022-02

Table 48 quantifies the number of loans that were classified as TDRs as well as the change in the loans' balance as a result of becoming a TDR during the three months ended March 31, 2022. Additionally, the table provides information about the types of TDR concession. See Note 1 Accounting Policies and Note 4 Loans and Related Allowance for Credit Losses in our 2022 Form 10-K for additional discussion of TDRs.

Table 48: Financial Impact and TDRs by Concession Type (a)

Three months ended March 31 Dollars in millions	Number of Loans	Pre-TDR Amortized Cost Basis (b)	Post-TDR Amortized Cost Basis (c) Principal Forgiveness	Rate Reduction	Other	Total
2022						
Commercial	12	$ 53			$ 46	$ 46
Consumer	2,895	36		$ 26	7	33
Total TDRs	2,907	$ 89		$ 26	$ 53	$ 79

(a) Impact of partial charge-offs at TDR date is included in this table.
(b) Represents the amortized cost basis of the loans as of the quarter end prior to TDR designation.
(c) Represents the amortized cost basis of the TDRs as of the end of the quarter in which the TDR occurred.

After a loan was determined to be a TDR, we continued to track its performance under its most recent restructured terms. We considered a TDR to have subsequently defaulted when it became 60 days past due after the most recent date the loan was restructured. Loans that were both (i) classified as TDRs within the last twelve months from the balance sheet date, and (ii) subsequently defaulted during the three months ended March 31, 2022 totaled $9 million.

Allowance for Credit Losses

We maintain the ACL related to loans at levels that we believe to be appropriate to absorb expected credit losses in the portfolios as of the balance sheet date. See Note 1 Accounting Policies for a discussion of the methodologies used to determine this allowance. A rollforward of the ACL related to loans follows:

Table 49: Rollforward of Allowance for Credit Losses

	Three months ended March 31					
	2023			2022		
In millions	Commercial	Consumer	Total	Commercial	Consumer	Total
Allowance for loan and lease losses						
Beginning balance	$ 3,114	$ 1,627	$ 4,741	$ 3,185	$ 1,683	$ 4,868
Adoption of ASU 2022-02 (a)		(35)	(35)			
Beginning balance, adjusted	3,114	1,592	4,706	3,185	1,683	4,868
Charge-offs	(120)	(162)	(282)	(52)	(199)	(251)
Recoveries	25	62	87	34	80	114
Net (charge-offs)	(95)	(100)	(195)	(18)	(119)	(137)
Provision for (recapture of) credit losses	25	204	229	(163)	(9)	(172)
Other	2	(1)	1	(1)		(1)
Ending balance	$ 3,046	$ 1,695	$ 4,741	$ 3,003	$ 1,555	$ 4,558
Allowance for unfunded lending related commitments (b)						
Beginning balance	$ 613	$ 81	$ 694	$ 564	$ 98	$ 662
Provision for (recapture of) credit losses	(53)	31	(22)	23	(46)	(23)
Ending balance	$ 560	$ 112	$ 672	$ 587	$ 52	$ 639
Allowance for credit losses at March 31 (c)	$ 3,606	$ 1,807	$ 5,413	$ 3,590	$ 1,607	$ 5,197

(a) Represents the impact of adopting ASU 2022-02 on January 1, 2023. As a result of adoption, we eliminated the accounting guidance for TDRs, including the use of a discounted cash flow approach to measure the allowance for TDRs.
(b) See Note 8 Commitments for additional information about the underlying commitments related to this allowance.
(c) Represents the ALLL plus allowance for unfunded lending related commitments and excludes allowances for investment securities and other financial assets, which together totaled $205 million and $158 million at March 31, 2023 and 2022, respectively.

The ACL related to loans totaled $5.4 billion at both March 31, 2023 and December 31, 2022. During the three months ended March 31, 2023, reserves reflected our updated economic assumptions and changes in portfolio composition and quality.

NOTE 4 LOAN SALE AND SERVICING ACTIVITIES AND VARIABLE INTEREST ENTITIES

Loan Sale and Servicing Activities

As more fully described in Note 5 Loan Sale and Servicing Activities and Variable Interest Entities in our 2022 Form 10-K, we have transferred residential and commercial mortgage loans in securitization or sales transactions in which we have continuing involvement. Our continuing involvement in the FNMA, FHLMC and GNMA securitizations, Non-agency securitizations and loan sale transactions generally consists of servicing, repurchasing previously transferred loans under certain conditions and loss share arrangements, and, in limited circumstances, holding of mortgage-backed securities issued by the securitization SPEs.

We earn servicing and other ancillary fees for our role as servicer and, depending on the contractual terms of the servicing arrangement, we can be terminated as servicer with or without cause. At the consummation date of each type of loan transfer where we retain the servicing, we recognize a servicing right at fair value. See Note 8 Commitments and Note 11 Fair Value for information on our servicing rights, including the carrying value of servicing assets.

The following table provides our loan sale and servicing activities:

Table 50: Loan Sale and Servicing Activities

In millions	Residential Mortgages	Commercial Mortgages (a)
Cash Flows - Three months ended March 31, 2023		
Sales of loans and related securitization activity (b)	$ 516	$ 954
Repurchases of previously transferred loans (c)	$ 29	$ 9
Servicing fees (d)	$ 128	$ 46
Servicing advances recovered/(funded), net	$ 28	$ (49)
Cash flows on mortgage-backed securities held (e)	$ 603	$ 12
Cash Flows - Three months ended March 31, 2022		
Sales of loans and related securitization activity (b)	$ 1,894	$ 910
Repurchases of previously transferred loans (c)	$ 48	$ 27
Servicing fees (d)	$ 93	$ 42
Servicing advances recovered/(funded), net	$ 32	$ 21
Cash flows on mortgage-backed securities held (e)	$ 1,296	$ 14

(a) Represents both commercial mortgage loan transfer and servicing activities.
(b) Gains/losses recognized on sales of loans were insignificant for the periods presented.
(c) Includes both residential and commercial mortgage government insured or guaranteed loans eligible for repurchase through the exercise of our ROAP option, as well as residential mortgage loans repurchased due to alleged breaches of origination covenants or representations and warranties made to purchasers.
(d) Includes contractually specified servicing fees, late charges and ancillary fees.
(e) Represents cash flows on securities where we transferred to and/or service loans for a securitization SPE and we hold securities issued by that SPE. The carrying values of such securities held were $21.6 billion, $21.4 billion and $18.9 billion in residential mortgage-backed securities and $0.7 billion, $0.7 billion and $0.8 billion in commercial mortgage-backed securities at March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

Table 51 presents information about the principal balances of transferred loans that we service and are not recorded on our Consolidated Balance Sheet. We would only experience a loss on these transferred loans if we were required to repurchase a loan, where the repurchase price exceeded the loan’s fair value, due to a breach in representations and warranties or a loss sharing arrangement associated with our continuing involvement with these loans. The estimate of losses related to breaches in representations and warranties was insignificant at March 31, 2023.

Table 51: Principal Balance, Delinquent Loans and Net Charge-offs Related to Serviced Loans For Others

In millions	Residential Mortgages	Commercial Mortgages (a)
March 31, 2023		
Total principal balance	$ 40,451	$ 58,186
Delinquent loans (b)	$ 322	
December 31, 2022		
Total principal balance	$ 41,031	$ 57,974
Delinquent loans (b)	$ 346	
Three months ended March 31, 2023		
Net charge-offs (c)	$ 2	$ 4
Three months ended March 31, 2022		
Net charge-offs (c)	$ 1	

(a) Represents information at the securitization level in which we have sold loans and we are the servicer for the securitization.
(b) Serviced delinquent loans are 90 days or more past due or are in process of foreclosure.

(c) Net charge-offs for Residential mortgages represent credit losses less recoveries distributed and as reported to investors during the period. Net charge-offs for commercial mortgages represent credit losses less recoveries distributed and as reported by the trustee for commercial mortgage-backed securitizations. Realized losses for Agency securitizations are not reflected as we do not manage the underlying real estate upon foreclosure and, as such, do not have access to loss information.

Variable Interest Entities (VIEs)

As discussed in Note 5 Loan Sale and Servicing Activities and Variable Interest Entities included in our 2022 Form 10-K, we are involved with various entities in the normal course of business that are deemed to be VIEs.

The following table provides a summary of non-consolidated VIEs with which we have significant continuing involvement but are not the primary beneficiary. We have excluded certain transactions with non-consolidated VIEs from the balances presented in Table 52 where we have determined that our continuing involvement is insignificant. We do not consider our continuing involvement to be significant when it relates to a VIE where we only invest in securities issued by the VIE and were not involved in the design of the VIE or where no transfers have occurred between us and the VIE. In addition, where we only have lending arrangements in the normal course of business with entities that could be VIEs, we have excluded these transactions with non-consolidated entities from the balances presented in Table 52. These loans are included as part of the credit quality disclosures that we make in Note 3 Loans and Related Allowance for Credit Losses.

Table 52: Non-Consolidated VIEs

In millions	PNC Risk of Loss (a)	Carrying Value of Assets Owned by PNC	Carrying Value of Liabilities Owned by PNC
March 31, 2023			
Mortgage-backed securitizations (b)	$ 22,925	$ 22,928 (c)	$ 1
Tax credit investments and other	4,338	4,171 (d)	2,032 (e)
Total	$ 27,263	$ 27,099	$ 2,033
December 31, 2022			
Mortgage-backed securitizations (b)	$ 22,666	$ 22,670 (c)	$ 1
Tax credit investments and other	4,411	4,240 (d)	2,063 (e)
Total	$ 27,077	$ 26,910	$ 2,064

(a) Represents loans, investments and other assets related to non-consolidated VIEs, net of collateral (if applicable). The risk of loss excludes any potential tax recapture associated with tax credit investments.
(b) Amounts reflect involvement with securitization SPEs where we transferred to and/or service loans for an SPE and we hold securities issued by that SPE. Values disclosed in the PNC Risk of Loss column represent our maximum exposure to loss for those securities' holdings.
(c) Included in Investment securities, Mortgage servicing rights and Other assets on our Consolidated Balance Sheet.
(d) Included in Investment securities, Loans, Equity investments and Other assets on our Consolidated Balance Sheet.
(e) Included in Deposits and Other liabilities on our Consolidated Balance Sheet.

We make certain equity investments in various tax credit limited partnerships or LLCs. The purpose of these investments is to achieve a satisfactory return on capital and to assist us in achieving goals associated with the Community Reinvestment Act. Within Income taxes, during both the three months ended March 31, 2023 and 2022, we recognized less than $0.1 billion of amortization, tax credits and other tax benefits associated with qualified investments in LIHTCs.

Note 5 Goodwill and Mortgage Servicing Rights

Goodwill

See Note 6 Goodwill and Mortgage Servicing Rights in our 2022 Form 10-K for more information regarding our goodwill.

Mortgage Servicing Rights

We recognize the right to service mortgage loans for others as an intangible asset when the benefits of servicing are expected to be more than adequate compensation to a servicer for performing the servicing. MSRs are recognized either when purchased or when originated loans are sold with servicing retained. MSRs totaled $3.3 billion at March 31, 2023 and $3.4 billion at December 31, 2022, and consisted of loan servicing contracts for commercial and residential mortgages which are measured at fair value.

We recognize gains (losses) on changes in the fair value of MSRs. MSRs are subject to changes in value from actual or expected prepayment of the underlying loans and defaults, as well as market driven changes in interest rates. We manage this risk by economically hedging the fair value of MSRs with securities, derivative instruments and resale agreements, which are expected to increase (or decrease) in value when the value of MSRs decreases (or increases).

See the Sensitivity Analysis section of this Note 5 for more detail on our fair value measurement of MSRs. See Note 6 Goodwill and Mortgage Servicing Rights and Note 15 Fair Value in our 2022 Form 10-K for more detail on our fair value measurement and our accounting of MSRs.

Changes in the commercial and residential MSRs follow:

Table 53: Mortgage Servicing Rights

	Commercial MSRs		Residential MSRs	
In millions	2023	2022	2023	2022
January 1	$ 1,113	$ 740	$ 2,310	$ 1,078
Additions:				
From loans sold with servicing retained	13	21	5	21
Purchases	8	8	18	76
Changes in fair value due to:				
Time and payoffs (a)	(82)	(34)	(53)	(60)
Other (b)	9	151	(48)	207
March 31	$ 1,061	$ 886	$ 2,232	$ 1,322
Related unpaid principal balance of loans serviced at March 31	$ 281,179	$ 278,040	$ 187,748	$ 134,515
Servicing advances at March 31	$ 470	$ 442	$ 137	$ 144

(a) Represents decrease in MSR value due to passage of time, including the impact from regularly scheduled loan principal payments, prepayments and loans that were paid off during the period.
(b) Represents MSR value changes resulting primarily from market-driven changes in interest rates.

Sensitivity Analysis

The fair value of commercial and residential MSRs and significant inputs to the valuation models as of March 31, 2023 and December 31, 2022 are shown in Tables 54 and 55. The expected and actual rates of mortgage loan prepayments are significant factors driving the fair value. Management uses both internal proprietary models and a third-party model to estimate future commercial mortgage loan prepayments and a third-party model to estimate future residential mortgage loan prepayments. These models have been refined based on current market conditions and management judgment. Future interest rates are another important factor in the valuation of MSRs. Management utilizes market implied forward interest rates to estimate the future direction of mortgage and discount rates. The forward rates utilized are derived from the current yield curve for U.S. dollar interest rate swaps and are consistent with pricing of capital markets instruments. Changes in the shape and slope of the forward curve in future periods may result in volatility in the fair value estimate.

A sensitivity analysis of the hypothetical effect on the fair value of MSRs to adverse changes in key assumptions is presented in Tables 54 and 55. These sensitivities do not include the impact of the related hedging activities. Changes in fair value generally cannot be extrapolated because the relationship of the change in the assumption to the change in fair value may not be linear. Also, the effect of a variation in a particular assumption on the fair value of the MSRs is calculated independently without changing any other assumption. In reality, changes in one factor may result in changes in another (*e.g.*, changes in mortgage interest rates, which drive changes in prepayment rate estimates, could result in changes in the interest rate spread), which could either magnify or counteract the sensitivities.

The following tables set forth the fair value of commercial and residential MSRs and the sensitivity analysis of the hypothetical effect on the fair value of MSRs to immediate adverse changes of 10% and 20% in those assumptions:

Table 54: Commercial Mortgage Servicing Rights – Key Valuation Assumptions

Dollars in millions	March 31, 2023	December 31, 2022
Fair value	$ 1,061	$ 1,113
Weighted-average life (years)	3.9	4.0
Weighted-average constant prepayment rate	4.39 %	4.28 %
Decline in fair value from 10% adverse change	$ 8	$ 8
Decline in fair value from 20% adverse change	$ 14	$ 15
Effective discount rate	9.54 %	9.77 %
Decline in fair value from 10% adverse change	$ 31	$ 34
Decline in fair value from 20% adverse change	$ 63	$ 68

Table 55: Residential Mortgage Servicing Rights – Key Valuation Assumptions

Dollars in millions	March 31, 2023	December 31, 2022
Fair value	$ 2,232	$ 2,310
Weighted-average life (years)	7.7	8.0
Weighted-average constant prepayment rate	7.22 %	6.72 %
Decline in fair value from 10% adverse change	$ 57	$ 55
Decline in fair value from 20% adverse change	$ 111	$ 107
Weighted-average option adjusted spread	768 bps	766 bps
Decline in fair value from 10% adverse change	$ 66	$ 69
Decline in fair value from 20% adverse change	$ 129	$ 134

Fees from mortgage loan servicing, which include contractually specified servicing fees, late fees and ancillary fees were $0.2 billion and $0.1 billion for the three months ended March 31, 2023 and 2022, respectively. We also generate servicing fees from fee-based activities provided to others for which we do not have an associated servicing asset. Fees from commercial and residential MSRs are reported within Noninterest income on our Consolidated Income Statement in Residential and commercial mortgage.

NOTE 6 LEASES

PNC's lessor arrangements primarily consist of direct financing, sales-type and operating leases for equipment. Lease agreements may include options to renew and for the lessee to purchase the leased equipment at the end of the lease term. For more information on lease accounting, see Note 1 Accounting Policies and Note 7 Leases in our 2022 Form 10-K.

Table 56: Lessor Income

	Three months ended March 31	
In millions	2023	2022
Sales-type and direct financing leases (a)	$ 70	$ 59
Operating leases (b)	16	17
Lease income	$ 86	$ 76

(a) Included in Loans interest income on the Consolidated Income Statement.
(b) Included in Lending and deposit services on the Consolidated Income Statement.

NOTE 7 BORROWED FUNDS

The following table shows the carrying value of total borrowed funds at March 31, 2023 (including adjustments related to accounting hedges, purchase accounting and unamortized original issuance discounts) by remaining contractual maturity:

Table 57: Borrowed Funds

In millions	
Less than 1 year	$ 5,423
1 to 2 years	23,403
2 to 3 years	13,230
3 to 4 years	3,924
4 to 5 years	2,341
Over 5 years	12,512
Total	$ 60,833

The following table presents the contractual rates and maturity dates of our FHLB borrowings, senior debt and subordinated debt as of March 31, 2023, and the carrying values as of March 31, 2023 and December 31, 2022.

Table 58: FHLB Borrowings, Senior Debt and Subordinated Debt

	Stated Rate	Maturity	Carrying Value	
Dollars in millions	2023	2023	2023	2022
Parent Company				
Senior debt	1.15% - 6.04%	2024-2034	$ 14,287	$ 11,374
Subordinated debt	3.90% - 4.63%	2024-2033	1,549	1,524
Junior subordinated debt	5.53 %	2028	205	205
Total Parent Company			16,041	13,103
Bank				
Federal Home Loan Bank borrowings (a)	5.00% - 5.24%	2023-2026	32,020	32,075
Senior debt	2.50% - 5.61%	2023-2043	5,335	5,283
Subordinated debt	2.70% - 5.90%	2023-2029	3,876	4,578
Total Bank			41,231	41,936
Total			$ 57,272	$ 55,039

(a) FHLB borrowings are generally collateralized by residential mortgage loans, other mortgage-related loans and investment securities.

In Table 58, the carrying values for Parent Company senior and subordinated debt include basis adjustments of $(557) million and $(47) million, respectively, whereas Bank senior and subordinated debt include basis adjustments of $(202) million and $(179) million, respectively, related to fair value accounting hedges as of March 31, 2023.

Certain borrowings are reported at fair value. Refer to Note 11 Fair Value for more information on those borrowings.

For further information regarding junior subordinated debentures refer to Note 10 Borrowed Funds in our 2022 Form 10-K.

NOTE 8 COMMITMENTS

In the normal course of business, we have various commitments outstanding, certain of which are not included on our Consolidated Balance Sheet. The following table presents our outstanding commitments to extend credit along with other commitments as of March 31, 2023 and December 31, 2022, respectively.

Table 59: Commitments to Extend Credit and Other Commitments

In millions	March 31, 2023	December 31, 2022
Commitments to extend credit		
Commercial	$ 194,702	$ 198,542
Home equity	23,668	22,783
Credit card	33,835	33,066
Other	7,623	7,337
Total commitments to extend credit	259,828	261,728
Net outstanding standby letters of credit (a)	11,017	10,575
Standby bond purchase agreements (b)	1,193	1,208
Other commitments (c)	3,426	3,661
Total commitments to extend credit and other commitments	$ 275,464	$ 277,172

(a) Net outstanding standby letters of credit include $3.9 billion and $3.6 billion at March 31, 2023 and December 31, 2022, respectively, which support remarketing programs.
(b) We enter into standby bond purchase agreements to support municipal bond obligations.
(c) Includes $2.0 billion and $2.2 billion related to investments in qualified affordable housing projects at March 31, 2023 and December 31, 2022, respectively.

Commitments to Extend Credit

Commitments to extend credit, or net unfunded loan commitments, represent arrangements to lend funds or provide liquidity subject to specified contractual conditions. These commitments generally have fixed expiration dates, may require payment of a fee, and generally contain termination clauses in the event the customer's credit quality deteriorates.

Net Outstanding Standby Letters of Credit

We issue standby letters of credit and share in the risk of standby letters of credit issued by other financial institutions, in each case to support obligations of our customers to third parties, such as insurance requirements and the facilitation of transactions involving capital markets product execution. Approximately 98% of our net outstanding standby letters of credit were rated as Pass at March 31, 2023, with the remainder rated as Criticized. An internal credit rating of Pass indicates the expected risk of loss is currently low, while a rating of Criticized indicates a higher degree of risk.

If the customer fails to meet its financial or performance obligation to the third party under the terms of the contract or there is a need to support a remarketing program, then upon a draw by a beneficiary, subject to the terms of the letter of credit, we would be obligated to make payment to them. The standby letters of credit outstanding on March 31, 2023 had terms ranging from less than one year to eight years.

As of March 31, 2023, assets of $1.3 billion secured certain specifically identified standby letters of credit. In addition, a portion of the remaining standby letters of credit issued on behalf of specific customers is also secured by collateral or guarantees that secure the customers' other obligations to us. The carrying amount of the liability for our obligations related to standby letters of credit and participations in standby letters of credit was $0.2 billion at March 31, 2023 and is included in Other liabilities on our Consolidated Balance Sheet.

NOTE 9 TOTAL EQUITY AND OTHER COMPREHENSIVE INCOME

Activity in total equity for the three months ended March 31, 2023 and 2022 is as follows:

Table 60: Rollforward of Total Equity

		Shareholders' Equity							
In millions	Shares Outstanding Common Stock	Common Stock	Capital Surplus - Preferred Stock	Capital Surplus - Common Stock and Other	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Non-controlling Interests	Total Equity
Three months ended									
Balance at December 31, 2021 (a)	420	$ 2,713	$ 5,009	$ 12,448	$ 50,228	$ 409	$ (15,112)	$ 31	$ 55,726
Net income					1,408			21	1,429
Other comprehensive income (loss), net of tax						(6,140)			(6,140)
Cash dividends declared - Common					(531)				(531)
Cash dividends declared - Preferred					(45)				(45)
Preferred stock discount accretion			2		(2)				
Treasury stock activity	(5)			45			(1,234)		(1,189)
Other				(17)				(17)	(34)
Balance at March 31, 2022 (a)	415	$ 2,713	$ 5,011	$ 12,476	$ 51,058	$ (5,731)	$ (16,346)	$ 35	$ 49,216
Balance at December 31, 2022 (a)	401	$ 2,714	$ 5,746	$ 12,630	$ 53,572	$ (10,172)	$ (18,716)	$ 38	$ 45,812
Cumulative effect of ASU adoptions (b)					26				26
Balance at January 1, 2023 (a)	401	$ 2,714	$ 5,746	$ 12,630	$ 53,598	$ (10,172)	$ (18,716)	$ 38	$ 45,838
Net income					1,677			17	1,694
Other comprehensive income (loss), net of tax						1,064			1,064
Cash dividends declared - Common					(607)				(607)
Cash dividends declared - Preferred					(68)				(68)
Preferred stock discount accretion			2		(2)				
Preferred stock issuance (c)			1,487						1,487
Treasury stock activity	(2)			70			(308)		(238)
Other				(71)				(25)	(96)
Balance at March 31, 2023 (a)	399	$ 2,714	$ 7,235	$ 12,629	$ 54,598	$ (9,108)	$ (19,024)	$ 30	$ 49,074

(a) The par value of our preferred stock outstanding was less than $0.5 million at each date and, therefore, is excluded from this presentation.
(b) Represents the cumulative effect of adopting ASU 2022-02.
(c) On February 7, 2023, PNC issued 1,500,000 depositary shares each representing 1/100th ownership in a share of 6.250% fixed-rate reset non-cumulative perpetual preferred stock, Series W, with a par value of $1 per share.

Details of other comprehensive income (loss) are as follows:

Table 61: Other Comprehensive Income (Loss)

	Three months ended March 31					
	2023			2022		
In millions	Pre-tax	Tax effect	After-tax	Pre-tax	Tax effect	After-tax
Debt securities						
Net unrealized gains (losses) on securities	$ 654	$ (154)	$ 500	$ (6,318)	$ 1,489	$ (4,829)
Less: Net realized gains (losses) reclassified to earnings (a)	(215)	51	(164)	(3)	1	(2)
Net change	869	(205)	664	(6,315)	1,488	(4,827)
Cash flow hedge derivatives						
Net unrealized gains (losses) on cash flow hedge derivatives	197	(46)	151	(1,656)	390	(1,266)
Less: Net realized gains (losses) reclassified to earnings (a)	(330)	78	(252)	102	(24)	78
Net change	527	(124)	403	(1,758)	414	(1,344)
Pension and other postretirement benefit plan adjustments						
Net pension and other postretirement benefit plan activity and other reclassified to earnings (b)	(10)	2	(8)	54	(13)	41
Net change	(10)	2	(8)	54	(13)	41
Other						
Net unrealized gains (losses) on other transactions	4	1	5	(3)	(7)	(10)
Net change	4	1	5	(3)	(7)	(10)
Total other comprehensive income (loss)	$ 1,390	$ (326)	$ 1,064	$ (8,022)	$ 1,882	$ (6,140)

(a) Reclassifications for pre-tax debt securities and cash flow hedges are recorded in Interest income and Noninterest income on the Consolidated Income Statement.
(b) Reclassifications include amortization of actuarial losses (gains) and amortization of prior period services costs (credits) which are recorded in Noninterest expense on the Consolidated Income Statement.

Table 62: Accumulated Other Comprehensive Income (Loss) Components

In millions, after-tax	Debt securities	Cash flow hedge derivatives	Pension and other postretirement benefit plan adjustments	Other	Total
<u>**Three months ended**</u>					
Balance at December 31, 2021	$ 589	$ (201)	$ 27	$ (6)	$ 409
Net activity	(4,827)	(1,344)	41	(10)	(6,140)
Balance at March 31, 2022 (a)	$ (4,238)	$ (1,545)	$ 68	$ (16)	$ (5,731)
Balance at December 31, 2022	$ (7,164)	$ (2,705)	$ (251)	$ (52)	$(10,172)
Net activity	664	403	(8)	5	1,064
Balance at March 31, 2023 (a)	$ (6,500)	$ (2,302)	$ (259)	$ (47)	$ (9,108)

(a) AOCI included pretax losses of $305 million and $22 million from derivatives that hedged the purchase of investment securities classified as held to maturity at March 31, 2023, and March 31, 2022, respectively.

The following table provides the dividends per share for PNC's common and preferred stock:

Table 63: Dividends Per Share (a)

	Three months ended March 31	
	2023	2022
Common Stock	$ 1.50	$ 1.25
Preferred Stock		
Series B	$ 0.45	$ 0.45
Series O	$ 2,074	$ 974
Series P		$ 1,531
Series T	$ 850	$ 850
Series U	$ 1,500	
Series V	$ 1,550	

(a) Dividends are payable quarterly. On February 7, 2023, PNC issued 1,500,000 depositary shares each representing 1/100th ownership in a share of 6.250% fixed-rate reset non-cumulative perpetual preferred stock, Series W, with a par value of $1 per share. Beginning on June 15, 2023, dividends will be paid quarterly in arrears on the Series W preferred stock (March 15, June 15, September 15 and December 15 of each year).

On April 3, 2023, the PNC Board of Directors declared a quarterly cash dividend on common stock of $1.50 per share, payable on May 5, 2023.

Note 10 Earnings Per Share

Table 64: Basic and Diluted Earnings Per Common Share

In millions, except per share data	Three months ended March 31 2023	2022
Basic		
Net income	$ 1,694	$ 1,429
Less:		
Net income attributable to noncontrolling interests	17	21
Preferred stock dividends	68	45
Preferred stock discount accretion and redemptions	2	2
Net income attributable to common shareholders	1,607	1,361
Less: Dividends and undistributed earnings allocated to nonvested restricted shares	8	6
Net income attributable to basic common shareholders	$ 1,599	$ 1,355
Basic weighted-average common shares outstanding	401	420
Basic earnings per common share (a)	$ 3.98	$ 3.23
Diluted		
Net income attributable to diluted common shareholders	$ 1,599	$ 1,355
Basic weighted-average common shares outstanding	401	420
Dilutive potential common shares	1	
Diluted weighted-average common shares outstanding	402	420
Diluted earnings per common share (a)	$ 3.98	$ 3.23

(a) Basic and diluted earnings per share under the two-class method are determined on net income reported on the income statement less earnings allocated to nonvested restricted shares and restricted share units with nonforfeitable dividends and dividend rights (participating securities).

NOTE 11 FAIR VALUE

Fair Value Measurement

We measure certain financial assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability on the measurement date and is determined using an exit price in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. The fair value hierarchy established by GAAP requires us to maximize the use of observable inputs when measuring fair value. For more information regarding the fair value hierarchy, see Note 15 Fair Value in our 2022 Form 10-K.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

For more information on the valuation methodologies used to measure assets and liabilities at fair value on a recurring basis, see Note 15 Fair Value in our 2022 Form 10-K. The following table summarizes our assets and liabilities measured at fair value on a recurring basis, including instruments for which we have elected the fair value option.

Table 65: Fair Value Measurements – Recurring Basis Summary

	March 31, 2023				December 31, 2022			
In millions	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value
Assets								
Residential mortgage loans held for sale		$ 385	$ 242	$ 627		$ 411	$ 243	$ 654
Commercial mortgage loans held for sale		285	32	317		243	33	276
Securities available for sale								
U.S. Treasury and government agencies	$ 7,500	247		7,747	$ 8,108	262		8,370
Residential mortgage-backed								
Agency		28,695		28,695		28,823		28,823
Non-agency			787	787			819	819
Commercial mortgage-backed								
Agency		1,705		1,705		1,675		1,675
Non-agency		952	3	955		1,253	3	1,256
Asset-backed		298	121	419		5	124	129
Other		2,859	53	2,912		3,032	55	3,087
Total securities available for sale	7,500	34,756	964	43,220	8,108	35,050	1,001	44,159
Loans		530	757	1,287		541	769	1,310
Equity investments (a)	1,092		1,835	3,127	1,173		1,778	3,147
Residential mortgage servicing rights			2,232	2,232			2,310	2,310
Commercial mortgage servicing rights			1,061	1,061			1,113	1,113
Trading securities (b)	528	1,797		2,325	798	1,168		1,966
Financial derivatives (b) (c)	15	3,119	19	3,153	16	3,747	5	3,768
Other assets	374	65		439	352	80		432
Total assets (d)	$ 9,509	$ 40,937	$ 7,142	$ 57,788	$ 10,447	$ 41,240	$ 7,252	$ 59,135
Liabilities								
Other borrowed funds	$ 1,331	$ 68	$ 5	$ 1,404	$ 1,230	$ 232	$ 4	$ 1,466
Financial derivatives (c) (e)	7	6,012	97	6,116	4	7,491	123	7,618
Other liabilities			229	229			294	294
Total liabilities (f)	$ 1,338	$ 6,080	$ 331	$ 7,749	$ 1,234	$ 7,723	$ 421	$ 9,378

(a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.
(b) Included in Other assets on the Consolidated Balance Sheet.
(c) Amounts at March 31, 2023 and December 31, 2022 are presented gross and are not reduced by the impact of legally enforceable master netting agreements that allow us to net positive and negative positions and cash collateral held or placed with the same counterparty. See Note 12 Financial Derivatives for additional information related to derivative offsetting.
(d) Total assets at fair value as a percentage of total consolidated assets was 10% and 11% as of March 31, 2023 and December 31, 2022, respectively. Level 3 assets as a percentage of total assets at fair value was 12% at both March 31, 2023 and December 31, 2022. Level 3 assets as a percentage of total consolidated assets was 1% at both March 31, 2023 and December 31, 2022.
(e) Included in Other liabilities on the Consolidated Balance Sheet.
(f) Total liabilities at fair value as a percentage of total consolidated liabilities was 2% at both March 31, 2023 and December 31, 2022. Level 3 liabilities as a percentage of total liabilities at fair value was 4% at both March 31, 2023 and December 31, 2022. Level 3 liabilities as a percentage of total consolidated liabilities was less than 1% at both March 31, 2023 and December 31, 2022.

Reconciliations of assets and liabilities measured at fair value on a recurring basis using Level 3 inputs for the three months ended March 31, 2023 and 2022 are as follows:

Table 66: Reconciliation of Level 3 Assets and Liabilities

Three Months Ended March 31, 2023

Level 3 Instruments Only In millions	Fair Value Dec. 31, 2022	Total realized / unrealized gains or losses for the period (a) Included in Earnings	 Included in Other comprehensive income (b)	Purchases	Sales	Issuances	Settlements	Transfers into Level 3	Transfers out of Level 3	Fair Value Mar. 31, 2023	Unrealized gains / losses for the period on assets and liabilities held on Consolidated Balance Sheet at Mar. 31, 2023 (a) (c)
Assets											
Residential mortgage loans held for sale	$ 243	$ 4		$ 6	$ (1)		$ (5)	$ 3	$ (8)	$ 242	$ 3
Commercial mortgage loans held for sale	33	(1)								32	
Securities available for sale											
Residential mortgage-backed non-agency	819	4	$ (10)				(26)			787	
Commercial mortgage-backed non-agency	3									3	
Asset-backed	124		1				(4)			121	
Other	55		(4)				(1)	3		53	
Total securities available for sale	1,001	4	(13)				(31)	3		964	
Loans	769	3		9			(22)		(2)	757	3
Equity investments	1,778	121		140	(70)				(134) (d)	1,835	117
Residential mortgage servicing rights	2,310	(48)		18		$ 5	(53)			2,232	(47)
Commercial mortgage servicing rights	1,113	9		8		13	(82)			1,061	9
Financial derivatives	5	17		1			(4)			19	17
Total assets	$ 7,252	$ 109	$ (13)	$ 182	$ (71)	$ 18	$ (197)	$ 6	$ (144)	$7,142	$ 102
Liabilities											
Other borrowed funds	$ 4					$ 3	$ (2)			$ 5	
Financial derivatives	123	$ 39			$ 2		(67)			97	$ 42
Other liabilities	294	24				18	(107)			229	20
Total liabilities	$ 421	$ 63			$ 2	$ 21	$ (176)			$ 331	$ 62
Net gains (losses)		$ 46 (e)									$ 40 (f)

(Continued from previous page)

Three Months Ended March 31, 2022

Level 3 Instruments Only In millions	Fair Value Dec. 31, 2021	Total realized / unrealized gains or losses for the period (a): Included in Earnings	Total realized / unrealized gains or losses for the period (a): Included in Other comprehensive income (b)	Purchases	Sales	Issuances	Settlements	Transfers into Level 3	Transfers out of Level 3	Fair Value Mar. 31, 2022	Unrealized gains/ losses on assets and liabilities held on Consolidated Balance Sheet at Mar. 31, 2022 (a) (c)
Assets											
Residential mortgage loans held for sale	$ 81	$ (1)		$ 37	$ (2)		$ (5)	$ 5	$ (7) (e)	$ 108	$ (1)
Commercial mortgage loans held for sale	49	(4)								45	(3)
Securities available for sale											
Residential mortgage-backed non-agency	1,097	8	$ (23)				(63)			1,019	
Commercial mortgage-backed non-agency	3									3	
Asset-backed	163		(4)				(7)			152	
Other	69		(1)	1			(3)			66	
Total securities available for sale	1,332	8	(28)	1			(73)			1,240	
Loans	884	11		13	(7)		(49)		(1) (e)	851	11
Equity investments	1,680	53		29	(11)					1,751	53
Residential mortgage servicing rights	1,078	207		76		$ 21	(60)			1,322	208
Commercial mortgage servicing rights	740	151		8		21	(34)			886	151
Financial derivatives	38	(13)		1			(16)			10	2
Total assets	$ 5,882	$ 412	$ (28)	$ 165	$ (20)	$ 42	$ (237)	$ 5	$ (8)	$ 6,213	$ 421
Liabilities											
Other borrowed funds	$ 3					$ 2	$ (2)			$ 3	
Financial derivatives	285	$ 5			$ 3		(59)			234	$ 8
Other liabilities	175	7				71	(95)			158	6
Total liabilities	$ 463	$ 12			$ 3	$ 73	$ (156)			$ 395	$ 14
Net gains (losses)		$ 400 (f)									$ 407 (g)

(a) Losses for assets are bracketed while losses for liabilities are not.
(b) The difference in unrealized gains and losses for the period included in Other comprehensive income and changes in unrealized gains and losses for the period included in Other comprehensive income for securities available for sale held at the end of the reporting period were insignificant.
(c) The amount of the total gains or losses for the period included in earnings that is attributable to the change in unrealized gains or losses related to those assets and liabilities held at the end of the reporting period.
(d) Transfers out of Level 3 during the current period were due to valuation methodology changes for certain private company investments. See Note 1 Accounting Policies in our 2022 Form 10-K for more information on our accounting for private company investments.
(e) Residential mortgage loan transfers out of Level 3 are primarily driven by residential mortgage loans transferring to OREO as well as reclassification of mortgage loans held for sale to held for investment.
(f) Net gains (losses) realized and unrealized included in earnings related to Level 3 assets and liabilities included amortization and accretion. The amortization and accretion amounts were included in Interest income on the Consolidated Income Statement and the remaining net gains (losses) realized and unrealized were included in Noninterest income on the Consolidated Income Statement.
(g) Net unrealized gains (losses) related to assets and liabilities held at the end of the reporting period were included in Noninterest income on the Consolidated Income Statement.

Quantitative information about the significant unobservable inputs within Level 3 recurring assets and liabilities follows:

Table 67: Fair Value Measurements – Recurring Quantitative Information

March 31, 2023

Level 3 Instruments Only Dollars in millions	Fair Value	Valuation Techniques	Unobservable Inputs	Range (Weighted-Average) (a)
Commercial mortgage loans held for sale	$ 32	Discounted cash flow	Spread over the benchmark curve (b)	600bps - 2,490bps (1,124bps)
Residential mortgage-backed non-agency securities	787	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 27.9% (5.1%)
			Constant default rate	0.0% - 10.0% (3.1%)
			Loss severity	15.0% - 83.3% (45.8%)
			Spread over the benchmark curve (b)	298bps weighted-average
Asset-backed securities	121	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 40.0% (7.3%)
			Constant default rate	0.0% - 7.3% (2.1%)
			Loss severity	20.0% - 100.0% (49.0%)
			Spread over the benchmark curve (b)	318bps weighted-average
Loans - Residential real estate - Uninsured	560	Consensus pricing (c)	Cumulative default rate	3.6% - 100.0% (63.1%)
			Loss severity	0.0% - 100.0% (6.0%)
			Discount rate	5.5% - 7.5% (5.8%)
Loans - Residential real estate	78	Discounted cash flow	Loss severity	6.0% weighted-average
			Discount rate	7.7% weighted-average
Loans - Home equity - First-lien	23	Consensus pricing (c)	Cumulative default rate	3.6% -100.0% (70.2%)
			Loss severity	0.0% - 100.0% (15.3%)
			Discount rate	5.5% - 7.5% (6.5%)
Loans - Home equity	96	Consensus pricing (c)	Credit and liquidity discount	0.4% - 100.0% (45.4%)
Equity investments	1,835	Multiple of adjusted earnings	Multiple of earnings	4.0x - 25.0x (9.6x)
Residential mortgage servicing rights	2,232	Discounted cash flow	Constant prepayment rate	0.0% - 37.7% (7.2%)
			Spread over the benchmark curve (b)	254bps - 1,719bps (768bps)
Commercial mortgage servicing rights	1,061	Discounted cash flow	Constant prepayment rate	4.0% - 11.4% (4.4%)
			Discount rate	7.6% - 9.8% (9.5%)
Financial derivatives - Swaps related to sales of certain Visa Class B common shares	(86)	Discounted cash flow	Estimated conversion factor of Visa Class B shares into Class A shares	159.9% weighted-average
			Estimated annual growth rate of Visa Class A share price	16.0%
			Estimated length of litigation resolution date	Q3 2023
Insignificant Level 3 assets, net of liabilities (d)	72			
Total Level 3 assets, net of liabilities (e)	$ 6,811			

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Level 3 Instruments Only Dollars in millions	Fair Value	Valuation Techniques	Unobservable Inputs	Range (Weighted-Average) (a)
Commercial mortgage loans held for sale	$ 33	Discounted cash flow	Spread over the benchmark curve (b)	585bps - 2,465bps (959bps)
Residential mortgage-backed non-agency securities	819	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 27.9% (9.9%)
			Constant default rate	0.0% - 13.0% (4.0%)
			Loss severity	15.0% - 80.0% (46.1%)
			Spread over the benchmark curve (b)	289bps weighted-average
Asset-backed securities	124	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 40.0% (7.5%)
			Constant default rate	0.0% - 7.3% (2.1%)
			Loss severity	20.0% - 100.0% (49.0%)
			Spread over the benchmark curve (b)	296bps weighted-average
Loans - Residential real estate - Uninsured	570	Consensus pricing (c)	Cumulative default rate	3.6% - 100.0% (66.2%)
			Loss severity	0.0% - 100.0% (6.2%)
			Discount rate	5.5% - 7.5% (5.9%)
Loans - Residential real estate	76	Discounted cash flow	Loss severity	6.0% weighted-average
			Discount rate	7.9% weighted-average
Loans - Home equity	25	Consensus pricing (c)	Cumulative default rate	3.6% - 100.0% (72.5%)
			Loss severity	0.0% - 100.0% (15.3%)
			Discount rate	5.5% - 7.5% (6.5%)
Loans - Home equity	98	Consensus pricing (c)	Credit and Liquidity discount	0.4% - 100.0% (46.2%)
Equity investments	1,778	Multiple of adjusted earnings	Multiple of earnings	4.5x - 25.0x (9.1x)
Residential mortgage servicing rights	2,310	Discounted cash flow	Constant prepayment rate	0.0% - 34.5% (6.7%)
			Spread over the benchmark curve (b)	254bps - 1,653bps (766bps)
Commercial mortgage servicing rights	1,113	Discounted cash flow	Constant prepayment rate	3.9% - 9.8% (4.3%)
			Discount rate	7.8% - 10.1% (9.8%)
Financial derivatives - Swaps related to sales of certain Visa Class B common shares	(107)	Discounted cash flow	Estimated conversion factor of Visa Class B shares into Class A shares	160.6% weighted-average
			Estimated annual growth rate of Visa Class A share price	16.0%
			Estimated length of litigation resolution date	Q2 2023
Insignificant Level 3 assets, net of liabilities (d)	(8)			
Total Level 3 assets, net of liabilities (e)	$ 6,831			

(a) Unobservable inputs were weighted by the relative fair value of the instruments.
(b) The assumed yield spread over the benchmark curve for each instrument is generally intended to incorporate non-interest rate risks, such as credit and liquidity risks.
(c) Consensus pricing refers to fair value estimates that are generally internally developed using information such as dealer quotes or other third-party provided valuations or comparable asset prices.
(d) Represents the aggregate amount of Level 3 assets and liabilities measured at fair value on a recurring basis that are individually and in the aggregate insignificant. The amount includes certain financial derivative assets and liabilities, trading securities, other securities, residential mortgage loans held for sale, other assets, other borrowed funds and other liabilities.
(e) Consisted of total Level 3 assets of $7.1 billion and total Level 3 liabilities of $0.3 billion as of March 31, 2023 and $7.3 billion and $0.4 billion as of December 31, 2022, respectively.

Financial Assets Accounted for at Fair Value on a Nonrecurring Basis

We may be required to measure certain financial assets at fair value on a nonrecurring basis. These adjustments to fair value usually result from the application of lower of amortized cost or fair value accounting or write-downs of individual assets due to impairment and are included in Table 68. For more information regarding the valuation methodologies of our financial assets measured at fair value on a nonrecurring basis, see Note 15 Fair Value in our 2022 Form 10-K.

Assets measured at fair value on a nonrecurring basis follow:

Table 68: Fair Value Measurements – Nonrecurring (a) (b) (c)

In millions	Fair Value March 31 2023	Fair Value December 31 2022	Gains (Losses) Three months ended March 31 2023	Gains (Losses) Three months ended March 31 2022
Assets				
Nonaccrual loans	$ 310	$ 280	$ (79)	$ (24)
Equity investments	77	135	(5)	(6)
OREO and foreclosed assets	7	10		
Long-lived assets	11	23	(5)	(1)
Total assets	$ 405	$ 448	$ (89)	$ (31)

(a) All Level 3 for the periods presented, except for $37 million and $42 million included in Equity investments which were categorized as Level 1 as of March 31, 2023 and December 31, 2022, respectively.
(b) Valuation techniques applied were fair value of property or collateral.
(c) Unobservable inputs used were appraised value/sales price, broker opinions or projected income/required improvement costs. Additional quantitative information was not meaningful for the periods presented.

Financial Instruments Accounted for under Fair Value Option

We elect the fair value option to account for certain financial instruments. For more information on these financial instruments for which the fair value option election has been made, see Note 15 Fair Value in our 2022 Form 10-K.

Fair values and aggregate unpaid principal balances of items for which we elected the fair value option are as follows:

Table 69: Fair Value Option – Fair Value and Principal Balances

In millions	March 31, 2023 Fair Value	March 31, 2023 Aggregate Unpaid Principal Balance	March 31, 2023 Difference	December 31, 2022 Fair Value	December 31, 2022 Aggregate Unpaid Principal Balance	December 31, 2022 Difference
Assets						
Residential mortgage loans held for sale						
Accruing loans less than 90 days past due	$ 586	$ 607	$ (21)	$ 609	$ 633	$ (24)
Accruing loans 90 days or more past due	4	4		5	5	
Nonaccrual loans	37	45	(8)	40	49	(9)
Total	$ 627	$ 656	$ (29)	$ 654	$ 687	$ (33)
Commercial mortgage loans held for sale (a)						
Accruing loans less than 90 days past due	$ 302	$ 307	$ (5)	$ 261	$ 256	$ 5
Nonaccrual loans	15	44	(29)	15	44	(29)
Total	$ 317	$ 351	$ (34)	$ 276	$ 300	$ (24)
Loans						
Accruing loans less than 90 days past due	$ 513	$ 526	$ (13)	$ 509	$ 521	$ (12)
Accruing loans 90 days or more past due	141	151	(10)	155	167	(12)
Nonaccrual loans	633	863	(230)	646	880	(234)
Total	$ 1,287	$ 1,540	$ (253)	$ 1,310	$ 1,568	$ (258)
Other assets	$ 65	$ 71	$ (6)	$ 80	$ 80	$
Liabilities						
Other borrowed funds	$ 33	$ 33		$ 31	$ 32	$ (1)
Other liabilities	$ 127		$ 127	$ 196		$ 196

(a) There were no accruing loans 90 days or more past due within this category at March 31, 2023 or December 31, 2022.

The changes in fair value for items for which we elected the fair value option are as follows:

Table 70: Fair Value Option – Changes in Fair Value (a)

	Gains (Losses) Three months ended	
In millions	March 31 2023	March 31 2022
Assets		
Residential mortgage loans held for sale	$ 15	$ (40)
Commercial mortgage loans held for sale	$ 1	$ 6
Loans	$ 4	$ 21
Other assets	$ (14)	$ (7)
Liabilities		
Other liabilities	$ (20)	

(a) The impact on earnings of offsetting hedged items or hedging instruments is not reflected in these amounts.

Additional Fair Value Information Related to Financial Instruments Not Recorded at Fair Value

The following table presents the carrying amounts and estimated fair values, as well as the level within the fair value hierarchy, of all other financial instruments that are not recorded on our Consolidated Balance Sheet at fair value as of March 31, 2023 and December 31, 2022. For more information regarding the methods and assumptions used to estimate the fair values of financial instruments included in Table 71, see Note 15 Fair Value in our 2022 Form 10-K.

Table 71: Additional Fair Value Information Related to Other Financial Instruments

	Carrying	Fair Value			
In millions	Amount	Total	Level 1	Level 2	Level 3
March 31, 2023					
Assets					
Cash and due from banks	$ 5,940	$ 5,940	$ 5,940		
Interest-earning deposits with banks	33,865	33,865		$ 33,865	
Securities held to maturity	95,025	91,425	31,296	59,978	$ 151
Net loans (excludes leases)	314,023	309,354			309,354
Other assets	6,076	6,076		6,066	10
Total assets	$ 454,929	$ 446,660	$ 37,236	$ 99,909	$ 309,515
Liabilities					
Time deposits	$ 21,760	$ 21,639		$ 21,639	
Borrowed funds	59,358	59,192		57,546	$ 1,646
Unfunded lending related commitments	672	672			672
Other liabilities	865	865		865	
Total liabilities	$ 82,655	$ 82,368		$ 80,050	$ 2,318
December 31, 2022					
Assets					
Cash and due from banks	$ 7,043	$ 7,043	$ 7,043		
Interest-earning deposits with banks	27,320	27,320		$ 27,320	
Securities held to maturity	95,183	90,279	30,748	59,377	$ 154
Net loans (excludes leases)	313,460	310,864			310,864
Other assets	6,022	6,022		6,020	2
Total assets	$ 449,028	$ 441,528	$ 37,791	$ 92,717	$ 311,020
Liabilities					
Time deposits	$ 18,470	$ 18,298		$ 18,298	
Borrowed funds	57,182	57,557		55,922	$ 1,635
Unfunded lending related commitments	694	694			694
Other liabilities	660	660		660	
Total liabilities	$ 77,006	$ 77,209		$ 74,880	$ 2,329

The aggregate fair values in Table 71 represent only a portion of the total market value of our assets and liabilities as, in accordance with the guidance related to fair values about financial instruments, we exclude the following:

- financial instruments recorded at fair value on a recurring basis (as they are disclosed in Table 65),
- investments accounted for under the equity method,
- equity securities without a readily determinable fair value that apply for the alternative measurement approach to fair value under ASU 2016-01,
- real and personal property,
- lease financing,
- loan customer relationships,
- deposit customer intangibles,
- mortgage servicing rights (MSRs),
- retail branch networks,
- fee-based businesses, such as asset management and brokerage,
- trademarks and brand names,
- trade receivables and payables due in one year or less,
- deposit liabilities with no defined or contractual maturities under ASU 2016-01, and
- insurance contracts.

NOTE 12 FINANCIAL DERIVATIVES

We use a variety of financial derivatives to both mitigate exposure to market (primarily interest rate) and credit risks inherent in our business activities, as well as to facilitate customer risk management activities. We manage these risks as part of our overall asset and liability management process and through our credit policies and procedures. Derivatives represent contracts between parties that usually require little or no initial net investment and result in one party delivering cash or another type of asset to the other party based on a notional amount and an underlying as specified in the contract.

Derivative transactions are often measured in terms of notional amount, but this amount is generally not exchanged and it is not recorded on the balance sheet. The notional amount is the basis to which the underlying is applied to determine required payments under the derivative contract. The underlying is a referenced interest rate, security price, credit spread or other index. Residential and commercial real estate loan commitments associated with loans to be sold also qualify as derivative instruments.

For more information regarding derivatives see Note 1 Accounting Policies and Note 16 Financial Derivatives in our 2022 Form 10-K.

The following table presents the notional and gross fair value amounts of all derivative assets and liabilities held by us:

Table 72: Total Gross Derivatives (a)

In millions	March 31, 2023 Notional / Contract Amount	March 31, 2023 Asset Fair Value (b)	March 31, 2023 Liability Fair Value (c)	December 31, 2022 Notional / Contract Amount	December 31, 2022 Asset Fair Value (b)	December 31, 2022 Liability Fair Value (c)
Derivatives used for hedging						
Interest rate contracts (d):						
Fair value hedges	$ 26,265			$ 24,231		
Cash flow hedges	41,732	$ 1		40,310		$ 1
Foreign exchange contracts:						
Net investment hedges	1,113	5		1,120	$ 24	
Total derivatives designated for hedging	$ 69,110	$ 6	$	$ 65,661	$ 24	$ 1
Derivatives not used for hedging						
Derivatives used for mortgage banking activities (e):						
Interest rate contracts:						
Swaps	$ 50,185	$ 5	$ 4	$ 47,908	$ 7	$ 1
Futures (f)	6,682			5,537		
Mortgage-backed commitments	6,555	88	66	4,516	85	89
Other	17,385	81	18	18,017	90	14
Total interest rate contracts	80,807	174	88	75,978	182	104
Derivatives used for customer-related activities:						
Interest rate contracts:						
Swaps	375,996	1,515	4,447	354,150	1,597	5,397
Futures (f)	43			32		
Mortgage-backed commitments	4,184	8	18	2,799	10	6
Other	31,309	282	269	29,071	334	321
Total interest rate contracts	411,532	1,805	4,734	386,052	1,941	5,724
Commodity contracts:						
Swaps	5,879	599	645	5,792	1,003	1,067
Other	3,644	170	169	4,488	205	202
Total commodity contracts	9,523	769	814	10,280	1,208	1,269
Foreign exchange contracts and other	32,185	358	320	30,512	366	293
Total derivatives for customer-related activities	453,240	2,932	5,868	426,844	3,515	7,286
Derivatives used for other risk management activities:						
Foreign exchange contracts and other	13,838	41	160	12,785	47	227
Total derivatives not designated for hedging	$ 547,885	$ 3,147	$ 6,116	$ 515,607	$ 3,744	$ 7,617
Total gross derivatives	$ 616,995	$ 3,153	$ 6,116	$ 581,268	$ 3,768	$ 7,618
Less: Impact of legally enforceable master netting agreements		1,518	1,518		1,523	1,523
Less: Cash collateral received/paid		634	911		714	1,571
Total derivatives		$ 1,001	$ 3,687		$ 1,531	$ 4,524

(a) Centrally cleared derivatives are settled in cash daily and result in no derivative asset or derivative liability being recognized on our Consolidated Balance Sheet.
(b) Included in Other assets on our Consolidated Balance Sheet.
(c) Included in Other liabilities on our Consolidated Balance Sheet.
(d) Represents primarily swaps.
(e) Includes both residential and commercial mortgage banking activities.
(f) Futures contracts are settled in cash daily and result in no derivative asset or derivative liability being recognized on our Consolidated Balance Sheet.

All derivatives are carried on our Consolidated Balance Sheet at fair value. Derivative balances are presented on the Consolidated Balance Sheet on a net basis taking into consideration the effects of legally enforceable master netting agreements and, when appropriate, any related cash collateral exchanged with counterparties. Further discussion regarding the offsetting rights associated with these legally enforceable master netting agreements is included in the Offsetting and Counterparty Credit Risk section of this Note 12. Any nonperformance risk, including credit risk, is included in the determination of the estimated net fair value of the derivatives.

Derivatives Designated As Hedging Instruments

Certain derivatives used to manage interest rate and foreign exchange risk as part of our asset and liability risk management activities are designated as accounting hedges. Derivatives hedging the risks associated with changes in the fair value of assets or liabilities are considered fair value hedges, derivatives hedging the variability of expected future cash flows are considered cash flow hedges and derivatives hedging a net investment in a foreign subsidiary are considered net investment hedges. Designating derivatives as accounting hedges allows for gains and losses on those derivatives to be recognized in the same period and in the same income statement line item as the earnings impact of the hedged items.

Fair Value Hedges

We enter into receive-fixed, pay-variable interest rate swaps to hedge changes in the fair value of outstanding fixed-rate debt caused by fluctuations in market interest rates. We also enter into pay-fixed, receive-variable interest rate swaps and zero-coupon swaps to hedge changes in the fair value of fixed rate and zero-coupon investment securities caused by fluctuations in market interest rates. Gains and losses on the interest rate swaps designated in these hedge relationships, along with the offsetting gains and losses on the hedged items attributable to the hedged risk, are recognized in current earnings within the same income statement line item.

Cash Flow Hedges

We enter into receive-fixed, pay-variable interest rate swaps and interest rate caps and floors to modify the interest rate characteristics of designated commercial loans from variable to fixed in order to reduce the impact of changes in future cash flows due to market interest rate changes. We also periodically enter into forward purchase and sale contracts to hedge the variability of the consideration that will be paid or received related to the purchase or sale of investment securities. The forecasted purchase or sale is consummated upon gross settlement of the forward contract itself. For these cash flow hedges, gains and losses on the hedging instruments are recorded in AOCI and are then reclassified into earnings in the same period the hedged cash flows affect earnings and within the same income statement line as the hedged cash flows.

In the 12 months that follow March 31, 2023, we expect to reclassify net derivative losses of $1.4 billion pretax, or $1.0 billion after-tax, from AOCI to interest income for these cash flow hedge strategies. This reclassified amount could differ from amounts actually recognized due to changes in interest rates, hedge de-designations and the addition of other hedges subsequent to March 31, 2023. As of March 31, 2023, the maximum length of time over which forecasted transactions are hedged is ten years.

Further detail regarding gains (losses) related to our fair value and cash flow hedge derivatives is presented in the following table:

Table 73: Gains (Losses) Recognized on Fair Value and Cash Flow Hedges in the Consolidated Income Statement (a) (b)

	Location and Amount of Gains (Losses) Recognized in Income			
	Interest Income		Interest Expense	Noninterest Income
In millions	Loans	Investment Securities	Borrowed Funds	Other
For the three months ended March 31, 2023				
Total amounts in the Consolidated Income Statement	$ 4,258	$ 885	$ 783	$ 258
Gains (losses) on fair value hedges recognized on:				
Hedged items (c)		$ 47	$ (297)	
Derivatives		$ (45)	$ 291	
Amounts related to interest settlements on derivatives		$ 5	$ (113)	
Gains (losses) on cash flow hedges (d):				
Amount of derivative gains (losses) reclassified from accumulated other comprehensive income	$ (325)	$ (5)		
For the three months ended March 31, 2022				
Total amounts in the Consolidated Income Statement	$ 2,293	$ 544	$ 83	$ 211
Gains (losses) on fair value hedges recognized on:				
Hedged items (c)		$ (18)	$ 934	
Derivatives		$ 19	$ (944)	
Amounts related to interest settlements on derivatives		$ (1)	$ 110	
Gains (losses) on cash flow hedges (d):				
Amount of derivative gains (losses) reclassified from accumulated other comprehensive income	$ 92	$ 10		

(a) For all periods presented, there were no components of derivative gains or losses excluded from the assessment of hedge effectiveness for any of the fair value or cash flow hedge strategies.
(b) All cash flow and fair value hedge derivatives were interest rate contracts for the periods presented.
(c) Includes an insignificant amount of fair value hedge adjustments related to discontinued hedge relationships.
(d) For all periods presented, there were no gains or losses from cash flow hedge derivatives reclassified to income because it became probable that the original forecasted transaction would not occur.

Detail regarding the impact of fair value hedge accounting on the carrying value of the hedged items is presented in the following table:

Table 74: Hedged Items - Fair Value Hedges

	March 31, 2023		December 31, 2022	
In millions	Carrying Value of the Hedged Items	Cumulative Fair Value Hedge Adjustment included in the Carrying Value of Hedged Items (a)	Carrying Value of the Hedged Items	Cumulative Fair Value Hedge Adjustment included in the Carrying Value of Hedged Items (a)
Investment securities - available for sale (b)	$ 2,265	$ (75)	$ 2,376	$ (121)
Borrowed funds	$ 24,070	$ (985)	$ 21,781	$ (1,283)

(a) Includes less than $(0.1) billion of fair value hedge adjustments primarily related to discontinued borrowed funds hedge relationships at both March 31, 2023 and December 31, 2022.
(b) Carrying value shown represents amortized cost.

Net Investment Hedges

We enter into foreign currency forward contracts to hedge non-U.S. dollar net investments in foreign subsidiaries against adverse changes in foreign exchange rates. We assess whether the hedging relationship is highly effective in achieving offsetting changes in the value of the hedge and hedged item by qualitatively verifying that the critical terms of the hedge and hedged item match at the inception of the hedging relationship and on an ongoing basis. Net investment hedge derivatives are classified as foreign exchange contracts. There were no components of derivative gains or losses excluded from the assessment of the hedge effectiveness for the periods presented. Net gains (losses) on net investment hedge derivatives recognized in OCI were insignificant for both the three months ended March 31, 2023 and 2022.

Derivatives Not Designated As Hedging Instruments

For additional information on derivatives not designated as hedging instruments under GAAP, see Note 16 Financial Derivatives in our 2022 Form 10-K.

Further detail regarding the gains (losses) on derivatives not designated in hedging relationships is presented in the following table:

Table 75: Gains (Losses) on Derivatives Not Designated for Hedging

	Three months ended March 31	
In millions	2023	2022
Derivatives used for mortgage banking activities:		
Interest rate contracts (a)	$ 107	$ (265)
Derivatives used for customer-related activities:		
Interest rate contracts	2	97
Foreign exchange contracts and other	56	44
Gains from customer-related activities (b)	58	141
Derivatives used for other risk management activities:		
Foreign exchange contracts and other (b)	(77)	47
Total gains (losses) from derivatives not designated as hedging instruments	$ 88	$ (77)

(a) Included in Residential and commercial mortgage noninterest income on our Consolidated Income Statement.
(b) Included in Capital markets and advisory and Other noninterest income on our Consolidated Income Statement.

Offsetting and Counterparty Credit Risk

We generally utilize a net presentation on the Consolidated Balance Sheet for those derivative financial instruments entered into with counterparties under legally enforceable master netting agreements. The master netting agreements reduce credit risk by permitting the closeout netting of all outstanding derivative instruments under the master netting agreement with the same counterparty upon the occurrence of an event of default. The master netting agreement also may require the exchange of cash or marketable securities to collateralize either party's net position. For additional information on derivative offsetting and counterparty credit risk, see Note 16 Financial Derivatives in our 2022 Form 10-K.

Table 76 shows the impact legally enforceable master netting agreements had on our derivative assets and derivative liabilities at March 31, 2023 and December 31, 2022. The table includes cash collateral held or pledged under legally enforceable master netting agreements. The table also includes the fair value of any securities collateral held or pledged under legally enforceable master netting agreements. Cash and securities collateral amounts are included in the table only to the extent of the related net derivative fair values.

Table 76 includes OTC derivatives not settled through an exchange ("OTC derivatives") and OTC derivatives cleared through a central clearing house ("OTC cleared derivatives"). OTC derivatives represent contracts executed bilaterally with counterparties that are not settled through an organized exchange or directly cleared through a central clearing house. The majority of OTC derivatives are governed by the ISDA documentation or other legally enforceable master netting agreements. OTC cleared derivatives represent contracts executed bilaterally with counterparties in the OTC market that are novated to a central clearing house who then becomes our counterparty. OTC cleared derivative instruments are typically settled in cash each day based on the prior day value.

Table 76: Derivative Assets and Liabilities Offsetting

In millions	Gross Fair Value	Amounts Offset on the Consolidated Balance Sheet: Fair Value Offset Amount	Amounts Offset on the Consolidated Balance Sheet: Cash Collateral	Net Fair Value	Securities Collateral Held/ Pledged Under Master Netting Agreements	Net Amounts
March 31, 2023						
Derivative assets						
Interest rate contracts:						
Over-the-counter cleared	$ 16			$ 16		$ 16
Over-the-counter	1,964	$ 908	$ 445	611	$ 45	566
Commodity contracts	769	411	99	259		259
Foreign exchange and other contracts	404	199	90	115		115
Total derivative assets	$ 3,153	$ 1,518	$ 634	$ 1,001 (a)	$ 45	$ 956
Derivative liabilities						
Interest rate contracts:						
Over-the-counter cleared	$ 26			$ 26		$ 26
Over-the-counter	4,796	$ 764	$ 861	3,171	$ 37	3,134
Commodity contracts	814	558	41	215		215
Foreign exchange and other contracts	480	196	9	275		275
Total derivative liabilities	$ 6,116	$ 1,518	$ 911	$ 3,687 (b)	$ 37	$ 3,650
December 31, 2022						
Derivative assets						
Interest rate contracts:						
Over-the-counter cleared	$ 23			$ 23		$ 23
Over-the-counter	2,100	$ 974	$ 630	496	$ 34	462
Commodity contracts	1,208	335	2	871		871
Foreign exchange and other contracts	437	214	82	141		141
Total derivative assets	$ 3,768	$ 1,523	$ 714	$ 1,531 (a)	$ 34	$ 1,497
Derivative liabilities						
Interest rate contracts:						
Over-the-counter cleared	$ 28			$ 28		$ 28
Over-the-counter	5,801	$ 625	$ 1,041	4,135	$ 78	4,057
Commodity contracts	1,269	679	520	70	4	66
Foreign exchange and other contracts	520	219	10	291		291
Total derivative liabilities	$ 7,618	$ 1,523	$ 1,571	$ 4,524 (b)	$ 82	$ 4,442

(a) Represents the net amount of derivative assets included in Other assets on our Consolidated Balance Sheet.
(b) Represents the net amount of derivative liabilities included in Other liabilities on our Consolidated Balance Sheet.

In addition to using master netting agreements and other collateral agreements to reduce credit risk associated with derivative instruments, we also seek to manage credit risk by evaluating credit ratings of counterparties and by using internal credit analysis, limits, and monitoring procedures.

At March 31, 2023, cash and debt securities (primarily agency mortgage-backed securities) totaling $1.4 billion were pledged to us under master netting agreements and other collateral agreements to collateralize net derivative assets due from counterparties and to meet initial margin requirements, and we pledged cash and debt securities (primarily agency mortgage-backed securities) totaling $1.7 billion under these agreements to collateralize net derivative liabilities owed to counterparties and to meet initial margin requirements. These totals may differ from the amounts presented in the preceding offsetting table because these totals may include collateral exchanged under an agreement that does not qualify as a master netting agreement or because the total amount of collateral pledged exceeds the net derivative fair values with the counterparty as of the balance sheet date due to timing or other factors, such as initial margin. To the extent not netted against the derivative fair values under a master netting agreement, the receivable for cash pledged is included in Other assets and the obligation for cash held is included in Other liabilities on our Consolidated Balance Sheet. Securities pledged to us by counterparties are not recognized on our balance sheet. Likewise, securities we have pledged to counterparties remain on our balance sheet.

Credit-Risk Contingent Features

Certain derivative agreements contain various credit-risk-related contingent provisions, such as those that require our debt to maintain a specified credit rating from one or more of the major credit rating agencies. If our debt ratings were to fall below such specified ratings, the counterparties to the derivative instruments could request immediate payment or demand immediate and ongoing full collateralization on derivative instruments in net liability positions. The following table presents the aggregate fair value of derivative instruments with credit-risk-related contingent features, the associated collateral posted in the normal course of business and the maximum amount of collateral we would be required to post if the credit-risk-related contingent features underlying these agreements had been triggered on March 31, 2023 and December 31, 2022.

Table 77: Credit-Risk Contingent Features

In billions	March 31 2023	December 31 2022
Net derivative liabilities with credit-risk contingent features	$ 4.3	$ 5.8
Collateral posted	1.0	1.7
Maximum additional amount of collateral exposure	$ 3.3	$ 4.1

NOTE 13 LEGAL PROCEEDINGS

We establish accruals for legal proceedings, including litigation and regulatory and governmental investigations and inquiries, when information related to the loss contingencies represented by those matters indicates both that a loss is probable and that the amount of loss can be reasonably estimated. Any such accruals are adjusted thereafter as appropriate to reflect changed circumstances. When we are able to do so, we also determine estimates of reasonably possible losses or ranges of reasonably possible losses, whether in excess of any related accrued liability or where there is no accrued liability, for disclosed legal proceedings ("Disclosed Matters," which are those matters disclosed in this Note 13 as well as those matters disclosed in Note 21 Legal Proceedings in our 2022 Form 10-K (such prior disclosure referred to as "Prior Disclosure")). For Disclosed Matters where we are able to estimate such possible losses or ranges of possible losses, as of March 31, 2023, we estimate that it is reasonably possible that we could incur losses in excess of related accrued liabilities, if any, in an aggregate amount less than $300 million. The estimates included in this amount are based on our analysis of currently available information and are subject to significant judgment and a variety of assumptions and uncertainties. As new information is obtained we may change our estimates. Due to the inherent subjectivity of the assessments and unpredictability of outcomes of legal proceedings, any amounts accrued or included in this aggregate amount may not represent the ultimate loss to us from the legal proceedings in question. Thus, our exposure and ultimate losses may be higher, and possibly significantly so, than the amounts accrued or this aggregate amount.

As a result of the types of factors described in Note 21 Legal Proceedings in our 2022 Form 10-K, we are unable, at this time, to estimate the losses that are reasonably possible to be incurred or ranges of such losses with respect to some of the matters disclosed, and the aggregate estimated amount provided above does not include an estimate for every Disclosed Matter. Therefore, as the estimated aggregate amount disclosed above does not include all of the Disclosed Matters, the amount disclosed above does not represent our maximum reasonably possible loss exposure for all of the Disclosed Matters. The estimated aggregate amount also does not reflect any of our exposure to matters not so disclosed, as discussed below under "Other."

We include in some of the descriptions of individual Disclosed Matters certain quantitative information related to the plaintiff's claim against us as alleged in the plaintiff's pleadings or other public filings or otherwise publicly available information. While information of this type may provide insight into the potential magnitude of a matter, it does not necessarily represent our estimate of reasonably possible loss or our judgment as to any currently appropriate accrual.

Some of our exposure in Disclosed Matters may be offset by applicable insurance coverage. We do not consider the possible availability of insurance coverage in determining the amounts of any accruals (although we record the amount of related insurance recoveries that are deemed probable up to the amount of the accrual) or in determining any estimates of possible losses or ranges of possible losses.

Interchange Litigation

In March 2023, the court of appeals affirmed in all material respects the district court's approval of the amended definitive agreement entered into by the relevant parties to resolve the claims of the class seeking damages in the antitrust lawsuits that have been consolidated for pre-trial proceedings in the U.S. District Court for the Eastern District of New York under the caption *In re Payment Card Interchange Fee and Merchant-Discount Antitrust Litigation* (Master File No. 1:05-md-1720-MKB-JO). Later in March, certain objectors petitioned for rehearing in the court of appeals by either the panel that decided the appeal or the court en banc.

USAA Patent Infringement Litigation

In March 2023, in *United Services Automobile Association v. PNC Bank N.A.* (Case No. 2:20-cv-319) (the "first Texas case") and *United Services Automobile Association v. PNC Bank N.A.* (Case No. 2:21-cv-110) (together, "the first consolidated cases"), the court denied all of PNC's post-trial motions, including for a new trial in the first consolidated cases. In April 2023, PNC noticed an appeal to the U.S. Court of Appeals for the Federal Circuit regarding the final judgment entered against PNC.

In March 2023, in *United Services Automobile Association v. PNC Bank N.A.* (Case No. 2:21-cv-246) and the case for PNC's patent infringement counterclaims (originally asserted in the first Texas case) (together, the "second consolidated cases"), the court denied USAA's motion for a new trial on damages, and, in April 2023, the court denied USAA's motion for a judgment as a matter of law regarding damages in the second consolidated cases. Also in March 2023, PNC noticed an appeal to the U.S. Court of Appeals for the Federal Circuit regarding the final judgment entered against PNC.

Regulatory and Governmental Inquiries

We are the subject of investigations, audits, examinations and other forms of regulatory and governmental inquiry covering a broad range of issues in our consumer, mortgage, brokerage, securities and other financial services businesses, as well as other aspects of our operations. In some cases, these inquiries are part of reviews of specified activities at multiple industry participants; in others, they are directed at PNC individually. From time to time, these inquiries have involved and may in the future involve or lead to regulatory enforcement actions and other administrative proceedings. These inquiries have also led to and may in the future lead to civil or criminal judicial proceedings. Some of these inquiries result in remedies including fines, penalties, restitution, or alterations in our business practices, and in additional expenses and collateral costs and other consequences. Such remedies and other consequences typically have not been material to us from a financial standpoint, but could be in the future. Even if not financially material, they may result in significant reputational harm or other adverse consequences.

Our practice is to cooperate fully with regulatory and governmental investigations, audits and other inquiries.

Other

In addition to the proceedings or other matters described in Prior Disclosure, PNC and persons to whom we may have indemnification obligations, in the normal course of business, are subject to various other pending and threatened legal proceedings in which claims for monetary damages and other relief are asserted. We do not anticipate, at the present time, that the ultimate aggregate liability, if any, arising out of such other legal proceedings will have a material adverse effect on our financial position. However, we cannot now determine whether or not any claims asserted against us or others to whom we may have indemnification obligations, whether in the proceedings or other matters described above or otherwise, will have a material adverse effect on our results of operations in any future reporting period, which will depend on, among other things, the amount of the loss resulting from the claim and the amount of income otherwise reported for the reporting period.

NOTE 14 SEGMENT REPORTING

We have three reportable business segments:

- Retail Banking
- Corporate & Institutional Banking
- Asset Management Group

Results of individual businesses are presented based on our internal management reporting practices. There is no comprehensive, authoritative body of guidance for management accounting equivalent to GAAP; therefore, the financial results of our individual businesses are not necessarily comparable with similar information for any other company. We periodically refine our internal methodologies as management reporting practices are enhanced. To the extent significant and practicable, retrospective application of new methodologies is made to prior period reportable business segment results and disclosures to create comparability with the current period.

Total business segment financial results differ from total consolidated net income. These differences are reflected in the “Other” category in Table 78. “Other” includes residual activities that do not meet the criteria for disclosure as a separate reportable business, such as asset and liability management activities, including net securities gains or losses, ACL for investment securities, certain trading activities, certain runoff consumer loan portfolios, private equity investments, intercompany eliminations, certain corporate overhead, tax adjustments that are not allocated to business segments, exited businesses and differences between business segment performance reporting and financial statement reporting (GAAP). Assets, revenue and earnings attributable to foreign activities were not material in the periods presented for comparison.

Financial results are presented, to the extent practicable, as if each business operated on a standalone basis. Additionally, we have aggregated the results for corporate support functions within “Other” for financial reporting purposes.

Net interest income in business segment results reflects our internal funds transfer pricing methodology. Assets receive a funding charge and liabilities and capital receive a funding credit based on a transfer pricing methodology that incorporates product repricing characteristics, tenor and other factors.

We have allocated the ALLL and the allowance for unfunded lending related commitments based on the loan exposures within each business segment’s portfolio. Key reserve assumptions and estimation processes react to and are influenced by observed changes in loan portfolio performance experience, the financial strength of the borrower and economic conditions. Key reserve assumptions are periodically updated.

Business Segment Results

Table 78: Results of Businesses

Three months ended March 31 In millions	Retail Banking	Corporate & Institutional Banking	Asset Management Group	Other	Consolidated (a)
2023					
Income Statement					
Net interest income	$ 2,281	$ 1,383	$ 127	$ (206)	$ 3,585
Noninterest income	743	886	230	159	2,018
Total revenue	3,024	2,269	357	(47)	5,603
Provision for (recapture of) credit losses	238	(28)	9	16	235
Depreciation and amortization	78	54	6	143	281
Other noninterest expense	1,849	885	274	32	3,040
Income (loss) before income taxes (benefit) and noncontrolling interests	859	1,358	68	(238)	2,047
Income taxes (benefit)	202	294	16	(159)	353
Net income (loss)	657	1,064	52	(79)	1,694
Less: Net income attributable to noncontrolling interests	10	5		2	17
Net income (loss) excluding noncontrolling interests	$ 647	$ 1,059	$ 52	$ (81)	$ 1,677
Average Assets	$ 115,384	$ 234,536	$ 14,997	$ 197,415	$ 562,332
2022					
Income Statement					
Net interest income	$ 1,531	$ 1,143	$ 138	$ (8)	$ 2,804
Noninterest income	745	804	248	91	1,888
Total revenue	2,276	1,947	386	83	4,692
Provision for (recapture of) credit losses	(81)	(118)	2	(11)	(208)
Depreciation and amortization	74	52	6	145	277
Other noninterest expense	1,818	785	245	47	2,895
Income (loss) before income taxes (benefit) and noncontrolling interests	465	1,228	133	(98)	1,728
Income taxes (benefit)	109	268	31	(109)	299
Net income	356	960	102	11	1,429
Less: Net income attributable to noncontrolling interests	16	4		1	21
Net income excluding noncontrolling interests	$ 340	$ 956	$ 102	$ 10	$ 1,408
Average Assets	$ 111,754	$ 200,724	$ 13,801	$ 223,817	$ 550,096

(a) There were no material intersegment revenues for the three months ended March 31, 2023 and 2022.

Business Segment Products and Services

Retail Banking provides deposit, lending, brokerage, insurance services, investment management and cash management products and services to consumer and small business customers who are serviced through our coast-to-coast branch network, digital channels, ATMs, or through our phone-based customer contact centers. Deposit products include checking, savings and money market accounts and time deposits. Lending products include residential mortgages, home equity loans and lines of credit, auto loans, credit cards, education loans and personal and small business loans and lines of credit. The residential mortgage loans are directly originated within our branch network and nationwide, and are typically underwritten to agency and/or third-party standards, and either sold, servicing retained or held on our balance sheet. Brokerage, investment management and cash management products and services include managed, education, retirement and trust accounts.

Corporate & Institutional Banking provides lending, treasury management, capital markets and advisory products and services to mid-sized and large corporations and government and not-for-profit entities. Lending products include secured and unsecured loans, letters of credit and equipment leases. The Treasury Management business provides corporations with cash and investment management services, receivables and disbursement management services, funds transfer services, international payment services and access to online/mobile information management and reporting services. Capital markets and advisory includes services and activities primarily related to merger and acquisitions advisory, equity capital markets advisory, asset-backed financing, loan syndication, securities underwriting and customer-related trading. We also provide commercial loan servicing and technology solutions for the commercial real estate finance industry. Products and services are provided nationally.

Asset Management Group provides private banking for high net worth and ultra high net worth clients and institutional asset management. The Asset Management group is composed of two operating units:

- PNC Private Bank provides products and services to emerging affluent, high net worth and ultra high net worth individuals and their families, including investment and retirement planning, customized investment management, credit and cash management solutions, trust management and administration. In addition, multi-generational family planning services are also provided to ultra high net worth individuals and their families, which include estate, financial, tax, fiduciary and customized performance reporting through PNC Private Bank Hawthorn.

- Institutional Asset Management provides outsourced chief investment officer, custody, private real estate, cash and fixed income client solutions, retirement plan fiduciary investment services to institutional clients, including corporations, healthcare systems, insurance companies, unions, municipalities and non-profits.

NOTE 15 FEE-BASED REVENUE FROM CONTRACTS WITH CUSTOMERS

As more fully described in Note 24 Fee-based Revenue from Contracts with Customers in our 2022 Form 10-K, a subset of our noninterest income relates to certain fee-based revenue within the scope of ASC Topic 606 - *Revenue from Contracts with Customers* (Topic 606).

Fee-based revenue within the scope of Topic 606 is recognized within our three reportable business segments: Retail Banking, Corporate & Institutional Banking and Asset Management Group. Interest income, income from lease contracts, fair value gains from financial instruments (including derivatives), income from mortgage servicing rights and guarantee products, letter of credit fees, non-refundable fees associated with acquiring or originating a loan and gains from the sale of financial assets are outside of the scope of Topic 606.

In the fourth quarter of 2022, PNC updated the name of the noninterest income line item "Capital markets related" to "Capital markets and advisory." This update did not impact the components of the category. All periods presented herein reflect these changes. For a description of each updated noninterest income revenue stream, see Note 1 Accounting Policies.

Table 79 presents the noninterest income recognized within the scope of Topic 606 for each of our three reportable business segments' principal products and services, along with the relationship to the noninterest income revenue streams shown on our Consolidated Income Statement. For a description of the fee-based revenue and how it is recognized for each segment's principal products and services, see Note 24 Fee-based Revenue from Contracts with Customers in our 2022 Form 10-K.

Table 79: Noninterest Income by Business Segment and Reconciliation to Consolidated Noninterest Income

Three Months Ended March 31 In millions	Retail Banking	Corporate & Institutional Banking	Asset Management Group
2023			
Asset management and brokerage			
Asset management fees			$ 224
Brokerage fees	$ 130		2
Total asset management and brokerage	130		226
Card and cash management			
Treasury management fees	10	$ 328	
Debit card fees	165		
Net credit card fees (a)	58		
Merchant services	39	19	
Other	24		
Total card and cash management	296	347	
Lending and deposit services			
Deposit account fees	155		
Other	18	8	
Total lending and deposit services	173	8	
Residential and commercial mortgage (b)		42	
Capital markets and advisory		156	
Other		8	
Total in-scope noninterest income	599	561	226
Out-of-scope noninterest income (c)	144	325	4
Noninterest income by business segment	$ 743	$ 886	$ 230

Reconciliation to consolidated noninterest income	**For the three months ended March 31, 2023**
Total in-scope business segment noninterest income	$ 1,386
Out-of-scope business segment noninterest income (c)	473
Noninterest income from other segments	159
Noninterest income as shown on the Consolidated Income Statement	$ 2,018

(Continued from previous page)

Three months ended March 31 In millions	Retail Banking	Corporate & Institutional Banking	Asset Management Group
2022			
Asset management and brokerage			
Asset management fees			$ 241
Brokerage fees	$ 134		2
Total asset management and brokerage	134		243
Card and cash management			
Treasury management fees	9	$ 302	
Debit card fees	161		
Net credit card fees (a)	55		
Merchant services	41	17	
Other	23		
Total card and cash management	289	319	
Lending and deposit services			
Deposit account fees	142		
Other	17	8	
Total lending and deposit services	159	8	
Residential and commercial mortgage (b)		31	
Capital markets and advisory		137	
Other		13	
Total in-scope noninterest income	582	508	243
Out-of-scope noninterest income (c)	163	296	5
Noninterest income by business segment	$ 745	$ 804	$ 248

Reconciliation to consolidated noninterest income	**For the three months ended March 31, 2022**
Total in-scope business segment noninterest income	$ 1,333
Out-of-scope business segment noninterest income (c)	464
Noninterest income from other segments	91
Noninterest income as shown on the Consolidated Income Statement	$ 1,888

(a) Net credit card fees consists of interchange fees of $160 million and $148 million and credit card reward costs of $102 million and $93 million for the three months ended March 31, 2023 and 2022, respectively.

(b) Residential mortgage noninterest income falls under the scope of other accounting and disclosure requirements outside of Topic 606 and is included within the out-of-scope noninterest income line for the Retail Banking segment.

(c) Out-of-scope noninterest income includes revenue streams that fall under the scope of other accounting and disclosure requirements outside of Topic 606.

STATISTICAL INFORMATION (UNAUDITED)
THE PNC FINANCIAL SERVICES GROUP, INC.
Average Consolidated Balance Sheet And Net Interest Analysis (a) (b) (c)

	Three months ended March 31					
	2023			2022		
Taxable-equivalent basis Dollars in millions	Average Balances	Interest Income/ Expense	Average Yields/ Rates	Average Balances	Interest Income/ Expense	Average Yields/ Rates
Assets						
Interest-earning assets:						
Investment securities						
Securities available for sale						
Residential mortgage-backed						
Agency	$ 31,850	$ 213	2.67 %	$ 67,498	$ 293	1.73 %
Non-agency	689	15	8.53 %	1,007	19	7.53 %
Commercial mortgage-backed	3,102	20	2.62 %	5,229	31	2.36 %
Asset-backed	218	4	7.04 %	6,225	21	1.35 %
U.S. Treasury and government agencies	9,088	47	2.05 %	47,468	140	1.18 %
Other	3,263	19	2.47 %	4,876	32	2.73 %
Total securities available for sale	48,210	318	2.64 %	132,303	536	1.62 %
Securities held to maturity						
Residential mortgage-backed	45,616	312	2.74 %	106		
Commercial mortgage-backed	2,453	30	4.95 %			
Asset-backed	7,026	70	3.97 %			
U.S. Treasury and government agencies	36,748	122	1.33 %	919	6	2.61 %
Other	3,338	39	4.62 %	569	6	4.17 %
Total securities held to maturity	95,181	573	2.41 %	1,594	12	2.99 %
Total investment securities	143,391	891	2.49 %	133,897	548	1.64 %
Loans						
Commercial and industrial	182,017	2,433	5.34 %	155,481	1,070	2.75 %
Commercial real estate	36,110	543	6.02 %	34,004	237	2.79 %
Equipment lease financing	6,452	69	4.28 %	6,099	57	3.74 %
Consumer	55,020	861	6.34 %	54,965	635	4.69 %
Residential real estate	45,927	384	3.35 %	40,152	312	3.10 %
Total loans	325,526	4,290	5.29 %	290,701	2,311	3.19 %
Interest-earning deposits with banks	34,054	390	4.58 %	62,540	29	0.19 %
Other interest-earning assets	8,806	126	5.75 %	9,417	48	2.07 %
Total interest-earning assets/interest income	511,777	5,697	4.46 %	496,555	2,936	2.37 %
Noninterest-earning assets	50,555			53,541		
Total assets	$ 562,332			$ 550,096		
Liabilities and Equity						
Interest-bearing liabilities:						
Interest-bearing deposits						
Money market	$ 65,753	389	2.40 %	$ 62,596	4	0.03 %
Demand	124,376	485	1.58 %	112,372	7	0.02 %
Savings	104,408	264	1.03 %	108,532	10	0.04 %
Time deposits	20,519	153	3.00 %	16,043	6	0.13 %
Total interest-bearing deposits	315,056	1,291	1.66 %	299,543	27	0.04 %
Borrowed funds						
Federal Home Loan Bank borrowings	32,056	384	4.80 %			
Bank notes and senior debt	19,679	265	5.39 %	18,015	46	1.02 %
Subordinated debt	6,100	87	5.69 %	6,773	24	1.40 %
Other	5,133	47	3.70 %	5,524	13	0.97 %
Total borrowed funds	62,968	783	4.98 %	30,312	83	1.10 %
Total interest-bearing liabilities/interest expense	378,024	2,074	2.20 %	329,855	110	0.13 %
Noninterest-bearing liabilities and equity:						
Noninterest-bearing deposits	121,176			153,726		
Accrued expenses and other liabilities	16,014			14,058		
Equity	47,118			52,457		
Total liabilities and equity	$ 562,332			$ 550,096		
Interest rate spread			2.26 %			2.24 %
Impact of noninterest-bearing sources			0.58			0.04
Net interest income/margin		$ 3,623	2.84 %		$ 2,826	2.28 %

(continued on following page)

Average Consolidated Balance Sheet And Net Interest Analysis (a) (b) (c) (Continued)

Taxable-equivalent basis Dollars in millions	Three months ended December 31 2022 Average Balances	 Interest Income/ Expense	 Average Yields/ Rates
Assets			
Interest-earning assets:			
Investment securities			
Securities available for sale			
Residential mortgage-backed			
Agency	$ 31,818	$ 202	2.54 %
Non-agency	714	14	7.85 %
Commercial mortgage-backed	3,377	23	2.75 %
Asset-backed	105	3	11.98 %
U.S. Treasury and government agencies	10,345	52	1.96 %
Other	3,370	20	2.39 %
Total securities available for sale	49,729	314	2.52 %
Securities held to maturity			
Residential mortgage-backed	44,184	287	2.60 %
Commercial mortgage-backed	2,323	26	4.57 %
Asset-backed	6,995	60	3.44 %
U.S. Treasury and government agencies	36,441	118	1.30 %
Other	3,218	38	4.47 %
Total securities held to maturity	93,161	529	2.27 %
Total investment securities	142,890	843	2.36 %
Loans			
Commercial and industrial	179,111	2,150	4.70 %
Commercial real estate	36,181	488	5.28 %
Equipment lease financing	6,275	65	4.18 %
Consumer	54,809	812	5.88 %
Residential real estate	45,499	374	3.28 %
Total loans	321,875	3,889	4.75 %
Interest-earning deposits with banks	30,395	286	3.76 %
Other interest-earning assets	9,690	127	5.20 %
Total interest-earning assets/interest income	504,850	5,145	4.02 %
Noninterest-earning assets	52,356		
Total assets	$ 557,206		
Liabilities and Equity			
Interest-bearing liabilities:			
Interest-bearing deposits			
Money market	$ 63,944	283	1.75 %
Demand	122,501	352	1.14 %
Savings	102,020	129	0.50 %
Time deposits	12,982	48	1.45 %
Total interest-bearing deposits	301,447	812	1.07 %
Borrowed funds			
Federal Home Loan Bank borrowings	30,640	307	3.92 %
Bank notes and senior debt	16,312	179	4.30 %
Subordinated debt	6,933	83	4.79 %
Other	5,346	44	3.24 %
Total borrowed funds	59,231	613	4.07 %
Total interest-bearing liabilities/interest expense	360,678	1,425	1.55 %
Noninterest-bearing liabilities and equity:			
Noninterest-bearing deposits	133,461		
Accrued expenses and other liabilities	17,461		
Equity	45,606		
Total liabilities and equity	$ 557,206		
Interest rate spread			2.47 %
Impact of noninterest-bearing sources			0.45
Net interest income/margin		$ 3,720	2.92 %

(a) Nonaccrual loans are included in loans, net of unearned income. The impact of financial derivatives used in interest rate risk management is included in the interest income/expense and average yields/rates of the related assets and liabilities. Basis adjustments related to hedged items are included in noninterest-earning assets and noninterest-bearing liabilities. Average balances of securities are based on amortized historical cost (excluding adjustments to fair value, which are included in other assets). Average balances for certain loans and borrowed funds accounted for at fair value are included in noninterest-earning assets and noninterest-bearing liabilities, with changes in fair value recorded in Noninterest income.
(b) Loan fees for the three months ended March 31, 2023, December 31, 2022 and March 31, 2022 were $46 million, $42 million and $60 million, respectively.
(c) Interest income calculated as taxable-equivalent interest income. To provide more meaningful comparisons of interest income and yields for all interest-earning assets, as well as net interest margins, we use interest income on a taxable-equivalent basis in calculating average yields and net interest margin by increasing the interest income earned on tax-exempt assets to make it fully equivalent to interest income earned on taxable investments. This adjustment is not permitted under GAAP. See Reconciliation of Taxable-Equivalent Net Interest Income in this Statistical Information section for more information.

Reconciliation Of Taxable-Equivalent Net Interest Income (non-GAAP) (a)

	Three months ended		
In millions	March 31, 2023	December 31, 2022	March 31, 2022
Net interest income (GAAP)	$ 3,585	$ 3,684	$ 2,804
Taxable-equivalent adjustments	38	36	22
Net interest income (non-GAAP)	$ 3,623	$ 3,720	$ 2,826

(a) The interest income earned on certain interest-earning assets is completely or partially exempt from federal income tax. As such, these tax-exempt instruments typically yield lower returns than taxable investments. To provide more meaningful comparisons of net interest income, we use interest income on a taxable-equivalent basis by increasing the interest income earned on tax-exempt assets to make it fully equivalent to interest income earned on taxable investments. This adjustment is not permitted under GAAP.

Glossary

Defined Terms

For a glossary of terms commonly used in our filings, please see the glossary of terms included in our 2022 Form 10-K.

Acronyms

ACL	Allowance for credit losses	**LCR**	Liquidity Coverage Ratio
ALLL	Allowance for loan and lease losses	**LGD**	Loss given default
AOCI	Accumulated other comprehensive income	**LIBOR**	London Interbank Offered Rate
ASC	Accounting Standards Codification	**LIHTC**	Low income housing tax credit
ASU	Accounting Standards Update	**LLC**	Limited liability company
BHC	Bank holding company	**LTV**	Loan-to-value ratio
bps	Basis points	**MD&A**	Management’s Discussion and Analysis of Financial Condition and Results of Operations
BSBY	Bloomberg Short-Term Bank Yield Index	**MSR**	Mortgage servicing right
CARES Act	Coronavirus Aid, Relief and Economic Security Act	**NSFR**	Net Stable Funding Ratio
CCAR	Comprehensive Capital Analysis and Review	**OCC**	Office of the Comptroller of the Currency
CECL	Current expected credit losses	**OREO**	Other real estate owned
CET1	Common equity tier 1	**OTC**	Over-the-counter
CFPB	Consumer Financial Protection Bureau	**PCD**	Purchased credit deteriorated
FDIC	Federal Deposit Insurance Corporation	**PD**	Probability of default
FHLB	Federal Home Loan Bank	**PPP**	Paycheck Protection Program
FHLMC	Federal Home Loan Mortgage Corporation	**RAC**	PNC’s Reserve Adequacy Committee
FICO	Fair Isaac Corporation (credit score)	**ROAP**	Removal of account provisions
FNMA	Federal National Mortgage Association	**SCB**	Stress capital buffer
FOMC	Federal Open Market Committee	**SEC**	Securities and Exchange Commission
GAAP	Accounting principles generally accepted in the United States of America	**SOFR**	Secured Overnight Financing Rate
GDP	Gross Domestic Product	**SPE**	Special purpose entity
GNMA	Government National Mortgage Association	**TDR**	Troubled debt restructuring
GSIB	Globally systemically important bank	**U.S.**	United States of America
HPI	Home price index	**VaR**	Value-at-risk
ISDA	International Swaps and Derivatives Association	**VIE**	Variable interest entity

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See the information set forth in Note 13 Legal Proceedings, which is incorporated by reference in response to this item.

ITEM 1A. RISK FACTORS

There are no material changes from any of the risk factors previously disclosed in our 2022 Form 10-K in response to Part II, Item 1A and Part I, Item 1A, respectively, other than the addition of the following risk factor:

A continuation of recent turmoil in our industry, and responsive measures to manage it, could have an adverse effect on our financial position or results of operations.

In recent months, several financial services institutions have failed or required outside liquidity support—in many cases, as a result of the inability of the institutions to obtain needed liquidity. The impact of this situation has led to risk of additional stress to other financial services institutions and the financial services industry generally as a result of increased lack of confidence in the financial sector. U.S. and international regulators have taken action in an effort to strengthen public confidence in the banking system, including the creation of a new Bank Term Funding Program and international coordination to enhance the provision of liquidity via the standing U.S. dollar liquidity swap line arrangements. There can be no assurance that these actions will stabilize the financial services industry and financial markets. While we currently do not anticipate liquidity constraints of the kind that caused certain other financial services institutions to fail or require external support, constraints on our liquidity could occur as a result of unanticipated deposit withdrawals because of market distress or our inability to access other sources of liquidity, including through the capital markets due to unforeseen market dislocations or interruptions. Moreover, some of our customers may become less willing to maintain deposits at PNC because of broader market concerns with the level of insurance available on those deposits. Our business and our financial condition and results of operations could be adversely affected by continued soundness concerns regarding financial institutions generally and our counterparties specifically and limitations resulting from further governmental action in an effort to stabilize or provide additional regulation of the financial system as well as the impact of excessive deposit withdrawals.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Unregistered Sales of Equity Securities

None.

Equity Security Repurchases

Details of our repurchases of PNC common stock during the first quarter of 2023 are included in the following table.

2023 period In thousands, except per share data	Total shares purchased (a)	Average price paid per share	Total shares purchased as part of publicly announced programs (b)	Maximum number of shares that may yet be purchased under the programs (b)
January 1 - 31	807	$ 160.56	799	48,195
February 1 - 28	1,191	$ 160.23	760	47,435
March 1 - 31	833	$ 141.50	832	46,603
Total	2,831	$ 154.82	2,391	

(a) Includes PNC common stock purchased in connection with our various employee benefit plans generally related to forfeitures of unvested restricted stock awards and shares used to cover employee payroll tax withholding requirements. See Note 17 Employee Benefit Plans and Note 18 Stock Based Compensation Plans in our 2022 Form 10-K, which include additional information regarding our employee benefit and equity compensation plans that use PNC common stock.

(b) Consistent with the SCB framework, which allows for capital returns in amounts in excess of the SCB minimum levels, our Board of Directors has authorized a repurchase framework under the previously approved repurchase program of up to 100 million common shares, of which approximately 47% were still available for repurchase at March 31, 2023. Due to recent market volatility and increased economic uncertainty, share repurchase activity is expected to be reduced in the second quarter of 2023 compared to recent prior quarters. PNC continues to evaluate and may adjust share repurchase activity, as actual amounts and timing are dependent on market and economic conditions as well as other factors.

ITEM 6. EXHIBITS

The following exhibit index lists Exhibits filed or furnished with this Quarterly Report on Form 10-Q:

Exhibit Index

10.32	Form of Five-Year Restricted Share Units Award Agreement
22	Subsidiary Issuers of Guaranteed Securities
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350
32.2	Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350
101.INS	Inline XBRL Instance Document *
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

*The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL.

You can obtain copies of these Exhibits electronically at the SEC's website at www.sec.gov. The Exhibits are also available as part of this Form 10-Q on PNC's corporate website at www.pnc.com/secfilings. Shareholders and bondholders may also obtain copies of Exhibits, without charge, by contacting Investor Relations at 800-843-2206 or via e-mail at investor.relations@pnc.com.

CORPORATE INFORMATION

The PNC Financial Services Group, Inc.

Internet Information

The PNC Financial Services Group, Inc.'s financial reports and information about its products and services are available on the internet at www.pnc.com. We provide information for investors on our corporate website under "About Us – Investor Relations." We use our Twitter account, @pncnews, as an additional way of disseminating to the public information that may be relevant to investors.

We generally post the following under "About Us – Investor Relations" shortly before or promptly following its first use or release: financially-related press releases, including earnings releases and supplemental financial information, various SEC filings, including annual, quarterly and current reports and proxy statements, presentation materials associated with earnings and other investor conference calls or events, and access to live and recorded audio from earnings and other investor conference calls or events. In some cases, we may post the presentation materials for other investor conference calls or events several days prior to the call or event. For earnings and other conference calls or events, we generally include in our posted materials a cautionary statement regarding forward-looking and non-GAAP financial information, and we provide GAAP reconciliations when we include non-GAAP financial information. Such GAAP reconciliations may be in materials for the applicable presentation, in materials for prior presentations or in our annual, quarterly or current reports.

When warranted, we will also use our website to expedite public access to time-critical information regarding PNC instead of using a press release or a filing with the SEC for first disclosure of the information. In some circumstances, the information may be relevant to investors but directed at customers, in which case it may be accessed directly through the home page rather than "About Us – Investor Relations."

We are required to provide additional public disclosure regarding estimated income, losses and pro forma regulatory capital ratios under supervisory and PNC-developed hypothetical severely adverse economic scenarios, as well as information concerning our capital stress testing processes, pursuant to the stress testing regulations adopted by the Federal Reserve and the OCC. We are also required to make certain additional regulatory capital-related public disclosures about our capital structure, risk exposures, risk assessment processes, risk-weighted assets and overall capital adequacy, including market risk-related disclosures, under the regulatory capital rules adopted by the Federal banking agencies. Similarly, the Federal Reserve's rules require quantitative and qualitative disclosures about our LCR and, beginning in mid-2023, our NSFR. Under these regulations, we may satisfy these requirements through postings on our website, and we have done so and expect to continue to do so without also providing disclosure of this information through filings with the SEC.

Other information posted on our corporate website that may not be available in our filings with the SEC includes information relating to our corporate governance and annual communications from our chairman to shareholders.

Where we have included internet addresses in this Report, such as our internet address and the internet address of the SEC, we have included those internet addresses as inactive textual references only. Except as specifically incorporated by reference into this Report, information on those websites is not part hereof.

Financial Information

We are subject to the informational requirements of the Exchange Act and, in accordance with the Exchange Act, we file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC File Number is 001-09718. You can obtain copies of these and other filings, including exhibits, electronically at the SEC's internet website at www.sec.gov or on our corporate internet website at www.pnc.com/secfilings. Shareholders and bond holders may also obtain copies of these filings without charge by contacting PNC Investor Relations at 800-843-2206, via the information request form at www.pnc.com/investorrelations for copies without exhibits, or via email to investor.relations@pnc.com for copies of exhibits, including financial statements and schedule exhibits where applicable. The interactive date file (XBRL) is only available electronically.

Corporate Governance at PNC

Information about our Board of Directors and its committees and corporate governance, including our PNC Code of Business Conduct and Ethics (as amended from time to time), is available on our website at www.pnc.com/corporategovernance. In addition, any future waivers from a provision of the PNC Code of Business Conduct and Ethics covering any of our directors or executive officers (including our principal executive officer, principal financial officer and principal accounting officer or controller) will be posted at this internet address.

Shareholders who would like to request printed copies of the PNC Code of Business Conduct and Ethics or our Corporate Governance Guidelines or the charters of our Board's Audit, Nominating and Governance, Human Resources, or Risk Committees (all of which are posted on our website at www.pnc.com/corporategovernance) may do so by sending their requests to our Corporate Secretary at The PNC Financial Services Group, Inc. at The Tower at PNC Plaza, 300 Fifth Avenue, Pittsburgh, Pennsylvania 15222-2401. Copies will be provided without charge.

Inquiries

For financial services, call 888-762-2265.

Registered shareholders should contact Shareholder Services at 800-982-7652. Hearing impaired: 800-952-9245.

Analysts and institutional investors should contact Bryan Gill, Executive Vice President, Director of Investor Relations, at 412-768-4143 or via email at investor.relations@pnc.com.

News media representatives should contact PNC Media Relations at 412-762-4550 or via email at media.relations@pnc.com.

Dividend Policy

Holders of PNC common stock are entitled to receive dividends when declared by our Board of Directors out of funds legally available for this purpose. Our Board of Directors may not pay or set apart dividends on the common stock until dividends for all past dividend periods on any series of outstanding preferred stock and certain outstanding capital securities issued by the parent company have been paid or declared and set apart for payment. The Board of Directors presently intends to continue the policy of paying quarterly cash dividends. The amount of any future dividends will depend on economic and market conditions, our financial condition and operating results, and other factors, including contractual restrictions and applicable government regulations and policies (such as those relating to the ability of bank and non-bank subsidiaries to pay dividends to the parent company and regulatory capital limitations). The amount of our dividend is also currently subject to the results of the supervisory assessment of capital adequacy and capital planning processes undertaken by the Federal Reserve as part of the CCAR process, which includes setting PNC's SCB, as described in the Capital Management portion of the Risk Management section of the Financial Review of this Report and in the Supervision and Regulation section in Item 1 of our 2022 Form 10-K.

Dividend Reinvestment and Stock Purchase Plan

The PNC Financial Services Group, Inc. Dividend Reinvestment and Stock Purchase Plan enables holders of our common stock to conveniently purchase additional shares of common stock. Obtain a prospectus and enroll at www.computershare.com/pnc or contact Computershare at 800-982-7652. Registered shareholders may also contact this phone number regarding dividends and other shareholder services.

Stock Transfer Agent and Registrar

Computershare
150 Royall Steet, Suite 101
Canton, MA 02021
800-982-7652
Hearing impaired: 800-952-9245
www.computershare.com/pnc

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on May 2, 2023 on its behalf by the undersigned thereunto duly authorized.

/s/ Robert Q. Reilly

Robert Q. Reilly
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

THE PNC FINANCIAL SERVICES GROUP, INC.
2016 INCENTIVE AWARD PLAN
*** * ***
FIVE-YEAR RESTRICTED SHARE UNITS AWARD AGREEMENT
(SECTION 16)

This Agreement, which includes the attached appendices (this "Agreement"), sets forth the terms and conditions of your restricted share unit award made pursuant to The PNC Financial Services Group, Inc. 2016 Incentive Award Plan and any sub-plans thereto.

Appendix A to this Agreement sets forth additional terms and conditions of the Award, including restrictive covenant provisions. Appendix B to this Agreement sets forth certain definitions applicable to this Agreement generally. Appendix C to this Agreement sets forth the risk performance-based vesting conditions applicable to the Award and certain related definitions. The Addendum following Appendix C sets forth terms specific to California Employees (as defined in the Addendum). Capitalized terms not otherwise defined in the body of this Agreement have the meaning ascribed to such terms in the Plan or Appendices A, B or C.

The Corporation and the Grantee named below (referenced in this Agreement as "you" or "your") agree as follows:

Subject to your timely acceptance of this Agreement (as described in Section A below), the Corporation grants to you the Award set forth below, subject to the terms and conditions of the Plan and this Agreement.

A.	**GRANT AND ACCEPTANCE OF RSUs**
GRANTEE	#ParticipantName#
GRANT DATE	#GrantDate#
AWARD	#QuantityGranted# Stock-payable restricted share units ("RSUs"), each representing a right to receive one Share (net of shares withheld for payment of applicable withholding taxes), and related Dividend Equivalents award, payable in cash (net of applicable withholding taxes).
AWARD ACCEPTANCE; AWARD EFFECTIVE DATE	You must accept this Award by delivering an executed unaltered copy of this Agreement to the Corporation within 30 days of your receipt of this Agreement. Upon such execution and

delivery of this Agreement by both you and the Corporation, this Agreement is effective as of the Grant Date (the "Award Effective Date"). If you do not properly accept this Award, the Corporation may, in its sole discretion, cancel the Award at any time thereafter.

B.	VESTING REQUIREMENTS

B.1 ***An Award becomes vested only upon satisfaction of both the service-based vesting requirements and the risk performance-based vesting requirements set forth below.***

SERVICE-BASED VESTING REQUIREMENTS

The Award is divided into three portions that will become eligible to vest beginning on the 3rd anniversary of the Grant Date (each portion, a "Tranche") on three "Scheduled Vesting Dates," as follows:

- On the 3rd anniversary of the Grant Date, the first Tranche equal to 25% of the total number of RSUs will become eligible to vest;

- On the 4th anniversary of the Grant Date, the second Tranche equal to 25% of the total number of RSUs will become eligible to vest; and

- On the 5th anniversary of the Grant Date, the third Tranche equal to the remaining number of RSUs will become eligible to vest;

in each case, provided you remain continuously employed by PNC through and including the applicable Scheduled Vesting Date (or such earlier date as prescribed by Section B.2 below) and in compliance with the terms and conditions of this Agreement.

RISK PERFORMANCE-BASED VESTING REQUIREMENTS

Provided the service-based vesting requirements have been met, each Tranche will vest on the applicable Scheduled Vesting

Date upon satisfaction of the risk performance metric applicable to that Tranche, as set forth in Appendix C to this Agreement.

B.2 EFFECT OF TERMINATION OF EMPLOYMENT OR A CHANGE OF CONTROL ON SERVICE-BASED VESTING REQUIREMENTS

TREATMENT UPON DEATH

Notwithstanding anything to the contrary in this Agreement, if your employment with PNC ceases by reason of your death, then the remainder of the service-based requirements of the Award will be satisfied as of your date of death, and the unvested portion of your Award will vest immediately upon death without risk adjustment; provided, however, that if the date of your death occurs after a calendar year bur prior to risk performance-based adjustment by the Committee for any given Tranche, the risk performance-based vesting requirements for such Tranche will be satisfied as further described in Appendix C.

TREATMENT UPON TERMINATION BY REASON OF DISABILITY OR ANTICIPATORY TERMINATION

Notwithstanding anything to the contrary in this Agreement, if your employment with PNC is terminated by PNC due to your Disability by reason of an Anticipatory Termination in anticipation of a Change of Control of PNC, and not for Cause (as determined by a PNC Designated Person), then any Tranches that remain outstanding will be paid out at the same time, subject to satisfaction of the risk performance-based vesting requirements and your continued compliance with the terms and conditions of this Agreement, as further described in Appendix C.

TREATMENT UPON TERMINATION FOLLOWING A CHANGE OF CONTROL

Notwithstanding anything to the contrary in this Agreement, if you have been continuously employed by PNC, including any successor entity, through the date of a Change of Control, and your employment with PNC is terminated following such Change of Control but prior to a Scheduled Vesting Date(s), either (a) by PNC other than for Misconduct or (b) by you for Good Reason (a "Qualifying Termination"), then the service-based requirements of the Award will be satisfied as of your Termination Date, and the risk performance-based vesting requirements will be satisfied with respect to any outstanding Tranches as described in Appendix C.

For the avoidance of doubt, upon the occurrence of a Change of Control, the Award will not become vested until the service-based vesting requirements are satisfied, either on the Scheduled Vesting Dates as set forth in Section B.1. or as a result of your termination of employment by reason of death, Disability or an Anticipatory Termination or the occurrence of a Qualifying Termination.

C.		FORFEITURE
C.1	**FORFEITURE UPON FAILURE TO MEET VESTING REQUIREMENTS**	Except as otherwise provided in Section B.2 above, if you cease to be an employee of PNC prior to an applicable Scheduled Vesting Date and the satisfaction of the risk performance-based vesting requirements, you will not have satisfied the vesting requirements, and the outstanding portion of the Award will be automatically forfeited and cancelled as of your Termination Date. Upon such forfeiture and cancellation, neither you nor your successors, heirs, assigns or legal representatives will have any further rights or interest in the Award under this Agreement.
C.2	**FORFEITURE IN CONNECTION WITH DETRIMENTAL CONDUCT**	At any time prior to a Scheduled Vesting Date, to the extent that PNC (acting through a PNC Designated Person) determines in its sole discretion (a) that you have engaged in Detrimental Conduct and (b) to forfeit and cancel (without payment of any consideration by PNC) all or a specified portion of the outstanding Award as a result of such

determination, then such portion will be forfeited and cancelled effective as of the date of such determination.

Upon such determination, neither you nor your successors, heirs, assigns or legal representatives will have any further rights or interest in the Award under this Agreement.

D.	DIVIDEND EQUIVALENTS	
D.1	**GENERALLY**	As of the Award Effective Date, you will be entitled to earn accrued cash Dividend Equivalents on the final number of vested RSUs for each Tranche, in an amount equal to the cash dividends that would have been paid (without interest or reinvestment) between the Grant Date and the Scheduled Vesting Date for that Tranche (or such earlier date in the event of your death or a Change of Control), as though you were the record holder of such RSUs, and such RSUs had been issued and outstanding shares on the Grant Date through the Scheduled Vesting Date for that Tranche (or such earlier date in the event of your death or a Change of Control).
D.2	**ACCRUED DIVIDEND EQUIVALENT PAYMENTS**	(a) Generally. Accrued Dividend Equivalents will vest and be paid out in cash, less the payment of any applicable withholding taxes pursuant to Section 6 of Appendix A, if and when the applicable Tranche vests and pays out (at which point such Dividend Equivalents will terminate). Dividend Equivalents are subject to the same vesting requirements and payout size adjustments as the Tranche to which they relate. If the RSUs to which such Dividend Equivalents relate are forfeited and cancelled, such related Dividend Equivalents will also be forfeited and cancelled without payment of any consideration by PNC. (b) Payment Upon a Change of Control. Accrual of Dividend Equivalents will cease as of the Change of Control. Upon a Change of

Control, Dividend Equivalents accrued (without reinvestment or interest) between the Grant Date and the Change of Control will vest and be paid out in cash, less the payment of any applicable withholding taxes pursuant to Section 6 of Appendix A, if and when the applicable Tranche vests and pays out, as if you were the record holder of the number of Shares equal to the number of vested RSUs underlying such Tranche from the Grant Date through the date of the Change of Control.

E.	**PAYMENT OF THE AWARD**	
E.1	**PAYMENT GENERALLY**	(a) Timing Generally. Except as otherwise provided below, vested RSUs that remain outstanding will be settled as soon as practicable following (i) the applicable Scheduled Vesting Date (but no later than March 15th following the year the applicable Scheduled Vesting Date occurs), or (ii) your date of death, if your date of death is prior to the last Scheduled Vesting Date (but no later than December 31st of the year following the year of your death). (b) Amount. The payout size of each Tranche of the Award shall be subject to a risk performance adjustment ranging from 0.00% to 100.00% of the target number of RSUs applicable to each such Tranche, rounded down to the nearest whole share unit. In no event shall the payout size be greater than 100.00% for any Tranche, and if the risk related performance adjustment is determined by the Committee to be 0.00%, such Tranche shall be forfeited.
E.2	**FORM OF PAYMENT; AMOUNT**	(a) Payment Generally. Except as provided in subsection (b) below, vested RSUs will be settled at the time set forth in this Section E.1 by delivery to you of that number of whole Shares equal to the number of RSUs less the payment of any

applicable withholding taxes pursuant to Section 6 of Appendix A.

(b) Payment On or After a Change of Control.

Upon vesting on or after a Change of Control, vested RSUs will be settled at the time set forth in Section E.1 by payment to you of cash in an amount equal to that number of whole Shares equal to the number of vested RSUs, multiplied by the then current Fair Market Value of a share of Common Stock on the date of the Change of Control (subject to any applicable adjustment pursuant to Section 2 of Appendix A), less the payment of any applicable withholding taxes pursuant to Section 6 of Appendix A. Related accrued Dividend Equivalent payments will be paid to you in cash as described in Section D.2(b).

No interest will be paid with respect to any such payments made pursuant to this Section E.

F. RESTRICTIVE COVENANTS

Upon your acceptance of this Award, you shall become subject to the restrictive covenant provisions set forth in Section 1 of Appendix A.

G. CLAWBACK

The Award, and any right to receive and retain any Shares (if applicable), cash or other value pursuant to the Award, is subject to rescission, cancellation or recoupment, in whole or in part, if and to the extent so provided under the Corporation's Incentive Compensation Adjustment and Clawback Policy, as in effect from time to time with respect to the Award, or any other applicable clawback, adjustment or similar policy in effect on or established after the Grant Date and to any clawback or recoupment that may be required by applicable law or regulation.

By accepting this Award, you agree that you are obligated to provide all assistance necessary to the Corporation to recover or recoup the Shares, cash or other value pursuant to the Award which are subject to recovery or recoupment pursuant to applicable law, government regulation, stock exchange listing requirement or PNC policy. Such assistance shall include completing any documentation necessary to recover or recoup the Shares, cash or other value pursuant to the Award from any accounts you maintain with PNC or any pending or future compensation.

A copy of the Incentive Compensation Adjustment and Clawback Policy is included in the materials distributed to you with this Agreement.

THE PNC FINANCIAL SERVICES GROUP, INC.
2016 INCENTIVE AWARD PLAN

RESTRICTED SHARE UNITS AWARD AGREEMENT
(SECTION 16)

APPENDIX A

ADDITIONAL PROVISIONS

1. Restrictive Covenants. You and PNC acknowledge and agree that you have received adequate consideration with respect to enforcement of the provisions of this Section 1 by virtue of accepting this Award (regardless of whether the Award or any portion thereof is ultimately settled and paid to you); that such provisions are reasonable and properly required for the adequate protection of the business of PNC and its subsidiaries; and that enforcement of such provisions will not prevent you from earning a living.

(a) Non-Solicitation; No-Hire. You agree to comply with the provisions of this Section 1(a) during the period of your employment with PNC and the 12-month period following your Termination Date, regardless of the reason for such termination of employment, as follows:

i. *Non-Solicitation*. You will not, directly or indirectly, either for your own benefit or purpose or for the benefit or purpose of any Person other than PNC, solicit, call on, do business with, or actively interfere with PNC's relationship with, or attempt to divert or entice away, any Person that you should reasonably know (A) is a customer of PNC for which PNC provides any services as of your Termination Date, or (B) was a customer of PNC for which PNC provided any services at any time during the 12 months preceding your Termination Date, or (C) was, as of your Termination Date, considering retention of PNC to provide any services.

ii. *No-Hire*. You will not, directly or indirectly, either for your own benefit or purpose or for the benefit or purpose of any Person other than PNC, employ or offer to employ, call on, or actively interfere with PNC's relationship with, or attempt to divert or entice away, any employee of PNC. You also will not assist any other Person in such activities.

Notwithstanding Section 1(a)(i) and Section 1(a)(ii) above, if your termination of employment with PNC is an Anticipatory Termination, then commencing immediately after your Termination Date, the provisions of Section 1(a)(i) and Section 1(a)(ii) will no longer apply and will be replaced with the following provision:

> "No-Hire. You agree that you will not, for a period of one year after your Termination Date, employ or offer to employ, solicit, actively interfere with PNC's or any PNC affiliate's relationship with, or attempt to divert or entice away, any officer of PNC or any affiliate of PNC."

(b) Confidentiality. During your employment with PNC and thereafter regardless of the reason for termination of such employment, you will not disclose or use in any way any confidential business or technical information or trade secret acquired in the course of such employment, all of which is the exclusive and valuable property of PNC whether or not conceived of or prepared by you, other than (i) information generally known in PNC's industry or acquired from public sources, (ii) as required in the course of employment by PNC, (iii) as required by any court, supervisory authority, administrative agency or applicable law, or (iv) with the prior written consent of PNC. Nothing in this Agreement, including this Section 1(b), is intended to limit you from reporting possible violations of law or regulation to any governmental entity or any self-regulatory organization or making other disclosures that are protected under the whistleblower provisions of federal, state or local law or regulation. You further understand and agree that you are not required to contact or receive consent from PNC before engaging in such communications with any such authorities.

(c) Ownership of Inventions. You will promptly and fully disclose to PNC any and all inventions, discoveries, improvements, ideas or other works of inventorship or authorship, whether or not patentable, that have been or will be conceived and/or reduced to practice by you during the term of your employment with PNC, whether alone or with others, and that are (i) related directly or indirectly to the business or activities of PNC or (ii) developed with the use of any time, material, facilities or other resources of PNC ("Developments"). You agree to assign and hereby do assign to PNC or its designee all of your right, title and interest, including copyrights and patent rights, in and to all Developments. You will perform all actions and execute all instruments that PNC or any subsidiary will deem necessary to protect or record PNC's or its designee's interests in the Developments. The obligations of this Section 1(c) will be performed by you without further compensation and will continue beyond your Termination Date.

(d) Enforcement Provisions. You understand and agree to the following provisions regarding enforcement of Section 1 of this Agreement:

i. *Equitable Remedies*. A breach of the provisions of Sections 1(a) – 1(c) will cause PNC irreparable harm, and PNC will therefore be entitled to seek issuance of immediate, as well as permanent, injunctive relief restraining you, and each and every person and entity acting in concert or participating with you, from initiation and/or continuation of such breach.

ii. *Tolling Period*. If it becomes necessary or desirable for PNC to seek compliance with the provisions of Section 1(a) by legal proceedings, the period during which you will comply with said provisions will extend for a period of 12 months from the date PNC institutes legal proceedings for injunctive or other relief.

iii. *Reform*. If any of Sections 1(a) – 1(c) are determined by a court of competent jurisdiction to be unenforceable because unreasonable either as to length of time or area to which the restriction applies, it is the intent of both parties that the court reduce and reform the restriction so as to apply the greatest limitations considered enforceable by the court.

iv. *Waiver of Jury Trial*. Each of you and PNC hereby waives any right to trial by jury with regard to any suit, action or proceeding under or in connection with any of Sections 1(a) – 1(c).

v. *Application of Defend Trade Secrets Act*. Regardless of any other provision in this Agreement, you may be entitled to immunity and protection from retaliation under the Defend Trade Secrets Act of 2016 for disclosing trade secrets under certain limited circumstances, as set forth in PNC's Defend Trade Secrets Act policy. The policy is available for viewing on PNC's intranet under the "PNC Ethics" page.

2. **Capital Adjustments upon a Change of Control**. Upon the occurrence of a Change of Control, (a) the number, class and kind of RSUs then outstanding under the Award will automatically be adjusted to reflect the same changes as are made to outstanding shares of Common Stock generally, (b) the value per share unit of any share-denominated award amount will be measured by reference to the per share value of the consideration payable to a holder of Common Stock in connection with such Corporate Transaction or Transactions if applicable, and (c) with respect to stock-payable RSUs only, if the effect of the Corporate Transaction or Transactions on a holder of Common Stock is to convert that shareholder's holdings into consideration that does not consist solely (other than as to a minimal amount) of shares of Common Stock, then the entire value of any payment to be made to you will be made solely in cash at the applicable time specified in this Agreement.

3. **Fractional Shares**. No fractional Shares will be delivered to you. If the outstanding vested RSUs being settled in Shares include a fractional interest, such fractional interest will be eliminated by rounding down to the nearest whole share unit.

4. **No Rights as a Shareholder**. You will have no rights as a shareholder of the Corporation by virtue of this Award unless and until Shares are issued and delivered in settlement of the Award pursuant to and in accordance with this Agreement.

5. **Transfer Restrictions**.

(a) The Award may not be sold, assigned, transferred, exchanged, pledged, or otherwise alienated or hypothecated.

(b) If you are deceased at the time any outstanding vested RSUs are settled and paid out in accordance with the terms of this Agreement, such delivery of Shares, cash payment or other payment (as applicable) shall be made to the executor or administrator of your estate or to your other legal representative or, as permitted under the election procedures of the Plan's third-party administrator, to your designated beneficiary, in each case, as determined in good faith by the Corporation. Any delivery of Shares, cash payment or other payment made in good faith by the Corporation to your executor, other legal representative or permissible designated beneficiary, or retained by the Corporation for taxes pursuant to Section 6 of this Appendix A, shall extinguish all right to payment hereunder.

6. Withholding Taxes.

(a) You shall be solely responsible for any applicable taxes (including, without limitation, income and excise taxes), penalties and interest that you incur in connection hereunder. The Corporation will, at the time any withholding tax obligation arises in connection herewith, retain an amount sufficient to satisfy the minimum amount of taxes then required to be withheld by PNC in connection therewith from amounts then payable hereunder to you.

(b) If any such withholding is required prior to the time amounts are payable to you hereunder or if such amounts are not sufficient to satisfy such obligation in full, the withholding will be taken from other compensation then payable to you or as otherwise determined by PNC.

(c) The Corporation will withhold cash from any amounts then payable to you hereunder that are settled in cash. Unless the Committee or PNC Designated Person determines otherwise, with respect to stock-payable RSUs only, the Corporation will retain whole Shares from any amounts then payable to you hereunder (or pursuant to any other RSUs previously awarded to you under the Plan) in the form of Shares. For purposes of this Section 6(c), Shares retained to satisfy applicable withholding tax requirements will be valued at their Fair Market Value on the date the tax withholding obligation arises (as such date is determined by the Corporation).

7. Employment. Neither the granting of the Award nor any payment with respect to such Award authorized hereunder nor any term or provision of this Agreement shall constitute or be evidence of any understanding, expressed or implied, on the part of PNC to employ you for any period or in any way alter your status as an employee at will.

8. Miscellaneous.

(a) Subject to the Plan and Interpretations. In all respects the Award and this Agreement are subject to the terms and conditions of the Plan, which has been made available to you and is incorporated herein by reference. The terms of the Plan will not be considered an enlargement of any benefits under this Agreement. If the Plan and this Agreement conflict, the provisions of the Plan will govern. Interpretations of the Plan and this Agreement by the Committee are binding on you and PNC.

(b) Governing Law and Jurisdiction. This Agreement is governed by and construed under the laws of the Commonwealth of Pennsylvania, without reference to its conflict of laws provisions. Any dispute or claim arising out of or relating to this

Agreement or claim of breach hereof will be brought exclusively in the Federal court for the Western District of Pennsylvania or in the Court of Common Pleas of Allegheny County, Pennsylvania. By execution of this Agreement, you and PNC hereby consent to the exclusive jurisdiction of such courts and waive any right to challenge jurisdiction or venue in such courts with regard to any suit, action, or proceeding under or in connection with this Agreement.

(c) Headings; Entire Agreement. Headings used in this Agreement are provided for reference and convenience only, are not considered part of this Agreement, and will not be employed in the construction of this Agreement. This Agreement, including any appendices or exhibits attached hereto, constitutes the entire agreement between you and PNC with respect to the subject matters addressed herein, and supersedes all other discussions, negotiations, correspondence, representations, understandings and agreements between the parties concerning the subject matters hereof.

(d) Modification. Modifications or adjustments to the terms of this Agreement may be made by the Corporation as permitted in accordance with the Plan or as provided for in this Agreement. No other modification of the terms of this Agreement will be effective unless embodied in a separate, subsequent writing signed by you and by an authorized representative of the Corporation.

(e) No Waiver. Failure of PNC to demand strict compliance with any of the terms, covenants or conditions of this Agreement will not be deemed a waiver of such term, covenant or condition, nor will any waiver or relinquishment of any such term, covenant or condition on any occasion or on multiple occasions be deemed a waiver or relinquishment of such term, covenant or condition.

(f) Severability. The restrictions and obligations imposed by this Agreement are separate and severable, and it is the intent of both parties that if any restriction or obligation imposed by any of these provisions is deemed by a court of competent jurisdiction to be void for any reason whatsoever, the remaining provisions, restrictions and obligations will remain valid and binding upon you.

(g) Applicable Laws. Notwithstanding anything in this Agreement, PNC will not be required to comply with any term, covenant or condition of this Agreement if and to the extent prohibited by law, including but not limited to Federal banking and securities regulations, or as otherwise directed by one or more regulatory agencies having jurisdiction over PNC.

(h) Compliance with Section 409A of the Internal Revenue Code. It is the intention of the parties that the Award and this Agreement comply with the provisions of Section 409A of the Internal Revenue Code to the extent, if any, that such provisions are applicable. This Agreement will be administered in a manner consistent with this intent, including as set forth in Section 20 of the Plan. If the Award includes a "series of installment payments" (within the meaning of Section 1.409A-2(b)(2)(iii) of the Treasury

Regulations), your right to the series of installment payments will be treated as a right to a series of separate payments and not as a right to a single payment.

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THE PNC FINANCIAL SERVICES GROUP, INC.
2016 INCENTIVE AWARD PLAN

RESTRICTED SHARE UNITS AWARD AGREEMENT
(SECTION 16)

APPENDIX B

DEFINITIONS

Certain Definitions. Except as otherwise provided, the following definitions apply for purposes of this Agreement.

"Anticipatory Termination" means a termination of employment where PNC terminates your employment with PNC (other than for Misconduct or Disability) prior to the date on which a Change of Control occurs, and you reasonably demonstrated that such termination of employment (i) was at the request of a third party that has taken steps reasonably calculated to effect a Change of Control or (ii) otherwise arose in connection with or in anticipation of a Change of Control.

"Award Effective Date" has the meaning set forth in Section A of this Agreement.

"Change of Control" means:

(a) Any Person becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (x) the then-outstanding shares of Common Stock (the "Outstanding PNC Common Stock") or (y) the combined voting power of the then-outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the "Outstanding PNC Voting Securities"). The following acquisitions will not constitute a Change of Control for purposes of this definition: (1) any acquisition directly from the Corporation, (2) any acquisition by the Corporation, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any company controlled by, controlling or under common control with the Corporation (an "Affiliated Company"), (4) any acquisition pursuant to an Excluded Combination (as defined below) or (5) an acquisition of beneficial ownership representing between 20% and 40%, inclusive, of the Outstanding PNC Voting Securities or Outstanding PNC Common Stock if the Incumbent Board (as defined below) as of immediately prior to any such acquisition approves such acquisition either prior to or immediately after its occurrence;

(b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied). For purposes of this definition, any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the shareholders of the Corporation, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board will be considered as though such individual was a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(c) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Corporation or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Corporation, or the acquisition of assets or stock of another entity by the Corporation or any of its subsidiaries (each, a "Business Combination"). A transaction otherwise meeting the definition of Business Combination will not be treated as a Change of Control if following completion of the transaction all or substantially all of the beneficial owners of the Outstanding PNC Common Stock and the Outstanding PNC Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of the then-outstanding shares of Common Stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Corporation or all or substantially all of the Corporation's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding PNC Common Stock and the Outstanding PNC Voting Securities, as the case may be (such a Business Combination, an "Excluded Combination"); or

(d) Approval by the shareholders of the Corporation of a complete liquidation or dissolution of the Corporation.

"Competitive Activity" means any participation in, employment by, ownership of any equity interest exceeding one percent in, or promotion or organization of, any Person other than PNC (1) engaged in business activities similar to some or all of the business activities of PNC during your employment or (2) engaged in business activities that you know PNC intends to enter within the next 12 months (or, if after your Termination Date, within the first 12 months after your Termination Date), in either case whether you are acting as agent, consultant, independent contractor, employee, officer, director, investor, partner, shareholder, proprietor or in any other individual or representative capacity therein. For purposes of Competitive Activity as defined herein (and as such similar term is defined in any equity-based award agreement held by you), the term "subsidiary" will not include any company in which PNC holds an interest pursuant to its merchant banking authority.

"Detrimental Conduct" means:

(a) You have engaged in, without the prior written consent of PNC (with consent to be given or withheld at PNC's sole discretion), in any Competitive Activity in the Restricted Territory at any time during the period of your employment with PNC and the 12-month period following your Termination Date;

(b) any act of fraud, misappropriation, or embezzlement by you against PNC or one of its subsidiaries or any client or customer of PNC or one of its subsidiaries; or

(c) you are convicted (including a plea of guilty or of nolo contendere) of, or you enter into a pre-trial disposition with respect to, the commission of a felony that relates to or arises out of your employment or other service relationship with PNC.

You will be deemed to have engaged in Detrimental Conduct for purposes of this Agreement only if and when the Committee or other PNC Designated Person determines that you have engaged in conduct described in clause (a) or clause (b) above or that an event described in clause (c) above has occurred with respect to you. Detrimental Conduct will not apply to conduct by or activities of successors to the Award by will or the laws of descent and distribution in the event of your death.

No determination that you have engaged in Detrimental Conduct may be made (x) on or after your Termination Date if your termination of employment was an Anticipatory Termination or (y) between the time PNC enters into an agreement providing for a Change of Control and the time such agreement either terminates or results in a Change of Control.

"Good Reason" means the definition of Good Reason contained in the Change of Control Employment Agreement between you and PNC or any substitute employment agreement entered into between you and PNC then in effect or, if none, the occurrence of any of the following events without your consent:

(a) the assignment to of any duties to you inconsistent in any material respect with your position (including status, offices, titles and reporting requirements), or any other material diminution in such position, authority, duties or responsibilities;

(b) any material reduction in your rate of base salary or the amount of your annual bonus opportunity (or, if less, the bonus opportunity established for the PNC's similarly situated employees for any year), or a material reduction in the level of any other employee benefits for which you are eligible receive below those offered to the PNC's similarly situated employees;

(c) PNC's requiring you to be based at any office or location outside of a fifty (50)-mile radius from the office where you were employed on the Grant Date;

(d) any action or inaction that constitutes a material breach by the PNC of any agreement entered into between you and PNC; or

(e) the failure by PNC to require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of PNC to assume expressly and agree to perform this Agreement in the same manner and to the same extent that PNC would be required to perform it if no such succession had taken place.

Notwithstanding the foregoing, none of the events described above shall constitute Good Reason unless and until (i) you first notify PNC in writing describing in reasonable detail the condition which constitutes Good Reason within 90 days of its initial occurrence, (ii) PNC fails to cure such condition within 30 days after receipt of such written notice, and (iii) you terminate employment within two years of its initial occurrence.

Your mental or physical incapacity following the occurrence of an event described above in clauses (a) through (e) shall not affect your ability to terminate employment for Good Reason, and your death following delivery of a notice of termination for Good Reason shall not affect your estate's entitlement to severance payments benefits provided hereunder upon a termination of employment for Good Reason.

"Misconduct" means, as it relates to an Anticipatory Termination or following a Change of Control, (a) your willful and continued failure to substantially perform your duties with PNC (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to you by the Board or the CEO that specifically identifies the manner in which the Board or the CEO believes that you have not substantially performed your duties; or (b) your willful engagement in illegal conduct or gross misconduct that is materially and demonstrably injurious to PNC or any of its subsidiaries. For purposes of clauses (a) and (b), no act or failure to act, on your part, shall be considered willful unless it is done, or omitted to be done, by you in bad faith and without reasonable belief that your action or omission was in the best interests of PNC. Any act, or failure to act, based upon the instructions or prior approval of the Board, the CEO or your superior or based upon the advice of counsel for PNC, will be conclusively presumed to be done, or omitted to be done, by you in good faith and in the best interests of PNC.

Your cessation of employment will be deemed to be a termination of your employment with PNC for Misconduct only if and when there shall have been delivered to you, as part of the notice of your termination, a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board, at a Board meeting called and held for the purpose of considering such termination, finding on the basis of clear and convincing evidence that, in the good faith opinion of the Board, you are guilty of conduct described in clause (a) or clause (b) above and, in either case, specifying the particulars thereof in detail. Such resolution shall be adopted only after (i) reasonable notice of such Board meeting is provided to you, together with written notice that PNC believes that you are guilty of conduct described in clause (a) or clause (b) above and, in either case, specifying the particulars thereof in detail, and (ii) you are given an opportunity, together with counsel, to be heard before the Board.

"Person" means any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act.

"PNC Designated Person" means (a) the Committee or its delegate if you are (or were when you ceased to be an employee of PNC) either a Group 1 covered employee (Corporate Executive Group member) including any equivalent successor classification or subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to PNC securities (or both); or (b) the Committee, the CEO, or the Chief Human Resources Officer of PNC, or any other individual or group as may be designated by one of the foregoing to act as PNC Designated Person for purposes of this Agreement.

"Qualifying Termination" has the meaning set forth in Section B of this Agreement.

"Restricted Territory" means (a) if you are employed by (or, if you are not an employee, providing the majority of your services to) PNC in the United States or Canada as of the Termination Date, the United States and Canada, (b) if you are employed by (or, if you are not an employee, providing the majority of your services to) PNC in the United Kingdom as of the Termination Date, the United Kingdom or (c) if you are employed by (or, if you are not an employee, providing the majority of your services to) PNC in Germany as of the Termination Date, Germany or the United Kingdom.

"Termination Date" means the last day of your employment with PNC. If you are employed by a Subsidiary that ceases to be a Subsidiary or ceases to be a consolidated subsidiary of the Corporation under U.S. generally accepted accounting principles and you do not continue to be employed by or otherwise have a Service Relationship with PNC, then for purposes of this Agreement, your employment with PNC terminates effective at the time this occurs.

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2016 INCENTIVE AWARD PLAN

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(SECTION 16)

APPENDIX C

RISK PERFORMANCE-BASED VESTING CONDITIONS

The following table sets forth the risk performance-based vesting conditions of the Award:

1.	*Generally*	The Award is divided into three Tranches, with the first Tranche relating to the 2025 performance year, the second Tranche relating to the 2026 performance year, and the third tranche relating to the 2027 performance year (each such year, a "Performance Year"). Each Tranche must satisfy a risk-related performance metric based on whether PNC has met or exceeded the common equity Tier 1 capital spot ratio limit as then in effect and applicable to The PNC Financial Services Group, Inc. ("CET1 Ratio") (which may be on a pro forma fully phased-in basis, if applicable) as set forth in PNC's Enterprise Capital Management Policy (or any successor policy) and monitored at least quarterly. Each Tranche of the Award will also be subject to an annual risk review based on business unit financial performance (or at the discretion of the Committee). "PNC" for purposes of this Appendix C as it refers to risk performance-based vesting conditions means the Corporation and its consolidated subsidiaries for financial reporting purposes.
2.	*Applying the Risk Performance Metric*	*(a) CET1 Ratio Generally*. Each Tranche is subject to a risk performance factor based on whether PNC has met or exceeded the CET1 Ratio as of the last day of each Performance Year. The current CET1 Ratio is 7.4%. *(b) Determination of Annual CET1 Ratio*. As soon as practicable following the end of each Performance Year, PNC will present information to the Committee relating to

		(i) the CET1 Ratio compared to (ii) the actual CET1 Ratio achieved by PNC with respect to that Performance Year, based on PNC's publicly reported financial results for the period ending on the applicable end date. Except as otherwise provided in paragraph 5 in the event of your death or a Change of Control, this will generally be the public release of earnings results for PNC's fourth quarter that occurs after the year-end measurement date, so that the Committee will be able to make its determination in late January or early February following a Performance Year. • If PNC meets or exceeds the CET1 Ratio for a Performance Year, the risk performance metric is satisfied. • If PNC does not meet the CET1 Ratio for a Performance Year, the applicable Tranche is eligible for forfeiture as determined by the Committee prior to settlement of the Tranche.
3.	*Risk Performance Review Adjustments*	In addition, and independent from the CET1 Ratio performance metric described in paragraph 2 above, with respect to each Tranche and prior to the settlement of that Tranche, the Committee conducts a risk performance review either (1) as a result of business unit financial performance (as described below) or (2) at the discretion of the Committee, relating to a risk-related action of potentially material consequence to PNC. A risk performance review is triggered under (1) above if (a) one of the specific business unit or enterprise level review triggers set forth below is met and (b) that review trigger is applicable to you because either it (i) applies to your business unit or functional area as of the Grant Date and the Committee has not determined in its discretion to apply a different review trigger to you for the Performance Year, or (ii) the Committee has determined in its discretion to apply such specific business unit or enterprise level review trigger to you for the Performance Year. The specific business unit or enterprise level review triggers are as follows: • PNC's Retail Banking segment reports a loss for the Performance Year

		• PNC's Corporate & Institutional Banking segment reports a loss for the Performance Year • PNC's Asset Management Group segment reports a loss for the Performance Year If you are not assigned to one of the above-named business units as of the Grant Date, the review trigger will be applicable to you only in the event the Committee determines in its discretion to apply such review trigger, as described in (ii) above. If your affiliated business unit or functional area as of the Grant Date is eliminated or no longer reportable due to restructuring or other business reason, the specific review trigger applicable to you will be based on your newly assigned business unit or functional area. For purposes of this Agreement, whether or not a specified business unit has a loss for a given Performance Year will be determined on the basis of the reported earnings or loss, as the case may be, of the reportable business segment that includes the results of such business unit, based on PNC's publicly reported financial results for that year. If a risk performance review is triggered as a result of business financial performance under (1) or if the Committee exercises its discretion to conduct a risk performance review under (2) above, the Committee will review and determine if a downward adjustment for risk performance is appropriate either for the applicable Tranche or to a specific Grantee. Any determination to conduct a risk performance review will be made shortly after the close of the Performance Year, but no later than the 45th day following the close of the Performance Year, and any required review will be conducted no later than two and a half-months after the close of the Performance Year.
4.	*Determination of Final Number of RSUs*	Following the Performance Year, if (1) the risk performance metric is satisfied and if no risk review is conducted with respect to that year, or (2) the Committee determines not to apply a downward adjustment for risk

		performance, then the final Award will be the number of RSUs subject to the applicable Tranche. If the risk performance metric is not satisfied, or if a review is conducted, and the Committee applies a downward adjustment for risk performance, then the final award will be a lower number of RSUs subject to the applicable Tranche (rounded down to the nearest whole Unit) or zero, as determined by the Committee. If the Committee elects to forfeit a Tranche as it relates to all members of PNC's Group 1 executives by reason of the CET1 Ratio risk performance metric not being satisfied, such Tranche will also be forfeited for all members of the Senior Leader program. **In no event can the size of the Tranche be greater than 100.00% of the target number of RSUs subject to that Tranche.**
5.	*Determination of Risk Performance Metric Upon Death or a Change of Control*	
	Death	Notwithstanding anything to the contrary in this Agreement, if your employment with PNC ceases by reason of your death, or if you die after a termination of employment with PNC due to Disability or by reason of an Anticipatory Termination, in any case, prior to a Change of Control or the last Scheduled Vesting Date, then all risk performance-based conditions will be met with respect to the outstanding portion of your Award, *unless* the date of death occurs after a calendar year but prior to performance-adjustment by the Committee (including a Committee determination made immediately preceding the date of the Change of Control), in which case such Tranche will vest based on actual performance as determined by the Committee. For the avoidance of doubt, in the event of your death following a Change of Control, the risk performance metric for any then-outstanding Tranche will be determined as provided in the "Change of Control" paragraph below.
	Change of Control	Notwithstanding anything to the contrary in this Agreement and subject to your satisfaction of the service-based vesting requirements, any outstanding Tranches for

		which no performance factors have been determined at the time of a Change of Control will be risk performance-adjusted, as follows: • If a Change of Control occurs after a completed Performance Year, but prior to the Scheduled Vesting Date for that Tranche, the actual CET1 Ratio for that Performance Year will continue to apply to that Tranche, and • For any Performance Year not completed prior to a Change of Control, if the CET1 Ratio was not met as of the quarter-end date immediately preceding the Change of Control (or if the Change of Control falls on a quarter-end date, and such information is available and applicable for such date, the date of the Change of Control), then all remaining Tranches will be forfeited and expire as of the Change of Control. For the avoidance of doubt: • If the CET1 Ratio was not met as of the applicable quarter-end performance measurement date, the Award will be forfeited by you as of the Change of Control. • Tranches where the CET1 Ratio was met and that remain outstanding will be paid out, without further Dividend Equivalents or any interest, on the Scheduled Vesting Dates (or earlier, in the event of your death) upon your satisfaction of the service-based vesting requirements.
6.	*Committee Determination*	The Committee may make prospective adjustments to the Award. All determinations made by the Committee or otherwise by PNC hereunder shall be made in its sole discretion and shall be final, binding and conclusive for all purposes on all parties.

THE PNC FINANCIAL SERVICES GROUP, INC.
2016 INCENTIVE AWARD PLAN

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(SECTION 16)

ADDENDUM FOR CALIFORNIA EMPLOYEES

1. DEFINITION. As used in this Addendum, "California Employee" means an individual who is or was an Employee of PNC who is a resident of the State of California. This Addendum shall apply only to a California Employee, and this Addendum shall not apply to any Awards made under the Plan to any other person.

2. INTERACTION WITH THE AGREEMENT.

(a) Article G and the Incentive Compensation Adjustment and Clawback Policy ("Clawback Policy"). No adjustment to or deductions from a California Employee's earned compensation will occur as a result of the Clawback Policy unless otherwise required by federal law or regulations or allowed by California law.

(b) Appendix A, Article 1 "Restrictive Covenants," shall be modified as follows:

(i). Subsection (a) shall not apply to California Employees.
(ii). Subsection (c) "*Ownership of Inventions*" – pursuant to California Labor Code Section 2872, the Agreement does not apply to any Intellectual Property of the Employee which qualifies for the protections of California Labor Code Section 2870, a copy of which is attached. California Employees agree to promptly advise PNC in writing of any invention or Development that they believe to meet the criteria of California Labor Code Section 2870 that they have not otherwise already disclosed.
(iii.) Subsection (d)(4) "*Waiver of Jury Trial*" – shall not apply to California Employees.

(c) California Employees remain bound by the remaining Restrictive Covenants in Appendix A, Section 1 to the extent allowed by California law.

(d) This Addendum should be read in conjunction with the Agreement and is subject to the terms and conditions of the Agreement except to the extent that the terms and conditions of the Agreement differ from or conflict with the terms set out in this Addendum, in which event, the terms set out in this Addendum shall prevail.

(e) You and the Corporation agree that this Addendum shall apply to all Awards to California Employees, including prior Awards which have yet to vest, to the extent allowed by law.

3. GENERAL. The terms and conditions provided in this Addendum are severable and if any one or more provisions (or the effect of any such provision) are determined to be subject to any laws of the State of California and to be illegal or otherwise unenforceable under such laws, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

Section 2870 of the *California Labor Code* provides as follows:

> Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:
>
> > Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer.
> >
> > Result from any work performed by the employee for his employer.
>
> To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be signed on its behalf as of the Grant Date.

THE PNC FINANCIAL SERVICES GROUP, INC.

By:

Chief Executive Officer

ATTEST:

By:

Corporate Secretary

ACCEPTED AND AGREED TO by GRANTEE

____

Grantee

EXHIBIT 22

Subsidiary Issuers of Guaranteed Securities

The 100% owned finance subsidiary of The PNC Financial Services Group, Inc. ("PNC") identified in the table below, has issued the securities listed opposite each of such subsidiary issuer in the table below. PNC has fully and unconditionally guaranteed (or effectively provided for the full and unconditional guarantee of) all such securities:

Subsidiary Issuer	Guaranteed Securities
PNC Capital Trust C	Floating rate preferred trust securities

EXHIBIT 31.1

In accordance with Exchange Act Rules 13a-14(f) and 15d-14(f), this certification does not relate to Interactive Data Files as defined in Rule 11 of Regulation S-T.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, William S. Demchak, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 of The PNC Financial Services Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2023

/s/ William S. Demchak

William S. Demchak
Chairman, President and Chief Executive Officer

EXHIBIT 31.2

In accordance with Exchange Act Rules 13a-14(f) and 15d-14(f), this certification does not relate to Interactive Data Files as defined in Rule 11 of Regulation S-T.

Certification of Chief Financial Officer

I, Robert Q. Reilly, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 of The PNC Financial Services Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2023

/s/ Robert Q. Reilly

Robert Q. Reilly
Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

In accordance with Exchange Act Rules 13a-14(f) and 15d-14(f), this certification does not relate to Interactive Data Files as defined in Rule 11 of Regulation S-T.

CERTIFICATION BY CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 of The PNC Financial Services Group, Inc. (the "Corporation") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William S. Demchak, Chairman, President and Chief Executive Officer of the Corporation, hereby certify, pursuant to 18 U.S.C. Section 1350, as paradopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation for the dates and periods covered by the Report.

This certificate is being made for the exclusive purpose of compliance by the Chief Executive Officer of the Corporation with the requirements of Section 906 of the Sarbanes-Oxley Act of 2002, and it may not be used by any person or for any reason other than as specifically required by law.

/s/ William S. Demchak

William S. Demchak
Chairman, President and Chief Executive Officer

May 2, 2023

EXHIBIT 32.2

In accordance with Exchange Act Rules 13a-14(f) and 15d-14(f), this certification does not relate to Interactive Data Files as defined in Rule 11 of Regulation S-T.

CERTIFICATION BY CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 of The PNC Financial Services Group, Inc. (the "Corporation") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert Q. Reilly, Executive Vice President and Chief Financial Officer of the Corporation, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation for the dates and periods covered by the Report.

This certificate is being made for the exclusive purpose of compliance by the Chief Financial Officer of the Corporation with the requirements of Section 906 of the Sarbanes-Oxley Act of 2002, and it may not be used by any person or for any reason other than as specifically required by law.

/s/ Robert Q. Reilly

Robert Q. Reilly
Executive Vice President and Chief Financial Officer

May 2, 2023

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2023
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-09718

The PNC Financial Services Group, Inc.

(Exact name of registrant as specified in its charter)

Pennsylvania	**25-1435979**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

The Tower at PNC Plaza, 300 Fifth Avenue, Pittsburgh, Pennsylvania 15222-2401
(Address of principal executive offices, including zip code)

(888) 762-2265
(Registrant's telephone number including area code)

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value $5.00	PNC	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of July 17, 2023, there were 398,254,594 shares of the registrant's common stock ($5 par value) outstanding.

Cross-Reference Index to Second Quarter 2023 Form 10-Q

MD&A TABLE REFERENCE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS TABLE REFERENCE

FINANCIAL REVIEW

THE PNC FINANCIAL SERVICES GROUP, INC.

This Financial Review, including the Consolidated Financial Highlights, should be read together with our unaudited Consolidated Financial Statements and unaudited Statistical Information included elsewhere in this Quarterly Report on Form 10-Q (the "Report" or "Form 10-Q") and with Items 6, 7, 8 and 9A of our 2022 Annual Report on Form 10-K (our "2022 Form 10-K"). For information regarding certain business, regulatory and legal risks, see the following: the Risk Management section of this Financial Review and of Item 7 in our 2022 Form 10-K; Item 1A Risk Factors included in our first quarter 2023 Form 10-Q and our 2022 Form 10-K; and the Commitments and Legal Proceedings Notes included in this Report and Item 8 of our 2022 Form 10-K. Also, see the Cautionary Statement Regarding Forward-Looking Information section in this Financial Review and the Critical Accounting Estimates and Judgments section in this Financial Review and in our 2022 Form 10-K for certain other factors that could cause actual results or future events to differ, perhaps materially, from historical performance and from those anticipated in the forward-looking statements included in this Report. See Note 14 Segment Reporting for a reconciliation of total business segment earnings to total PNC consolidated net income as reported on a GAAP basis. In this Report, "PNC," "we" or "us" refers to The PNC Financial Services Group, Inc. and its subsidiaries on a consolidated basis (except when referring to PNC as a public company, its common stock or other securities issued by PNC, which just refer to The PNC Financial Services Group, Inc.). References to The PNC Financial Services Group, Inc. or to any of its subsidiaries are specifically made where applicable.

See page 107 for a glossary of certain terms and acronyms used in this Report.

EXECUTIVE SUMMARY

Headquartered in Pittsburgh, Pennsylvania, we are one of the largest diversified financial institutions in the U.S. We have businesses engaged in retail banking, including residential mortgage, corporate and institutional banking and asset management, providing many of our products and services nationally. Our retail branch network is located coast-to-coast. We also have strategic international offices in four countries outside the U.S.

Key Strategic Goals

At PNC we manage our company for the long term. We are focused on the fundamentals of growing customers, loans, deposits and revenue and improving profitability, while investing for the future and managing risk, expenses and capital. We continue to invest in our products, markets and brand, and embrace our commitments to our customers, shareholders, employees and the communities where we do business.

We strive to serve our customers and expand and deepen relationships by offering a broad range of deposit, credit and fee-based products and services. We are focused on delivering those products and services to our customers with the goal of addressing their financial objectives and needs. Our business model is built on customer loyalty and engagement, understanding our customers' financial goals and offering our diverse products and services to help them achieve financial well-being. Our approach is concentrated on organically growing and deepening client relationships across our businesses that meet our risk/return measures.

We are focused on our strategic priorities, which are designed to enhance value over the long term, and consist of:

- Expanding our leading banking franchise to new markets and digital platforms,
- Deepening customer relationships by delivering a superior banking experience and financial solutions, and
- Leveraging technology to create efficiencies that help us better serve customers.

Our capital and liquidity priorities are to support customers, fund business investments and return excess capital to shareholders, while maintaining appropriate capital and liquidity in light of economic conditions, the Basel III framework and other regulatory expectations. For more detail, see the Capital Highlights portion of this Executive Summary, the Liquidity and Capital Management portion of the Risk Management section of this Financial Review and the Supervision and Regulation section in Item 1 Business of our 2022 Form 10-K.

Presentation of Noninterest Income

In the fourth quarter of 2022, PNC updated the name of the noninterest income line item "Capital markets related" to "Capital markets and advisory." This update did not impact the components of the category. All periods presented herein reflect these changes. For a description of each updated noninterest income revenue stream, see Note 1 Accounting Policies in our 2022 Form 10-K.

Selected Financial Data

The following tables include selected financial data, which should be reviewed in conjunction with the Consolidated Financial Statements and Notes included in Item 1 of this Report as well as the other disclosures in this Report concerning our historical financial performance, our future prospects and the risks associated with our business and financial performance.

Table 1: Summary of Operations, Per Common Share Data and Performance Ratios

Dollars in millions, except per share data Unaudited	Three months ended June 30 2023	 March 31 2023	 June 30 2022	Six months ended June 30 2023	 June 30 2022
Summary of Operations (a)					
Net interest income	$ 3,510	$ 3,585	$ 3,051	$ 7,095	$ 5,855
Noninterest income	1,783	2,018	2,065	3,801	3,953
Total revenue	5,293	5,603	5,116	10,896	9,808
Provision for (recapture of) credit losses	146	235	36	381	(172)
Noninterest expense	3,372	3,321	3,244	6,693	6,416
Income before income taxes and noncontrolling interests	$ 1,775	$ 2,047	$ 1,836	$ 3,822	$ 3,564
Income taxes	275	353	340	628	639
Net income	$ 1,500	$ 1,694	$ 1,496	$ 3,194	$ 2,925
Net income attributable to common shareholders	$ 1,354	$ 1,607	$ 1,409	$ 2,961	$ 2,770
Per Common Share					
Basic	$ 3.36	$ 3.98	$ 3.39	$ 7.35	$ 6.62
Diluted	$ 3.36	$ 3.98	$ 3.39	$ 7.34	$ 6.61
Book value per common share	$ 105.67	$ 104.76	$ 101.39		
Performance Ratios					
Net interest margin (b)	2.79 %	2.84 %	2.50 %	2.81 %	2.39 %
Noninterest income to total revenue	34 %	36 %	40 %	35 %	40 %
Efficiency	64 %	59 %	63 %	61 %	65 %
Return on:					
Average common shareholders' equity	13.01 %	16.11 %	13.52 %	14.53 %	12.53 %
Average assets	1.08 %	1.22 %	1.10 %	1.15 %	1.07 %

(a) The Executive Summary and Consolidated Income Statement Review portions of this Financial Review section provide information regarding items impacting the comparability of the periods presented.
(b) See explanation and reconciliation of this non-GAAP measure in the Average Consolidated Balance Sheet and Net Interest Analysis and Reconciliation of Taxable-Equivalent Net Interest Income (non-GAAP) in the Statistical Information (Unaudited) section in Item 1 of this Report.

Table 2: Balance Sheet Highlights and Other Selected Ratios

Dollars in millions, except as noted Unaudited	June 30 2023	December 31 2022	June 30 2022
Balance Sheet Highlights (a)			
Assets	$ 558,207	$ 557,263	$ 540,786
Loans	$ 321,761	$ 326,025	$ 310,800
Allowance for loan and lease losses	$ 4,737	$ 4,741	$ 4,462
Interest-earning deposits with banks	$ 38,259	$ 27,320	$ 28,404
Investment securities	$ 135,661	$ 139,334	$ 132,732
Total deposits	$ 427,489	$ 436,282	$ 440,811
Borrowed funds	$ 65,384	$ 58,713	$ 35,984
Total shareholders' equity	$ 49,320	$ 45,774	$ 47,652
Common shareholders' equity	$ 42,083	$ 40,028	$ 41,648
Other Selected Ratios			
Common equity Tier 1	9.5 %	9.1 %	9.6 %
Loans to deposits	75 %	75 %	71 %
Common shareholders' equity to total assets	7.5 %	7.2 %	7.7 %

(a) The Executive Summary and Consolidated Balance Sheet Review portions of this Financial Review provide information regarding items impacting the comparability of the periods presented.

Income Statement Highlights

Net income of $1.5 billion, or $3.36 per diluted common share, for the second quarter of 2023 decreased $194 million, or 11%, compared to $1.7 billion, or $3.98 per diluted common share, for the first quarter of 2023, primarily due to lower noninterest income, net interest income and increased expenses, partially offset by a lower provision for credit losses.

- For the three months ended June 30, 2023 compared to the three months ended March 31, 2023:
  - Total revenue decreased $310 million, or 6%, to $5.3 billion.
    - Net interest income of $3.5 billion decreased $75 million, or 2%, as higher yields on interest-earning assets were more than offset by increased funding costs as well as lower loan and securities balances.

            - Net interest margin decreased 5 basis points to 2.79% as the change in yields on interest-earning assets was more than offset by the change in rates on funding costs.
        - Noninterest income decreased $235 million, or 12%, due to lower private equity revenue, a decrease in mortgage servicing rights valuation, net of economic hedge and lower revenue from market sensitive businesses, partially offset by seasonally higher consumer transaction volumes and increased treasury management product revenue. The decrease also included negative Visa Class B derivative fair value adjustments of $83 million related to litigation escrow funding and other valuation changes. The first quarter of 2023 included negative Visa Class B derivative fair value adjustments of $45 million.
    - Provision for credit losses of $146 million in the second quarter of 2023 reflected portfolio activity and changes in macroeconomic variables. The first quarter of 2023 included a provision for credit losses of $235 million.
    - Noninterest expense increased $51 million, or 2%, to $3.4 billion, primarily due to seasonally higher marketing spend and the full quarter impact of annual employee merit increases.

Net income of $3.2 billion, or $7.34 per diluted common share, for the first six months of 2023 increased $269 million, or 9%, compared to $2.9 billion, or $6.61 per diluted common share, for the six months ended 2022, primarily as a result of higher net interest income, partially offset by a higher provision for credit losses and increased expenses.

- For the six months ended June 30, 2023 compared to the six months ended June 30, 2022:
    - Total revenue increased $1.1 billion, or 11%, to $10.9 billion.
        - Net interest income increased $1.2 billion, or 21%, as a result of higher interest-earning asset yields and balances, partially offset by higher funding costs.
            - Net interest margin increased 42 basis points reflecting the benefit of higher yields on interest-earning assets.
        - Noninterest income decreased $152 million, or 4%, and included lower merger and acquisition advisory activity.
    - Provision for credit losses of $381 million for the first six months of 2023 included the impact of our updated economic outlook and changes in portfolio composition and quality. The first six months of 2022 included a recapture of credit losses of $172 million.
    - Noninterest expense increased $277 million, or 4%, due to higher personnel costs, an increased FDIC assessment rate and higher marketing and technology costs to support business growth.

For additional detail, see the Consolidated Income Statement Review section of this Financial Review.

Balance Sheet Highlights

Our balance sheet was strong and well positioned at June 30, 2023. In comparison to December 31, 2022:

- Total assets of $558.2 billion were stable.
- Total loans decreased $4.3 billion, or 1%, to $321.8 billion.
    - Total commercial loans decreased $5.1 billion, or 2%, to $220.0 billion driven by a lower utilization of loan commitments in addition to paydowns outpacing new production.
    - Total consumer loans increased $828 million to $101.8 billion as growth in residential mortgages, automobile, home equity and credit card loans were partially offset by declines in the remaining portfolios as paydowns outpaced new originations.
- Investment securities decreased $3.7 billion, or 3%, to $135.7 billion, primarily due to prepayments and maturities outpacing purchases.
- Interest-earning deposits with banks, primarily with the Federal Reserve Bank, increased $10.9 billion, or 40%, to $38.3 billion, primarily due to higher borrowed funds and a decrease in loans, partially offset by lower deposits.
- Total deposits decreased $8.8 billion, or 2%, to $427.5 billion as a result of lower consumer and commercial deposits, reflecting seasonal declines and the impact of quantitative tightening by the Federal Reserve. In addition, noninterest-bearing balances decreased due to the continued shift into interest-bearing deposit products as interest rates have risen.
- Borrowed funds increased $6.7 billion, or 11%, to $65.4 billion due to parent company senior debt issuances and higher FHLB borrowings.

For additional detail, see the Consolidated Balance Sheet Review section of this Financial Review.

Credit Quality Highlights

The second quarter of 2023 reflected strong credit quality performance.

- At June 30, 2023 compared to December 31, 2022:
  - Nonperforming assets decreased $70 million, or 3%, to $1.9 billion.
  - Overall loan delinquencies of $1.2 billion decreased $278 million, or 19%, driven by lower consumer and commercial loan delinquencies.
  - The ACL related to loans, which consists of the ALLL and the allowance for unfunded lending related commitments, totaled $5.4 billion at both June 30, 2023 and December 31, 2022. During the six months ended June 30, 2023, reserves reflected our updated economic outlook and changes in portfolio composition and quality. ACL to total loans was 1.68% and 1.67% at June 30, 2023 and December 31, 2022, respectively.
- Net charge-offs of $194 million, or 0.24% of average loans, in the second quarter of 2023 were stable compared to the first quarter of 2023.

For additional detail see the Credit Risk Management portion of the Risk Management section of this Financial Review.

Capital and Liquidity Highlights

We maintained our strong capital and liquidity positions.

- Common shareholders' equity of $42.1 billion at June 30, 2023, increased $2.1 billion, or 5%, compared to December 31, 2022, increased due to the benefit of net income and an improvement in AOCI, partially offset by common dividends paid and common share repurchases.
- In the second quarter of 2023, PNC returned $0.7 billion of capital to shareholders, as a result of $0.6 billion of dividends on common shares and $0.1 billion of common share repurchases, representing 1.1 million shares.
  - Consistent with the SCB framework, which allows for capital return in amounts in excess of the SCB minimum levels, our Board of Directors has authorized a repurchase framework under the previously approved repurchase program of up to 100 million common shares, of which approximately 46% were still available for repurchase at June 30, 2023. PNC's SCB through September 30, 2023 is 2.9%. Based on the results of the Federal Reserve's 2023 annual stress test, PNC's SCB for the four-quarter period beginning October 1, 2023 will improve to the regulatory minimum of 2.5%.
- On July 3, 2023, the PNC Board of Directors raised the quarterly cash dividend on common stock to $1.55 per share, an increase of 5 cents per share. The dividend, with a payment date of August 5, 2023, will be payable the next business day.
- Our CET1 ratio increased to 9.5% at June 30, 2023 from 9.1% at December 31, 2022.
  - PNC elected a five-year transition provision effective March 31, 2020 to delay until December 31, 2021 the full impact of the CECL standard on regulatory capital, followed by a three-year transition period. Effective for the first quarter of 2022, PNC is now in the three-year transition period, and the full impact of the CECL standard is being phased-in to regulatory capital through December 31, 2024. The fully implemented ratios reflect the full impact of CECL and exclude the benefits of this transition provision. The estimated CET1 fully implemented ratio was 9.4% at June 30, 2023 compared to 8.9% at December 31, 2022.
- PNC's average LCR for the three months ended June 30, 2023 was 109% and exceeded the regulatory minimum requirement throughout the quarter.

See the Liquidity and Capital Management portion of the Risk Management section of this Financial Review for more detail on our 2023 liquidity and capital actions as well as our capital ratios.

PNC's ability to take certain capital actions, including returning capital to shareholders, is subject to PNC meeting or exceeding an SCB established by the Federal Reserve Board in connection with the Federal Reserve Board's CCAR process. For additional information, see Capital Management in the Risk Management section in this Financial Review and the Supervision and Regulation section in our 2022 Form 10-K.

Business Outlook

Statements regarding our business outlook are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Our forward-looking financial statements are subject to the risk that economic and financial market conditions will be substantially different than those we are currently expecting and do not take into account the potential impact of legal and regulatory contingencies. These statements are based on our views that:

- The economy continued to expand in the first half of 2023, but economic growth is slowing in response to the ongoing Federal Reserve monetary policy tightening to slow inflation. This has led to large increases in both short- and long-term interest rates. The housing market stabilized in the first half of 2023 as the Federal Reserve signaled a potential end to its federal funds rate hiking cycle. However, given the upward trajectory in mortgage rates and declining affordability, PNC continues to expect slower activity in the housing market in the second half of 2023 with a recovery in early 2024 as the

Federal Reserve starts cutting the federal funds rate.
- PNC's baseline outlook is for a mild recession starting in late 2023 or early 2024, with a smaller contraction in real GDP of less than 1%, lasting into mid-2024. The unemployment rate will increase in the second half of this year, ending 2023 at above 4%, and then peak slightly above 5% in early 2025. Inflation will slow with weaker demand, moving back to the Federal Reserve's 2% objective by this time next year.
- PNC expects the federal funds rate to remain between 5.25% and 5.50% through March 2024, when it is expected that the Federal Reserve will cut rates in response to the recession.

For the third quarter of 2023, compared to the second quarter of 2023, we expect:
- Average loans to be down approximately 1%,
- Net interest income to be down 3% to 4%,
- Noninterest income, excluding net securities gains and Visa activity, to be up 10% to 11%,
- Revenue to be up approximately 1%,
- Noninterest expense, excluding the proposed FDIC special assessment, to be stable, and
- Net loan charge-offs to be $200 million to $250 million.

For the full year 2023, compared to the full year of 2022, we expect:
- Period-end loans to be stable,
- Average loans to be up 5% to 6%,
- Net interest income to be up 5% to 6%,
- Noninterest income, excluding net securities gains and Visa activity, to be down 2% to 4%,
- Revenue to be up 2% to 2.5%,
- Noninterest expense, excluding the proposed FDIC special assessment, to be up approximately 2%, and
- The effective tax rate to be approximately 18%.

We cannot provide, without unreasonable effort, a meaningful or accurate reconciliation of forward-looking non-GAAP measures to their most directly comparable GAAP financial measures. This is due to the inherent difficulty of forecasting the timing and amounts necessary for the reconciliation when such amounts are subject to events that cannot be reasonably predicted, as noted in our Cautionary Statement. Accordingly, we cannot address the probable significance of unavailable information.

See the Cautionary Statement Regarding Forward-Looking Information section in this Financial Review and Item 1A Risk Factors included in our first quarter 2023 Form 10-Q and 2022 Form 10-K for other factors that could cause future events to differ, perhaps materially, from those anticipated in these forward-looking statements.

Consolidated Income Statement Review

Our Consolidated Income Statement is presented in Item 1 of this Report.

Net income of $1.5 billion, or $3.36 per diluted common share, for the second quarter of 2023 decreased $194 million, or 11%, compared to $1.7 billion, or $3.98 per diluted common share, for the first quarter of 2023, primarily due to lower noninterest income, net interest income and increased expenses, partially offset by a lower provision for credit losses. Net income of $3.2 billion, or $7.34 per diluted common share for the first six months of 2023 increased $269 million, or 9%, compared to $2.9 billion, or $6.61 per diluted common share for the same period in 2022, primarily as a result of higher net interest income, partially offset by a higher provision for credit losses and increased expenses.

Net Interest Income

Table 3: Summarized Average Balances and Net Interest Income (a)

Three months ended Dollars in millions	June 30, 2023 Average Balances	June 30, 2023 Average Yields/ Rates	June 30, 2023 Interest Income/ Expense	March 31, 2023 Average Balances	March 31, 2023 Average Yields/ Rates	March 31, 2023 Interest Income/ Expense
Assets						
Interest-earning assets						
Investment securities	$ 141,038	2.52 %	$ 889	$ 143,391	2.49 %	$ 891
Loans	324,534	5.57 %	4,554	325,526	5.29 %	4,290
Interest-earning deposits with banks	31,433	5.10 %	400	34,054	4.58 %	390
Other	9,215	5.96 %	138	8,806	5.75 %	126
Total interest-earning assets/interest income	$ 506,220	4.70 %	5,981	$ 511,777	4.46 %	5,697
Liabilities						
Interest-bearing liabilities						
Interest-bearing deposits	$ 312,559	1.96 %	1,531	$ 315,056	1.66 %	1,291
Borrowed funds	65,692	5.44 %	903	62,968	4.98 %	783
Total interest-bearing liabilities/interest expense	$ 378,251	2.56 %	2,434	$ 378,024	2.20 %	2,074
Net interest margin/income (non-GAAP)		2.79 %	3,547		2.84 %	3,623
Taxable-equivalent adjustments			(37)			(38)
Net interest income (GAAP)			$ 3,510			$ 3,585

Six months ended Dollars in millions	June 30, 2023 Average Balances	June 30, 2023 Average Yields/ Rates	June 30, 2023 Interest Income/ Expense	June 30, 2022 Average Balances	June 30, 2022 Average Yields/ Rates	June 30, 2022 Interest Income/ Expense
Assets						
Interest-earning assets						
Investment securities	$ 142,208	2.50 %	$ 1,780	$ 134,313	1.76 %	$ 1,184
Loans	325,027	5.43 %	8,844	297,785	3.24 %	4,835
Interest-earning deposits with banks	32,736	4.83 %	790	51,120	0.42 %	107
Other	9,012	5.86 %	264	9,677	2.42 %	116
Total interest-earning assets/interest income	$ 508,983	4.58 %	11,678	$ 492,895	2.53 %	6,242
Liabilities						
Interest-bearing liabilities						
Interest-bearing deposits	$ 313,801	1.81 %	2,822	$ 298,313	0.08 %	115
Borrowed funds	64,337	5.22 %	1,686	32,998	1.36 %	225
Total interest-bearing liabilities/interest expense	$ 378,138	2.38 %	4,508	$ 331,311	0.20 %	340
Net interest margin/income (non-GAAP)		2.81 %	7,170		2.39 %	5,902
Taxable-equivalent adjustments			(75)			(47)
Net interest income (GAAP)			$ 7,095			$ 5,855

(a) Interest income calculated as taxable-equivalent interest income. To provide more meaningful comparisons of interest income and yields for all interest-earning assets, as well as net interest margins, we use interest income on a taxable-equivalent basis in calculating average yields and net interest margins by increasing the interest income earned on tax-exempt assets to make it fully equivalent to interest income earned on taxable investments. This adjustment is not permitted under GAAP on the Consolidated Income Statement. For more information, see Reconciliation of Taxable-Equivalent Net Interest Income (non-GAAP) in the Statistical Information (Unaudited) section in Item 1 of this Report.

Changes in net interest income and margin result from the interaction of the volume and composition of interest-earning assets and related yields, interest-bearing liabilities and related rates paid, and noninterest-bearing sources of funding. See the Statistical Information (Unaudited) – Average Consolidated Balance Sheet And Net Interest Analysis section of this Report for additional information.

Net interest income decreased $75 million, or 2%, for the second quarter of 2023 compared to the first quarter of 2023, as higher yields on interest-earning assets were more than offset by increased funding costs as well as lower loan and securities balances. Net interest income increased $1.2 billion, or 21%, for the first six months of 2023 compared to the same period in 2022, as a result of higher interest-earning asset yields and balances, partially offset by higher funding costs. Net interest margin decreased 5 basis points compared to the first quarter of 2023 as the change in yields on interest-earning assets was more than offset by the change in rates on funding costs. Net interest margin increased 42 basis points in the year-to-date comparison reflecting the benefit of higher yields on interest-earning assets.

Average investment securities for the second quarter of 2023 decreased $2.4 billion, or 2% compared to the first quarter of 2023 primarily due to prepayments and maturities outpacing purchases. Average investment securities increased $7.9 billion, or 6% in the year-to-date comparison, due to net securities purchases, primarily of agency residential mortgage-backed securities. Average investment securities represented 28% of average interest-earning assets for both the second and first quarters of 2023, and 28% for the first six months of 2023 compared to 27% for the first six months of 2022.

Average loans for the second quarter of 2023 were stable compared to the first quarter of 2023. Average loans increased $27.2 billion, or 9% in the year-to-date comparison, reflecting growth in both commercial and consumer loans. Average loans represented 64% of average interest-earning assets for both the second and first quarters of 2023, and 64% for the first six months of 2023 compared to 60% for the first six months of 2022.

Average interest-earning deposits with banks for the second quarter of 2023 decreased $2.6 billion, or 8%, compared to the first quarter of 2023, reflecting lower deposit balances. In the year-to-date comparison, average interest-earning deposits with banks decreased $18.4 billion, or 36%, primarily due to higher loan balances and lower deposits, partially offset by higher borrowed funds.

Average interest-bearing deposits for the second quarter of 2023 decreased $2.5 billion, or 1%, compared to the first quarter of 2023, reflecting increased consumer spending, the impact of quantitative tightening by the Federal Reserve and consumer tax payments. Average interest-bearing deposits increased $15.5 billion, or 5%, in the year-to-date comparison, reflecting the continued shift from noninterest-bearing to interest-bearing as deposit rates have risen. In total, average interest-bearing deposits represented 83% of average interest-bearing liabilities for both the second and first quarters of 2023 and 83% for the first six months of 2023 compared to 90%, for the first six months of 2022.

Average borrowed funds increased $2.7 billion, or 4%, and $31.3 billion, or 95% in the quarterly and year-to-date comparisons, respectively. The increase in both comparisons was due to higher FHLB borrowings and parent company senior debt issuances.

Further details regarding average loans and deposits are included in the Business Segments Review section of this Financial Review.

Noninterest Income

Table 4: Noninterest Income

	Three months ended				Six months ended			
	June 30	March 31	Change		June 30	June 30	Change	
Dollars in millions	2023	2023	$	%	2023	2022	$	%
Noninterest income								
Asset management and brokerage	$ 348	$ 356	$ (8)	(2)%	$ 704	$ 742	$ (38)	(5)%
Capital markets and advisory	213	262	(49)	(19)%	475	661	(186)	(28)%
Card and cash management	697	659	38	6 %	1,356	1,291	65	5 %
Lending and deposit services	298	306	(8)	(3)%	604	551	53	10 %
Residential and commercial mortgage	98	177	(79)	(45)%	275	320	(45)	(14)%
Other	129	258	(129)	(50)%	387	388	(1)	—
Total noninterest income	$ 1,783	$ 2,018	$ (235)	(12)%	$ 3,801	$ 3,953	$ (152)	(4)%

Noninterest income as a percentage of total revenue was 34% for the second quarter of 2023 compared to 36% for the first quarter of 2023, and 35% for the first six months of 2023 compared to 40% for the same period in 2022.

Asset management and brokerage fees decreased compared to the first quarter of 2023, and included lower annuity sales. The decrease in the year-to-date comparison reflected the impact of lower average equity markets and annuity sales. PNC's discretionary client assets under management of $176 billion at June 30, 2023 decreased from $177 billion at March 31, 2023, and included the impact of client activity, partially offset by higher spot equity markets. PNC's discretionary client assets under management increased from $167 billion at June 30, 2022, driven by higher spot equity markets, partially offset by client activity.

Capital markets and advisory fees decreased compared to the first quarter of 2023 driven by lower merger and acquisition advisory fees and a decline in loan syndication revenue. The decrease in the year-to-date comparison was primarily due to lower merger and acquisition advisory fees.

Card and cash management revenue increased compared to the first quarter of 2023, reflecting seasonally higher consumer transaction volumes and increased treasury management product revenue. The increase compared to the first six months of 2022 was due to increased treasury management product revenue and higher customer transaction volumes.

Lending and deposit services decreased compared to the first quarter of 2023 and increased in the year-to-date comparison, reflecting client-related activity. In comparison to the first six months of 2022, the increase was also driven by growth in loan commitment fees.

Residential and commercial mortgage decreased compared to the first quarter of 2023 primarily due to a $58 million decrease in mortgage servicing rights valuation, net of economic hedge. The decrease compared to the first six months of 2022 was driven by lower commercial mortgage banking activities.

Other noninterest income decreased in the quarterly comparison and was stable in the year-to-date comparison. Both comparisons included lower private equity revenue and the impact of negative Visa Class B derivative fair value adjustments related to litigation escrow funding and other valuation changes. Negative Visa Class B fair value adjustments were $83 million for the second quarter of 2023 compared to $45 million for the first quarter of 2023, and $128 million for the first six months of 2023 compared to $12 million for the same period in 2022.

Noninterest Expense

Table 5: Noninterest Expense

	Three months ended				Six months ended			
	June 30	March 31	Change		June 30	June 30	Change	
Dollars in millions	2023	2023	$	%	2023	2022	$	%
Noninterest expense								
Personnel	$ 1,846	$ 1,826	$ 20	1 %	$ 3,672	$ 3,496	$ 176	5 %
Occupancy	244	251	(7)	(3)%	495	504	(9)	(2)%
Equipment	349	350	(1)	—	699	682	17	2 %
Marketing	109	74	35	47 %	183	156	27	17 %
Other	824	820	4	—	1,644	1,578	66	4 %
Total noninterest expense	$ 3,372	$ 3,321	$ 51	2 %	$ 6,693	$ 6,416	$ 277	4 %

Noninterest expense increased compared to the first quarter of 2023, primarily due to seasonally higher marketing spend and the full quarter impact of annual employee merit increases. The increase compared to the first six months of 2022 was due to higher personnel costs, an increased FDIC assessment rate and higher marketing and technology costs to support business growth.

In July 2023, we raised our continuous improvement program savings goal from $400 million to $450 million for 2023.

We expect the FDIC will enact a special deposit insurance assessment in the second half of 2023 that will significantly increase our FDIC deposit insurance costs. Based on the current proposal, PNC estimates our total cost to be approximately $468 million pre-tax, or $370 million after-tax, which would be incurred in the quarter the FDIC finalizes the rule. The total cost and timing is subject to change pending the assessment's finalization. See the Recent Regulatory Developments section in this Financial Review and Note 16 Regulatory Matters for additional details on this FDIC special deposit insurance assessment.

Effective Income Tax Rate

The effective income tax rate was 15.5% in the second quarter of 2023, compared to 17.2% in the first quarter of 2023, and 16.4% in the first six months of 2023 compared to 17.9% for the same period in 2022. The second quarter of 2023 included the favorable impact of certain tax matters.

Provision For (Recapture of) Credit Losses

Table 6: Provision for (Recapture of) Credit Losses

	Three months ended			Six months ended		
	June 30	March 31	Change	June 30	June 30	Change
Dollars in millions	2023	2023	$	2023	2022	$
Provision for (recapture of) credit losses						
Loans and leases	$ 189	$ 229	$ (40)	$ 418	$ (182)	$ 600
Unfunded lending related commitments	(9)	(22)	13	(31)	19	(50)
Investment securities		(1)	1	(1)	4	(5)
Other financial assets	(34)	29	(63)	(5)	(13)	8
Total provision for (recapture of) credit losses	$ 146	$ 235	$ (89)	$ 381	$ (172)	$ 553

Provision for credit losses of $146 million in the second quarter of 2023 reflected portfolio activity and changes in macroeconomic variables. The first quarter of 2023 included a provision for credit losses of $235 million. Provision for credit losses of $381 million for the first six months of 2023 included the impact of our updated economic outlook and changes in portfolio composition and quality. The first six months of 2022 included a recapture of credit losses of $172 million.

Consolidated Balance Sheet Review

The summarized balance sheet data in Table 7 is based upon our Consolidated Balance Sheet in Item 1 of this Report.

Table 7: Summarized Balance Sheet Data

Dollars in millions	June 30 2023	December 31 2022	Change $	Change %
Assets				
Interest-earning deposits with banks	$ 38,259	$ 27,320	$ 10,939	40 %
Loans held for sale	835	1,010	(175)	(17)%
Investment securities	135,661	139,334	(3,673)	(3)%
Loans	321,761	326,025	(4,264)	(1)%
Allowance for loan and lease losses	(4,737)	(4,741)	4	—
Mortgage servicing rights	3,455	3,423	32	1 %
Goodwill	10,987	10,987		—
Other	51,986	53,905	(1,919)	(4)%
Total assets	$ 558,207	$ 557,263	$ 944	—
Liabilities				
Deposits	$ 427,489	$ 436,282	$ (8,793)	(2)%
Borrowed funds	65,384	58,713	6,671	11 %
Allowance for unfunded lending related commitments	663	694	(31)	(4)%
Other	15,325	15,762	(437)	(3)%
Total liabilities	508,861	511,451	(2,590)	(1)%
Equity				
Total shareholders' equity	49,320	45,774	3,546	8 %
Noncontrolling interests	26	38	(12)	(32)%
Total equity	49,346	45,812	3,534	8 %
Total liabilities and equity	$ 558,207	$ 557,263	$ 944	—

Our balance sheet was strong and well positioned at June 30, 2023. In comparison to December 31, 2022:

- Total assets were stable.
- Total liabilities decreased due to lower deposits, partially offset by increased borrowed funds.
- Total equity increased due to the benefit of net income, a preferred stock issuance and an improvement in AOCI, partially offset by dividends paid and common share repurchases.

The ACL related to loans totaled $5.4 billion at both June 30, 2023 and December 31, 2022. During the six months ended June 30, 2023, reserves reflected our updated economic outlook and changes in portfolio composition and quality. See the following for additional information regarding our ACL related to loans:

- Allowance for Credit Losses in the Credit Risk Management section of this Financial Review,
- Critical Accounting Estimates and Judgments section of this Financial Review, and
- Note 3 Loans and Related Allowance for Credit Losses.

The following discussion provides additional information about the major components of our balance sheet. Information regarding our capital and regulatory compliance is included in the Liquidity and Capital Management portion of the Risk Management section in this Financial Review and in Note 20 Regulatory Matters in our 2022 Form 10-K.

Loans

Table 8: Loans

Dollars in millions	June 30 2023	December 31 2022	Change $	Change %
Commercial				
Commercial and industrial	$ 177,629	$ 182,219	$ (4,590)	(3)%
Commercial real estate	35,928	36,316	(388)	(1)%
Equipment lease financing	6,400	6,514	(114)	(2)%
Total commercial	219,957	225,049	(5,092)	(2)%
Consumer				
Residential real estate	46,834	45,889	945	2 %
Home equity	26,200	25,983	217	1 %
Automobile	15,065	14,836	229	2 %
Credit card	7,092	7,069	23	—
Education	2,058	2,173	(115)	(5)%
Other consumer	4,555	5,026	(471)	(9)%
Total consumer	101,804	100,976	828	1 %
Total loans	$ 321,761	$ 326,025	$ (4,264)	(1)%

Commercial loans decreased driven by a lower utilization of loan commitments in addition to paydowns outpacing new production.

Consumer loans increased as growth in residential mortgages, automobile, home equity and credit card loans were partially offset by declines in the remaining portfolios as paydowns outpaced new originations.

For additional information regarding our loan portfolio see the Credit Risk Management portion of the Risk Management section in this Financial Review and Note 3 Loans and Related Allowance for Credit Losses.

Investment Securities

Investment securities of $135.7 billion at June 30, 2023 decreased $3.7 billion, or 3%, compared to December 31, 2022, primarily due to prepayments and maturities outpacing purchases.

The level and composition of the investment securities portfolio fluctuates over time based on many factors, including market conditions, loan and deposit growth and balance sheet management activities. We manage our investment securities portfolio to optimize returns, while providing a reliable source of liquidity for our banking and other activities, considering the LCR, NSFR and other internal and external guidelines and constraints.

Table 9: Investment Securities (a)

	June 30, 2023		December 31, 2022	
Dollars in millions	Amortized Cost (b)	Fair Value	Amortized Cost (b)	Fair Value
U.S. Treasury and government agencies	$ 44,848	$ 42,403	$ 45,767	$ 43,330
Agency residential mortgage-backed	75,145	68,874	77,385	71,073
Non-agency residential mortgage-backed	911	1,015	973	1,074
Agency commercial mortgage-backed	2,598	2,405	2,693	2,501
Non-agency commercial mortgage-backed (c)	2,563	2,458	2,992	2,883
Asset-backed (d)	7,555	7,472	7,291	7,183
Other (e)	6,271	6,056	6,642	6,394
Total investment securities (f)	$ 139,891	$ 130,683	$ 143,743	$ 134,438

(a) Of our total securities portfolio, 97% were rated AAA/AA at both June 30, 2023 and December 31, 2022.
(b) Amortized cost is presented net of the allowance for investment securities, which totaled $148 million at June 30, 2023 and primarily related to non-agency commercial mortgage-backed securities. The comparable amount at December 31, 2022 was $149 million.
(c) Collateralized primarily by office buildings, multifamily housing, retail properties, lodging properties and industrial properties.
(d) Collateralized primarily by corporate debt, government guaranteed education loans and other consumer credit products.
(e) Includes state and municipal securities.
(f) Includes available for sale and held to maturity securities, which are recorded on our balance sheet at fair value and amortized cost, respectively.

Table 9 presents our investment securities portfolio by amortized cost and fair value. The relationship of fair value to amortized cost at June 30, 2023 was comparable to December 31, 2022 due primarily to the impact of higher interest rates on the valuation of fixed-rate securities offset by the passage of time. We continually monitor the credit risk in our portfolio and maintain the allowance for investment securities at an appropriate level to absorb expected credit losses on our investment securities portfolio for the remaining contractual term of the securities adjusted for expected prepayments. See Note 2 Investment Securities for additional details regarding the allowance for investment securities.

The duration of investment securities was 4.3 years and 4.5 years at June 30, 2023 and December 31, 2022, respectively. We estimate that at June 30, 2023 the effective duration of investment securities was 4.3 years for an immediate 50 basis points parallel increase in interest rates and 4.3 years for an immediate 50 basis points parallel decrease in interest rates. Comparable amounts at December 31, 2022 for the effective duration of investment securities were 4.4 years and 4.5 years, respectively.

Based on expected prepayment speeds, the weighted-average expected maturity of the investment securities portfolio was 5.7 years at June 30, 2023 compared to 6.0 years at December 31, 2022.

Table 10: Weighted-Average Expected Maturities of Mortgage and Asset-Backed Debt Securities

June 30, 2023	Years
Agency residential mortgage-backed	7.7
Non-agency residential mortgage-backed	9.9
Agency commercial mortgage-backed	5.2
Non-agency commercial mortgage-backed	1.3
Asset-backed	2.3

Additional information regarding our investment securities portfolio is included in Note 2 Investment Securities and Note 11 Fair Value.

Funding Sources

Table 11: Details of Funding Sources

Dollars in millions	June 30 2023	December 31 2022	Change $	Change %
Deposits				
Noninterest-bearing	$ 110,527	$ 124,486	$ (13,959)	(11)%
Interest-bearing				
Money market	63,607	64,150	(543)	(1)%
Demand	128,942	126,143	2,799	2 %
Savings	101,549	103,033	(1,484)	(1)%
Time deposits	22,864	18,470	4,394	24 %
Total interest-bearing deposits	316,962	311,796	5,166	2 %
Total deposits	427,489	436,282	(8,793)	(2)%
Borrowed funds				
Federal Home Loan Bank borrowings	34,000	32,075	1,925	6 %
Senior debt	22,005	16,657	5,348	32 %
Subordinated debt	5,548	6,307	(759)	(12)%
Other	3,831	3,674	157	4 %
Total borrowed funds	65,384	58,713	6,671	11 %
Total funding sources	$ 492,873	$ 494,995	$ (2,122)	—

Total deposits decreased as a result of lower consumer and commercial deposits, reflecting seasonal declines and the impact of quantitative tightening by the Federal Reserve. In addition, noninterest-bearing balances decreased due to the continued shift into interest-bearing deposit products as interest rates have risen.

Borrowed funds increased due to parent company senior debt issuances and higher FHLB borrowings.

The level and composition of borrowed funds fluctuates over time based on many factors, including market conditions, loan, investment securities and deposit growth and capital considerations. We manage our borrowed funds to provide a reliable source of liquidity for our banking and other activities, considering our LCR and NSFR requirements and other internal and external guidelines and constraints. See the Liquidity and Capital Management portion of the Risk Management section in this Financial Review for additional information regarding our liquidity and capital activities. See Note 7 Borrowed Funds in this Report and Note 10 Borrowed Funds in our 2022 Form 10-K for additional information related to our borrowings.

Shareholders' Equity

Total shareholders' equity was $49.3 billion at June 30, 2023, an increase of $3.5 billion compared to December 31, 2022, as increases related to net income of $3.2 billion, a preferred stock issuance of $1.5 billion and an improvement in AOCI of $0.6 billion were partially offset by dividends paid of $1.4 billion and common share repurchases of $0.5 billion.

BUSINESS SEGMENTS REVIEW

We have three reportable business segments:

- Retail Banking
- Corporate & Institutional Banking
- Asset Management Group

Business segment results and a description of each business are included in Note 14 Segment Reporting. Certain amounts included in this Business Segments Review differ from those amounts shown in Note 14, primarily due to the presentation in this Financial Review of business net interest income on a taxable-equivalent basis.

Net interest income in business segment results reflects our internal funds transfer pricing methodology. Assets receive a funding charge and liabilities and capital receive a funding credit based on a transfer pricing methodology that incorporates product repricing characteristics, tenor and other factors.

Total business segment financial results differ from total consolidated net income. The impact of these differences is reflected in the "Other" category as shown in Table 79 in Note 14 Segment Reporting. "Other" includes residual activities that do not meet the criteria for disclosure as a separate reportable business, such as asset and liability management activities, including net securities gains or losses, ACL for investment securities, certain trading activities, certain runoff consumer loan portfolios, private equity investments, intercompany eliminations, certain corporate overhead, tax adjustments that are not allocated to business segments, exited businesses and differences between business segment performance reporting and financial statement reporting (GAAP).

Retail Banking

Retail Banking’s core strategy is to build lifelong, primary relationships by creating a sense of financial well-being and ease for our clients. Over time, we seek to deepen those relationships by meeting the broad range of our clients’ financial needs across savings, liquidity, lending, payments, investment and retirement solutions. We work to deliver these solutions in the most seamless and efficient way possible, meeting our customers where they want to be met – whether in a branch, through digital channels, at an ATM or through our phone-based customer contact centers – while continuously optimizing the cost to sell and service. We believe that, over time, we can grow our customer base, enhance the breadth and depth of our client relationships and improve our efficiency through differentiated products and leading digital channels.

Table 12: Retail Banking Table

(Unaudited) Six months ended June 30 Dollars in millions, except as noted	2023	2022	Change $	Change %
Income Statement				
Net interest income	$ 4,729	$ 3,193	$ 1,536	48 %
Noninterest income	1,445	1,493	(48)	(3)%
Total revenue	6,174	4,686	1,488	32 %
Provision for (recapture of) credit losses	224	(26)	250	*
Noninterest expense	3,831	3,805	26	1 %
Pretax earnings	2,119	907	1,212	134 %
Income taxes	497	214	283	132 %
Noncontrolling interests	21	31	(10)	(32)%
Earnings	$ 1,601	$ 662	$ 939	142 %
Average Balance Sheet				
Loans held for sale	$ 578	$ 1,070	$ (492)	(46)%
Loans				
Consumer				
Residential real estate	$ 35,285	$ 32,389	$ 2,896	9 %
Home equity	24,617	22,673	1,944	9 %
Automobile	14,962	15,918	(956)	(6)%
Credit card	6,960	6,455	505	8 %
Education	2,151	2,470	(319)	(13)%
Other consumer	1,959	2,261	(302)	(13)%
Total consumer	85,934	82,166	3,768	5 %
Commercial	11,574	11,325	249	2 %
Total loans	$ 97,508	$ 93,491	$ 4,017	4 %
Total assets	$ 115,103	$ 112,415	$ 2,688	2 %
Deposits				
Noninterest-bearing	$ 60,129	$ 64,833	$ (4,704)	(7)%
Interest-bearing	199,776	201,916	(2,140)	(1)%
Total deposits	$ 259,905	$ 266,749	$ (6,844)	(3)%
Performance Ratios				
Return on average assets	2.80 %	1.19 %		
Noninterest income to total revenue	23 %	32 %		
Efficiency	62 %	81 %		

At or for six months ended June 30 Dollars in millions, except as noted	2023	2022	Change $	Change %
Supplemental Noninterest Income Information				
Asset management and brokerage	$ 254	$ 269	$ (15)	(6)%
Card and cash management	$ 668	$ 659	$ 9	1 %
Lending and deposit services	$ 357	$ 331	$ 26	8 %
Residential and commercial mortgage	$ 179	$ 170	$ 9	5 %
Residential Mortgage Information				
Residential mortgage servicing statistics (in billions, except as noted) (a)				
Serviced portfolio balance (b)	$ 191	$ 145	$ 46	32 %
Serviced portfolio acquisitions	$ 9	$ 21	$ (12)	(57)%
MSR asset value (b)	$ 2.3	$ 1.6	$ 0.7	44 %
MSR capitalization value (in basis points) (b)	123	112	11	10 %
Servicing income: (in millions)				
Servicing fees, net (c)	$ 145	$ 69	$ 76	110 %
Mortgage servicing rights valuation, net of economic hedge	$ 5	$ 15	$ (10)	(67)%
Residential mortgage loan statistics				
Loan origination volume (in billions)	$ 3.8	$ 9.9	$ (6.1)	(62)%
Loan sale margin percentage	2.24 %	2.18 %		
Percentage of originations represented by:				
Purchase volume (d)	88 %	57 %		
Refinance volume	12 %	43 %		
Other Information (b)				
Customer-related statistics (average)				
Non-teller deposit transactions (e)	65 %	64 %		
Digital consumer customers (f)	74 %	78 %		
Credit-related statistics				
Nonperforming assets	$ 981	$ 1,088	$ (107)	(10)%
Net charge-offs - loans and leases	$ 221	$ 229	$ (8)	(3)%
Other statistics				
ATMs	8,566	9,301	(735)	(8)%
Branches (g)	2,361	2,535	(174)	(7)%
Brokerage account client assets (in billions) (h)	$ 75	$ 68	$ 7	10 %

*- Not Meaningful
(a) Represents mortgage loan servicing balances for third parties and the related income.
(b) Presented as of period end, except for average customer-related statistics and net charge-offs, which are both shown for the six months ended.
(c) Servicing fees net of impact of decrease in MSR value due to passage of time, including the impact from regularly scheduled loan principal payments, prepayments and loans paid off during the period.
(d) Mortgages with borrowers as part of residential real estate purchase transactions.
(e) Percentage of total consumer and business banking deposit transactions processed at an ATM or through our mobile banking application.
(f) Represents consumer checking relationships that process the majority of their transactions through non-teller channels.
(g) Reflects all branches and solution centers excluding standalone mortgage offices and satellite offices (*e.g.*, drive-ups, electronic branches and retirement centers) that provide limited products and/or services.
(h) Includes cash and money market balances.

Retail Banking earnings for the first six months of 2023 increased $939 million compared to the same period in 2022 primarily due to increased net interest income, partially offset by an increased provision for credit losses and lower noninterest income.

Net interest income increased in the comparison primarily due to wider interest rate spreads on the value of deposits, partially offset by narrower interest rate spreads on the value of loans.

Noninterest income decreased primarily due to the impact of higher negative Visa Class B fair value adjustments compared to the same period in 2022.

Provision for credit losses included the impact of our updated economic outlook and changes in portfolio composition and quality.

Noninterest expense increased, and included increased technology costs and higher marketing spend, partially offset by lower non-credit losses and personnel.

Retail Banking average total loans increased in the first six months of 2023 compared to the same period in 2022. Average consumer loans increased 5% driven by higher residential real estate and home equity loans as a result of new volume and draws on existing accounts outpacing liquidations, as well as growth in credit card loans due to new account production and purchase volume increases. The increase was partially offset by a decline in automobile, education and other consumer loans as paydowns outpaced new originations. Average commercial loans increased due to growth in automobile dealer segment balances, partially offset by forgiveness of PPP loans.

Our focus on growing primary customer relationships is at the core of our deposit strategy in Retail, which is based on attracting and retaining stable, low-cost deposits as a key funding source for PNC. We have taken a disciplined approach to pricing, focused on retaining relationship-based balances and executing on targeted deposit growth and retention strategies aimed at more rate sensitive customers. Our goal with regard to deposits is to optimize balances, economics and long-term customer growth. In the first six months of 2023, average total deposits decreased compared to the same period in 2022, reflecting the impact of increased consumer spending and quantitative tightening by the Federal Reserve.

As part of our strategic focus on growing customers and meeting their financial needs, we have established a coast-to-coast network of retail branches, solution centers and ATMs that operate alongside PNC's suite of digital capabilities.

Retail Banking continues to enhance the customer experience with refinements to product and service offerings that drive value for consumers and small businesses.

Corporate & Institutional Banking

Corporate & Institutional Banking's strategy is to be the leading relationship-based provider of traditional banking products and services to its customers through the economic cycles. We aim to grow our market share and drive higher returns by delivering value-added solutions that help our clients better run their organizations, all while maintaining prudent risk and expense management. We continue to focus on building client relationships where the risk-return profile is attractive.

Table 13: Corporate & Institutional Banking Table

(Unaudited) Six months ended June 30 Dollars in millions, except as noted	2023	2022	Change $	Change %
Income Statement				
Net interest income	$ 2,795	$ 2,413	$ 382	16 %
Noninterest income	1,707	1,772	(65)	(4)%
Total revenue	4,502	4,185	317	8 %
Provision for (recapture of) credit losses	181	(135)	316	*
Noninterest expense	1,860	1,771	89	5 %
Pretax earnings	2,461	2,549	(88)	(3)%
Income taxes	575	583	(8)	(1)%
Noncontrolling interests	10	7	3	43 %
Earnings	$ 1,876	$ 1,959	$ (83)	(4)%
Average Balance Sheet				
Loans held for sale	$ 448	$ 559	$ (111)	(20)%
Loans				
Commercial				
Commercial and industrial	$ 168,110	$ 147,819	$ 20,291	14 %
Commercial real estate	34,507	32,640	1,867	6 %
Equipment lease financing	6,408	6,150	258	4 %
Total commercial	209,025	186,609	22,416	12 %
Consumer	7	11	(4)	(36)%
Total loans	$ 209,032	$ 186,620	$ 22,412	12 %
Total assets	$ 234,354	$ 210,171	$ 24,183	12 %
Deposits				
Noninterest-bearing	$ 55,221	$ 83,589	$(28,368)	(34)%
Interest-bearing	87,956	66,780	21,176	32 %
Total deposits	$ 143,177	$ 150,369	$ (7,192)	(5)%
Performance Ratios				
Return on average assets	1.61 %	1.88 %		
Noninterest income to total revenue	38 %	42 %		
Efficiency	41 %	42 %		
Other Information				
Consolidated revenue from: (a)				
Treasury Management (b)	$ 1,563	$ 1,205	$ 358	30 %
Commercial mortgage banking activities:				
Commercial mortgage loans held for sale (c)	$ 40	$ 36	$ 4	11 %
Commercial mortgage loan servicing income (d)	83	138	(55)	(40)%
Commercial mortgage servicing rights valuation, net of economic hedge	45	46	(1)	(2)%
Total	$ 168	$ 220	$ (52)	(24)%
Commercial mortgage servicing statistics				
Serviced portfolio balance (in billions) (e)	$ 280	$ 282	$ (2)	(1)%
MSR asset value (e)	$ 1,106	$ 988	$ 118	12 %
Average loans by C&IB business (f)				
Corporate Banking	$ 118,424	$ 99,187	$ 19,237	19 %
Real Estate	47,495	43,710	3,785	9 %
Business Credit	30,398	27,395	3,003	11 %
Commercial Banking	8,327	9,751	(1,424)	(15)%
Other	4,388	6,577	(2,189)	(33)%
Total average loans	$ 209,032	$ 186,620	$ 22,412	12 %
Credit-related statistics				
Nonperforming assets (e)	$ 738	$ 674	$ 64	9 %
Net charge-offs - loans and leases	$ 178	$ 10	$ 168	*

*- Not Meaningful

(a) See the additional revenue discussion regarding treasury management and commercial mortgage banking activities in the Product Revenue section of this Corporate & Institutional Banking section.

(b) Amounts are reported in net interest income and noninterest income.
(c) Represents commercial mortgage banking income for valuations on commercial mortgage loans held for sale and related commitments, derivative valuations, origination fees, gains on sale of loans held for sale and net interest income on loans held for sale.
(d) Represents net interest income and noninterest income from loan servicing, net of reduction in commercial mortgage servicing rights due to amortization expense and payoffs. Commercial mortgage servicing rights valuation, net of economic hedge is shown separately.
(e) As of June 30.
(f) As the result of a business realignment within C&IB during the second quarter of 2023, certain loans were reclassified from Other to Corporate Banking in the prior periods to conform to the current period presentation.

Corporate & Institutional Banking earnings in the first six months of 2023 decreased $83 million compared to the same period in 2022 driven by higher provision for credit losses, increased noninterest expense and lower noninterest income, partially offset by higher net interest income.

Net interest income increased in the comparison primarily due to wider interest rate spreads on the value of deposits and higher average loan balances, partially offset by narrower interest rate spreads on the value of loans and lower average deposit balances.

Noninterest income decreased in the comparison driven by lower capital markets and advisory fees and lower commercial mortgage banking activities, partially offset by growth in treasury management product revenue.

Provision for credit losses included the impact of our updated economic outlook and changes in portfolio composition and quality.

Noninterest expense increased in the comparison due to continued investments to support business growth and the impact of a higher FDIC assessment rate.

Average loans increased compared with the six months ended June 30, 2022 due to increases in Corporate Banking, Real Estate and Business Credit, partially offset by a decrease in Commercial Banking:

- Corporate Banking provides lending, equipment finance, treasury management and capital markets products and services to mid-sized and large corporations, and government and not-for-profit entities. Average loans for this business increased driven by strong new production throughout 2022 and higher average utilization of loan commitments.
- Real Estate provides banking, financing and servicing solutions for commercial real estate clients across the country. Average loans for this business increased largely due to new production throughout 2022, partially offset by a lower average utilization of loan commitments.
- Business Credit provides asset-based lending and equipment financing solutions. The loan and lease portfolio is relatively high yielding, with acceptable risk as the loans are mainly secured by business assets. Average loans for this business increased primarily driven by new production, partially offset by lower average utilization of loan commitments.
- Commercial Banking provides lending, treasury management and capital markets related products and services to smaller corporations and businesses. Average loans for this business declined primarily driven by PPP loan forgiveness and lower average utilization of loan commitments.

The deposit strategy of Corporate & Institutional Banking is to remain disciplined on pricing and focused on growing and retaining relationship-based balances over time, executing on customer and segment-specific deposit growth strategies and continuing to provide funding and liquidity to PNC. Average total deposits decreased compared to the six months ended June 30, 2022, reflecting the impact of quantitative tightening by the Federal Reserve. We continue to actively monitor the interest rate environment and make adjustments to our deposit strategy in response to evolving market conditions, bank funding needs and client relationship dynamics.

Following the BBVA acquisition in 2021 and our de novo expansion efforts, we are now a coast-to-coast franchise and have a presence in the largest 30 U.S. metropolitan statistical areas. These expanded locations complement Corporate & Institutional Banking's existing national businesses with a significant presence in these cities, and our full suite of commercial products and services are offered nationally.

Product Revenue

In addition to credit and deposit products for commercial customers, Corporate & Institutional Banking offers other services, including treasury management, capital markets and advisory products and services and commercial mortgage banking activities, for customers of all business segments. On a consolidated basis, the revenue from these other services is included in net interest income and noninterest income, as appropriate. From a business perspective, the majority of the revenue and expense related to these services is reflected in the Corporate & Institutional Banking segment results, and the remainder is reflected in the results of other businesses where the customer relationship exists. The Other Information section in Table 13 includes the consolidated revenue to PNC for treasury management and commercial mortgage banking services. A discussion of the consolidated revenue from these services follows.

The Treasury Management business provides corporations with cash and investment management services, receivables and disbursement management services, funds transfer services, international payment services and access to online/mobile information management and reporting services. Treasury management revenue is reported in noninterest income and net interest income. Noninterest income includes treasury management product revenue less earnings credits provided to customers on compensating deposit balances used to pay for products and services. Net interest income includes funding credit from all treasury management customer deposit balances. Compared to the first six months of 2022, treasury management revenue increased due to wider interest rate spreads on the value of deposits and higher product revenue.

Commercial mortgage banking activities include revenue derived from commercial mortgage servicing (both net interest income and noninterest income), revenue derived from commercial mortgage loans held for sale and hedges related to those activities. Total revenue from commercial mortgage banking activities decreased in the comparison primarily due to lower commercial mortgage servicing income.

Capital markets and advisory includes services and activities primarily related to merger and acquisition advisory, equity capital markets advisory, asset-backed financing, loan syndication, securities underwriting and customer-related trading. The decrease in capital markets and advisory fees in the comparison was mostly driven by lower merger and acquisition advisory fees, partially offset by higher customer-related trading revenue for derivatives, foreign exchange and fixed income.

Asset Management Group

The Asset Management Group strives to be the leading relationship-based provider of investment, planning, credit and cash management solutions and fiduciary services to affluent individuals and institutions by endeavoring to proactively deliver value-added ideas, solutions and exceptional service. Asset Management Group's priorities are to serve our clients' financial objectives, grow and deepen customer relationships and deliver solid financial performance with prudent risk and expense management.

Table 14: Asset Management Group Table

(Unaudited) Six months ended June 30 Dollars in millions, except as noted	2023	2022	Change $	Change %
Income Statement				
Net interest income	$ 252	$ 291	$ (39)	(13)%
Noninterest income	458	482	(24)	(5)%
Total revenue	710	773	(63)	(8)%
Provision for (recapture of) credit losses	(1)	7	(8)	*
Noninterest expense	560	521	39	7 %
Pretax earnings	151	245	(94)	(38)%
Income taxes	36	57	(21)	(37)%
Earnings	$ 115	$ 188	$ (73)	(39)%
Average Balance Sheet				
Loans				
Consumer				
Residential real estate	$ 9,517	$ 7,414	$ 2,103	28 %
Other consumer	4,110	4,587	(477)	(10)%
Total consumer	13,627	12,001	1,626	14 %
Commercial	1,237	1,704	(467)	(27)%
Total loans	$ 14,864	$ 13,705	$ 1,159	8 %
Total assets	$ 15,282	$ 14,126	$ 1,156	8 %
Deposits				
Noninterest-bearing	$ 1,817	$ 3,140	$ (1,323)	(42)%
Interest-bearing	25,907	29,331	(3,424)	(12)%
Total deposits	$ 27,724	$ 32,471	$ (4,747)	(15)%
Performance Ratios				
Return on average assets	1.52 %	2.68 %		
Noninterest income to total revenue	65 %	62 %		
Efficiency	79 %	67 %		
Supplemental Noninterest Income Information				
Asset management fees	$ 446	$ 469	$ (23)	(5)%
Brokerage fees	4	4		—
Total	$ 450	$ 473	$ (23)	(5)%
Other Information				
Nonperforming assets (a)	$ 41	$ 114	$ (73)	(64)%
Net charge-offs - loans and leases	$ (2)	$ 1	$ (3)	*
Brokerage account client assets (in billions) (a)	$ 5	$ 4	$ 1	25 %
Client Assets Under Administration (in billions) (a) (b)				
Discretionary client assets under management	$ 176	$ 167	$ 9	5 %
Nondiscretionary client assets under administration	168	153	15	10 %
Total	$ 344	$ 320	$ 24	8 %
Discretionary client assets under management				
PNC Private Bank	$ 111	$ 103	$ 8	8 %
Institutional Asset Management	65	64	1	2 %
Total	$ 176	$ 167	$ 9	5 %

*- Not Meaningful
(a) As of June 30.
(b) Excludes brokerage account client assets.

The Asset Management Group consists of two primary businesses: PNC Private Bank and Institutional Asset Management.

The PNC Private Bank is focused on being a premier private bank in each of the markets it serves. This business seeks to deliver high quality banking, trust and investment management services to our emerging affluent, high net worth and ultra high net worth clients through a broad array of products and services.

Institutional Asset Management provides outsourced chief investment officer, custody, cash and fixed income client solutions, and retirement plan fiduciary investment services to institutional clients, including corporations, healthcare systems, insurance companies, municipalities and non-profits.

Asset Management Group earnings in the first six months of 2023 decreased $73 million compared to the same period in 2022, primarily driven by higher noninterest expense, lower net interest income and a decrease in noninterest income.

Net interest income decreased in the comparison due to a decline in average deposits as well as narrower interest rate spreads on the value of loans.

Noninterest income decreased in the comparison and is primarily attributable to the asset management fee impact from lower average equity markets and the impact of client activity.

Noninterest expense increased in the comparison reflecting continued investments to support business growth.

Discretionary client assets under management increased in comparison to the prior year, primarily due to higher equity markets as of June 30, 2023.

Risk Management

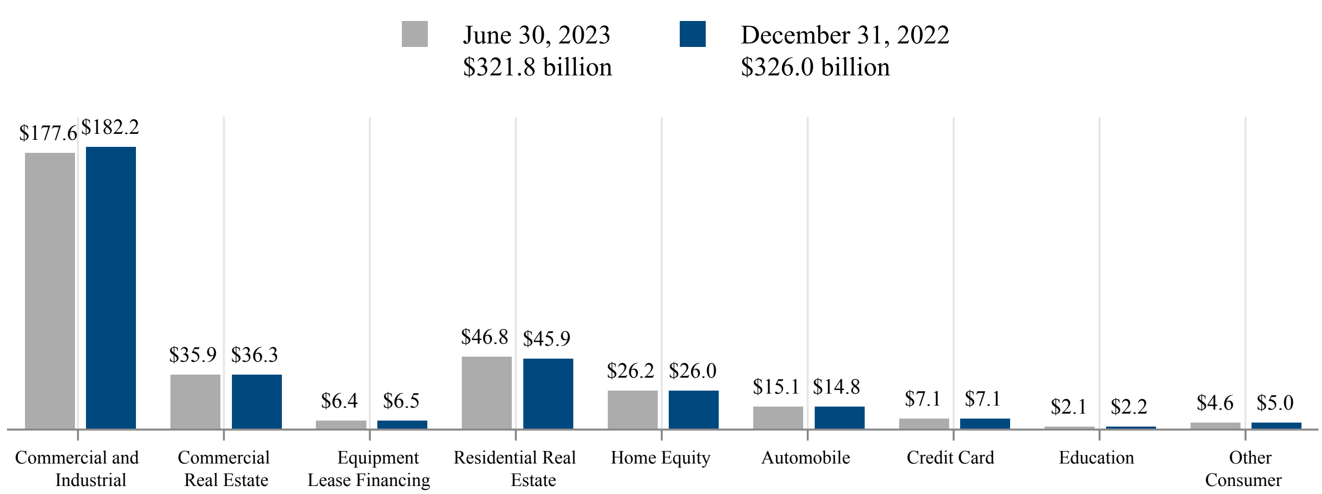
The Risk Management section included in Item 7 of our 2022 Form 10-K describes our enterprise risk management framework, including risk culture, enterprise strategy, risk governance and oversight framework, risk identification, risk assessments, risk controls and monitoring, and risk aggregation and reporting. Additionally, our 2022 Form 10-K provides an analysis of the firm's Capital Management and our key areas of risk, which include, but are not limited to, Credit, Market, Liquidity and Operational (including Compliance and Information Security).

Credit Risk Management

Credit risk, including our credit risk management processes, is described in further detail in the Credit Risk Management section of our 2022 Form 10-K. The following provides additional information around our loan portfolio, which is our most significant concentration of credit risk.

Loan Portfolio Characteristics and Analysis

Table 15: Details of Loans
In billions



We use several credit quality indicators, as further detailed in Note 3 Loans and Related Allowance for Credit Losses, to monitor and measure our exposure to credit risk within our loan portfolio. The following provides additional information about the significant loan classes that comprise our Commercial and Consumer portfolio segments.

Commercial

Commercial and Industrial

Commercial and industrial loans comprised 55% and 56% of our total loan portfolio at June 30, 2023 and December 31, 2022, respectively. The majority of our commercial and industrial loans are secured by collateral that provides a secondary source of repayment for a loan should a borrower experience cash generation difficulties. Examples of this collateral include short-term assets, such as accounts receivable, inventory and securities, and long-lived assets, such as equipment, owner-occupied real estate and other business assets.

We actively manage our commercial and industrial loans to assess any changes (both positive and negative) in the level of credit risk at both the borrower and portfolio level. To evaluate the level of credit risk, we assign internal risk ratings reflecting our estimates of the borrower's PD and LGD for each related credit facility. This two-dimensional credit risk rating methodology provides granularity in the risk monitoring process and is updated on an ongoing basis through our credit risk management processes. In addition to monitoring the level of credit risk, we also monitor concentrations of credit risk pertaining to both specific industries and geographies that may exist in our portfolio. Our commercial and industrial portfolio is well-diversified across industries as shown in the following table (based on the North American Industry Classification System).

Table 16: Commercial and Industrial Loans by Industry

	June 30, 2023		December 31, 2022	
Dollars in millions	Amount	% of Total	Amount	% of Total
Commercial and industrial				
Manufacturing	$ 30,586	17 %	$ 30,845	17 %
Retail/wholesale trade	28,751	16	29,176	16
Service providers	22,277	13	23,548	13
Financial services	21,823	12	21,320	12
Real estate related (a)	17,200	10	17,780	10
Technology, media & telecommunications	11,158	6	11,845	7
Health care	10,186	6	10,649	6
Transportation and warehousing	8,048	5	7,858	4
Other industries	27,600	15	29,198	15
Total commercial and industrial loans	$ 177,629	100 %	$ 182,219	100 %

(a) Represents loans to customers in the real estate and construction industries.

Commercial Real Estate

Commercial real estate loans comprised $22.1 billion related to commercial mortgages on income-producing properties, $7.2 billion of real estate construction project loans and $6.6 billion of intermediate-term financing loans as of June 30, 2023. Comparable amounts as of December 31, 2022 were $22.3 billion, $6.4 billion and $7.6 billion, respectively.

We monitor credit risk associated with our commercial real estate loans similar to commercial and industrial loans by analyzing PD and LGD. Additionally, risks associated with commercial real estate loans tend to be correlated to the loan structure, collateral location and quality, project progress and business environment. These attributes are also monitored and utilized in assessing credit risk. The portfolio is geographically diverse due to the nature of our business involving clients throughout the U.S.

The following table presents our commercial real estate loans by geography and property type:

Table 17: Commercial Real Estate Loans by Geography and Property Type

	June 30, 2023		December 31, 2022	
Dollars in millions	Amount	% of Total	Amount	% of Total
Geography (a)				
California	$ 6,190	17 %	$ 6,224	17 %
Texas	3,686	10	3,871	11
Florida	3,584	10	3,275	9
Pennsylvania	1,648	5	1,638	5
Virginia	1,550	4	1,638	5
Maryland	1,416	4	1,496	4
Illinois	1,267	4	1,321	4
Colorado	1,218	3	1,336	4
Ohio	1,172	3	1,236	3
North Carolina	1,146	3	1,150	3
Other	13,051	37	13,131	35
Total commercial real estate loans	$ 35,928	100 %	$ 36,316	100 %
Property Type (a)				
Multifamily	$ 14,835	41 %	$ 13,738	38 %
Office	8,685	24	9,123	25
Industrial/warehouse	3,907	11	4,035	11
Retail	2,807	8	2,855	8
Seniors housing	1,835	5	2,228	6
Hotel/motel	1,768	5	1,896	5
Mixed use	266	1	701	2
Other	1,825	5	1,740	5
Total commercial real estate loans	$ 35,928	100 %	$ 36,316	100 %

(a) Presented in descending order based on loan balances at June 30, 2023.

As remote work continues to be a feasible alternative and notable portions of leased space remain unoccupied, real estate related to the office sector is an area of continuing uncertainty. We continue to closely monitor and manage our office portfolio for elevated levels of credit risk given the ongoing shift in office demand.

At June 30, 2023, our outstanding loan balances in the office portfolio totaled $8.7 billion, or 2.7% of total loans, while additional unfunded loan commitments totaled $0.4 billion. Nonperforming loans totaled 3.3% of total office loans outstanding at June 30, 2023, while criticized loans totaled 22.5% of this portfolio. At June 30, 2023, there were no office loans outstanding that were 30 or more days delinquent. We have established reserves against these loans that we believe appropriately reflect the expected credit losses in the portfolio as of June 30, 2023.

Our office portfolio is well diversified geographically across our coast-to-coast franchise. From a tenancy category perspective, 57% of this portfolio represents multi-tenant properties at June 30, 2023, which is an area where we have noted increased stress. The remaining 43% of the portfolio is comprised of single-tenant, government tenant, and medical office tenant.

Consumer

Residential Real Estate

Residential real estate loans primarily consisted of residential mortgage loans at both June 30, 2023 and December 31, 2022.

We obtain loan attributes at origination, including FICO scores and LTVs, and we update these and other credit metrics at least quarterly. We track borrower performance monthly. We also segment the mortgage portfolio into pools based on product type (*e.g.*, nonconforming or conforming). This information is used for internal reporting and risk management. As part of our overall risk analysis and monitoring, we also segment the portfolio based upon loan delinquency, nonperforming status, modification and bankruptcy status, FICO scores, LTV and geographic concentrations.

The following table presents certain key statistics related to our residential real estate portfolio:

Table 18: Residential Real Estate Loan Statistics

	June 30, 2023		December 31, 2022	
Dollars in millions	Amount	% of Total	Amount	% of Total
Geography (a)				
California	$ 19,281	41 %	$ 18,609	41 %
Texas	4,112	9	4,194	9
Florida	3,376	7	3,360	7
Washington	3,246	7	3,009	7
New Jersey	1,905	4	1,925	4
New York	1,557	3	1,558	3
Arizona	1,449	3	1,436	3
Pennsylvania	1,197	3	1,188	3
Colorado	1,193	3	1,192	3
North Carolina	974	2	965	2
Other	8,544	18	8,453	18
Total residential real estate loans	$ 46,834	100 %	$ 45,889	100 %

	June 30, 2023	December 31, 2022
Weighted-average loan origination statistics (b)		
Loan origination FICO score	771	770
LTV of loan originations	73 %	71 %

(a) Presented in descending order based on loan balances at June 30, 2023.
(b) Weighted-averages calculated for the twelve months ended June 30, 2023 and December 31, 2022, respectively.

We originate residential mortgage loans nationwide through our national mortgage business as well as within our branch network. Residential mortgage loans underwritten to agency standards, including conforming loan amount limits, are typically sold with servicing retained by us. We also originate nonconforming residential mortgage loans that do not meet agency standards, which we retain on our balance sheet. Our portfolio of originated nonconforming residential mortgage loans totaled $41.6 billion at June 30, 2023 with 45% located in California. Comparable amounts at December 31, 2022 were $40.6 billion and 44%, respectively.

<u>Home Equity</u>
Home equity loans comprised $20.2 billion of home equity lines of credit and $6.0 billion of closed-end home equity installment loans at June 30, 2023. Comparable amounts were $19.5 billion and $6.5 billion as of December 31, 2022, respectively. Home equity lines of credit are a variable interest rate product with fixed rate conversion options available to certain borrowers.

Similar to residential real estate loans, we track borrower performance of this portfolio on a monthly basis. We also segment the population into pools based on product type (*e.g.*, home equity loans, legacy brokered home equity loans, home equity lines of credit, or legacy brokered home equity lines of credit) and track the historical performance of any related mortgage loans regardless of whether we hold such liens. This information is used for internal reporting and risk management. As part of our overall risk analysis and monitoring, we also segment the portfolio based upon loan delinquency, nonperforming status, modification and bankruptcy status, FICO scores, LTV, lien position and geographic concentration.

The credit performance of the majority of the home equity portfolio where we hold the first lien position is superior to the portion of the portfolio where we hold the second lien position but do not hold the first lien. Lien position information is generally determined at the time of origination and monitored on an ongoing basis for risk management purposes. We use a third-party service provider to obtain updated loan information, including lien and collateral data that is aggregated from public and private sources.

The following table presents certain key statistics related to our home equity portfolio:

Table 19: Home Equity Loan Statistics

	June 30, 2023		December 31, 2022	
Dollars in millions	Amount	% of Total	Amount	% of Total
Geography (a)				
Pennsylvania	$ 4,876	19 %	$ 5,051	19 %
New Jersey	3,237	12	3,266	13
Ohio	2,302	9	2,352	9
Florida	2,178	8	2,082	8
California	1,450	6	1,247	5
Maryland	1,243	5	1,254	5
Michigan	1,238	5	1,263	5
Texas	1,195	5	1,144	4
Illinois	1,095	4	1,126	4
North Carolina	1,010	4	995	4
Other	6,376	23	6,203	24
Total home equity loans	$ 26,200	100 %	$ 25,983	100 %
Lien type				
1st lien		55 %		58 %
2nd lien		45		42
Total		100 %		100 %
Weighted-average loan origination statistics (b)	June 30, 2023		December 31, 2022	
Loan origination FICO score		772		774
LTV of loan originations		66 %		67 %

(a) Presented in descending order based on loan balances at June 30, 2023.
(b) Weighted-averages calculated for the twelve months ended June 30, 2023 and December 31, 2022, respectively.

Automobile

Auto loans comprised $14.0 billion in the indirect auto portfolio and $1.1 billion in the direct auto portfolio as of June 30, 2023. Comparable amounts as of December 31, 2022 were $13.7 billion and $1.1 billion, respectively. The indirect auto portfolio consists of loans originated primarily through franchised dealers, including from expansion into newer markets. This business is strategically aligned with our core retail banking business.

The following table presents certain key statistics related to our indirect and direct auto portfolios:

Table 20: Auto Loan Statistics

	June 30, 2023	December 31, 2022
Weighted-average loan origination FICO score (a) (b)		
Indirect auto	781	784
Direct auto	779	776
Weighted-average term of loan originations - in months (a)		
Indirect auto	73	73
Direct auto	63	63

(a) Weighted-averages calculated for the twelve months ended June 30, 2023 and December 31, 2022, respectively.
(b) Calculated using the auto enhanced FICO scale.

We continue to focus on borrowers with strong credit profiles as evidenced by the weighted-average loan origination FICO scores noted in Table 20. We offer both new and used auto financing to customers through our various channels. At June 30, 2023, the portfolio balance was composed of 48% new vehicle loans and 52% used vehicle loans. Comparable amounts at December 31, 2022 were 50% and 50%, respectively.

The auto loan portfolio's performance is measured monthly, including updated collateral values that are obtained monthly and updated FICO scores that are obtained at least quarterly. For internal reporting and risk management, we analyze the portfolio by product channel and product type and regularly evaluate default and delinquency experience. As part of our overall risk analysis and monitoring, we segment the portfolio by geography, channel, collateral attributes and credit metrics which include FICO score, LTV and term.

Nonperforming Assets and Loan Delinquencies

Nonperforming Assets

Nonperforming assets include nonperforming loans and leases for which ultimate collectability of the full amount of contractual principal and interest is not probable and include nonperforming loans whose terms were modified as a result of a borrower's financial difficulty and PCD loans, OREO and foreclosed assets. Loans held for sale, certain government insured or guaranteed loans and loans accounted for under the fair value option are excluded from nonperforming loans. See Note 1 Accounting Policies of this Report for details on our nonaccrual policies.

The following table presents a summary of nonperforming assets by major category:

Table 21: Nonperforming Assets by Type

Dollars in millions	June 30, 2023	December 31, 2022	Change $	Change %
Nonperforming loans (a)				
Commercial	$ 827	$ 858	$ (31)	(4)%
Consumer (b)	1,086	1,127	(41)	(4)%
Total nonperforming loans	1,913	1,985	(72)	(4)%
OREO and foreclosed assets	36	34	2	6 %
Total nonperforming assets	$ 1,949	$ 2,019	$ (70)	(3)%
Nonperforming loans to total loans	0.59 %	0.61 %		
Nonperforming assets to total loans, OREO and foreclosed assets	0.61 %	0.62 %		
Nonperforming assets to total assets	0.35 %	0.36 %		
Allowance for loan and lease losses to nonperforming loans	248 %	239 %		
Allowance for credit losses to nonperforming loans (c)	282 %	274 %		

(a) In connection with the adoption of ASU 2022-02 *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures,* nonperforming loans as of June 30, 2023 include certain loans where terms were modified as a result of a borrower's financial difficulty. Prior period amounts included nonperforming TDRs, for which accounting guidance was eliminated effective January 1, 2023. See Note 1 Accounting Policies and the Loan Modifications to Borrowers Experiencing Financial Difficulty section of Note 3 Loans and Related Allowance for more information on our adoption of this ASU.
(b) Excludes most unsecured consumer loans and lines of credit, which are charged off after 120 to 180 days past due and are not placed on nonperforming status.
(c) Calculated excluding allowances for investment securities and other financial assets.

The following table provides details on the change in nonperforming assets for the six months ended June 30, 2023 and 2022:

Table 22: Change in Nonperforming Assets

In millions	2023	2022
January 1	$ 2,019	$ 2,506
New nonperforming assets	862	739
Charge-offs and valuation adjustments	(257)	(117)
Principal activity, including paydowns and payoffs	(469)	(547)
Asset sales and transfers to loans held for sale	(58)	(27)
Returned to performing status	(148)	(479)
June 30	$ 1,949	$ 2,075

As of June 30, 2023, approximately 98% of total nonperforming loans were secured by collateral, which lessened reserve requirements and is expected to reduce credit losses.

Loan Delinquencies

We regularly monitor the level of loan delinquencies and believe these levels are a key indicator of credit quality in our loan portfolio. Measurement of delinquency status is based on the contractual terms of each loan. Loans that are 30 days or more past due in terms of payment are considered delinquent. Loan delinquencies include government insured or guaranteed loans, loans accounted for under the fair value option and PCD loans. Amounts exclude loans held for sale.

We manage credit risk based on the risk profile of the borrower, repayment sources, underlying collateral, and other support given current events, economic conditions and expectations. We refine our practices to meet the changing environment resulting from elevated inflation levels, labor-related supply chain pressures, higher interest rates and structural and secular changes fostered by the pandemic. To mitigate losses and enhance customer support, we offer loan modifications and collection programs to assist our customers. Under the CARES Act credit reporting rules, certain loans modified due to pandemic related hardships are not being reported as past due as of June 30, 2023 and December 31, 2022 based on the contractual terms of the loan, even where borrowers may not be making payments on their loans during the modification period. The CARES Act credit reporting rules expire in the third quarter of 2023.

The following table presents a summary of accruing loans past due by delinquency status:

Table 23: Accruing Loans Past Due (a)

	Amount				% of Total Loans Outstanding	
			Change			
Dollars in millions	June 30 2023	December 31 2022	$	%	June 30 2023	December 31 2022
Early stage loan delinquencies						
Accruing loans past due 30 to 59 days	$ 555	$ 747	$ (192)	(26)%	0.17 %	0.23 %
Accruing loans past due 60 to 89 days	238	261	(23)	(9)%	0.07 %	0.08 %
Total early stage loan delinquencies	793	1,008	(215)	(21)%	0.25 %	0.31 %
Late stage loan delinquencies						
Accruing loans past due 90 days or more	419	482	(63)	(13)%	0.13 %	0.15 %
Total accruing loans past due	$ 1,212	$ 1,490	$ (278)	(19)%	0.38 %	0.46 %

(a) Past due loan amounts include government insured or guaranteed loans of $0.4 billion at both June 30, 2023 and December 31, 2022.

The decrease in accruing loans past due from December 31, 2022 was the result of lower delinquencies in both the consumer and commercial portfolios.

Accruing loans past due 90 days or more continue to accrue interest because they are (i) well secured by collateral and are in the process of collection, (ii) managed in homogeneous portfolios with specified charge-off timeframes adhering to regulatory guidelines, or (iii) certain government insured or guaranteed loans. As such, they are excluded from nonperforming loans.

Loan Modifications

We provide relief to our customers experiencing financial hardships through a variety of solutions. Commercial loan and lease modifications are based on each individual borrower’s situation, while consumer loan modifications are evaluated under our hardship relief programs.

On January 1, 2023, we adopted ASU 2022-02 *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*, which eliminates the accounting guidance for TDRs and enhances the disclosure requirements for certain loan modifications when a borrower is experiencing financial difficulty. Refer to Note 1 Accounting Policies and Note 3 Loans and Related Allowance for Credit Losses for additional information on our adoption of this ASU.

Allowance for Credit Losses

Our determination of the ACL is based on historical loss and performance experience, current economic conditions, reasonable and supportable forecasts of future conditions and other relevant factors, including current borrower and/or transaction characteristics. We maintain the ACL at an appropriate level for expected losses on our existing investment securities, loans, equipment finance leases, other financial assets and unfunded lending related commitments and determine this allowance based on assessments of the remaining estimated contractual term as of the balance sheet date.

See Note 1 Accounting Policies for additional discussion of our ACL, including details of our methodologies. Also see the Critical Accounting Estimates and Judgments section of this Report for further discussion of the assumptions used in the determination of the ACL as of June 30, 2023.

The following table summarizes our ACL related to loans:

Table 24: Allowance for Credit Losses by Loan Class (a)

	June 30, 2023			December 31, 2022		
Dollars in millions	Allowance Amount	Total Loans	% of Total Loans	Allowance Amount	Total Loans	% of Total Loans
Allowance for loans and lease losses						
Commercial						
Commercial and industrial	$ 1,836	$ 177,629	1.03 %	$ 1,957	$ 182,219	1.07 %
Commercial real estate	1,206	35,928	3.36 %	1,047	36,316	2.88 %
Equipment lease financing	100	6,400	1.56 %	110	6,514	1.69 %
Total commercial	3,142	219,957	1.43 %	3,114	225,049	1.38 %
Consumer						
Residential real estate	72	46,834	0.15 %	92	45,889	0.20 %
Home equity	294	26,200	1.12 %	274	25,983	1.05 %
Automobile	188	15,065	1.25 %	226	14,836	1.52 %
Credit card	765	7,092	10.79 %	748	7,069	10.58 %
Education	61	2,058	2.96 %	63	2,173	2.90 %
Other consumer	215	4,555	4.72 %	224	5,026	4.46 %
Total consumer	1,595	101,804	1.57 %	1,627	100,976	1.61 %
Total	4,737	$ 321,761	1.47 %	4,741	$ 326,025	1.45 %
Allowance for unfunded lending related commitments	663			694		
Allowance for credit losses	$ 5,400			$ 5,435		
Allowance for credit losses to total loans			1.68 %			1.67 %
Commercial			1.68 %			1.66 %
Consumer			1.67 %			1.69 %

(a) Excludes allowances for investment securities and other financial assets, which together totaled $171 million and $176 million at June 30, 2023 and December 31, 2022, respectively.

The following table summarizes our loan charge-offs and recoveries:

Table 25: Loan Charge-Offs and Recoveries

Six months ended June 30 Dollars in millions	Gross Charge-offs	Recoveries	Net Charge-offs / (Recoveries)	% of Average Loans (Annualized)
2023				
Commercial				
Commercial and industrial	$ 149	$ 53	$ 96	0.11 %
Commercial real estate	99	2	97	0.54 %
Equipment lease financing	7	6	1	0.03 %
Total commercial	255	61	194	0.17 %
Consumer				
Residential real estate	5	7	(2)	(0.01)%
Home equity	11	24	(13)	(0.10)%
Automobile	61	51	10	0.13 %
Credit card	154	22	132	3.82 %
Education	9	4	5	0.47 %
Other consumer	80	17	63	2.65 %
Total consumer	320	125	195	0.39 %
Total	$ 575	$ 186	$ 389	0.24 %
2022				
Commercial				
Commercial and industrial	$ 71	$ 45	$ 26	0.03 %
Commercial real estate	15	2	13	0.08 %
Equipment lease financing	3	6	(3)	(0.10)%
Total commercial	89	53	36	0.04 %
Consumer				
Residential real estate	7	11	(4)	(0.02)%
Home equity	6	39	(33)	(0.27)%
Automobile	86	70	16	0.20 %
Credit card	135	31	104	3.24 %
Education	8	3	5	0.41 %
Other consumer	115	19	96	3.45 %
Total consumer	357	173	184	0.39 %
Total	$ 446	$ 226	$ 220	0.15 %

Total net charge-offs increased $169 million, or 77%, for the first six months of 2023 compared to the same period in 2022. The increase in the comparison was primarily attributable to higher net charge-offs in our commercial portfolio.

See Note 1 Accounting Policies in our 2022 Form 10-K and Note 3 Loans and Related Allowance for Credit Losses of this Report for additional information.

Liquidity and Capital Management

Liquidity risk, including our liquidity monitoring measures and tools, is described in further detail in the Liquidity and Capital Management section of our 2022 Form 10-K.

One of the ways we monitor our liquidity is by reference to the LCR, a regulatory minimum liquidity requirement designed to ensure that covered banking organizations maintain an adequate level of liquidity to meet net liquidity needs over the course of a hypothetical 30-day stress scenario. PNC and PNC Bank calculate the LCR daily and are required to maintain a regulatory minimum of 100%. The LCR for each of PNC and PNC Bank exceeded the regulatory minimum requirement throughout the second quarter of 2023. Fluctuations in our average LCR result from changes to the components of the calculation, including high-quality liquid assets and net cash outflows, as a result of ongoing business activity.

The NSFR is designed to measure the stability of the maturity structure of assets and liabilities of banking organizations over a one-year time horizon. PNC and PNC Bank calculate the NSFR on an ongoing basis and are required to maintain a regulatory minimum of 100%. The NSFR for each of PNC and PNC Bank exceeded the regulatory minimum requirement throughout the second quarter of 2023.

We provide additional information regarding regulatory liquidity requirements and their potential impact on us in the Supervision and Regulation section of Item 1 Business and Item 1A Risk Factors of our 2022 Form 10-K.

Sources of Liquidity

Our largest source of liquidity on a consolidated basis is the customer deposit base generated by our banking businesses. These deposits provide relatively stable and low-cost funding. Total deposits decreased to $427.5 billion at June 30, 2023 from $436.3 billion at December 31, 2022, and included a continued shift from noninterest-bearing to interest-bearing deposit products, as interest rates have risen. As of June 30, 2023, uninsured deposits represented approximately 46% of our total deposit base. The majority of our uninsured deposits are related to commercial operating and relationship accounts, which we define as commercial deposit customers who utilize two or more PNC products. See the Funding Sources portion of the Consolidated Balance Sheet Review and Business Segments Review sections of this Financial Review for additional information on our deposits and related strategies.

We also obtain liquidity through various forms of funding, including long-term debt (senior notes, subordinated debt and FHLB borrowings) and short-term borrowings (securities sold under repurchase agreements, commercial paper and other short-term borrowings). See the Funding Sources section of the Consolidated Balance Sheet Review in this Financial Review, Note 7 Borrowed Funds included in this Report and Note 10 Borrowed Funds in our 2022 Form 10-K for additional information related to our borrowings.

Total senior and subordinated debt, on a consolidated basis, increased due to the following activity:

Table 26: Senior and Subordinated Debt

In billions	2023
January 1	$ 23.0
Issuances	6.2
Calls and maturities	(1.5)
Other	(0.1)
June 30	$ 27.6

Additionally, certain liquid assets and unused borrowing capacity from a number of sources are also available to manage our liquidity position. The following table summarizes our contingent liquidity from on-balance sheet and off-balance sheet funding sources:

Table 27:Contingent Liquidity Sources

Dollars in billions	June 30, 2023	December 31, 2022
Cash balance with Federal Reserve Bank	$ 37.8	$ 26.9
Available investment securities (a)	103.1	109.8
Unused borrowing capacity from FHLB and Federal Reserve Bank	86.4	67.2
Total available contingent liquidity	$ 227.3	$ 203.9

(a) Available investment securities represents the fair value of investment securities that are available for sale or that can be used for pledging or to secure other sources of funding.

Bank Liquidity

Under PNC Bank’s 2014 bank note program, as amended, PNC Bank may from time to time offer up to $40.0 billion aggregate principal amount outstanding at any one time of its unsecured senior and subordinated notes with maturity dates more than nine months (in the case of senior notes) and five years or more (in the case of subordinated notes) from their date of issue. At June 30, 2023, PNC Bank had $7.0 billion of notes outstanding under this program of which $3.9 billion were senior notes and $3.1 billion were subordinated notes.

Under PNC Bank’s 2013 commercial paper program, PNC Bank has the ability to offer up to $10.0 billion of its commercial paper to provide additional liquidity. At June 30, 2023, there were no issuances outstanding under this program.

Additionally, PNC Bank may also access funding from the parent company through deposits placed at the bank or through issuing its senior unsecured notes.

Parent Company Liquidity

In addition to managing liquidity risk at the bank level, we monitor the parent company’s liquidity. The parent company’s contractual obligations consist primarily of debt service related to parent company borrowings and funding non-bank affiliates. Additionally, the parent company maintains liquidity to fund discretionary activities such as paying dividends to our shareholders, share repurchases and acquisitions.

At June 30, 2023, available parent company liquidity totaled $17.2 billion. Parent company liquidity is held in intercompany cash and investments. For investments with longer durations, the related maturities are aligned with scheduled cash needs, such as the maturity of parent company debt obligations.

The principal source of parent company liquidity is the dividends or other capital distributions it receives from PNC Bank, which may be impacted by the following:

- Bank-level capital needs,
- Laws, regulations and the results of supervisory activities,
- Corporate policies,
- Contractual restrictions, and
- Other factors.

There are statutory and regulatory limitations on the ability of a national bank to pay dividends or make other capital distributions or to extend credit to the parent company or its non-bank subsidiaries. The amount available for dividend payments by PNC Bank to the parent company without prior regulatory approval was $5.2 billion at June 30, 2023. See Note 20 Regulatory Matters in our 2022 Form 10-K for further discussion of these limitations.

In addition to dividends from PNC Bank, other sources of parent company liquidity include cash and investments, as well as dividends and loan repayments from other subsidiaries and dividends or distributions from equity investments. We can also generate liquidity for the parent company and PNC's non-bank subsidiaries through the issuance of debt and equity securities, including certain capital instruments, in public or private markets and commercial paper. Under the parent company's 2014 commercial paper program, the parent company has the ability to offer up to $5.0 billion of commercial paper to provide additional liquidity. At June 30, 2023, there were no issuances outstanding under this program.

The following table details Parent Company note issuances in the second quarter of 2023:

Table 28: Parent Company Notes Issued

Issuance Date	Amount	Description of Issuance
June 12, 2023	$1.0 billion	$1.0 billion of senior fixed-to-floating notes with a maturity date of June 12, 2026. Interest is payable semi-annually in arrears at a fixed rate of 5.812% per annum, on June 12 and December 12 of each year, beginning on December 12, 2023. Beginning on June 12, 2025, interest is payable quarterly in arrears at a floating rate per annum equal to Compounded SOFR (determined with respect to each quarterly interest period using the SOFR Index as described in the Prospectus Supplement), plus 1.322%, on September 12, 2025, December 12, 2025, March 12, 2026 and at the maturity date.
June 12, 2023	$2.5 billion	$2.5 billion of senior fixed-to-floating notes with a maturity date of June 12, 2029. Interest is payable semi-annually in arrears at a fixed rate of 5.582% per annum, on June 12 and December 12 of each year, beginning on December 12, 2023. Beginning on June 12, 2028, interest is payable quarterly in arrears at a floating rate per annum equal to Compounded SOFR (determined with respect to each quarterly interest period using the SOFR Index as described in the Prospectus Supplement), plus 1.841%, on September 12, 2028, December 12, 2028, March 12, 2029 and at the maturity date.

Parent company senior and subordinated debt outstanding totaled $19.2 billion and $13.1 billion at June 30, 2023 and December 31, 2022, respectively.

Contractual Obligations and Commitments

We have contractual obligations representing required future payments on borrowed funds, time deposits, leases, pension and postretirement benefits and purchase obligations. See the Liquidity and Capital Management portion of the Risk Management section of our 2022 Form 10-K for more information on these future cash outflows. Additionally, in the normal course of business, we have various commitments outstanding, certain of which are not included on our Consolidated Balance Sheet. We provide information on our commitments in Note 8 Commitments.

Credit Ratings

PNC's credit ratings affect the cost and availability of short and long-term funding, collateral requirements for certain derivative instruments and the ability to offer certain products.

In general, rating agencies base their ratings on many quantitative and qualitative factors, including capital adequacy, liquidity, asset quality, business mix, level and quality of earnings, and the current legislative and regulatory environment, including implied government support. A decrease, or potential decrease, in credit ratings could impact access to the capital markets and/or increase the cost of debt, and thereby adversely affect liquidity and financial condition.

The following table presents credit ratings for PNC and PNC Bank as of June 30, 2023:

Table 29: Credit Ratings for PNC and PNC Bank

	June 30, 2023		
	Moody's	Standard & Poor's	Fitch
PNC			
Senior debt	A3	A-	A
Subordinated debt	A3	BBB+	A-
Preferred stock	Baa2	BBB-	BBB
PNC Bank			
Senior debt	A2	A	A+
Subordinated debt	A3	A-	A
Long-term deposits	Aa3	A	AA-
Short-term deposits	P-1	A-1	F1+
Short-term notes	P-1	A-1	F1

Capital Management

Detailed information on our capital management processes and activities is included in the Supervision and Regulation section of Item 1 of our 2022 Form 10-K.

We manage our funding and capital positions by making adjustments to our balance sheet size and composition, issuing or redeeming debt, issuing equity or other capital instruments, executing treasury stock transactions and capital redemptions or repurchases, and managing dividend policies and retaining earnings.

In the second quarter of 2023, PNC returned $0.7 billion of capital to shareholders, as a result of $0.6 billion of dividends on common shares and $0.1 billion of common share repurchases, representing 1.1 million shares. Consistent with the SCB framework, which allows for capital return in amounts in excess of the SCB minimum levels (the regulatory minimum (4.5%) plus our SCB), our Board of Directors has authorized a repurchase framework under the previously approved repurchase program of up to 100 million common shares, of which approximately 46% were still available for repurchase at June 30, 2023. PNC's SCB through September 30, 2023 is 2.9%. Based on the results of the Federal Reserve's 2023 annual stress test, PNC's SCB for the four-quarter period beginning October 1, 2023 will improve to the regulatory minimum of 2.5%.

Due to the proposed rules issued by the Federal banking agencies on July 27, 2023 to adjust the Basel III capital framework, share repurchase activity is expected to be reduced in the third quarter of 2023 compared to recent prior quarters. PNC continues to evaluate and may adjust share repurchase activity, as actual amounts and timing are dependent on market and economic conditions, as well as other factors.

On July 3, 2023, the PNC Board of Directors raised the quarterly cash dividend on common stock to $1.55 per share, an increase of 5 cents per share. The dividend, with a payment date of August 5, 2023, will be payable the next business day.

The following table summarizes our Basel III Capital balances and ratios as of June 30, 2023:

Table 30: Basel III Capital

	June 30, 2023	
Dollars in millions	Basel III (a)	Fully Implemented (estimated) (b)
Common equity Tier 1 capital		
Common stock plus related surplus, net of treasury stock	$ (3,738)	$ (3,738)
Retained earnings	55,829	55,346
Goodwill, net of associated deferred tax liabilities	(10,755)	(10,755)
Other disallowed intangibles, net of deferred tax liabilities	(346)	(346)
Other adjustments/(deductions)	(89)	(90)
Common equity Tier 1 capital (c)	$ 40,901	$ 40,417
Additional Tier 1 capital		
Preferred stock plus related surplus	7,237	7,237
Tier 1 capital	$ 48,138	$ 47,654
Additional Tier 2 capital		
Qualifying subordinated debt	3,222	3,222
Eligible credit reserves includable in Tier 2 capital	4,764	5,241
Total Basel III capital	$ 56,124	$ 56,117
Risk-weighted assets		
Basel III standardized approach risk-weighted assets (d)	$ 429,634	$ 429,826
Average quarterly adjusted total assets	$ 549,471	$ 548,987
Supplementary leverage exposure (e)	$ 651,342	$ 651,341
Basel III risk-based capital and leverage ratios (f)		
Common equity Tier 1	9.5 %	9.4 %
Tier 1	11.2 %	11.1 %
Total	13.1 %	13.1 %
Leverage (g)	8.8 %	8.7 %
Supplementary leverage ratio (e)	7.4 %	7.3 %

(a) The ratios are calculated to reflect PNC's election to adopt the CECL five-year transition provisions. Effective for the first quarter 2022, PNC is now in the three-year transition period and the full impact of the CECL standard is being phased-in to regulatory capital through December 31, 2024.
(b) The ratios are calculated to reflect the full impact of CECL and exclude the benefits of the optional five-year transition.
(c) As permitted, PNC and PNC Bank have elected to exclude AOCI related to both available for sale securities and pension and other post-retirement plans from CET1 capital.
(d) Basel III standardized approach risk-weighted assets are based on the Basel III standardized approach rules and include credit and market risk-weighted assets.
(e) The Supplementary leverage ratio is calculated based on Tier 1 capital divided by Supplementary leverage exposure, which takes into account the quarterly average of both on balance sheet assets as well as certain off-balance sheet items, including loan commitments and potential future exposure under derivative contracts.
(f) All ratios are calculated using the regulatory capital methodology applicable to PNC and calculated based on the standardized approach.
(g) Leverage ratio is calculated based on Tier 1 capital divided by Average quarterly adjusted total assets.

PNC's regulatory risk-based capital ratios are calculated using the standardized approach for determining risk-weighted assets. Under the standardized approach for determining credit risk-weighted assets, exposures are generally assigned a pre-defined risk weight. Exposures to high volatility commercial real estate, nonaccruals, FDMs, past due exposures and equity exposures are generally subject to higher risk weights than other types of exposures.

The regulatory agencies have adopted a rule permitting certain banks, including PNC, to delay the estimated impact on regulatory capital stemming from implementing CECL. CECL's estimated impact on CET1 capital, as defined by the rule, is the change in retained earnings at adoption plus or minus 25% of the change in CECL ACL at the balance sheet date, excluding the allowance for PCD loans, compared to CECL ACL at adoption. Effective for the first quarter of 2022, PNC is now in the three-year transition period, and the full impact of the CECL standard is being phased-in to regulatory capital through December 31, 2024. See additional discussion of this rule in the Supervision and Regulation section of Item 1 Business and Item 1A Risk Factors of our 2022 Form 10-K.

At June 30, 2023, PNC and PNC Bank were considered "well capitalized" based on applicable U.S. regulatory capital ratio requirements. To qualify as "well capitalized," PNC must have Basel III capital ratios of at least 6% for Tier 1 risk-based capital and 10% for Total risk-based capital, and PNC Bank must have Basel III capital ratios of at least 6.5% for Common equity Tier 1 risk-based capital, 8% for Tier 1 risk-based capital, 10% for Total risk-based capital and a Leverage ratio of at least 5%. For more information on the interagency proposed expanded risk-based capital rules, see the Recent Regulatory Developments section.

Federal banking regulators have stated that they expect the largest U.S. BHCs, including PNC, to have a level of regulatory capital well in excess of the regulatory minimum and have required the largest U.S. BHCs, including PNC, to have a capital buffer sufficient to withstand losses and allow them to meet the credit needs of their customers through estimated stress scenarios. We seek to manage our capital consistent with these regulatory principles, and we believe that our June 30, 2023 capital levels were aligned with them.

We provide additional information regarding regulatory capital requirements and some of their potential impacts on us in the Supervision and Regulation section of Item 1 Business, Item 1A Risk Factors and Note 20 Regulatory Matters in the Notes To Consolidated Financial Statements in Item 8 of our 2022 Form 10-K.

Market Risk Management

See the Market Risk Management portion of the Risk Management Section in our 2022 Form 10-K for additional discussion regarding market risk.

Market Risk Management – Interest Rate Risk

Interest rate risk results primarily from our traditional banking activities of gathering deposits and extending loans. Many factors, including economic and financial conditions, movements in interest rates and consumer preferences, affect the difference between the interest that we earn on assets and the interest that we pay on liabilities and the level of our noninterest-bearing funding sources. Due to the repricing term mismatches and embedded options inherent in certain of these products, changes in market interest rates not only affect expected near-term earnings, but also the economic values of these assets and liabilities.

Our Asset and Liability Management group centrally manages interest rate risk as prescribed in our market risk-related risk management policies, which are approved by management's Asset and Liability Committee and the Risk Committee of the Board of Directors.

Sensitivity results and market interest rate benchmarks for the second quarters of 2023 and 2022 follow:

Table 31: Interest Sensitivity Analysis

	Second Quarter 2023	Second Quarter 2022
Net Interest Income Sensitivity Simulation		
Effect on net interest income in first year from gradual parallel interest rate change over the following 12 months of:		
100 basis point increase	0.0 %	3.2 %
100 basis point decrease	0.0 %	(3.4)%
Effect on net interest income in second year from gradual parallel interest rate change over the preceding 12 months of:		
100 basis point increase	1.4 %	5.6 %
100 basis point decrease	(1.6)%	(6.4)%

In addition to measuring the effect on net interest income assuming parallel changes in current interest rates, we routinely simulate the effects of a number of nonparallel interest rate environments. Table 32 reflects the percentage change in net interest income over the next two twelve-month periods, assuming (i) the PNC Economist's most likely rate forecast, (ii) implied market forward rates, and (iii) yield curve slope flattening (a 100 basis point yield curve slope flattening between one-month and ten-year rates superimposed on current base rates) scenario.

All changes in forecasted net interest income are relative to results in a base rate scenario where current market rates are assumed to remain unchanged over the forecast horizon.

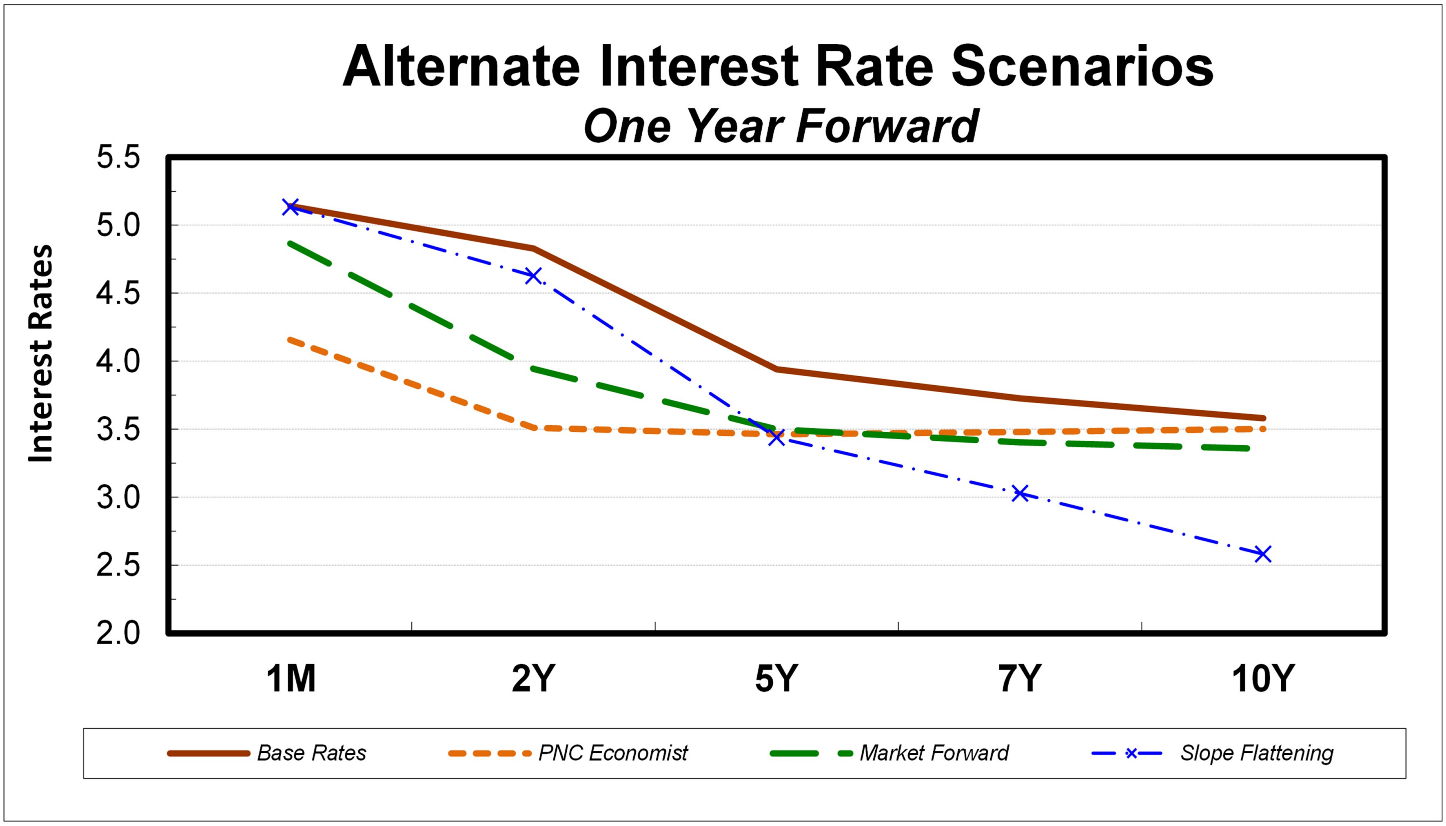
Table 32: Net Interest Income Sensitivity to Alternative Rate Scenarios

	June 30, 2023		
	PNC Economist	Market Forward	Slope Flattening
First year sensitivity	(0.9)%	0.0 %	(0.5)%
Second year sensitivity	0.2 %	(0.7)%	(2.4)%

When forecasting net interest income, we make assumptions about interest rates and the shape of the yield curve, the volume and characteristics of new business and the behavior of existing on- and off-balance sheet positions. These assumptions determine the future level of simulated net interest income in the base interest rate scenario and the other interest rate scenarios presented in Tables 31 and 32. These simulations assume that as assets and liabilities mature, they are replaced or repriced at then-current market rates.

The following graph presents the SOFR curves for the base rate scenario and each of the alternate scenarios one year forward:

Table 33: Alternate Interest Rate Scenarios: One Year Forward



The second quarter 2023 interest sensitivity analyses indicate that our Consolidated Balance Sheet is positioned to benefit from an increase in interest rates over the longer term and an upward sloping interest rate yield curve. We believe that we have the deposit funding base and balance sheet flexibility to adjust, where appropriate and permissible, to changing interest rates and market conditions.

Market Risk Management – Customer-Related Trading Risk

We engage in fixed income securities, derivatives and foreign exchange transactions to support our customers' investing and hedging activities. These transactions, related hedges and the credit valuation adjustment related to our customer derivatives portfolio are marked-to-market daily and reported as customer-related trading activities. We do not engage in proprietary trading of these products. We use VaR as the primary means to measure and monitor market risk in customer-related trading activities. VaR is used to estimate the probability of portfolio losses based on the statistical analysis of historical market risk factors. VaR is calculated for each of the portfolios that comprise our customer-related trading activities of which the majority are covered positions as defined by the Market Risk Rule. VaR is computed with positions and market risk factors updated daily to ensure each portfolio is operating within its acceptable limits. See the Market Risk Management – Customer-Related Trading Risk section of our 2022 Form 10-K for more information on our models used to calculate VaR and our backtesting process.

Customer-related trading revenue was $107 million for the six months ended June 30, 2023, compared to $198 million for the six months ended June 30, 2022. The decrease was mainly due to higher funding costs on the trading positions inventory and lower derivative client sales revenues, partially offset by improved foreign exchange client revenues.

Market Risk Management – Equity And Other Investment Risk

Equity investment risk is the risk of potential losses associated with investing in both private and public equity markets. In addition to extending credit, taking deposits, underwriting securities and trading financial instruments, we make and manage direct investments in a variety of transactions, including management buyouts, recapitalizations and growth financings in a variety of industries. We also have investments in affiliated and non-affiliated funds that make similar investments in private equity, consistent with regulatory limitations. The economic and/or book value of these investments and other assets are directly affected by changes in market factors.

Various PNC business units manage our equity and other investment activities. Our businesses are responsible for making investment decisions within the approved policy limits and associated guidelines.

A summary of our equity investments follows:

Table 34: Equity Investments Summary

Dollars in millions	June 30 2023	December 31 2022	Change $	Change %
Tax credit investments	$ 4,267	$ 4,308	$ (41)	(1)%
Private equity and other	3,748	4,129	(381)	(9)%
Total	$ 8,015	$ 8,437	$ (422)	(5)%

Tax Credit Investments
Included in our equity investments are direct tax credit investments and equity investments held by consolidated entities. These tax credit investment balances included unfunded commitments totaling $2.4 billion and $2.5 billion at June 30, 2023 and December 31, 2022, respectively. These unfunded commitments are included in Other liabilities on our Consolidated Balance Sheet.

Note 5 Loan Sale and Servicing Activities and Variable Interest Entities in our 2022 Form 10-K has further information on tax credit investments.

Private Equity and Other
The largest component of our other equity investments is our private equity portfolio. The private equity portfolio is an illiquid portfolio consisting of mezzanine and equity investments that vary by industry, stage and type of investment. Private equity investments carried at estimated fair value totaled $1.8 billion at both June 30, 2023 and December 31, 2022, respectively. As of June 30, 2023, $1.6 billion was invested directly in a variety of companies and $0.2 billion was invested indirectly through various private equity funds.

Included in our other equity investments are Visa Class B common shares, which are recorded at cost. Visa Class B common shares that we own are transferable only under limited circumstances until they can be converted into shares of the publicly-traded Class A common shares, which cannot happen until the resolution of the pending interchange litigation. Based upon the June 30, 2023 per share closing price of $237.48 for a Visa Class A common share, the estimated value of our total investment in the Class B common shares was approximately $1.3 billion at the current conversion rate of Visa B shares to Visa A shares, while our cost basis was insignificant. See Note 15 Fair Value and Note 21 Legal Proceedings in our 2022 Form 10-K for additional information regarding our Visa agreements. The estimated value does not represent fair value of the Visa B common shares given the shares' limited transferability and the lack of observable transactions in the marketplace.

We also have certain other equity investments, the majority of which represent investments in affiliated and non-affiliated funds with both traditional and alternative investment strategies. Net gains related to these investments were $19 million for the six months ended June 30, 2023 and $23 million for the six months ended June 30, 2022.

Financial Derivatives
We use a variety of financial derivatives as part of the overall asset and liability risk management process to help manage exposure to market (primarily interest rate) and credit risk inherent in our business activities. We also enter into derivatives with customers to facilitate their risk management activities.

Financial derivatives involve, to varying degrees, market and credit risk. Derivatives represent contracts between parties that usually require little or no initial net investment and result in one party delivering cash or another type of asset to the other party based on a notional and an underlying as specified in the contract. Therefore, cash requirements and exposure to credit risk are significantly less than the notional amount on these instruments.

Further information on our financial derivatives is presented in Note 1 Accounting Policies, Note 15 Fair Value and Note 16 Financial Derivatives in our 2022 Form 10-K and in Note 11 Fair Value and Note 12 Financial Derivatives in this Report.

Not all elements of market and credit risk are addressed through the use of financial derivatives, and such instruments may be ineffective for their intended purposes due to unanticipated market changes, among other reasons.

LIBOR Transition
The cessation after June 30, 2023 of the requirement that banks submit rates for the calculation of LIBOR presents risks to the financial instruments originated, held or serviced by PNC that use LIBOR as a reference rate. For more discussion regarding the transition from LIBOR, see Item 1 Risk Factors and the Risk Management section in Item 7 of our 2022 Form 10-K.
As previously announced, PNC's Series O, Series R and Series S preferred stock will transition to three-month CME Term SOFR plus a tenor spread adjustment of 0.26161% per annum ("Adjusted three-month CME Term SOFR") as the replacement reference rate. Adjusted three-month CME Term SOFR will be used with respect to applicable floating-rate dividend periods with dividend

determination dates occurring after June 30, 2023. The calculation of interest on the junior subordinated debentures issued by The PNC Financial Services Group, Inc. and owned by PNC Capital Trust C, a wholly-owned finance subsidiary of The PNC Financial Services Group, Inc., as well as the calculation of distributions on the trust preferred securities issued by PNC Capital Trust C will transition to a replacement reference rate of Adjusted three-month CME Term SOFR for interest or distribution periods, as applicable, with determination dates occurring after June 30, 2023. Further, two series of debt securities issued by a predecessor banking subsidiary, National City Bank, will also transition the calculation of interest. The National City Bank Notes due April 1, 2043 will use Adjusted three-month CME Term SOFR as the replacement reference rate for interest periods with determination dates occurring after June 30, 2023. The National City Bank Notes due April 1, 2037 will use one-month CME Term SOFR plus a tenor spread adjustment of 0.11448% per annum as the replacement reference rate with respect to interest periods with determination dates occurring after June 30, 2023.

As of June 30, 2023, PNC had approximately $32.1 billion in loans and securities and $347.8 billion notional value in derivatives tied to LIBOR. The vast majority of PNC's LIBOR exposures have already transitioned or will transition to a non-LIBOR rate on their next reset date. As previously anticipated, a small subset of these exposures will leverage the Adjustable Interest Rate LIBOR Act for its intended purpose to address difficult exposures when necessary or will transition to "synthetic LIBOR," a substitute version of LIBOR to be published through the end of September 2024 and calculated under an alternative methodology based on CME Term SOFR plus the applicable tenor spread adjustment.

Recent Regulatory Developments

Bank Failures and Resolutions

Following the bank failures in March 2023 of Silicon Valley Bank, Santa Clara, California, and Signature Bank, New York, New York, and after recommendations by the boards of the FDIC and Federal Reserve and a determination by the Secretary of the Treasury in consultation with the President, the FDIC invoked the systemic risk exception to certain resolution-related and Deposit Insurance Fund restrictions in order to fully protect all depositors of both institutions, including uninsured deposits. The FDIC currently estimates the cost of protecting the uninsured depositors to the Deposit Insurance Fund at approximately $15.8 billion. By law, any losses to the Deposit Insurance Fund to support uninsured depositors under the systemic risk exception must be recovered by one or more special assessments on insured depository institutions or depository institution holding companies, or both. In May 2023, the FDIC proposed a rule to implement the special assessment. Under the proposal, the FDIC would collect from PNC, along with other BHCs and insured depository institutions, special assessments at an annual rate of 12.5 basis points of PNC's uninsured deposits reported as of December 31, 2022 (adjusted to exclude the first $5 billion), over eight quarterly assessment periods, beginning after the first quarter 2024. See Note 16 Regulatory Matters for additional information.

Capital, Capital Planning, and Liquidity

In June 2023, the Federal Reserve announced the results of its supervisory stress tests conducted as part of the 2023 CCAR process. PNC remained well above its risk-based minimum capital requirements in the supervisory stress tests, and PNC's SCB for the four-quarter period beginning October 1, 2023, will improve to the regulatory minimum of 2.5%. See the Liquidity and Capital Management portion of the Risk Management section in this Financial Review for a discussion of PNC's capital actions.

Proposed Expanded Risk-Based Capital Rules

On July 27, 2023, the Federal Reserve, OCC, and FDIC proposed for public comment an interagency rule to implement the final components of the Basel III framework that would significantly revise the capital requirements for large banking organizations, including PNC and PNC Bank. In general, the proposed rule would align the regulatory capital elements and required deductions for Category III banking organizations such as PNC and PNC Bank with those currently applicable to Category I and II banking organizations and apply a new expanded risk-based approach which leverages the Basel rules, including the calculation of risk-weighted assets (the "expanded risk-based approach") in addition to the current U.S. standardized approach. Our review of the proposal is ongoing. Among other impacts, PNC and PNC Bank would be required to recognize most elements of AOCI in regulatory capital and deduct from CET1 capital, among other items, mortgage servicing assets and deferred tax assets that individually exceed 10 percent of CET1 capital or in the aggregate with other threshold items that exceed 15 percent of CET1 capital. The new expanded risk-based approach to calculating risk-weighted assets would apply more granular and standardized risk-weighting methodologies for credit, operational, market, equity and credit valuation adjustment risks. PNC and PNC Bank would be required to calculate their risk-based capital ratios under the existing standardized approach and the expanded risk-based approach and would be subject to the lower of the two resulting ratios for their risk-based capital minimums and buffer requirements, including the SCB. Based on our initial review of the proposal, we expect the proposal, if finalized in its current form, would result in lower pro forma capital ratios for PNC and PNC Bank that would remain above current minimum capital and buffer requirements. The proposal indicates the effective date of the final rule would be July 1, 2025, with certain provisions—including the recognition of AOCI elements in regulatory capital and the increase in risk-weighted assets due to the expanded risk-based approach—having a three-year phase-in period. Comments on the proposal are due by November 30, 2023.

Critical Accounting Estimates and Judgments

Our consolidated financial statements are prepared by applying certain accounting policies. Note 1 Accounting Policies in our 2022 Form 10-K describes the most significant accounting policies that we use. Certain of these policies require us to make estimates or economic assumptions that may vary under different assumptions or conditions, and such variations may significantly affect our reported results and financial position for the period or in future periods. The policies and judgments related to residential and commercial MSRs and Level 3 fair value measurements are described in Critical Accounting Estimates and Judgments in our 2022 Form 10-K. The following details the critical estimates and judgments around the ACL.

Allowance for Credit Losses

We maintain the ACL at levels that we believe to be appropriate as of the balance sheet date to absorb expected credit losses on our existing investment securities, loans, equipment finance leases, other financial assets and unfunded lending related commitments, for the remaining contractual term of the assets or exposures, taking into consideration expected prepayments and estimated recoveries. Our determination of the ACL is based on historical loss and performance experience, as well as current borrower and transaction characteristics including collateral type and quality, current economic conditions, reasonable and supportable forecasts of future conditions and other relevant factors. We use methods sensitive to changes in economic conditions to interpret these factors and to estimate expected credit losses. We evaluate and, when appropriate, enhance the quality of our data and models and other methods used to estimate the ACL on an ongoing basis. We incorporate qualitative factors in the ACL that reflect our best estimate of expected losses that may not be adequately represented in our quantitative methods or economic assumptions. The major drivers of ACL estimates include, but are not limited to:

- Current economic conditions: Our forecast of expected losses depends on economic conditions as of the estimation date. As current economic conditions evolve, forecasted losses could be materially affected.
- Scenario weights and design: Our loss estimates are sensitive to the shape, direction and rate of change of macroeconomic forecasts and thus vary significantly between upside and downside scenarios. Changes to probability weights assigned to these scenarios and timing of peak business cycles reflected by the scenarios could materially affect our loss estimates.
- Current borrower quality: Our forecast of expected losses depends on current borrower and transaction characteristics, including credit metrics and collateral type/quality. As borrower quality evolves, forecasted losses could be materially affected.
- Portfolio volume and mix: Changes to portfolio volume and mix could materially affect our estimates, as CECL reserves would be recognized upon origination or acquisition and derecognized upon paydown, maturity or sale.

For all assets and unfunded lending related commitments within the scope of the CECL standard, the applicable ACL is composed of one or a combination of the following components: (i) collectively assessed or pooled reserves, (ii) individually assessed reserves, and (iii) qualitative (judgmental) reserves. Our methodologies and key assumptions for each of these components are discussed in Note 1 Accounting Policies.

Reasonable and Supportable Economic Forecast

Under the CECL standard, we are required to consider reasonable and supportable forecasts in estimating expected credit losses. For this purpose, we have established a framework that includes a three-year forecast period and the use of four economic scenarios with associated probability weights, which in combination create a forecast of expected economic outcomes. Credit losses estimated in our reasonable and supportable forecast period are sensitive to the shape and severity of the scenarios used and weights assigned to them.

To generate the four economic forecast scenarios, we use a combination of quantitative macroeconomic models, other measures of economic activity and forward-looking expert judgment to forecast the distribution of economic outcomes over the reasonable and supportable forecast period. Each scenario is then given an associated probability (weight) to represent our current expectation within that distribution over the forecast period. This process is informed by current economic conditions, expected business cycle evolution and the expert judgment of PNC's RAC. This approach seeks to provide a reasonable representation of the forecast of expected economic outcomes and is used to estimate expected credit losses across a variety of loans and securities. Each quarter, the scenarios are presented to RAC for approval, and the committee also approves CECL scenarios' weights for use for the current reporting period.

The scenarios used for the period ended June 30, 2023 reflect a slight increase in downside risk compared to December 31, 2022. The current outlook considers, among other factors, the ongoing inflationary pressures and the corresponding tightening of monetary policy and credit availability. Our most-likely expectation at June 30, 2023 is that the U.S. economy will be impacted by a mild recession starting in late 2023 or early 2024.

We used a number of economic variables in our scenarios, with two of the most significant drivers being real GDP and the U.S. unemployment rate. The following table presents a comparison of these two economic variables based on the weighted-average scenario forecasts used in determining our ACL at June 30, 2023 and December 31, 2022.

Table 35: Key Macroeconomic Variables in CECL Weighted-Average Scenarios

	Assumptions as of June 30, 2023		
	2023	2024	2025
U.S. real GDP (a)	0.9%	(0.1)%	1.9%
U.S. unemployment rate (b)	4.0%	4.9%	4.5%
	Assumptions as of December 31, 2022		
	2023	2024	2025
U.S. real GDP (a)	(0.4)%	1.4%	1.9%
U.S. unemployment rate (b)	4.9%	4.9%	4.4%

(a) Represents year-over-year growth (loss) rates.
(b) Represents quarterly average rate at December 31, 2023, 2024 and 2025, respectively.

Real GDP growth is expected to end 2023 at 0.9% on a weighted average basis, up from the (0.4%) assumed at December 31, 2022 primarily due to stronger economic activity at the start of 2023. Growth then drops to (0.1)% in 2024, before jumping to 1.9% in 2025. In line with stronger-than-anticipated job growth at the start of 2023, the weighted-average projection of the unemployment rate is expected to end 2023 at 4.0%, down from the 4.9% assumed at December 31, 2022. In line with the slowing in overall economic activity, the weighted-average unemployment rate is expected to increase through the end of 2023 and 2024, reaching 4.9% by year-end 2024, and gradually improving to 4.5% by the fourth quarter of 2025.

The current state of the economy reflects an environment with receding pandemic-related risks and labor-related supply chain pressures. However, heightened uncertainty remains due to structural and secular changes fostered by the pandemic for certain sectors of the economy combined with inflation and rising interest rates. As such, for both our commercial and consumer loan portfolios, PNC identified and performed significant analysis around segments impacted by such uncertainties to ensure our reserves are adequate, given our current macroeconomic expectations.

We believe the economic scenarios effectively reflect the distribution of potential economic outcomes. Additionally, through in-depth and granular analysis, we have addressed reserve requirements for the specific populations most affected in the current environment. Through this approach, we believe the reserve levels appropriately reflect the expected credit losses in the portfolio as of the balance sheet date.

See the following for additional details on the components of our ACL:

- Allowance For Credit Losses in the Credit Risk Management section of this Financial Review, and
- Note 2 Investment Securities and Note 3 Loans and Related Allowance for Credit Losses in this Report.

Recently Issued Accounting Standards

Accounting Standards Update	Description	Financial Statement Impact
Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method – ASU 2023-02 Issued March 2023	• Required effective date of January 1, 2024; early adoption is permitted. • The amendments in this Update must be applied on either a modified retrospective or a retrospective basis. • The amendments in this Update permit reporting entities to elect to account for their tax equity investments, regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method if certain conditions are met. • A reporting entity makes an accounting policy election to apply the proportional amortization method on a tax-credit-program-by-tax-credit-program basis rather than electing to apply the proportional amortization method at the reporting entity level or to individual investments.	• We are currently evaluating when to adopt the amendments in ASU 2023-02 and the impact of the ASU on our consolidated results of operations and our consolidated financial position.

Recently Adopted Accounting Pronouncements

See Note 1 Accounting Policies regarding the impact of new accounting pronouncements that we have adopted.

Internal Controls And Disclosure Controls And Procedures

As of June 30, 2023, we performed an evaluation under the supervision of and with the participation of our management, including the Chairman, President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures and of changes in our internal control over financial reporting.

Based on that evaluation, our Chairman, President and Chief Executive Officer and our Executive Vice President and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) were effective as of June 30, 2023, and that there has been no change in PNC's internal control over financial reporting that occurred during the second quarter of 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Cautionary Statement Regarding Forward-Looking Information

We make statements in this Report, and we may from time to time make other statements, regarding our outlook for financial performance, such as earnings, revenues, expenses, tax rates, capital and liquidity levels and ratios, asset levels, asset quality, financial position, and other matters regarding or affecting us and our future business and operations, including our sustainability strategy, that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. Forward-looking statements are typically identified by words such as "believe," "plan," "expect," "anticipate," "see," "look," "intend," "outlook," "project," "forecast," "estimate," "goal," "will," "should" and other similar words and expressions.

Forward-looking statements are necessarily subject to numerous assumptions, risks and uncertainties, which change over time. Future events or circumstances may change our outlook and may also affect the nature of the assumptions, risks and uncertainties to which our forward-looking statements are subject. Forward-looking statements speak only as of the date made. We do not assume any duty and do not undertake any obligation to update forward-looking statements. Actual results or future events could differ, possibly materially, from those anticipated in forward-looking statements, as well as from historical performance. As a result, we caution against placing undue reliance on any forward-looking statements.

Our forward-looking statements are subject to the following principal risks and uncertainties.

- Our businesses, financial results and balance sheet values are affected by business and economic conditions, including:
  - Changes in interest rates and valuations in debt, equity and other financial markets,

  - Disruptions in the U.S. and global financial markets,
  - Actions by the Federal Reserve Board, U.S. Treasury and other government agencies, including those that impact money supply, market interest rates and inflation,
  - Changes in customer behavior due to changing business and economic conditions or legislative or regulatory initiatives,
  - Changes in customers', suppliers' and other counterparties' performance and creditworthiness,
  - Impacts of sanctions, tariffs and other trade policies of the U.S. and its global trading partners,
  - A continuation of turmoil in the banking industry, responsive measures to mitigate and manage it and related supervisory and regulatory actions and costs,
  - Impacts of changes in federal, state and local governmental policy, including on the regulatory landscape, capital markets, taxes, infrastructure spending and social programs,
  - PNC's ability to attract, recruit and retain skilled employees, and
  - Commodity price volatility.
- Our forward-looking financial statements are subject to the risk that economic and financial market conditions will be substantially different than those we are currently expecting and do not take into account the potential impact of legal and regulatory contingencies. These statements are based on our views that:
  - The economy continued to expand in the first half of 2023, but economic growth is slowing in response to the ongoing Federal Reserve monetary policy tightening to slow inflation. This has led to large increases in both short- and long-term interest rates. The housing market stabilized in the first half of 2023 as the Federal Reserve signaled a potential end to its federal funds rate hiking cycle. However, given the upward trajectory in mortgage rates and declining affordability, PNC continues to expect slower activity in the housing market in the second half of 2023 with a recovery in early 2024 as the Federal Reserve starts cutting the federal funds rate.
  - PNC's baseline outlook is for a mild recession starting in late 2023 or early 2024, with a smaller contraction in real GDP of less than 1%, lasting into mid-2024. The unemployment rate will increase in the second half of this year, ending 2023 at above 4%, and then peak slightly above 5% in early 2025. Inflation will slow with weaker demand, moving back to the Federal Reserve's 2% objective by this time next year.
  - PNC expects the federal funds rate to remain between 5.25% and 5.50% through March 2024, when it is expected that the Federal Reserve will cut rates in response to the recession.
- PNC's ability to take certain capital actions, including returning capital to shareholders, is subject to PNC meeting or exceeding minimum capital levels, including an SCB established by the Federal Reserve Board in connection with the Federal Reserve Board's CCAR process.
- PNC's regulatory capital ratios in the future will depend on, among other things, the company's financial performance, the scope and terms of final capital regulations then in effect and management actions affecting the composition of PNC's balance sheet. In addition, PNC's ability to determine, evaluate and forecast regulatory capital ratios, and to take actions (such as capital distributions) based on actual or forecasted capital ratios, will be dependent at least in part on the development, validation and regulatory review of related models and the reliability of and risks resulting from extensive use of such models.
- Legal and regulatory developments could have an impact on our ability to operate our businesses, financial condition, results of operations, competitive position, reputation, or pursuit of attractive acquisition opportunities. Reputational impacts could affect matters such as business generation and retention, liquidity, funding, and ability to attract and retain employees. These developments could include:
  - Changes to laws and regulations, including changes affecting oversight of the financial services industry, changes in the enforcement and interpretation of such laws and regulations, and changes in accounting and reporting standards.
  - Unfavorable resolution of legal proceedings or other claims and regulatory and other governmental investigations or other inquiries resulting in monetary losses, costs, or alterations in our business practices, and potentially causing reputational harm to PNC.
  - Results of the regulatory examination and supervision process, including our failure to satisfy requirements of agreements with governmental agencies.
  - Costs associated with obtaining rights in intellectual property claimed by others and of adequacy of our intellectual property protection in general.
- Business and operating results are affected by our ability to identify and effectively manage risks inherent in our businesses, including, where appropriate, through effective use of systems and controls, third-party insurance, derivatives, and capital management techniques, and to meet evolving regulatory capital and liquidity standards.
- Our reputation and business and operating results may be affected by our ability to appropriately meet or address environmental, social or governance targets, goals, commitments or concerns that may arise.
- We grow our business in part through acquisitions and new strategic initiatives. Risks and uncertainties include those presented by the nature of the business acquired and strategic initiative, including in some cases those associated with our entry into new businesses or new geographic or other markets and risks resulting from our inexperience in those new areas, as well as risks and uncertainties related to the acquisition transactions themselves, regulatory issues, the integration of the acquired businesses into PNC after closing or any failure to execute strategic or operational plans.

- Competition can have an impact on customer acquisition, growth and retention and on credit spreads and product pricing, which can affect market share, deposits and revenues. Our ability to anticipate and respond to technological changes can also impact our ability to respond to customer needs and meet competitive demands.
- Business and operating results can also be affected by widespread manmade, natural and other disasters (including severe weather events), health emergencies, dislocations, geopolitical instabilities or events, terrorist activities, system failures or disruptions, security breaches, cyberattacks, international hostilities, or other extraordinary events beyond PNC's control through impacts on the economy and financial markets generally or on us or our counterparties, customers or third-party vendors and service providers specifically.

We provide greater detail regarding these as well as other factors in our 2022 Form 10-K and subsequent Form 10-Qs and elsewhere in this Report, including in the Risk Factors and Risk Management sections and the Legal Proceedings and Commitments Notes of the Notes To Consolidated Financial Statements in these reports. Our forward-looking statements may also be subject to other risks and uncertainties, including those discussed elsewhere in this Report or in our other filings with the SEC.

CONSOLIDATED INCOME STATEMENT

THE PNC FINANCIAL SERVICES GROUP, INC.

Unaudited In millions, except per share data	Three months ended June 30 2023	Three months ended June 30 2022	Six months ended June 30 2023	Six months ended June 30 2022
Interest Income				
Loans	$ 4,523	$ 2,504	$ 8,781	$ 4,797
Investment securities	883	631	1,768	1,175
Other	538	146	1,054	223
Total interest income	5,944	3,281	11,603	6,195
Interest Expense				
Deposits	1,531	88	2,822	115
Borrowed funds	903	142	1,686	225
Total interest expense	2,434	230	4,508	340
Net interest income	3,510	3,051	7,095	5,855
Noninterest Income				
Asset management and brokerage	348	365	704	742
Capital markets and advisory	213	409	475	661
Card and cash management	697	671	1,356	1,291
Lending and deposit services	298	282	604	551
Residential and commercial mortgage	98	161	275	320
Other	129	177	387	388
Total noninterest income	1,783	2,065	3,801	3,953
Total revenue	5,293	5,116	10,896	9,808
Provision For (Recapture of) Credit Losses	146	36	381	(172)
Noninterest Expense				
Personnel	1,846	1,779	3,672	3,496
Occupancy	244	246	495	504
Equipment	349	351	699	682
Marketing	109	95	183	156
Other	824	773	1,644	1,578
Total noninterest expense	3,372	3,244	6,693	6,416
Income before income taxes and noncontrolling interests	1,775	1,836	3,822	3,564
Income taxes	275	340	628	639
Net income	1,500	1,496	3,194	2,925
Less: Net income attributable to noncontrolling interests	17	15	34	36
Preferred stock dividends	127	71	195	116
Preferred stock discount accretion and redemptions	2	1	4	3
Net income attributable to common shareholders	$ 1,354	$ 1,409	$ 2,961	$ 2,770
Earnings Per Common Share				
Basic	$ 3.36	$ 3.39	$ 7.35	$ 6.62
Diluted	$ 3.36	$ 3.39	$ 7.34	$ 6.61
Average Common Shares Outstanding				
Basic	401	414	401	417
Diluted	401	414	401	417

See accompanying Notes To Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

THE PNC FINANCIAL SERVICES GROUP, INC.

Unaudited In millions	Three months ended June 30		Six Months Ended June 30	
	2023	2022	2023	2022
Net income	$ 1,500	$ 1,496	$ 3,194	$ 2,925
Other comprehensive income (loss), before tax and net of reclassifications into Net income				
Net change in debt securities	(241)	(2,715)	628	(9,030)
Net change in cash flow hedge derivatives	(316)	(701)	211	(2,459)
Pension and other postretirement benefit plan adjustments	6	8	(4)	62
Net change in Other	3	(4)	7	(7)
Other comprehensive income (loss), before tax and net of reclassifications into Net income	(548)	(3,412)	842	(11,434)
Income tax benefit (expense) related to items of other comprehensive income	131	785	(195)	2,667
Other comprehensive income (loss), after tax and net of reclassifications into Net income	(417)	(2,627)	647	(8,767)
Comprehensive income (loss)	1,083	(1,131)	3,841	(5,842)
Less: Comprehensive income attributable to noncontrolling interests	17	15	34	36
Comprehensive income (loss) attributable to PNC	$ 1,066	$ (1,146)	$ 3,807	$ (5,878)

See accompanying Notes To Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET

THE PNC FINANCIAL SERVICES GROUP, INC.

Unaudited In millions, except par value	June 30 2023	December 31 2022
Assets		
Cash and due from banks	$ 6,191	$ 7,043
Interest-earning deposits with banks	38,259	27,320
Loans held for sale (a)	835	1,010
Investment securities – available for sale	41,787	44,159
Investment securities – held to maturity	93,874	95,175
Loans (a)	321,761	326,025
Allowance for loan and lease losses	(4,737)	(4,741)
Net loans	317,024	321,284
Equity investments	8,015	8,437
Mortgage servicing rights	3,455	3,423
Goodwill	10,987	10,987
Other (a)	37,780	38,425
Total assets	$ 558,207	$ 557,263
Liabilities		
Deposits		
Noninterest-bearing	$ 110,527	$ 124,486
Interest-bearing	316,962	311,796
Total deposits	427,489	436,282
Borrowed funds		
Federal Home Loan Bank borrowings	34,000	32,075
Senior debt	22,005	16,657
Subordinated debt	5,548	6,307
Other (b)	3,831	3,674
Total borrowed funds	65,384	58,713
Allowance for unfunded lending related commitments	663	694
Accrued expenses and other liabilities (b)	15,325	15,762
Total liabilities	508,861	511,451
Equity		
Preferred stock (c)		
Common stock ($5 par value, Authorized 800 shares, issued 543 shares)	2,715	2,714
Capital surplus	19,934	18,376
Retained earnings	55,346	53,572
Accumulated other comprehensive income (loss)	(9,525)	(10,172)
Common stock held in treasury at cost: 145 and 142 shares	(19,150)	(18,716)
Total shareholders' equity	49,320	45,774
Noncontrolling interests	26	38
Total equity	49,346	45,812
Total liabilities and equity	$ 558,207	$ 557,263

(a) Our consolidated assets included the following for which we have elected the fair value option: Loans held for sale of $0.8 billion, Loans held for investment of $1.3 billion and Other assets of $0.1 billion at June 30, 2023. Comparable amounts at December 31, 2022 were $0.9 billion, $1.3 billion and $0.1 billion, respectively.

(b) Our consolidated liabilities included the following for which we have elected the fair value option: Other borrowed funds of less than $0.1 billion and Other liabilities of $0.1 billion at June 30, 2023. Comparable amounts at December 31, 2022 were less than $0.1 billion and $0.2 billion, respectively.

(c) Par value less than $0.5 million at each date.

See accompanying Notes To Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

THE PNC FINANCIAL SERVICES GROUP, INC.

Unaudited In millions	Six months ended June 30 2023	2022
Operating Activities		
Net income	$ 3,194	$ 2,925
Adjustments to reconcile net income to net cash provided (used) by operating activities		
Provision for (recapture of) credit losses	381	(172)
Depreciation, amortization and accretion	125	529
Deferred income taxes (benefit)	(75)	203
Net losses on sales of securities	2	4
Changes in fair value of mortgage servicing rights	136	(435)
Net change in		
Trading securities and other short-term investments	(601)	(1,325)
Loans held for sale and related securitization activity	522	997
Other assets	1,410	(2,989)
Accrued expenses and other liabilities	(494)	1,491
Other	532	415
Net cash provided (used) by operating activities	$ 5,132	$ 1,643
Investing Activities		
Sales		
Securities available for sale	$ (70)	$ 2,575
Loans	605	525
Repayments/maturities		
Securities available for sale	4,038	9,403
Securities held to maturity	3,076	1,395
Purchases		
Securities available for sale	(1,272)	(22,145)
Securities held to maturity	(1,513)	(1,289)
Loans	(416)	(1,298)
Net change in		
Federal funds sold and resale agreements	229	(919)
Interest-earning deposits with banks	(10,794)	45,846
Loans	3,305	(21,929)
Other	(590)	(1,147)
Net cash provided (used) by investing activities	$ (3,402)	$ 11,017

CONSOLIDATED STATEMENT OF CASH FLOWS

THE PNC FINANCIAL SERVICES GROUP, INC.

(Continued from previous page)

Unaudited In millions	Six months ended June 30 2023	2022
Financing Activities		
Net change in		
Noninterest-bearing deposits	$ (13,982)	$ (8,717)
Interest-bearing deposits	5,166	(7,730)
Federal funds purchased and repurchase agreements	94	(5)
Other borrowed funds	(35)	1,098
Sales/issuances		
Federal Home Loan Bank borrowings	2,000	10,000
Senior debt	6,235	
Subordinated debt		847
Other borrowed funds	486	435
Preferred stock	1,484	990
Common and treasury stock	36	34
Repayments/maturities		
Federal Home Loan Bank borrowings	(75)	
Senior debt	(750)	(5,250)
Subordinated debt	(750)	
Other borrowed funds	(495)	(435)
Acquisition of treasury stock	(588)	(2,076)
Preferred stock cash dividends paid	(195)	(116)
Common stock cash dividends paid	(1,213)	(1,157)
Net cash provided (used) by financing activities	$ (2,582)	$ (12,082)
Net Increase (Decrease) In Cash And Due From Banks And Restricted Cash	$ (852)	$ 578
Cash and due from banks and restricted cash at beginning of period	7,043	8,004
Cash and due from banks and restricted cash at end of period	$ 6,191	$ 8,582
Cash And Due From Banks And Restricted Cash		
Cash and due from banks at end of period (unrestricted cash)	$ 5,604	$ 7,950
Restricted cash	587	632
Cash and due from banks and restricted cash at end of period	$ 6,191	$ 8,582
Supplemental Disclosures		
Interest paid	$ 2,586	$ 420
Income taxes paid	$ 719	$ 62
Income taxes refunded	$ 824	$ 8
Leased assets obtained in exchange for new operating lease liabilities	$ 113	$ 103
Non-cash Investing And Financing Items		
Transfer from securities available for sale to securities held to maturity		$ 83,419
Transfer from loans to loans held for sale, net	$ 712	$ 330
Transfer from loans to foreclosed assets	$ 32	$ 25

See accompanying Notes To Consolidated Financial Statements.

See page 107 for a glossary of certain terms and acronyms used in this Report.

BUSINESS

PNC is one of the largest diversified financial services companies in the U.S. and is headquartered in Pittsburgh, Pennsylvania.

We have businesses engaged in retail banking, including residential mortgage, corporate and institutional banking and asset management, providing many of our products and services nationally. Our retail branch network is located coast-to-coast. We also have strategic international offices in four countries outside the U.S.

NOTE 1 ACCOUNTING POLICIES

Basis of Financial Statement Presentation

Our consolidated financial statements include the accounts of the parent company and its subsidiaries, most of which are wholly-owned, certain partnership interests and VIEs.

We prepared these consolidated financial statements in accordance with GAAP. We have eliminated intercompany accounts and transactions.

In our opinion, the unaudited interim consolidated financial statements reflect all normal, recurring adjustments needed to state fairly our results for the interim periods. The results of operations for interim periods are not necessarily indicative of the results that may be expected for the full year or any other interim period.

We have also considered the impact of subsequent events on these consolidated financial statements.

When preparing these unaudited interim consolidated financial statements, we have assumed that you have read the audited consolidated financial statements included in our 2022 Form 10-K. These interim consolidated financial statements serve to update our 2022 Form 10-K and may not include all information and Notes necessary to constitute a complete set of financial statements. There have been changes to certain of our accounting policies as disclosed in our 2022 Form 10-K due to the adoption of ASU 2022-02 *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures* (ASU 2022-02) in the first quarter of 2023. The updated policies impacted by this adoption are included in this Note 1. Reference is made to Note 1 Accounting Policies in our 2022 Form 10-K for a detailed description of all other significant accounting policies.

Use of Estimates

We prepared these consolidated financial statements using financial information available at the time of preparation, which requires us to make estimates and assumptions that affect the amounts reported. Our most significant estimates pertain to the ACL and our fair value measurements. Actual results may differ from the estimates and the differences may be material to the consolidated financial statements.

Loans

Loans are classified as held for investment when management has both the intent and ability to hold the loan for the foreseeable future, or until maturity or payoff. Management's intent and view of the foreseeable future may change based on changes in business strategies, the economic environment, market conditions and the availability of government programs.

Measurement of delinquency status is based on the contractual terms of each loan. Loans that are 30 days or more past due in terms of payment are considered delinquent. Under the CARES Act credit reporting rules, certain loans modified due to pandemic related hardships are not being reported as past due based on the contractual terms of the loan, even where borrowers may not be making payments on their loans during the modification period. The CARES Act credit reporting rules expire in the third quarter of 2023.

Loans held for investment, excluding PCD loans, are recorded at amortized cost basis unless we elect to measure these under the fair value option. Amortized cost basis represents principal amounts outstanding, net of unearned income, unamortized deferred fees and costs on originated loans, premiums or discounts on purchased loans and charge-offs. Amortized cost basis does not include accrued interest, as we include accrued interest in Other assets on our Consolidated Balance Sheet. Interest on performing loans is accrued based on the principal amount outstanding and recorded in Interest income as earned using the constant effective yield method over the contractual life. Loan origination fees, direct loan origination costs, and loan premiums and discounts are deferred and accreted or amortized into Net interest income using the constant effective yield method, over the contractual life of the loan. The processing fee received for loans originated through PPP lending under the CARES Act is deferred and accreted into Net interest income using the effective yield method, over the contractual life of the loan. Loans under the fair value option are reported at their fair value, with any changes to fair value reported as Noninterest income on the Consolidated Income Statement, and are excluded from the measurement of ALLL.

In addition to originating loans, we also acquire loans through the secondary loan market, portfolio purchases or acquisitions of other financial services companies. Certain acquired loans that have experienced a more-than-insignificant deterioration of credit quality since origination (*i.e.*, PCD) are recognized at an amortized cost basis equal to their purchase price plus an ALLL measured at the acquisition date. PNC considers a variety of factors in connection with the identification of more-than-insignificant deterioration in credit quality, including but not limited to nonperforming status, delinquency, risk ratings and other qualitative factors that indicate deterioration in credit quality since origination. Subsequent decreases in expected cash flows that are attributable, at least in part, to credit quality are recognized through a charge to the provision for credit losses resulting in an increase in the ALLL. Subsequent increases in expected cash flows are recognized as a provision recapture of previously recorded ALLL.

We consider a loan to be collateral dependent when we determine that substantially all of the expected cash flows will be generated from the operation or sale of the collateral underlying the loan, or when the borrower is experiencing financial difficulty and we have elected to measure the loan at the estimated fair value of collateral (less costs to sell if sale or foreclosure of the property is expected). Additionally, we consider a loan to be collateral dependent when foreclosure or liquidation of the underlying collateral is probable.

On January 1, 2023, we adopted ASU 2022-02, which eliminates the accounting guidance for TDRs. See Note 1 Accounting Policies in our 2022 Form 10-K for a description of our accounting policies for TDRs that were in effect prior to adoption.

Loan modifications to borrowers experiencing financial difficulty, or FDMs, result from our loss mitigation activities and include principal forgiveness, interest rate reductions, term extensions, payment delays, repayment plans or combinations thereof. FDMs continue to be subject to our existing nonaccrual policies. Expected losses or recoveries on FDMs have been factored into the ALLL estimates for each loan class under the methodologies described in this Note. Refer to Note 3 Loans and Related Allowance for Credit Losses for more information on FDMs.

See the following for additional information related to loans, including further discussion regarding our policies, the methodologies and significant inputs used to determine the ALLL and additional details on the composition of our loan portfolio:

- Nonperforming Loans and Leases section of this Note 1,
- Allowance for Credit Losses section of this Note 1,
- Note 3 Loans and Related Allowance for Credit Losses in this Report, and
- Note 4 Loans and Related Allowance for Credit Losses in our 2022 Form 10-K.

Nonperforming Loans and Leases

The matrix that follows summarizes our policies for classifying certain loans as nonperforming loans and/or discontinuing the accrual of loan interest income.

	Commercial
Loans classified as nonperforming and accounted for as nonaccrual	• Loans accounted for at amortized cost where: – The loan is 90 days or more past due. – The loan is rated substandard or worse due to the determination that full collection of principal and interest is not probable as demonstrated by the following conditions: • The collection of principal or interest is 90 days or more past due, • Reasonable doubt exists as to the certainty of the borrower's future debt service ability, according to the terms of the credit arrangement, regardless of whether 90 days have passed or not, • The borrower has filed, or will likely file for bankruptcy, and it is not probable the borrower will be able to repay contractual payments due under the loan, • The bank advances additional funds to cover principal or interest, • We are in the process of liquidating a commercial borrower, or • We are pursuing remedies under a guarantee.
Loans excluded from nonperforming classification but accounted for as nonaccrual	• Loans accounted for under the fair value option and full collection of principal and interest is not probable. • Loans accounted for at the lower of cost or market less costs to sell (held for sale) and full collection of principal and interest is not probable.
Loans excluded from nonperforming classification and nonaccrual accounting	• Loans that are well secured and in the process of collection. • Certain government insured or guaranteed loans where substantially all principal and interest is insured. • Commercial purchasing card assets that do not accrue interest.

Consumer	
Loans classified as nonperforming and accounted for as nonaccrual	• Loans accounted for at amortized cost where full collection of contractual principal and interest is not deemed probable as demonstrated in the policies below: – The loan is 90 days past due for home equity and installment loans, and 180 days past due for well secured residential real estate loans, – The loan has been modified due to a borrower experiencing financial difficulty and is not government insured or guaranteed, – The loan has been modified to defer prior payments in forbearance to the end of the loan term, – Notification of bankruptcy has been received, – The bank holds a subordinate lien position in the loan and the first lien mortgage loan is seriously stressed (*i.e.*, 90 days or more past due), – Other loans within the same borrower relationship have been placed on nonaccrual or charge-offs have been taken on them, – The bank has ordered the repossession of non-real estate collateral securing the loan, or – The bank has charged-off the loan to the value of the collateral.
Loans excluded from nonperforming classification but accounted for as nonaccrual	• Loans accounted for under the fair value option and full collection of principal and interest is not probable. • Loans accounted for at the lower of cost or market less costs to sell (held for sale) and full collection of principal and interest is not probable.
Loans excluded from nonperforming classification and nonaccrual accounting	• Certain government insured or guaranteed loans where substantially all principal and interest is insured. • Residential real estate loans that are well secured and in the process of collection. • Consumer loans and lines of credit, not secured by residential real estate or automobiles, as permitted by regulatory guidance.

Commercial

We generally charge-off commercial (commercial and industrial, commercial real estate and equipment lease financing) nonperforming loans when we determine that a specific loan, or portion thereof, is uncollectible. This determination is based on the specific facts and circumstances of the individual loans. In making this determination, we consider the viability of the business or project as a going concern, the past due status when the asset is not well-secured, the expected cash flows to repay the loan, the value of the collateral and the ability and willingness of any guarantors to perform. For commercial loans and leases less than a defined dollar threshold, balances are generally charged-off in full after 180 days for loans and 120 days for leases.

Consumer

We generally charge-off secured consumer (home equity, residential real estate and automobile) nonperforming loans to the fair value of collateral less costs to sell if the fair value is lower than the amortized cost basis of the loan outstanding and the delinquency of the loan, combined with other risk factors such as bankruptcy or lien position, indicates that the loan (or a portion thereof) is uncollectible as per our historical experience. These nonperforming loans would also be charged-off when the collateral has been repossessed. We charge-off secured consumer loans no later than 180 days past due. Most consumer loans and lines of credit, not secured by automobiles or residential real estate, are charged-off once they have reached 120-180 days past due.

For secured collateral dependent loans, collateral values are updated at least annually and subsequent declines in collateral values are charged-off resulting in incremental provision for credit loss. Subsequent increases in collateral values may be reflected as an adjustment to the ALLL to reflect the expectation of recoveries in an amount greater than previously expected, limited to amounts previously charged-off.

Accounting for Nonperforming Assets and Leases and Other Nonaccrual Loans

For nonaccrual loans, interest income accrual and deferred fee/cost recognition is discontinued. Additionally, depending on whether the accrued interest has been incorporated into the ACL estimates, as discussed in the Accrued Interest section of this Note 1, the accrued and uncollected interest is either reversed through Net interest income (if a CECL reserve is not maintained for accrued interest) or charged-off against the allowance (if a CECL reserve is maintained for accrued interest), except for credit cards, where we reverse any accrued interest through Net interest income at the time of charge-off, as per industry standard practice. Nonaccrual loans that are also collateral dependent may be charged-off to reduce the basis to the fair value of collateral less costs to sell.

If payment is received on a nonaccrual loan, generally the payment is first applied to the remaining principal balance. Payments are then applied to recover any charged-off amounts related to the loan. Finally, if both principal balance and any charge-offs have been recovered, then the payment will be recorded as fee and interest income. For certain consumer loans, the receipt of interest payments is recognized as interest income on a cash basis. Cash basis income recognition is applied if a loan's amortized cost basis is deemed fully collectible and the loan has performed for at least six months. For loans modified due to a borrower experiencing financial difficulty, payments are applied based upon their contractual terms unless the related loan is deemed nonperforming. Loans modified due to a borrower experiencing financial difficulty are generally included in nonperforming and nonaccrual loans if they are not government insured or guaranteed. However, after a reasonable period of time, generally six months, in which the loan performs under modified terms and meets other performance indicators, it is returned to performing/accruing status. This return to performing/accruing status demonstrates that the bank expects to collect all of the loan's remaining contractual principal and interest. Loan modifications granted to borrowers experiencing financial difficulty resulting from (i) borrowers that have been discharged from personal liability through Chapter 7 bankruptcy and have not formally reaffirmed their loan obligations to us, and (ii) borrowers that are not currently obligated to make both principal and interest payments under the modified terms are not returned to accrual status.

Other nonaccrual loans are generally not returned to accrual status until the borrower has performed in accordance with the contractual terms and other performance indicators for at least six months, the period of time which was determined to demonstrate the expected collection of the loan's remaining contractual principal and interest. Nonaccrual loans with partially charged-off principal are not returned to accrual. When a nonperforming loan is returned to accrual status, it is then considered a performing loan.

Foreclosed assets consist of any asset seized or property acquired through a foreclosure proceeding or acceptance of a deed-in-lieu of foreclosure. OREO comprises principally residential and commercial real estate properties obtained in partial or total satisfaction of loan obligations. After obtaining a foreclosure judgment, or in some jurisdictions the initiation of proceedings under a power of sale in the loan instruments, the property will be sold. When we are awarded title or completion of deed-in-lieu of foreclosure, we transfer the loan to foreclosed assets included in Other assets on our Consolidated Balance Sheet. Property obtained in satisfaction of a loan is initially recorded at estimated fair value less cost to sell. Based upon the estimated fair value less cost to sell, the amortized cost basis of the loan is adjusted and a charge-off/recovery is recognized to the ALLL. We estimate fair values primarily based on appraisals, or sales agreements with third parties. Subsequently, foreclosed assets are valued at the lower of the amount recorded at acquisition date or estimated fair value less cost to sell. Valuation adjustments on these assets and gains or losses realized from disposition of such property are reflected in Other noninterest expense.

For certain mortgage loans that have a government guarantee, we establish a separate other receivable upon foreclosure. The receivable is measured based on the loan balance (inclusive of principal and interest) that is expected to be recovered from the guarantor.

See Note 3 Loans and Related Allowance for Credit Losses for additional information on FDMs, nonperforming assets and credit quality indicators related to our loan portfolio.

Allowance for Credit Losses

Our ACL is based on historical loss experience, current borrower risk characteristics, current economic conditions, reasonable and supportable forecasts of future conditions and other relevant factors. We maintain the ACL at an appropriate level for expected losses on our existing investment securities, loans, equipment finance leases, other financial assets and unfunded lending related commitments, for the estimated contractual term of the assets or exposures as of the balance sheet date. The remaining contractual term of assets in scope of CECL is estimated considering contractual maturity dates, prepayment expectations, utilization or draw expectations and any contractually embedded extension options that do not allow us to unilaterally cancel the extension options. For products without a fixed contractual maturity date (*e.g.*, credit cards), we rely on historical payment behavior to determine the length of the paydown or default time period.

We estimate expected losses on a pooled basis using a combination of (i) the expected losses over a reasonable and supportable forecast period, (ii) a period of reversion to long-run average expected losses, where applicable and (iii) the long-run average expected losses for the remaining estimated contractual term. For all assets and unfunded lending related commitments in the scope of CECL, the ACL also includes individually assessed reserves and qualitative reserves, as applicable.

We use forward-looking information in estimating expected credit losses for our reasonable and supportable forecast period. For this purpose, we use forecasted scenarios produced by PNC's Economics Team, which are designed to reflect business cycles and their related estimated probabilities. The forecast length that we have currently determined to be reasonable and supportable is three years. As noted in the methodology discussions that follow, forward-looking information is incorporated into the expected credit loss estimates. Such forward looking information includes forecasted relevant macroeconomic variables, which are estimated using quantitative macroeconomic models, analysis from PNC economists and management judgment.

The reversion period is used to bridge our three-year reasonable and supportable forecast period and the long-run average expected credit losses. We consider a number of factors in determining the duration of the reversion period, such as contractual maturity of the asset, observed historical patterns and the estimated credit loss rates at the end of the forecast period relative to the beginning of the long-run average period. The reversion period is typically one to three years, if not immediate.

The long-run average expected credit losses are derived from long-run historical credit loss information adjusted for the credit quality of the current portfolio and, therefore, do not consider current and forecasted economic conditions.

See the following sections related to loans and unfunded lending related commitments for details about specific methodologies.

Allowance for Loan and Lease Losses

Our pooled expected loss methodology is based upon the quantification of risk parameters, such as PD, LGD and EAD for a loan, loan segment or lease. We also consider the impact of prepayments and amortization on contractual maturity in our expected loss estimates. We use historical credit loss information, current borrower risk characteristics and forecasted economic variables for the reasonable and supportable forecast period, coupled with analytical methods, to estimate these risk parameters by loan, loan segment or lease. PD, LGD and EAD parameters are calculated for each forecasted scenario and the long-run average period, and combined to generate expected loss estimates by scenario. The following matrix provides key credit risk characteristics that we use to estimate these risk parameters.

Loan Class	Probability of Default	Loss Given Default	Exposure at Default
Commercial			
Commercial and industrial / Equipment lease financing	• For wholesale obligors: internal risk ratings based on borrower characteristics and industry • For retail small balance obligors: credit score, delinquency status, and product type	• Collateral type, LTV, industry, size and outstanding exposure for secured loans • Capital structure, industry and size for unsecured loans • For retail small balance obligors, product type and credit scores	• Outstanding balances, commitment, contractual maturities and historical prepayment experience for loans • Current utilization and historical pre-default draw experience for lines
Commercial real estate (CRE)	• Property performance metrics, property type, market and risk pool for the forecast period • For the long-run average period, internal risk ratings based on borrower characteristics	• Property type, LTV and costs to sell	• Outstanding balances, commitment, contractual maturities and historical prepayment experience for loans
Consumer			
Home equity / Residential real estate	• Borrower credit scores, delinquency status, origination vintage, LTV and contractual maturity	• Collateral characteristics, LTV and costs to sell	• Outstanding balances, contractual maturities and historical prepayment experience for loans • Current utilization and historical pre-default draw experience for lines
Automobile	• Borrower credit scores, delinquency status, borrower income, LTV and contractual maturity	• New vs. used, LTV and borrower credit scores	• Outstanding balances, contractual maturities and historical prepayment experience
Credit card	• Borrower credit scores, delinquency status, utilization, payment behavior and months on book	• Borrower credit scores and credit line amount	• Pay-down curves are developed using a pro-rata method and estimated using borrower behavior segments, payment ratios and borrower credit scores
Education / Other consumer	• Modeled using either discrete risk parameters or net charge-off and pay-down rates		

The following matrix describes the key economic variables that are consumed during our forecast period by loan class, as well as other assumptions that are used for our reversion and long-run average approaches.

Loan Class	Forecast Period - Key Economic Variables	Reversion Method	Long-Run Average
Commercial			
Commercial and industrial / Equipment lease financing	• GDP and Gross Domestic Investment measures, employment related variables and personal income and consumption measures	• Immediate reversion	• Average parameters determined based on internal and external historical data • Modeled parameters using long-run economic conditions for retail small balance obligors
Commercial real estate (CRE)	• CRE Price Index, unemployment rates, GDP, corporate bond yield and interest rates	• Immediate reversion	• Average parameters determined based on internal and external historical data
Consumer			
Home equity / Residential real estate	• Unemployment rates, HPI and interest rates	• Straight-line over 3 years	• Modeled parameters using long-run economic conditions
Automobile	• Unemployment rates, HPI, personal consumption expenditure and Manheim used car index	• Straight-line over 1 year	• Average parameters determined based on internal and external historical data
Credit card	• Unemployment rates, personal consumption expenditure and HPI	• Straight-line over 2 years	• Modeled parameters using long-run economic conditions
Education / Other consumer	• Modeled using either discrete risk parameters or net charge-off and pay-down rates		

After the forecast period, we revert to the long-run average over the reversion period noted above, which is the period between the end of the forecast period and when losses are estimated to have completely reverted to the long-run average.

Once we have developed a combined estimate of credit losses (*i.e.*, for the forecast period, reversion period and long-run average) under each of the forecasted scenarios, we produce a probability-weighted credit loss estimate by loan class. We then add or deduct any qualitative components and other adjustments, such as individually assessed loans, to produce the ALLL. See the Individually Assessed Component and Qualitative Component discussions that follow in this Note 1 for additional information about those adjustments.

Discounted Cash Flow

Prior to January 1, 2023, we used a discounted cash flow methodology for our home equity and residential real estate loan classes. Effective January 1, 2023, we discontinued our use of a discounted cash flow methodology, and we now use a pooled expected loss methodology based upon the quantification of risk parameters, such as PD, LGD and EAD for a loan or loan segment. See Note 1 Accounting Policies in our 2022 Form 10-K for a description of our use of a discounted cash flow methodology prior to January 1, 2023.

Individually Assessed Component

Loans and leases that do not share similar risk characteristics with a pool of loans are individually assessed as follows:

- For commercial nonperforming loans greater than or equal to a defined dollar threshold, reserves are based on an analysis of the present value of the loan's expected future cash flows or the fair value of the collateral, if appropriate under our policy for collateral dependent loans. Nonperforming commercial loans below the defined threshold are reserved for under a pooled basis.
- For consumer nonperforming loans classified as collateral dependent, charge-off and ALLL related to recovery of amounts previously charged-off are evaluated through an analysis of the fair value of the collateral less costs to sell.

Qualitative Component

While our reserve methodologies strive to reflect all relevant credit risk factors, there continues to be uncertainty associated with, but not limited to, potential imprecision in the estimation process due to the inherent time lag of obtaining information and normal variations between expected and actual outcomes. We may hold additional reserves that are designed to provide coverage for losses

attributable to such risks. The ACL also takes into account factors that may not be directly measured in the determination of individually assessed or pooled reserves. Such qualitative factors may include, but are not limited to:

- Industry concentrations and conditions,
- Changes in market conditions, including regulatory and legal requirements,
- Changes in the nature and volume of our portfolio,
- Recent credit quality trends,
- Recent loss experience in particular portfolios, including specific and unique events,
- Recent macroeconomic factors that may not be reflected in the forecast information,
- Limitations of available input data, including historical loss information and recent data such as collateral values,
- Model imprecision and limitations,
- Changes in lending policies and procedures, including changes in loss recognition and mitigation policies and procedures, and
- Timing of available information.

See Note 3 Loans and Related Allowance for Credit Losses for additional information about our loan portfolio and the related allowance.

Accrued Interest

When accrued interest is reversed or charged-off in a timely manner, the CECL standard provides a practical expedient to exclude accrued interest from ACL measurement. We consider our nonaccrual and charge-off policies to be timely for all of our investment securities, loans and leases, with the exception of consumer credit cards, education loans and certain unsecured consumer lines of credit. We consider the length of time before nonaccrual/charge-off and the use of appropriate other triggering events for nonaccrual and charge-offs in making this determination. Pursuant to these policy elections, we calculate reserves for accrued interest on credit cards, education loans and certain unsecured consumer lines of credit, which are then included within the ALLL. See the Debt Securities section of Note 1 Accounting Policies in our 2022 Form 10-K and the Nonperforming Loans and Leases section of this Note 1 for additional information on our nonaccrual and charge-off policies.

See Note 1 Accounting Policies in our 2022 Form 10-K for a description of the accounting policies related to the applicable reserves on accrued interest for our home equity and residential real estate loan classes prior to January 1, 2023.

Purchased Credit Deteriorated Loans or Securities

The allowance for PCD loans or securities is determined at the time of acquisition, as the estimated expected credit loss of the outstanding balance or par value, based on the methodologies described previously for loans and securities. In accordance with CECL, the allowance recognized at acquisition is added to the acquisition date purchase price to determine the asset's amortized cost basis.

Allowance for Unfunded Lending Related Commitments

We maintain the allowance for unfunded lending related commitments on off-balance sheet credit exposures that are not unconditionally cancelable (*e.g.*, unfunded loan commitments, letters of credit and certain financial guarantees), at a level we believe is appropriate as of the balance sheet date to absorb expected credit losses on these exposures. Other than the estimation of the probability of funding, this reserve is estimated in a manner similar to the methodology used for determining reserves for loans and leases. See the Allowance for Loan and Lease Losses section of this Note 1 for the key credit risk characteristics for unfunded lending related commitments. The allowance for unfunded lending related commitments is recorded as a liability on the Consolidated Balance Sheet. Net adjustments to this reserve are included in the provision for credit losses.

See Note 3 Loans and Related Allowance for Credit Losses for additional information about this allowance.

Recently Adopted Accounting Standards

Accounting Standards Update	Description	Financial Statement Impact
Reference Rate Reform - ASU 2020-04 Issued March 2020 **Reference Rate Reform Scope - ASU 2021-01** Issued January 2021 **Reference Rate Reform Deferral of Sunset Date – ASU 2022-06** Issued December 2022	• Provides optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform (codified in ASC 848). • Includes optional expedients related to contract modifications that allow an entity to account for modifications (if certain criteria are met) as if the modifications were only minor (assets within the scope of ASC 310, Receivables), were not substantial (assets within the scope of ASC 470, Debt) and/or did not result in remeasurements or reclassifications (assets within the scope of ASC 842, Leases, and other Topics) of the existing contract. • Includes optional expedients related to hedging relationships within the scope of ASC 815, Derivatives & Hedging, whereby changes to the critical terms of a hedging relationship do not require dedesignation if certain criteria are met. In addition, potential sources of ineffectiveness as a result of reference rate reform may be disregarded when performing some effectiveness assessments. • Includes optional expedients and exceptions for contract modifications and hedge accounting that apply to derivative instruments impacted by the market-wide discounting transition. • Guidance in these ASUs is effective as of March 12, 2020 through December 31, 2024.	• ASU 2020-04 was adopted March 12, 2020. ASU 2021-01 was retrospectively adopted October 1, 2020. ASU 2022-06 was adopted upon issuance. • Refer to Note 1 Accounting Policies in our 2022 Form 10-K for more information on elections of optional expedients that occurred in 2020, 2021 and 2022. We applied these optional expedients consistently to all eligible LIBOR cessation-related contract modifications and hedging relationships since election. • During the second quarter of 2023, we elected and applied certain optional expedients for contract modifications and hedging relationships impacted by the central clearing counterparties conversion processes for LIBOR-indexed derivative instruments. These optional expedients remove the requirement to remeasure contract modifications or dedesignate hedging relationships due to reference rate reform. The elections made apply only to derivatives instruments impacted by the central clearinghouse conversion process. • During the second quarter of 2023, we applied certain optional expedients for investment security, debt and preferred stock instrument contract modifications impacted by LIBOR cessation. These optional expedients remove the requirement to remeasure contract modifications. • We may elect additional optional expedients for contract modifications and hedge relationships affected by reference rate reform through the effective date of this guidance.

Accounting Standards Update	Description	Financial Statement Impact
Troubled Debt Restructurings and Vintage Disclosures - ASU 2022-02 Issued March 2022	• Eliminates the accounting guidance for TDRs and requires an entity to apply the loan refinancing and restructuring guidance to determine whether a modification results in a new loan or a continuation of an existing loan. • Eliminates the requirement to use a discounted cash flow approach to measure the allowance for credit losses for TDRs. • Enhances disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. • Requires disclosure of current-period gross charge-offs by year of origination for financing receivables and net investments in leases within the scope of CECL. • Requires a prospective transition approach to all amendments except those related to the recognition and measurement of TDRs (which allow the option to apply a modified retrospective transition approach through a cumulative-effect adjustment to retained earnings in the period of adoption).	• Adopted January 1, 2023 using a modified retrospective transition approach for the amendments related to the recognition and measurement of TDRs. • The impact of adoption resulted in a decrease to the beginning period ALLL of $35 million, resulting in an increase to Retained Earnings of $26 million, net of tax, as of January 1, 2023. • The presentation of our loan modification disclosures have been updated to reflect information on loan modifications given to borrowers experiencing financial difficulty and can be found within Note 3 Loans and Related Allowance for Credit Losses. TDR disclosures are presented for comparative periods only and are not required to be updated in current periods. Additionally, our vintage disclosure has been updated to reflect gross charge-offs by year of origination.

NOTE 2 INVESTMENT SECURITIES

The following table summarizes our available for sale and held to maturity portfolios by major security type:

Table 36: Investment Securities Summary (a)(b)

In millions	June 30, 2023 Amortized Cost (c)	June 30, 2023 Unrealized Gains	June 30, 2023 Unrealized Losses	June 30, 2023 Fair Value	December 31, 2022 Amortized Cost (c)	December 31, 2022 Unrealized Gains	December 31, 2022 Unrealized Losses	December 31, 2022 Fair Value
Securities Available for Sale								
U.S. Treasury and government agencies	$ 7,863	$ 7	$ (760)	$ 7,110	$ 9,196	$ 10	$ (836)	$ 8,370
Residential mortgage-backed								
Agency	30,867	6	(3,218)	27,655	32,114	13	(3,304)	28,823
Non-agency	642	133	(7)	768	697	131	(9)	819
Commercial mortgage-backed								
Agency	1,759	1	(167)	1,593	1,845		(170)	1,675
Non-agency	1,014		(67)	947	1,325		(69)	1,256
Asset-backed	910	28	(4)	934	103	27	(1)	129
Other	2,962	39	(221)	2,780	3,288	44	(245)	3,087
Total securities available for sale	$ 46,017	$ 214	$ (4,444)	$ 41,787	$ 48,568	$ 225	$ (4,634)	$ 44,159
Securities Held to Maturity								
U.S. Treasury and government agencies	$ 36,985	$ 3	$ (1,695)	$ 35,293	$ 36,571	$ 6	$ (1,617)	$ 34,960
Residential mortgage-backed								
Agency	44,278	60	(3,119)	41,219	45,271	74	(3,095)	42,250
Non-agency	269		(22)	247	276		(21)	255
Commercial mortgage-backed								
Agency	839	3	(30)	812	848	4	(26)	826
Non-agency	1,549		(38)	1,511	1,667		(40)	1,627
Asset-backed	6,645	5	(112)	6,538	7,188	6	(140)	7,054
Other	3,309	27	(60)	3,276	3,354	25	(72)	3,307
Total securities held to maturity (d)	$ 93,874	$ 98	$ (5,076)	$ 88,896	$ 95,175	$ 115	$ (5,011)	$ 90,279

(a) At June 30, 2023, the accrued interest associated with our held to maturity and available for sale portfolios totaled $288 million and $143 million, respectively. The comparable amounts at December 31, 2022 were $282 million and $144 million, respectively. These amounts are included in Other assets on the Consolidated Balance Sheet.
(b) Credit ratings represent a primary credit quality indicator used to monitor and manage credit risk. Of our total securities portfolio, 97% were rated AAA/AA at both June 30, 2023 and December 31, 2022.
(c) Amortized cost is presented net of allowance of $141 million for securities available for sale, primarily related to non-agency commercial mortgage-backed securities and $7 million for securities held to maturity at June 30, 2023. The comparable amounts at December 31, 2022 were $142 million and $7 million, respectively.
(d) Held to maturity securities transferred from available for sale are included in held to maturity at fair value at the time of the transfer. The amortized cost of held to maturity securities included net unrealized losses of $4.7 billion at June 30, 2023 related to securities transferred, which are offset in AOCI, net of tax.

The fair value of investment securities is impacted by interest rates, credit spreads, market volatility and liquidity conditions. Securities available for sale are carried at fair value with net unrealized gains and losses included in Total shareholders' equity as AOCI, unless credit-related. Net unrealized gains and losses are determined by taking the difference between the fair value of a security and its amortized cost, net of any allowance. Securities held to maturity are carried at amortized cost, net of any allowance. Investment securities at June 30, 2023 included $0.2 billion of net unsettled purchases that represent non-cash investing activity, and accordingly, are not reflected on the Consolidated Statement of Cash Flows. The comparable amount for June 30, 2022 was $0.4 billion of net unsettled purchases.

We maintain the allowance for investment securities at levels that we believe to be appropriate as of the balance sheet date to absorb expected credit losses on our portfolio. At June 30, 2023, the allowance for investment securities was $148 million and primarily related to non-agency commercial mortgage-backed securities in the available for sale portfolio. The comparable amount at December 31, 2022 was $149 million. See Note 1 Accounting Policies in our 2022 Form 10-K for a discussion of the methodologies used to determine the allowance for investment securities.

At June 30, 2023, AOCI included pretax losses of $301 million from derivatives that hedged the purchase of investment securities classified as held to maturity. The losses will be accreted to interest income as an adjustment of yield on the securities.

Table 37 presents the gross unrealized losses and fair value of securities available for sale that do not have an associated allowance for investment securities at June 30, 2023 and December 31, 2022. These securities are segregated between investments that had been in a continuous unrealized loss position for less than twelve months and twelve months or more, based on the point in time that the fair value declined below the amortized cost basis. All securities included in the table have been evaluated to determine if a credit loss exists. As part of that assessment, as of June 30, 2023, we concluded that we do not intend to sell and believe we will not be required to sell these securities prior to recovery of the amortized cost basis.

Table 37: Gross Unrealized Loss and Fair Value of Securities Available for Sale Without an Allowance for Credit Losses

	Unrealized loss position less than 12 months		Unrealized loss position 12 months or more		Total	
In millions	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value
June 30, 2023						
U.S. Treasury and government agencies	$ (9)	$ 898	$ (751)	$ 5,983	$ (760)	$ 6,881
Residential mortgage-backed						
Agency	(51)	2,309	(3,167)	24,700	(3,218)	27,009
Non-agency	(1)	46	(6)	67	(7)	113
Commercial mortgage-backed						
Agency	(2)	89	(165)	1,485	(167)	1,574
Non-agency			(57)	808	(57)	808
Asset-backed	(3)	502	(1)	12	(4)	514
Other	(6)	243	(180)	2,022	(186)	2,265
Total securities available for sale	$ (72)	$ 4,087	$ (4,327)	$ 35,077	$ (4,399)	$ 39,164
December 31, 2022						
U.S. Treasury and government agencies	$ (601)	$ 5,868	$ (235)	$ 2,208	$ (836)	$ 8,076
Residential mortgage-backed						
Agency	(1,744)	19,036	(1,560)	8,971	(3,304)	28,007
Non-agency	(6)	112	(2)	17	(8)	129
Commercial mortgage-backed						
Agency	(125)	1,283	(45)	372	(170)	1,655
Non-agency	(44)	750	(18)	394	(62)	1,144
Asset-backed			(1)	5	(1)	5
Other	(96)	1,418	(112)	1,144	(208)	2,562
Total securities available for sale	$ (2,616)	$ 28,467	$ (1,973)	$ 13,111	$ (4,589)	$ 41,578

Information related to gross realized securities gains and losses from the sales of securities is set forth in the following table:

Table 38: Gains (Losses) on Sales of Securities Available for Sale

Six months ended June 30 In millions	Gross Gains	Gross Losses	Net Gains (Losses)	Tax Expense (Benefit)
2023		$ (2)	$ (2)	
2022	$ 11	$ (15)	$ (4)	$ (1)

The following table presents, by remaining contractual maturity, the amortized cost, fair value and weighted-average yield of debt securities at June 30, 2023:

Table 39: Contractual Maturity of Debt Securities

June 30, 2023 Dollars in millions	1 Year or Less	After 1 Year through 5 Years	After 5 Years through 10 Years	After 10 Years	Total
Securities Available for Sale					
U.S. Treasury and government agencies	$ 1,230	$ 2,918	$ 1,724	$ 1,991	$ 7,863
Residential mortgage-backed					
Agency	1	134	3,675	27,057	30,867
Non-agency			8	634	642
Commercial mortgage-backed					
Agency	49	409	905	396	1,759
Non-agency		119	100	795	1,014
Asset-backed		249	106	555	910
Other	307	2,008	495	152	2,962
Total securities available for sale at amortized cost	$ 1,587	$ 5,837	$ 7,013	$ 31,580	$ 46,017
Fair value	$ 1,550	$ 5,460	$ 6,385	$ 28,392	$ 41,787
Weighted-average yield, GAAP basis (a)	2.01 %	2.17 %	2.39 %	2.98 %	2.75 %
Securities Held to Maturity					
U.S. Treasury and government agencies	$ 2,075	$ 31,522	$ 2,477	$ 911	$ 36,985
Residential mortgage-backed					
Agency		7	333	43,938	44,278
Non-agency				269	269
Commercial mortgage-backed					
Agency		133	430	276	839
Non-agency	43	49		1,457	1,549
Asset-backed	11	2,103	1,949	2,582	6,645
Other	230	1,116	603	1,360	3,309
Total securities held to maturity at amortized cost	$ 2,359	$ 34,930	$ 5,792	$ 50,793	$ 93,874
Fair value	$ 2,330	$ 33,471	$ 5,526	$ 47,569	$ 88,896
Weighted-average yield, GAAP basis (a)	1.30 %	1.39 %	3.65 %	2.93 %	2.36 %

(a) Weighted-average yields are based on amortized cost with effective yields weighted for the contractual maturity of each security. Actual maturities and yields may differ as certain securities may be prepaid.

At June 30, 2023, there were no securities of a single issuer, other than FNMA and FHLMC, that exceeded 10% of Total shareholders' equity. The FNMA and FHLMC investments had a total amortized cost of $38.5 billion and $32.4 billion and fair value of $35.3 billion and $30.0 billion, respectively.

The following table presents the fair value of securities that have been either pledged to or accepted from others to collateralize outstanding borrowings:

Table 40: Fair Value of Securities Pledged and Accepted as Collateral

In millions	June 30, 2023	December 31, 2022
Pledged to others	$ 27,347	$ 24,708
Accepted from others:		
Permitted by contract or custom to sell or repledge	$ 1,160	$ 1,266
Permitted amount repledged to others	$ 1,160	$ 1,266

The securities pledged to others include positions held in our portfolio of investment securities, trading securities and securities accepted as collateral from others that we are permitted by contract or custom to sell or repledge, and were used to secure public and trust deposits, repurchase agreements and for other purposes. See Note 12 Financial Derivatives for information related to securities pledged and accepted as collateral for derivatives.

Note 3 Loans And Related Allowance For Credit Losses

Loan Portfolio

Our loan portfolio consists of two portfolio segments – Commercial and Consumer. Each of these segments comprises multiple loan classes. Classes are characterized by similarities in risk attributes and the manner in which we monitor and assess credit risk.

Commercial	Consumer
• Commercial and industrial	• Residential real estate
• Commercial real estate	• Home equity
• Equipment lease financing	• Automobile
	• Credit card
	• Education
	• Other consumer

See Note 1 Accounting Policies for additional information on our loan related policies.

Credit Quality

We closely monitor economic conditions and loan performance trends to manage and evaluate our exposure to credit risk within the loan portfolio based on our defined loan classes. In doing so, we use several credit quality indicators, including trends in delinquency rates, nonperforming status, analysis of PD and LGD ratings, updated credit scores and originated and updated LTV ratios.

We manage credit risk based on the risk profile of the borrower, repayment sources, underlying collateral and other support given current events, economic conditions and expectations. We refine our practices to meet the changing environment resulting from elevated inflation levels, labor-related supply chain pressures, higher interest rates, and structural and secular changes fostered by the pandemic. To mitigate losses and enhance customer support, we offer loan modifications and collection programs to assist our customers.

Table 41 presents the composition and delinquency status of our loan portfolio at June 30, 2023 and December 31, 2022. Loan delinquencies include government insured or guaranteed loans and loans accounted for under the fair value option.

Table 41: Analysis of Loan Portfolio (a) (b) (c)

	Accruing							
Dollars in millions	Current or Less Than 30 Days Past Due	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due (d)	Nonperforming Loans	Fair Value Option Nonaccrual Loans (e)	Total Loans (f)(g)
June 30, 2023								
Commercial								
Commercial and industrial	$ 176,936	$ 64	$ 47	$ 112	$ 223	$ 470		$ 177,629
Commercial real estate	35,568	10			10	350		35,928
Equipment lease financing	6,374	14	5		19	7		6,400
Total commercial	218,878	88	52	112	252	827		219,957
Consumer								
Residential real estate	45,374	228	86	174	488 (d)	429	$ 543	46,834
Home equity	25,546	56	18		74	506	74	26,200
Automobile	14,823	84	20	5	109	133		15,065
Credit card	6,926	49	36	71	156	10		7,092
Education	1,960	33	17	48	98 (d)			2,058
Other consumer	4,512	17	9	9	35	8		4,555
Total consumer	99,141	467	186	307	960	1,086	617	101,804
Total	$ 318,019	$ 555	$ 238	$ 419	$ 1,212	$ 1,913	$ 617	$ 321,761
Percentage of total loans	98.84 %	0.17 %	0.07 %	0.13 %	0.38 %	0.59 %	0.19 %	100.00 %
December 31, 2022								
Commercial								
Commercial and industrial	$ 181,223	$ 169	$ 27	$ 137	$ 333	$ 663		$ 182,219
Commercial real estate	36,104	19	4		23	189		36,316
Equipment lease financing	6,484	20	4		24	6		6,514
Total commercial	223,811	208	35	137	380	858		225,049
Consumer								
Residential real estate	44,306	281	112	199	592 (d)	424	$ 567	45,889
Home equity	25,305	53	20		73	526	79	25,983
Automobile	14,543	106	25	7	138	155		14,836
Credit card	6,906	50	35	70	155	8		7,069
Education	2,058	34	22	59	115 (d)			2,173
Other consumer	4,975	15	12	10	37	14		5,026
Total consumer	98,093	539	226	345	1,110	1,127	646	100,976
Total	$ 321,904	$ 747	$ 261	$ 482	$ 1,490	$ 1,985	$ 646	$ 326,025
Percentage of total loans	98.73 %	0.23 %	0.08 %	0.15 %	0.46 %	0.61 %	0.20 %	100.00 %

(a) Amounts in table represent loans held for investment and do not include any associated ALLL.

(b) Under the CARES Act credit reporting rules, certain loans modified due to pandemic related hardships are not being reported as past due as of June 30, 2023 and December 31, 2022 based on the contractual terms of the loan, even where borrowers may not be making payments on their loans during the modification period. The CARES Act credit reporting rules expire in the third quarter of 2023.

(c) The accrued interest associated with our loan portfolio totaled $1.3 billion and $1.2 billion at June 30, 2023 and December 31, 2022, respectively. These amounts are included in Other assets on the Consolidated Balance Sheet.

(d) Past due loan amounts include government insured or guaranteed Residential real estate loans and Education loans totaling $0.3 billion and $0.1 billion at both June 30, 2023 and December 31, 2022.

(e) Consumer loans accounted for under the fair value option for which we do not expect to collect substantially all principal and interest are subject to nonaccrual accounting and classification upon meeting any of our nonaccrual policy criteria. Given that these loans are not accounted for at amortized cost, they have been excluded from the nonperforming loan population.

(f) Includes unearned income, unamortized deferred fees and costs on originated loans and premiums or discounts on purchased loans totaling $0.8 billion and $0.9 billion at June 30, 2023 and December 31, 2022, respectively.

(g) Collateral dependent loans totaled $1.2 billion and $1.3 billion at June 30, 2023 and December 31, 2022, respectively.

At June 30, 2023, we pledged $48.3 billion of commercial and other loans to the Federal Reserve Bank and $92.5 billion of residential real estate and other loans to the FHLB as collateral for the ability to borrow, if necessary. The comparable amounts at December 31, 2022 were $28.1 billion and $90.4 billion, respectively. Amounts pledged reflect the unpaid principal balances.

Nonperforming Assets

Nonperforming assets include nonperforming loans and leases, OREO and foreclosed assets. Nonperforming loans are those loans accounted for at amortized cost whose credit quality has deteriorated to the extent that full collection of contractual principal and interest is not probable. Interest income is not recognized on these loans. Loans accounted for under the fair value option are reported as performing loans; however, when nonaccrual criteria is met, interest income is not recognized on these loans. Additionally, certain government insured or guaranteed loans for which we expect to collect substantially all principal and interest are not reported as nonperforming loans and continue to accrue interest. See Note 1 Accounting Policies for additional information on our nonperforming loan and lease policies.

The following table presents our nonperforming assets as of June 30, 2023 and December 31, 2022, respectively:

Table 42: Nonperforming Assets

Dollars in millions	June 30, 2023	December 31, 2022
Nonperforming loans (a)		
Commercial	$ 827	$ 858
Consumer (b)	1,086	1,127
Total nonperforming loans (c)	1,913	1,985
OREO and foreclosed assets	36	34
Total nonperforming assets	$ 1,949	$ 2,019
Nonperforming loans to total loans	0.59 %	0.61 %
Nonperforming assets to total loans, OREO and foreclosed assets	0.61 %	0.62 %
Nonperforming assets to total assets	0.35 %	0.36 %

(a) In connection with the adoption of ASU 2022-02, nonperforming loans as of June 30, 2023 include certain loans where terms were modified as a result of a borrower's financial difficulty. Prior period amounts included nonperforming TDRs, for which accounting guidance was eliminated effective January 1, 2023. See Note 1 Accounting Policies and the Loan Modifications to Borrowers Experiencing Financial Difficulty section of this Note 3 for more information on our adoption of this ASU.
(b) Excludes most unsecured consumer loans and lines of credit, which are charged off after 120 to 180 days past due and are not placed on nonperforming status.
(c) Nonperforming loans for which there is no related ALLL totaled $0.8 billion at June 30, 2023 and primarily include loans with a fair value of collateral that exceeds the amortized cost basis. The comparable amount at December 31, 2022 was $0.7 billion.

Additional Credit Quality Indicators by Loan Class

Commercial Loan Classes

See Note 4 Loans and Related Allowance for Credit Losses in our 2022 Form 10-K for additional information related to these loan classes, including discussion around the credit quality indicators that we use to monitor and manage the credit risk associated with each loan class.

The following table presents credit quality indicators for our commercial loan classes:

Table 43: Commercial Credit Quality Indicators (a) (b)

June 30, 2023 In millions	Term Loans by Origination Year 2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Commercial and industrial									
Pass Rated	$ 15,699	$ 32,220	$ 8,328	$ 6,279	$ 4,694	$ 14,114	$ 88,198	$ 61	$ 169,593
Criticized	102	1,820	556	344	268	819	4,092	35	8,036
Total commercial and industrial loans	$ 15,801	$ 34,040	$ 8,884	$ 6,623	$ 4,962	$ 14,933	$ 92,290	$ 96	$ 177,629
Gross charge-offs	$ 10 (c)	$ 9	$ 27	$ 6	$ 1	$ 14	$ 74	$ 8	$ 149
Commercial real estate									
Pass Rated	$ 2,589	$ 9,428	$ 3,773	$ 2,513	$ 5,139	$ 8,571	$ 339		$ 32,352
Criticized	59	294	253	321	668	1,963	18		3,576
Total commercial real estate loans	$ 2,648	$ 9,722	$ 4,026	$ 2,834	$ 5,807	$ 10,534	$ 357		$ 35,928
Gross charge-offs					$ 12	$ 87			$ 99
Equipment lease financing									
Pass Rated	$ 658	$ 1,673	$ 845	$ 819	$ 559	$ 1,567			$ 6,121
Criticized	30	64	50	53	37	45			279
Total equipment lease financing loans	$ 688	$ 1,737	$ 895	$ 872	$ 596	$ 1,612			$ 6,400
Gross charge-offs		$ 1	$ 1	$ 3	$ 1	$ 1			$ 7
Total commercial loans	$ 19,137	$ 45,499	$ 13,805	$ 10,329	$ 11,365	$ 27,079	$ 92,647	$ 96	$ 219,957
Total commercial gross charge-offs	$ 10	$ 10	$ 28	$ 9	$ 14	$ 102	$ 74	$ 8	$ 255

December 31, 2022 In millions	Term Loans by Origination Year 2022	2021	2020	2019	2018	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Commercial and industrial									
Pass Rated	$ 41,685	$ 12,493	$ 8,134	$ 6,261	$ 4,209	$ 13,165	$ 89,384	$ 69	$ 175,400
Criticized	1,259	423	277	299	297	551	3,682	31	6,819
Total commercial and industrial	42,944	12,916	8,411	6,560	4,506	13,716	93,066	100	182,219
Commercial real estate									
Pass Rated	8,835	4,153	3,266	5,511	3,005	7,454	450		32,674
Criticized	348	37	322	758	807	1,367	3		3,642
Total commercial real estate	9,183	4,190	3,588	6,269	3,812	8,821	453		36,316
Equipment lease financing									
Pass Rated	1,797	962	942	670	410	1,495			6,276
Criticized	60	55	56	39	17	11			238
Total equipment lease financing	1,857	1,017	998	709	427	1,506			6,514
Total commercial	$ 53,984	$ 18,123	$ 12,997	$ 13,538	$ 8,745	$ 24,043	$ 93,519	$ 100	$ 225,049

(a) Loans in our commercial portfolio are classified as Pass Rated or Criticized based on the regulatory definitions, which are driven by the PD and LGD ratings that we assign. The Criticized classification includes loans that were rated special mention, substandard or doubtful as of June 30, 2023 and December 31, 2022.
(b) Gross charge-offs are presented on a year-to-date basis, as of the reporting date.
(c) Includes charge-offs of deposit overdrafts.

Consumer Loan Classes

See Note 4 Loans and Related Allowance for Credit Losses in our 2022 Form 10-K for additional information related to these loan classes, including discussion around the credit quality indicators that we use to monitor and manage the credit risk associated with each loan class.

Residential Real Estate and Home Equity

The following table presents credit quality indicators for our residential real estate and home equity loan classes:

Table 44: Credit Quality Indicators for Residential Real Estate and Home Equity Loan Classes (a)

June 30, 2023 In millions	Term Loans by Origination Year 2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Residential real estate									
Current estimated LTV ratios									
Greater than 100%	$ 22	$ 129	$ 122	$ 40	$ 11	$ 38			$ 362
Greater than or equal to 80% to 100%	1,191	4,612	1,441	249	79	127			7,699
Less than 80%	1,804	5,571	14,351	6,715	2,232	7,367			38,040
No LTV available	52		13			5			70
Government insured or guaranteed loans	4	16	17	69	38	519			663
Total residential real estate loans	$ 3,073	$ 10,328	$ 15,944	$ 7,073	$ 2,360	$ 8,056			$ 46,834
Updated FICO scores									
Greater than or equal to 780	$ 1,570	$ 7,692	$ 12,519	$ 5,207	$ 1,565	$ 4,253			$ 32,806
720 to 779	1,090	2,033	2,508	1,172	446	1,500			8,749
660 to 719	201	511	691	338	162	786			2,689
Less than 660	81	63	114	110	90	710			1,168
No FICO score available	127	13	95	177	59	288			759
Government insured or guaranteed loans	4	16	17	69	38	519			663
Total residential real estate loans	$ 3,073	$ 10,328	$ 15,944	$ 7,073	$ 2,360	$ 8,056			$ 46,834
Gross charge-offs		$ 1		$ 1		$ 3			$ 5
Home equity									
Current estimated LTV ratios									
Greater than 100%			$ 3	$ 15	$ 8	$ 16	$ 325	$ 292	$ 659
Greater than or equal to 80% to 100%			6	53	26	32	1,315	2,074	3,506
Less than 80%			163	1,963	895	2,819	6,937	9,258	22,035
Total home equity loans			$ 172	$ 2,031	$ 929	$ 2,867	$ 8,577	$ 11,624	$ 26,200
Updated FICO scores									
Greater than or equal to 780			$ 110	$ 1,319	$ 522	$ 1,770	$ 4,854	$ 6,020	$ 14,595
720 to 779			39	467	230	554	2,230	3,109	6,629
660 to 719			18	188	123	295	1,168	1,656	3,448
Less than 660			5	55	53	239	313	780	1,445
No FICO score available				2	1	9	12	59	83
Total home equity loans			$ 172	$ 2,031	$ 929	$ 2,867	$ 8,577	$ 11,624	$ 26,200
Gross charge-offs						$ 2		$ 9	$ 11

(Continued from previous page)

December 31, 2022 In millions	Term Loans by Origination Year 2022	2021	2020	2019	2018	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Residential real estate									
Current estimated LTV ratios									
Greater than 100%	$ 4	$ 52	$ 20	$ 10	$ 4	$ 41			$ 131
Greater than or equal to 80% to 100%	1,185	678	232	84	24	92			2,295
Less than 80%	9,396	15,844	7,074	2,346	822	7,220			42,702
No LTV available		61		3		4			68
Government insured or guaranteed loans	9	15	66	39	28	536			693
Total residential real estate	$ 10,594	$ 16,650	$ 7,392	$ 2,482	$ 878	$ 7,893			$ 45,889
Updated FICO scores									
Greater than or equal to 780	$ 6,825	$ 12,596	$ 5,276	$ 1,623	$ 463	$ 4,027			$ 30,810
720 to 779	3,172	3,024	1,369	476	180	1,457			9,678
660 to 719	514	744	378	189	98	796			2,719
Less than 660	63	108	110	88	71	740			1,180
No FICO score available	11	163	193	67	38	337			809
Government insured or guaranteed loans	9	15	66	39	28	536			693
Total residential real estate	$ 10,594	$ 16,650	$ 7,392	$ 2,482	$ 878	$ 7,893			$ 45,889
Home equity									
Current estimated LTV ratios									
Greater than 100%		$ 4	$ 14	$ 9	$ 2	$ 15	$ 268	$ 137	$ 449
Greater than or equal to 80% to 100%		4	51	27	4	31	854	1,149	2,120
Less than 80%		172	2,078	961	285	2,851	7,780	9,287	23,414
Total home equity		$ 180	$ 2,143	$ 997	$ 291	$ 2,897	$ 8,902	$ 10,573	$ 25,983
Updated FICO scores									
Greater than or equal to 780		$ 110	$ 1,357	$ 554	$ 155	$ 1,791	$ 5,093	$ 5,545	$ 14,605
720 to 779		47	515	248	64	567	2,305	2,843	6,589
660 to 719		19	211	140	42	288	1,146	1,449	3,295
Less than 660		4	57	54	29	242	342	671	1,399
No FICO score available			3	1	1	9	16	65	95
Total home equity		$ 180	$ 2,143	$ 997	$ 291	$ 2,897	$ 8,902	$ 10,573	$ 25,983

(a) Gross charge-offs are presented on a year-to-date basis, as of the reporting date.

Automobile, Credit Card, Education and Other Consumer

The following table presents credit quality indicators for our automobile, credit card, education and other consumer loan classes:

Table 45: Credit Quality Indicators for Automobile, Credit Card, Education and Other Consumer Loan Classes (a)

	Term Loans by Origination Year								
June 30, 2023 In millions	2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Automobile									
Updated FICO scores									
Greater than or equal to 780	$ 1,706	$ 1,907	$ 1,846	$ 728	$ 554	$ 180			$ 6,921
720 to 779	1,066	1,426	1,005	411	374	160			4,442
660 to 719	538	766	510	251	275	137			2,477
Less than 660	74	254	260	185	272	180			1,225
Total automobile loans	$ 3,384	$ 4,353	$ 3,621	$ 1,575	$ 1,475	$ 657			$ 15,065
Gross charge-offs		$ 10	$ 12	$ 9	$ 17	$ 13			$ 61
Credit card									
Updated FICO scores									
Greater than or equal to 780							$ 1,954	$ 1	$ 1,955
720 to 779							2,022	5	2,027
660 to 719							1,967	13	1,980
Less than 660							983	38	1,021
No FICO score available or required (b)							106	3	109
Total credit card loans							$ 7,032	$ 60	$ 7,092
Gross charge-offs							$ 141	$ 13	$ 154
Education									
Updated FICO scores									
Greater than or equal to 780	$ 15	$ 94	$ 50	$ 44	$ 56	$ 373			$ 632
720 to 779	14	51	26	22	27	147			287
660 to 719	6	16	7	7	8	59			103
Less than 660	1	3	1	1	2	23			31
No FICO score available or required (b)	4	6	5	5	2	1			23
Total loans using FICO credit metric	40	170	89	79	95	603			1,076
Other internal credit metrics						982			982
Total education loans	$ 40	$ 170	$ 89	$ 79	$ 95	$ 1,585			$ 2,058
Gross charge-offs				$ 1	$ 1	$ 7			$ 9
Other consumer									
Updated FICO scores									
Greater than or equal to 780	$ 136	$ 183	$ 69	$ 34	$ 27	$ 19	$ 41	$ 2	$ 511
720 to 779	186	224	85	41	35	19	82	1	673
660 to 719	70	166	80	45	39	19	88	2	509
Less than 660	5	49	39	26	25	14	42	2	202
Total loans using FICO credit metric	397	622	273	146	126	71	253	7	1,895
Other internal credit metrics	21	116	31	19	74	26	2,358	15	2,660
Total other consumer loans	$ 418	$ 738	$ 304	$ 165	$ 200	$ 97	$ 2,611	$ 22	$ 4,555
Gross charge-offs	$ 32 (c)	$ 9	$ 10	$ 8	$ 9	$ 5	$ 6	$ 1	$ 80

(Continued from previous page)	Term Loans by Origination Year								
December 31, 2022 In millions	2022	2021	2020	2019	2018	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Updated FICO Scores									
Automobile									
Greater than or equal to 780	$ 2,390	$ 2,162	$ 922	$ 760	$ 241	$ 75			$ 6,550
720 to 779	1,702	1,312	561	538	222	69			4,404
660 to 719	854	660	341	401	187	56			2,499
Less than 660	193	290	230	368	228	74			1,383
Total automobile	$ 5,139	$ 4,424	$ 2,054	$ 2,067	$ 878	$ 274			$ 14,836
Credit card									
Greater than or equal to 780							$ 1,954	$ 2	$ 1,956
720 to 779							1,994	6	2,000
660 to 719							1,957	13	1,970
Less than 660							1,001	35	1,036
No FICO score available or required (b)							104	3	107
Total credit card							$ 7,010	$ 59	$ 7,069
Education									
Greater than or equal to 780	$ 42	$ 53	$ 48	$ 61	$ 51	$ 357			$ 612
720 to 779	39	27	24	30	24	143			287
660 to 719	21	8	8	9	8	59			113
Less than 660	4	1	1	2	2	24			34
No FICO score available or required (b)	20	8	7	3		1			39
Education loans using FICO credit metric	126	97	88	105	85	584			1,085
Other internal credit metrics						1,088			1,088
Total education	$ 126	$ 97	$ 88	$ 105	$ 85	$ 1,672			$ 2,173
Other consumer									
Greater than or equal to 780	$ 224	$ 97	$ 53	$ 46	$ 14	$ 18	$ 47	$ 2	$ 501
720 to 779	302	122	68	62	20	15	89	2	680
660 to 719	229	110	68	66	28	8	95	2	606
Less than 660	32	48	37	40	20	6	44	2	229
Other consumer loans using FICO credit metric	787	377	226	214	82	47	275	8	2,016
Other internal credit metrics	125	43	40	34	7	29	2,720	12	3,010
Total other consumer	$ 912	$ 420	$ 266	$ 248	$ 89	$ 76	$ 2,995	$ 20	$ 5,026

(a) Gross charge-offs are presented on a year-to-date basis, as of the reporting date.

(b) Loans with no FICO score available or required generally refers to new accounts issued to borrowers with limited credit history, accounts for which we cannot obtain an updated FICO score (*e.g.*, recent profile changes), cards issued with a business name and/or cards secured by collateral. Management proactively assesses the risk and size of this loan category and, when necessary, takes actions to mitigate the credit risk.

(c) Includes charge-offs of deposit overdrafts.

Loan Modifications to Borrowers Experiencing Financial Difficulty

On January 1, 2023, we adopted ASU 2022-02, which eliminates the accounting guidance for TDRs and enhances the disclosure requirements for certain loan modifications when a borrower is experiencing financial difficulty (FDMs).

FDMs occur as a result of our loss mitigation activities. A variety of solutions are offered to borrowers, including loan modifications that may result in principal forgiveness, interest rate reductions, term extensions, payment delays, repayment plans or combinations thereof:

- Principal forgiveness includes principal and accrued interest forgiveness.
- Interest rate reductions include modifications where the interest rate is reduced and/or interest is deferred.
- Term extensions extend the original contractual maturity date of the loan.
- Payment delays consist of modifications where we expect to collect contractual amounts due, but that result in a delay in the receipt of payments specified under the original loan terms. We generally consider payment delays to be insignificant when the delay is three months or less.
- Repayment plans are offered for some of our credit card and unsecured line of credit products, which provide for a reduced payment and interest rate for a specific period of time.

Additionally, modifications to borrowers experiencing financial difficulty also result from borrowers that have been discharged from personal liability through Chapter 7 bankruptcy and have not formally reaffirmed their obligations to us, and those that enter into trial modifications.

FDMs exclude loans held for sale and loans accounted for under the fair value option. Our disclosed FDM population also excludes government insured or guaranteed education loans as loss mitigation activities for these loans are either required by law or they are considered separate from PNC's loss mitigation treatments. Commercial loans with an appraised value of collateral that exceeds the loan value, loans with guarantor support, and residential mortgage government insured or guaranteed loans are included in our disclosed population of FDMs when those loan modifications are granted to a borrower experiencing financial difficulty.

Refer to Note 1 Accounting Policies for additional information around our adoption of ASU 2022-02.

The following table presents the amortized cost basis, as of June 30, 2023, of FDMs granted during the three and six months ended June 30, 2023:

Table 46: Loan Modifications Granted to Borrowers Experiencing Financial Difficulty (a)

Three months ended June 30, 2023 Dollars in millions	Principal Forgiveness	Interest Rate Reduction	Term Extension	Payment Delay	Repayment Plan	Interest Rate Reduction and Term Extension	Other (b)	Total	% of Loan Class
Commercial									
Commercial and industrial			$ 366	$ 59			$ 87	$ 512	0.29 %
Commercial real estate			228				60	288	0.80 %
Total commercial			594	59			147	800	0.36 %
Consumer									
Residential real estate		$ 1		35		$ 1	2	39	0.08 %
Home equity				3		2	5	10	0.04 %
Credit card					$ 18			18	0.25 %
Education			1					1	0.05 %
Other consumer					1			1	0.02 %
Total consumer		1	1	38	19	3	7	69	0.07 %
Total		$ 1	$ 595	$ 97	$ 19	$ 3	$ 154	$ 869	0.27 %
Six months ended June 30, 2023 Dollars in millions									
Commercial									
Commercial and industrial	$ 1		$ 432	$ 72			$ 91	$ 596	0.34 %
Commercial real estate			493				60	553	1.54 %
Total commercial	1		925	72			151	1,149	0.52 %
Consumer									
Residential real estate		$ 1		72		$ 2	3	78	0.17 %
Home equity				4		5	6	15	0.06 %
Credit card					$ 30			30	0.42 %
Education			2					2	0.10 %
Other consumer					1			1	0.02 %
Total consumer		1	2	76	31	7	9	126	0.12 %
Total	$ 1	$ 1	$ 927	$ 148	$ 31	$ 7	$ 160	$ 1,275	0.40 %

(a) At June 30, 2023, there were $0.1 billion of unfunded lending related commitments associated with FDMs.

(b) Includes loans where we have received notification that a borrower has filed for Chapter 7 bankruptcy relief, but specific instructions as to the terms of the relief have not been formally ruled upon by the court. Amounts also include trial modifications.

Table 47 presents the financial effect of FDMs granted during the three and six months ended June 30, 2023:

Table 47: Financial Effect of FDMs (a)

Three months ended June 30, 2023 Dollars in millions	Total Principal Forgiveness	Weighted-Average Interest Rate Reduction	Weighted-Average Term Extension (in Months)	Weighted-Average Payment Delay (in Months)
Commercial				
Commercial and industrial			9	10
Commercial real estate			20	
Consumer				
Residential real estate		1.17 %	123	8
Home equity		1.29 %	66	3
Education			19	
Six months ended June 30, 2023 Dollars in millions				
Commercial				
Commercial and industrial	$ 2		10	6
Commercial real estate			17	
Consumer				
Residential real estate		1.34 %	111	8
Home equity		1.41 %	58	4
Education			17	

(a) Excludes the financial effects of modifications for loans that were paid off, charged-off or otherwise liquidated as of period end.

Repayment plans are excluded from Table 47. The terms of these programs, which are offered for certain credit card and unsecured line of credit products, are as follows:

- Short-term programs are granted for periods of 6 and 12 months. These programs are structurally similar such that the interest rate is reduced to a standard rate of 4.99% and the minimum payment percentage is adjusted to 1.90% of the outstanding balance. At the end of the 6 or 12 months, the borrower is returned to the original contractual interest rate and minimum payment amount specified in the original lending agreement.
- Fully-amortized repayment plans are also granted, the most common of which being a 60-month program. In this program, we convert the borrower's drawn and unpaid balances into a fully-amortized repayment plan consisting of an interest rate of 4.99% and a minimum payment amount of 1.90%. This fully-amortized program is designed in a manner that allows the drawn and unpaid amounts to be recaptured at the end of the 60 months.

After we modify a loan, we continue to track its performance under its most recent modified terms. The following table presents the performance, as of June 30, 2023, of FDMs granted during the six months ended June 30, 2023:

Table 48: Delinquency Status of FDMs (a)

Six months ended June 30, 2023 Dollars in millions	Current or Less Than 30 Days Past Due	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Nonperforming Loans	Total
Commercial						
Commercial and industrial	$ 494		$ 4	$ 1	$ 97	$ 596
Commercial real estate	520				33	553
Total commercial	1,014		4	1	130	1,149
Consumer						
Residential real estate	1				77	78
Home equity					15	15
Credit card	20	$ 3	3	4		30
Education	2					2
Other consumer					1	1
Total consumer	23	3	3	4	93	126
Total	$ 1,037	$ 3	$ 7	$ 5	$ 223	$ 1,275

(a) Represents amortized cost basis.

We generally consider FDMs to have subsequently defaulted when they become 60 days past due after the most recent date the loan was modified. Loans that were both (i) modified due to a financial difficulty during the period, and (ii) subsequently defaulted during the three and six months ended June 30, 2023 were $46 million and $48 million, respectively.

Troubled Debt Restructuring Disclosures Prior to the Adoption of ASU 2022-02

Table 49 quantifies the number of loans that were classified as TDRs as well as the change in the loans' balance as a result of becoming a TDR during the three and six months ended June 30, 2022. Additionally, the table provides information about the types of TDR concessions. See Note 1 Accounting Policies and Note 4 Loans and Related Allowance for Credit Losses in our 2022 Form 10-K for additional discussion of TDRs.

Table 49: Financial Impact and TDRs by Concession Type (a)

			Post-TDR Amortized Cost Basis (c)			
During the three months ended June 30, 2022 Dollars in millions	Number of Loans	Pre-TDR Amortized Cost Basis (b)	Principal Forgiveness	Rate Reduction	Other	Total
Commercial	15	$ 35	$ 9		$ 22	$ 31
Consumer	3,025	50		$ 40	5	45
Total TDRs	3,040	$ 85	$ 9	$ 40	$ 27	$ 76
During the six months ended June 30, 2022 Dollars in millions						
Commercial	27	$ 88	$ 9		$ 68	$ 77
Consumer	5,920	86		$ 66	12	78
Total TDRs	5,947	$ 174	$ 9	$ 66	$ 80	$ 155

(a) Impact of partial charge-offs at TDR date is included in this table.
(b) Represents the amortized cost basis of the loans as of the quarter end prior to TDR designation.
(c) Represents the amortized cost basis of the TDRs as of the end of the quarter in which the TDR occurred.

After a loan was determined to be a TDR, we continued to track its performance under its most recent restructured terms. We considered a TDR to have subsequently defaulted when it became 60 days past due after the most recent date the loan was restructured. Loans that were both (i) classified as TDRs within the last twelve months from the balance sheet date, and (ii) subsequently defaulted during the three and six months ended June 30, 2022 totaled $20 million and $27 million, respectively.

Allowance for Credit Losses

We maintain the ACL related to loans at levels that we believe to be appropriate to absorb expected credit losses in the portfolios as of the balance sheet date. See Note 1 Accounting Policies for a discussion of the methodologies used to determine this allowance. A rollforward of the ACL related to loans follows:

Table 50: Rollforward of Allowance for Credit Losses

	Three months ended June 30						Six months ended June 30					
	2023			2022			2023			2022		
In millions	Commercial	Consumer	Total	Commercial	Consumer	Total	Commercial	Consumer	Total	Commercial	Consumer	Total
Allowance for loan and lease losses												
Beginning balance	$ 3,046	$ 1,695	$ 4,741	$ 3,003	$ 1,555	$ 4,558	$ 3,114	$ 1,627	$ 4,741	$ 3,185	$ 1,683	$ 4,868
Adoption of ASU 2022-02 (a)								(35)	(35)			
Beginning balance, adjusted	3,046	1,695	4,741	3,003	1,555	4,558	3,114	1,592	4,706	3,185	1,683	4,868
Charge-offs	(135)	(158)	(293)	(37)	(158)	(195)	(255)	(320)	(575)	(89)	(357)	(446)
Recoveries	36	63	99	19	93	112	61	125	186	53	173	226
Net (charge-offs)	(99)	(95)	(194)	(18)	(65)	(83)	(194)	(195)	(389)	(36)	(184)	(220)
Provision for (recapture of) credit losses	195	(6)	189	(45)	35	(10)	220	198	418	(208)	26	(182)
Other		1	1	(3)		(3)	2		2	(4)		(4)
Ending balance	$ 3,142	$ 1,595	$ 4,737	$ 2,937	$ 1,525	$ 4,462	$ 3,142	$ 1,595	$ 4,737	$ 2,937	$ 1,525	$ 4,462
Allowance for unfunded lending related commitments (b)												
Beginning balance	$ 560	$ 112	$ 672	$ 587	$ 52	$ 639	$ 613	$ 81	$ 694	$ 564	$ 98	$ 662
Provision for (recapture of) credit losses	(5)	(4)	(9)	43	(1)	42	(58)	27	(31)	66	(47)	19
Ending balance	$ 555	$ 108	$ 663	$ 630	$ 51	$ 681	$ 555	$ 108	$ 663	$ 630	$ 51	$ 681
Allowance for credit losses at June 30 (c)	$ 3,697	$ 1,703	$ 5,400	$ 3,567	$ 1,576	$ 5,143	$ 3,697	$ 1,703	$ 5,400	$ 3,567	$ 1,576	$ 5,143

(a) Represents the impact of adopting ASU 2022-02 on January 1, 2023. As a result of adoption, we eliminated the accounting guidance for TDRs, including the use of a discounted cash flow approach to measure the allowance for TDRs.
(b) See Note 8 Commitments for additional information about the underlying commitments related to this allowance.
(c) Represents the ALLL plus allowance for unfunded lending related commitments and excludes allowances for investment securities and other financial assets, which together totaled $171 million and $163 million at June 30, 2023 and 2022, respectively.

The ACL related to loans totaled $5.4 billion at both June 30, 2023 and December 31, 2022. During the six months ended June 30, 2023, reserves reflected our updated economic outlook and changes in portfolio composition and quality.

NOTE 4 LOAN SALE AND SERVICING ACTIVITIES AND VARIABLE INTEREST ENTITIES

Loan Sale and Servicing Activities

As more fully described in Note 5 Loan Sale and Servicing Activities and Variable Interest Entities in our 2022 Form 10-K, we have transferred residential and commercial mortgage loans in securitization or sales transactions in which we have continuing involvement. Our continuing involvement in the FNMA, FHLMC and GNMA securitizations, Non-agency securitizations and loan sale transactions generally consists of servicing, repurchasing previously transferred loans under certain conditions and loss share arrangements, and, in limited circumstances, holding of mortgage-backed securities issued by the securitization SPEs.

We earn servicing and other ancillary fees for our role as servicer and, depending on the contractual terms of the servicing arrangement, we can be terminated as servicer with or without cause. At the consummation date of each type of loan transfer where we retain the servicing, we recognize a servicing right at fair value. See Note 8 Commitments and Note 11 Fair Value for information on our servicing rights, including the carrying value of servicing assets.

The following table provides our loan sale and servicing activities:

Table 51: Loan Sale and Servicing Activities

In millions	Residential Mortgages	Commercial Mortgages (a)
Cash Flows - Three months ended June 30, 2023		
Sales of loans and related securitization activity (b)	$ 655	$ 1,202
Repurchases of previously transferred loans (c)	$ 22	
Servicing fees (d)	$ 127	$ 49
Servicing advances recovered/(funded), net	$ 11	$ (15)
Cash flows on mortgage-backed securities held (e)	$ 695	$ 18
Cash Flows - Three months ended June 30, 2022		
Sales of loans and related securitization activity (b)	$ 1,454	$ 929
Repurchases of previously transferred loans (c)	$ 57	
Servicing fees (d)	$ 91	$ 47
Servicing advances recovered/(funded), net	$ 1	$ (17)
Cash flows on mortgage-backed securities held (e)	$ 1,029	$ 14
Cash Flows - Six months ended June 30, 2023		
Sales of loans and related securitization activity (b)	$ 1,171	$ 2,156
Repurchases of previously transferred loans (c)	$ 51	$ 9
Servicing fees (d)	$ 255	$ 95
Servicing advances recovered/(funded), net	$ 39	$ (64)
Cash flows on mortgage-backed securities held (e)	$ 1,298	$ 30
Cash Flows - Six months ended June 30, 2022		
Sales of loans and related securitization activity (b)	$ 3,348	$ 1,839
Repurchases of previously transferred loans (c)	$ 105	$ 27
Servicing fees (d)	$ 184	$ 89
Servicing advances recovered/(funded), net	$ 33	$ 4
Cash flows on mortgage-backed securities held (e)	$ 2,325	$ 28

(a) Represents both commercial mortgage loan transfer and servicing activities.
(b) Gains/losses recognized on sales of loans were insignificant for the periods presented.
(c) Includes both residential and commercial mortgage government insured or guaranteed loans eligible for repurchase through the exercise of our ROAP option, as well as residential mortgage loans repurchased due to alleged breaches of origination covenants or representations and warranties made to purchasers.
(d) Includes contractually specified servicing fees, late charges and ancillary fees.
(e) Represents cash flows on securities where we transferred to and/or service loans for a securitization SPE and we hold securities issued by that SPE. The carrying values of such securities held were $21.2 billion, $21.4 billion and $19.1 billion in residential mortgage-backed securities and $0.7 billion, $0.7 billion and $0.8 billion in commercial mortgage-backed securities at June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

Table 52 presents information about the principal balances of transferred loans that we service and are not recorded on our Consolidated Balance Sheet. We would only experience a loss on these transferred loans if we were required to repurchase a loan, where the repurchase price exceeded the loan's fair value, due to a breach in representations and warranties or a loss sharing arrangement associated with our continuing involvement with these loans. The estimate of losses related to breaches in representations and warranties was insignificant at June 30, 2023.

Table 52: Principal Balance, Delinquent Loans and Net Charge-offs Related to Serviced Loans For Others

In millions	Residential Mortgages	Commercial Mortgages (a)
June 30, 2023		
Total principal balance	$ 39,893	$ 39,306
Delinquent loans (b)	$ 317	
December 31, 2022		
Total principal balance	$ 41,031	$ 57,974
Delinquent loans (b)	$ 346	
Three months ended June 30, 2022 (c)		
Net charge-offs (d)	$ 1	$ 3
Six months ended June 30, 2023		
Net charge-offs (d)	$ 2	$ 4
Six months ended June 30, 2022		
Net charge-offs (d)	$ 2	$ 3

(a) Represents information at the securitization level in which we have sold loans and we are the servicer for the securitization.
(b) Serviced delinquent loans are 90 days or more past due or are in process of foreclosure.
(c) There were no net charge-offs for Residential or Commercial mortgages for the three months ended June 30, 2023.
(d) Net charge-offs for Residential mortgages represent credit losses less recoveries distributed and as reported to investors during the period. Net charge-offs for commercial mortgages represent credit losses less recoveries distributed and as reported by the trustee for commercial mortgage-backed securitizations. Realized losses for Agency securitizations are not reflected as we do not manage the underlying real estate upon foreclosure and, as such, do not have access to loss information.

Variable Interest Entities (VIEs)

As discussed in Note 5 Loan Sale and Servicing Activities and Variable Interest Entities included in our 2022 Form 10-K, we are involved with various entities in the normal course of business that are deemed to be VIEs.

The following table provides a summary of non-consolidated VIEs with which we have significant continuing involvement but are not the primary beneficiary. We have excluded certain transactions with non-consolidated VIEs from the balances presented in Table 53 where we have determined that our continuing involvement is insignificant. We do not consider our continuing involvement to be significant when it relates to a VIE where we only invest in securities issued by the VIE and were not involved in the design of the VIE or where no transfers have occurred between us and the VIE. In addition, where we only have lending arrangements in the normal course of business with entities that could be VIEs, we have excluded these transactions with non-consolidated entities from the balances presented in Table 53. These loans are included as part of the credit quality disclosures that we make in Note 3 Loans and Related Allowance for Credit Losses.

Table 53: Non-Consolidated VIEs

In millions	PNC Risk of Loss (a)	Carrying Value of Assets Owned by PNC	Carrying Value of Liabilities Owned by PNC
June 30, 2023			
Mortgage-backed securitizations (b)	$ 22,732	$ 22,735 (c)	$ 1
Tax credit investments and other	4,424	4,263 (d)	2,047 (e)
Total	$ 27,156	$ 26,998	$ 2,048
December 31, 2022			
Mortgage-backed securitizations (b)	$ 22,666	$ 22,670 (c)	$ 1
Tax credit investments and other	4,411	4,240 (d)	2,063 (e)
Total	$ 27,077	$ 26,910	$ 2,064

(a) Represents loans, investments and other assets related to non-consolidated VIEs, net of collateral (if applicable). The risk of loss excludes any potential tax recapture associated with tax credit investments.
(b) Amounts reflect involvement with securitization SPEs where we transferred to and/or service loans for an SPE and we hold securities issued by that SPE. Values disclosed in the PNC Risk of Loss column represent our maximum exposure to loss for those securities' holdings.
(c) Included in Investment securities, Mortgage servicing rights and Other assets on our Consolidated Balance Sheet.
(d) Included in Investment securities, Loans, Equity investments and Other assets on our Consolidated Balance Sheet.
(e) Included in Deposits and Other liabilities on our Consolidated Balance Sheet.

We make certain equity investments in various tax credit limited partnerships or LLCs. The purpose of these investments is to achieve a satisfactory return on capital and to assist us in achieving goals associated with the Community Reinvestment Act. Within Income taxes, during the six months ended June 30, 2023, we recognized $0.2 billion of amortization, $0.2 billion of tax credits and less than $0.1 billion of other tax benefits associated with qualified investments in LIHTCs. During the six months ended June 30, 2022, we recognized less than $0.1 billion of amortization, tax credits and other tax benefits associated with qualified investments in LIHTCs.

Note 5 Goodwill and Mortgage Servicing Rights

Goodwill

See Note 6 Goodwill and Mortgage Servicing Rights in our 2022 Form 10-K for more information regarding our goodwill.

Mortgage Servicing Rights

We recognize the right to service mortgage loans for others as an intangible asset when the benefits of servicing are expected to be more than adequate compensation to a servicer for performing the servicing. MSRs are recognized either when purchased or when originated loans are sold with servicing retained. MSRs totaled $3.5 billion at June 30, 2023 and $3.4 billion at December 31, 2022, and consisted of loan servicing contracts for commercial and residential mortgages which are measured at fair value.

We recognize gains (losses) on changes in the fair value of MSRs. MSRs are subject to changes in value from actual or expected prepayment of the underlying loans and defaults, as well as market driven changes in interest rates. We manage this risk by economically hedging the fair value of MSRs with securities, derivative instruments and resale agreements, which are expected to increase (or decrease) in value when the value of MSRs decreases (or increases).

See the Sensitivity Analysis section of this Note 5 for more detail on our fair value measurement of MSRs. See Note 6 Goodwill and Mortgage Servicing Rights and Note 15 Fair Value in our 2022 Form 10-K for more detail on our fair value measurement and our accounting of MSRs.

Changes in the commercial and residential MSRs follow:

Table 54: Mortgage Servicing Rights

	Commercial MSRs		Residential MSRs	
In millions	2023	2022	2023	2022
January 1	$ 1,113	$ 740	$ 2,310	$ 1,078
Additions:				
From loans sold with servicing retained	32	35	10	38
Purchases	17	25	109	257
Changes in fair value due to:				
Time and payoffs (a)	(164)	(74)	(113)	(123)
Other (b)	108	262	33	370
June 30	$ 1,106	$ 988	$ 2,349	$ 1,620
Related unpaid principal balance of loans serviced at June 30	$ 280,023	$ 281,671	$ 191,274	$ 144,533
Servicing advances at June 30	$ 485	$ 459	$ 126	$ 143

(a) Represents decrease in MSR value due to passage of time, including the impact from regularly scheduled loan principal payments, prepayments and loans that were paid off during the period.
(b) Represents MSR value changes resulting primarily from market-driven changes in interest rates.

Sensitivity Analysis

The fair value of commercial and residential MSRs and significant inputs to the valuation models as of June 30, 2023 and December 31, 2022 are shown in Tables 55 and 56. The expected and actual rates of mortgage loan prepayments are significant factors driving the fair value. Management uses both internal proprietary models and a third-party model to estimate future commercial mortgage loan prepayments and a third-party model to estimate future residential mortgage loan prepayments. These models have been refined based on current market conditions and management judgment. Future interest rates are another important factor in the valuation of MSRs. Management utilizes market implied forward interest rates to estimate the future direction of mortgage and discount rates. The forward rates utilized are derived from the current yield curve for U.S. dollar interest rate swaps and are consistent with pricing of capital markets instruments. Changes in the shape and slope of the forward curve in future periods may result in volatility in the fair value estimate.

A sensitivity analysis of the hypothetical effect on the fair value of MSRs to adverse changes in key assumptions is presented in Tables 55 and 56. These sensitivities do not include the impact of the related hedging activities. Changes in fair value generally cannot be extrapolated because the relationship of the change in the assumption to the change in fair value may not be linear. Also, the effect of a variation in a particular assumption on the fair value of the MSRs is calculated independently without changing any other assumption. In reality, changes in one factor may result in changes in another (*e.g.*, changes in mortgage interest rates, which drive changes in prepayment rate estimates, could result in changes in the interest rate spread), which could either magnify or counteract the sensitivities.

The following tables set forth the fair value of commercial and residential MSRs and the sensitivity analysis of the hypothetical effect on the fair value of MSRs to immediate adverse changes of 10% and 20% in those assumptions:

Table 55: Commercial Mortgage Servicing Rights – Key Valuation Assumptions

Dollars in millions	June 30, 2023	December 31, 2022
Fair value	$ 1,106	$ 1,113
Weighted-average life (years)	3.9	4.0
Weighted-average constant prepayment rate	4.38 %	4.28 %
Decline in fair value from 10% adverse change	$ 7	$ 8
Decline in fair value from 20% adverse change	$ 14	$ 15
Effective discount rate	9.89 %	9.77 %
Decline in fair value from 10% adverse change	$ 33	$ 34
Decline in fair value from 20% adverse change	$ 65	$ 68

Table 56: Residential Mortgage Servicing Rights – Key Valuation Assumptions

Dollars in millions	June 30, 2023	December 31, 2022
Fair value	$ 2,349	$ 2,310
Weighted-average life (years)	7.8	8.0
Weighted-average constant prepayment rate	6.91 %	6.72 %
Decline in fair value from 10% adverse change	$ 56	$ 55
Decline in fair value from 20% adverse change	$ 108	$ 107
Weighted-average option adjusted spread	767 bps	766 bps
Decline in fair value from 10% adverse change	$ 69	$ 69
Decline in fair value from 20% adverse change	$ 135	$ 134

Fees from mortgage loan servicing, which include contractually specified servicing fees, late fees and ancillary fees were $0.2 billion for both the three months ended June 30, 2023 and 2022, and $0.4 billion and $0.3 billion for the six months ended June 30, 2023 and 2022, respectively. We also generate servicing fees from fee-based activities provided to others for which we do not have an associated servicing asset. Fees from commercial and residential MSRs are reported within Noninterest income on our Consolidated Income Statement in Residential and commercial mortgage.

NOTE 6 LEASES

PNC's lessor arrangements primarily consist of direct financing, sales-type and operating leases for equipment. Lease agreements may include options to renew and for the lessee to purchase the leased equipment at the end of the lease term. For more information on lease accounting, see Note 1 Accounting Policies and Note 7 Leases in our 2022 Form 10-K.

Table 57: Lessor Income

	Three months ended June 30		Six months ended June 30	
In millions	2023	2022	2023	2022
Sales-type and direct financing leases (a)	$ 73	$ 57	$ 143	$ 116
Operating leases (b)	15	16	31	33
Lease income	$ 88	$ 73	$ 174	$ 149

(a) Included in Loans interest income on the Consolidated Income Statement.
(b) Included in Lending and deposit services on the Consolidated Income Statement.

NOTE 7 BORROWED FUNDS

The following table shows the carrying value of total borrowed funds at June 30, 2023 (including adjustments related to accounting hedges, purchase accounting and unamortized original issuance discounts) by remaining contractual maturity:

Table 58: Borrowed Funds

In millions	
Less than 1 year	$ 7,487
1 to 2 years	26,319
2 to 3 years	11,611
3 to 4 years	3,492
4 to 5 years	1,805
Over 5 years	14,670
Total	$ 65,384

The following table presents the contractual rates and maturity dates of our FHLB borrowings, senior debt and subordinated debt as of June 30, 2023, and the carrying values as of June 30, 2023 and December 31, 2022.

Table 59: FHLB Borrowings, Senior Debt and Subordinated Debt

	Stated Rate	Maturity	Carrying Value	
Dollars in millions	June 30, 2023	June 30, 2023	June 30, 2023	December 31, 2022
Parent Company				
Senior debt	1.15% - 6.04%	2024-2034	$ 17,480	$ 11,374
Subordinated debt	3.90% - 4.63%	2024-2033	1,526	1,524
Junior subordinated debt	6.07 %	2028	206	205
Total Parent Company			19,212	13,103
Bank				
Federal Home Loan Bank borrowings (a)	5.25% - 5.48%	2024-2026	34,000	32,075
Senior debt	2.50% - 5.88%	2024-2043	4,525	5,283
Subordinated debt	2.70% - 5.90%	2023-2029	3,816	4,578
Total Bank			42,341	41,936
Total			$ 61,553	$ 55,039

(a) FHLB borrowings are generally collateralized by residential mortgage loans, other mortgage-related loans and investment securities.

In Table 59, the carrying values for Parent Company senior and subordinated debt include basis adjustments of $(869) million and $(70) million, respectively, whereas Bank senior and subordinated debt include basis adjustments of $(249) million and $(229) million, respectively, related to fair value accounting hedges as of June 30, 2023.

Certain borrowings are reported at fair value. Refer to Note 11 Fair Value for more information on those borrowings.

For further information regarding junior subordinated debentures, refer to Note 10 Borrowed Funds in our 2022 Form 10-K.

NOTE 8 COMMITMENTS

In the normal course of business, we have various commitments outstanding, certain of which are not included on our Consolidated Balance Sheet. The following table presents our outstanding commitments to extend credit along with other commitments as of June 30, 2023 and December 31, 2022, respectively.

Table 60: Commitments to Extend Credit and Other Commitments

In millions	June 30, 2023	December 31, 2022
Commitments to extend credit		
Commercial	$ 196,185	$ 198,542
Home equity	23,939	22,783
Credit card	33,932	33,066
Other	7,849	7,337
Total commitments to extend credit	261,905	261,728
Net outstanding standby letters of credit (a)	10,157	10,575
Standby bond purchase agreements (b)	1,184	1,208
Other commitments (c)	3,322	3,661
Total commitments to extend credit and other commitments	$ 276,568	$ 277,172

(a) Net outstanding standby letters of credit include $3.4 billion and $3.6 billion at June 30, 2023 and December 31, 2022, respectively, which support remarketing programs.
(b) We enter into standby bond purchase agreements to support municipal bond obligations.
(c) Includes $2.1 billion and $2.2 billion related to investments in qualified affordable housing projects at June 30, 2023 and December 31, 2022, respectively.

Commitments to Extend Credit

Commitments to extend credit, or net unfunded loan commitments, represent arrangements to lend funds or provide liquidity subject to specified contractual conditions. These commitments generally have fixed expiration dates, may require payment of a fee and generally contain termination clauses in the event the customer's credit quality deteriorates.

Net Outstanding Standby Letters of Credit

We issue standby letters of credit and share in the risk of standby letters of credit issued by other financial institutions, in each case to support obligations of our customers to third parties, such as insurance requirements and the facilitation of transactions involving capital markets product execution. Approximately 98% of our net outstanding standby letters of credit were rated as Pass at June 30, 2023, with the remainder rated as Criticized. An internal credit rating of Pass indicates the expected risk of loss is currently low, while a rating of Criticized indicates a higher degree of risk.

If the customer fails to meet its financial or performance obligation to the third party under the terms of the contract or there is a need to support a remarketing program, then upon a draw by a beneficiary, subject to the terms of the letter of credit, we would be obligated to make payment to them. The standby letters of credit outstanding on June 30, 2023 had terms ranging from less than one year to eight years.

As of June 30, 2023, assets of $1.2 billion secured certain specifically identified standby letters of credit. In addition, a portion of the remaining standby letters of credit issued on behalf of specific customers is secured by collateral or guarantees that secure the customers' other obligations to us. The carrying amount of the liability for our obligations related to standby letters of credit and participations in standby letters of credit was $0.2 billion at June 30, 2023 and is included in Other liabilities on our Consolidated Balance Sheet.

NOTE 9 TOTAL EQUITY AND OTHER COMPREHENSIVE INCOME

Activity in total equity for the three months ended June 30, 2023 and 2022 is as follows:

Table 61: Rollforward of Total Equity

		Shareholders' Equity							
In millions	Shares Outstanding Common Stock	Common Stock	Capital Surplus - Preferred Stock	Capital Surplus - Common Stock and Other	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Non-controlling Interests	Total Equity
<u>Three months ended</u>									
Balance at March 31, 2022 (a)	415	$ 2,713	$ 5,011	$ 12,476	$ 51,058	$ (5,731)	$ (16,346)	$ 35	$ 49,216
Net income					1,481			15	1,496
Other comprehensive income (loss), net of tax						(2,627)			(2,627)
Cash dividends declared - Common					(626)				(626)
Cash dividends declared - Preferred					(71)				(71)
Preferred stock discount accretion			1		(1)				
Preferred stock issuance (b)			992						992
Common Stock activity		1		14					15
Treasury stock activity	(4)			5			(730)		(725)
Other				32				(14)	18
Balance at June 30, 2022 (a)	411	$ 2,714	$ 6,004	$ 12,527	$ 51,841	$ (8,358)	$ (17,076)	$ 36	$ 47,688
Balance at March 31, 2023 (a)	399	$ 2,714	$ 7,235	$ 12,629	$ 54,598	$ (9,108)	$ (19,024)	$ 30	$ 49,074
Net income					1,483			17	1,500
Other comprehensive income (loss), net of tax						(417)			(417)
Cash dividends declared - Common					(606)				(606)
Cash dividends declared - Preferred					(127)				(127)
Preferred stock discount accretion			2		(2)				
Common stock activity		1		16					17
Treasury stock activity	(1)			3			(126)		(123)
Other				49				(21)	28
Balance at June 30, 2023 (a)	398	$ 2,715	$ 7,237	$ 12,697	$ 55,346	$ (9,525)	$ (19,150)	$ 26	$ 49,346
<u>Six months ended</u>									
Balance at December 31, 2021 (a)	420	$ 2,713	$ 5,009	$ 12,448	$ 50,228	$ 409	$ (15,112)	$ 31	$ 55,726
Net income					2,889			36	2,925
Other comprehensive income (loss), net of tax						(8,767)			(8,767)
Cash dividends declared - Common					(1,157)				(1,157)
Cash dividends declared - Preferred					(116)				(116)
Preferred stock discount accretion			3		(3)				
Preferred stock issuance (b)			992						992
Common stock activity		1		14					15
Treasury stock activity	(9)			50			(1,964)		(1,914)
Other				15				(31)	(16)
Balance at June 30, 2022 (a)	411	$ 2,714	$ 6,004	$ 12,527	$ 51,841	$ (8,358)	$ (17,076)	$ 36	$ 47,688
Balance at December 31, 2022 (a)	401	$ 2,714	$ 5,746	$ 12,630	$ 53,572	$ (10,172)	$ (18,716)	$ 38	$ 45,812
Cumulative effect of ASU adoptions (c)					26				26
Balance at January 1, 2023 (a)	401	$ 2,714	$ 5,746	$ 12,630	$ 53,598	$ (10,172)	$ (18,716)	$ 38	$ 45,838
Net income					3,160			34	3,194
Other comprehensive income (loss), net of tax						647			647
Cash dividends declared - Common					(1,213)				(1,213)
Cash dividends declared - Preferred					(195)				(195)
Preferred stock discount accretion			4		(4)				
Preferred stock issuance (d)			1,487						1,487
Common stock activity		1		16					17
Treasury stock activity	(3)			73			(434)		(361)
Other				(22)				(46)	(68)
Balance at June 30, 2023 (a)	398	$ 2,715	$ 7,237	$ 12,697	$ 55,346	$ (9,525)	$ (19,150)	$ 26	$ 49,346

(a) The par value of our preferred stock outstanding was less than $0.5 million at each date and, therefore, is excluded from this presentation.
(b) On April 26, 2022, PNC issued 1,000,000 depositary shares each representing 1/100th ownership in a share of 6.000% fixed-rate reset non-cumulative perpetual preferred stock, Series U, with a par value of $1 per share.
(c) Represents the cumulative effect of adopting ASU 2022-02.
(d) On February 7, 2023, PNC issued 1,500,000 depositary shares each representing 1/100th ownership in a share of 6.250% fixed-rate reset non-cumulative perpetual preferred stock, Series W, with a par value of $1 per share.

Details of other comprehensive income (loss) are as follows:

Table 62: Other Comprehensive Income (Loss)

	Three months ended June 30						Six months ended June 30					
	2023			2022			2023			2022		
In millions	Pre-tax	Tax effect	After-tax	Pre-tax	Tax effect	After-tax	Pre-tax	Tax effect	After-tax	Pre-tax	Tax effect	After-tax
Debt securities												
Net unrealized gains (losses) on securities	$ (476)	$ 112	$ (364)	$(2,929)	$ 690	$ (2,239)	$ 178	$ (42)	$ 136	$ (9,247)	$2,179	$ (7,068)
Less: Net realized gains (losses) reclassified to earnings (a)	(235)	55	(180)	(214)	50	(164)	(450)	106	(344)	(217)	51	(166)
Net change	(241)	57	(184)	(2,715)	640	(2,075)	628	(148)	480	(9,030)	2,128	(6,902)
Cash flow hedge derivatives												
Net unrealized gains (losses) on cash flow hedge derivatives	(689)	162	(527)	(676)	159	(517)	(492)	116	(376)	(2,332)	549	(1,783)
Less: Net realized gains (losses) reclassified to earnings (a)	(373)	88	(285)	25	(6)	19	(703)	166	(537)	127	(30)	97
Net change	(316)	74	(242)	(701)	165	(536)	211	(50)	161	(2,459)	579	(1,880)
Pension and other postretirement benefit plan adjustments												
Net pension and other postretirement benefit plan activity and other reclassified to earnings (b)	6	(1)	5	8	(2)	6	(4)	1	(3)	62	(15)	47
Net change	6	(1)	5	8	(2)	6	(4)	1	(3)	62	(15)	47
Other												
Net unrealized gains (losses) on other transactions	3	1	4	(4)	(18)	(22)	7	2	9	(7)	(25)	(32)
Net change	3	1	4	(4)	(18)	(22)	7	2	9	(7)	(25)	(32)
Total other comprehensive income (loss)	$ (548)	$ 131	$ (417)	$(3,412)	$ 785	$ (2,627)	$ 842	$ (195)	$ 647	$ (11,434)	$2,667	$ (8,767)

(a) Reclassifications for pre-tax debt securities and cash flow hedges are recorded in Interest income and Noninterest income on the Consolidated Income Statement.
(b) Reclassifications include amortization of actuarial losses (gains) and amortization of prior period services costs (credits) which are recorded in Noninterest expense on the Consolidated Income Statement.

Table 63: Accumulated Other Comprehensive Income (Loss) Components

In millions, after-tax	Debt securities	Cash flow hedge derivatives	Pension and other postretirement benefit plan adjustments	Other	Total
Three months ended					
Balance at March 31, 2022	$ (4,238)	$ (1,545)	$ 68	$ (16)	$ (5,731)
Net activity	(2,075)	(536)	6	(22)	(2,627)
Balance at June 30, 2022 (a)	$ (6,313)	$ (2,081)	$ 74	$ (38)	$ (8,358)
Balance at March 31, 2023	$ (6,500)	$ (2,302)	$ (259)	$ (47)	$ (9,108)
Net activity	(184)	(242)	5	4	(417)
Balance at June 30, 2023 (a)	$ (6,684)	$ (2,544)	$ (254)	$ (43)	$ (9,525)
Six months ended					
Balance at December 31, 2021	$ 589	$ (201)	$ 27	$ (6)	$ 409
Net activity	(6,902)	(1,880)	47	(32)	(8,767)
Balance at June 30, 2022 (a)	$ (6,313)	$ (2,081)	$ 74	$ (38)	$ (8,358)
Balance at December 31, 2022	$ (7,164)	$ (2,705)	$ (251)	$ (52)	$(10,172)
Net activity	480	161	(3)	9	647
Balance at June 30, 2023 (a)	$ (6,684)	$ (2,544)	$ (254)	$ (43)	$ (9,525)

(a) AOCI included pretax losses of $301 million and $141 million from derivatives that hedged the purchase of investment securities classified as held to maturity at June 30, 2023 and June 30, 2022, respectively.

The following table provides the dividends per share for PNC's common and preferred stock:

Table 64: Dividends Per Share (a)

	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Common Stock	$ 1.50	$ 1.50	$ 3.00	$ 2.75
Preferred Stock				
Series B	$ 0.45	$ 0.45	$ 0.90	$ 0.90
Series O	$ 2,100	$ 987	$ 4,174	$ 1,961
Series P		$ 1,532		$ 3,063
Series R	$ 2,425	$ 2,425	$ 2,425	$ 2,425
Series S	$ 2,500	$ 2,500	$ 2,500	$ 2,500
Series T	$ 850	$ 850	$ 1,700	$ 1,700
Series U	$ 1,500		$ 3,000	
Series V	$ 1,550		$ 3,100	
Series W	$ 2,222		$ 2,222	

(a) Dividends are payable quarterly other than Series R and S preferred stock, which are payable semiannually.

On July 3, 2023, the PNC Board of Directors raised the quarterly cash dividend on common stock to $1.55 per share, an increase of 5 cents per share. The dividend, with a payment date of August 5, 2023, will be payable the next business day.

NOTE 10 EARNINGS PER SHARE

Table 65: Basic and Diluted Earnings Per Common Share

	Three months ended June 30		Six months ended June 30	
In millions, except per share data	2023	2022	2023	2022
Basic				
Net income	$ 1,500	$ 1,496	$ 3,194	$ 2,925
Less:				
Net income attributable to noncontrolling interests	17	15	34	36
Preferred stock dividends	127	71	195	116
Preferred stock discount accretion and redemptions	2	1	4	3
Net income attributable to common shareholders	1,354	1,409	2,961	2,770
Less: Dividends and undistributed earnings allocated to nonvested restricted shares	7	7	15	13
Net income attributable to basic common shareholders	$ 1,347	$ 1,402	$ 2,946	$ 2,757
Basic weighted-average common shares outstanding	401	414	401	417
Basic earnings per common share (a)	$ 3.36	$ 3.39	$ 7.35	$ 6.62
Diluted				
Net income attributable to diluted common shareholders	$ 1,347	$ 1,402	$ 2,946	$ 2,757
Basic weighted-average common shares outstanding	401	414	401	417
Dilutive potential common shares				
Diluted weighted-average common shares outstanding	401	414	401	417
Diluted earnings per common share (a)	$ 3.36	$ 3.39	$ 7.34	$ 6.61

(a) Basic and diluted earnings per share under the two-class method are determined on net income reported on the income statement less earnings allocated to nonvested restricted shares and restricted share units with nonforfeitable dividends and dividend rights (participating securities).

NOTE 11 FAIR VALUE

Fair Value Measurement

We measure certain financial assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability on the measurement date and is determined using an exit price in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. The fair value hierarchy established by GAAP requires us to maximize the use of observable inputs when measuring fair value. For more information regarding the fair value hierarchy, see Note 15 Fair Value in our 2022 Form 10-K.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

For more information on the valuation methodologies used to measure assets and liabilities at fair value on a recurring basis, see Note 15 Fair Value in our 2022 Form 10-K. The following table summarizes our assets and liabilities measured at fair value on a recurring basis, including instruments for which we have elected the fair value option.

Table 66: Fair Value Measurements – Recurring Basis Summary

	June 30, 2023				December 31, 2022			
In millions	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value
Assets								
Residential mortgage loans held for sale		$ 495	$ 191	$ 686		$ 411	$ 243	$ 654
Commercial mortgage loans held for sale		39	25	64		243	33	276
Securities available for sale								
U.S. Treasury and government agencies	$ 6,874	236		7,110	$ 8,108	262		8,370
Residential mortgage-backed								
Agency		27,655		27,655		28,823		28,823
Non-agency			768	768			819	819
Commercial mortgage-backed								
Agency		1,593		1,593		1,675		1,675
Non-agency		944	3	947		1,253	3	1,256
Asset-backed		817	117	934		5	124	129
Other		2,726	54	2,780		3,032	55	3,087
Total securities available for sale	6,874	33,971	942	41,787	8,108	35,050	1,001	44,159
Loans		514	745	1,259		541	769	1,310
Equity investments (a)	807		1,623	2,610	1,173		1,778	3,147
Residential mortgage servicing rights			2,349	2,349			2,310	2,310
Commercial mortgage servicing rights			1,106	1,106			1,113	1,113
Trading securities (b)	570	1,999		2,569	798	1,168		1,966
Financial derivatives (b) (c)	2	3,212	6	3,220	16	3,747	5	3,768
Other assets	387	65		452	352	80		432
Total assets (d)	$ 8,640	$ 40,295	$ 6,987	$ 56,102	$ 10,447	$ 41,240	$ 7,252	$ 59,135
Liabilities								
Other borrowed funds	$ 1,139	$ 100	$ 5	$ 1,244	$ 1,230	$ 232	$ 4	$ 1,466
Financial derivatives (c) (e)	1	6,862	140	7,003	4	7,491	123	7,618
Other liabilities			239	239			294	294
Total liabilities (f)	$ 1,140	$ 6,962	$ 384	$ 8,486	$ 1,234	$ 7,723	$ 421	$ 9,378

(a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.
(b) Included in Other assets on the Consolidated Balance Sheet.
(c) Amounts at June 30, 2023 and December 31, 2022 are presented gross and are not reduced by the impact of legally enforceable master netting agreements that allow us to net positive and negative positions and cash collateral held or placed with the same counterparty. See Note 12 Financial Derivatives for additional information related to derivative offsetting.
(d) Total assets at fair value as a percentage of total consolidated assets was 10% and 11% as of June 30, 2023 and December 31, 2022, respectively. Level 3 assets as a percentage of total assets at fair value was 12% at both June 30, 2023 and December 31, 2022. Level 3 assets as a percentage of total consolidated assets was 1% at both June 30, 2023 and December 31, 2022.
(e) Included in Other liabilities on the Consolidated Balance Sheet.
(f) Total liabilities at fair value as a percentage of total consolidated liabilities was 2% at both June 30, 2023 and December 31, 2022. Level 3 liabilities as a percentage of total liabilities at fair value was 5% and 4% at June 30, 2023 and December 31, 2022, respectively. Level 3 liabilities as a percentage of total consolidated liabilities was less than 1% at both June 30, 2023 and December 31, 2022.

Reconciliations of assets and liabilities measured at fair value on a recurring basis using Level 3 inputs for the three and six months ended June 30, 2023 and 2022 are as follows:

Table 67: Reconciliation of Level 3 Assets and Liabilities

Three Months Ended June 30, 2023

Level 3 Instruments Only In millions	Fair Value Mar. 31, 2023	Total realized / unrealized gains or losses for the period (a) Included in Earnings	Included in Other comprehensive income (b)	Purchases	Sales	Issuances	Settlements	Transfers into Level 3	Transfers out of Level 3	Fair Value June 30, 2023	Unrealized gains / losses for the period on assets and liabilities held on Consolidated Balance Sheet at June 30, 2023 (a) (c)
Assets											
Residential mortgage loans held for sale	$ 242	$ (4)		$ 3	$ (41)		$ (2)		$ (7) (e)	$ 191	$ (3)
Commercial mortgage loans held for sale	32	1					(8)			25	
Securities available for sale											
Residential mortgage-backed non-agency	787	4	$ 14				(37)			768	
Commercial mortgage-backed non-agency	3									3	
Asset-backed	121	1	(1)				(4)			117	
Other	53			3			(2)			54	
Total securities available for sale	964	5	13	3			(43)			942	
Loans	757	3		11	(1)		(28)	$ 8	(5) (e)	745	3
Equity investments	1,835	24		92	(328)					1,623	2
Residential mortgage servicing rights	2,232	81		91		$ 5	(60)			2,349	80
Commercial mortgage servicing rights	1,061	99		9		19	(82)			1,106	100
Financial derivatives	19	(10)		2			(5)			6	4
Total assets	$ 7,142	$ 199	$ 13	$ 211	$(370)	$ 24	$ (228)	$ 8	$ (12)	$6,987	$ 186
Liabilities											
Other borrowed funds	$ 5					$ 3	$ (3)			$ 5	
Financial derivatives	97	$ 79			$ 1		(37)			140	$ 80
Other liabilities	229	31				89	(110)			239	21
Total liabilities	$ 331	$ 110			$ 1	$ 92	$ (150)			$ 384	$ 101
Net gains (losses)		$ 89 (f)									$ 85 (g)

(Continued from previous page)

Three Months Ended June 30, 2022

Level 3 Instruments Only In millions	Fair Value Mar. 31, 2022	Total realized / unrealized gains or losses for the period (a) Included in Earnings	 Included in Other comprehensive income (b)	Purchases	Sales	Issuances	Settlements	Transfers into Level 3	Transfers out of Level 3	Fair Value June 30, 2022	Unrealized gains/losses on assets and liabilities held on Consolidated Balance Sheet at June 30, 2022 (a) (c)
Assets											
Residential mortgage loans held for sale	$ 108	$ (1)		$ 8	$ (30)		$ (4)	$ 9	$ (7) (e)	$ 83	$ (1)
Commercial mortgage loans held for sale	45						(7)			38	
Securities available for sale											
Residential mortgage-backed non-agency	1,019	7	$ (43)				(58)			925	
Commercial mortgage-backed non-agency	3									3	
Asset-backed	152	1	(9)				(6)			138	
Other	66		(1)	2						67	
Total securities available for sale	1,240	8	(53)	2			(64)			1,133	
Loans	851	10		7	(1)		(48)		(15) (e)	804	9
Equity investments	1,751	92		87	(63)					1,867	94
Residential mortgage servicing rights	1,322	163		181		$ 17	(63)			1,620	163
Commercial mortgage servicing rights	886	111		17		14	(40)			988	111
Financial derivatives	10	7		2			(6)			13	13
Total assets	$ 6,213	$ 390	$ (53)	$ 304	$ (94)	$ 31	$ (232)	$ 9	$ (22)	$ 6,546	$ 389
Liabilities											
Other borrowed funds	$ 3					$ 2	$ (2)			$ 3	
Financial derivatives	234	$ 18			$ 3		(42)			213	$ 19
Other liabilities	158	14				171	(161)			182	10
Total liabilities	$ 395	$ 32			$ 3	$ 173	$ (205)			$ 398	$ 29
Net gains (losses)		$ 358 (f)									$ 360 (g)

(Continued from previous page)

Six Months Ended June 30, 2023

Level 3 Instruments Only In millions	Fair Value Dec. 31, 2022	Total realized / unrealized gains or losses for the period (a) Included in Earnings	 Included in Other comprehensive income (b)	Purchases	Sales	Issuances	Settlements	Transfers into Level 3	Transfers out of Level 3	Fair Value June 30, 2023	Unrealized gains / losses for the period on assets and liabilities held on Consolidated Balance Sheet at June 30, 2023 (a) (c)
Assets											
Residential mortgage loans held for sale	$ 243			$ 9	$ (42)		$ (7)	$ 3	$ (15) (e)	$ 191	$ 1
Commercial mortgage loans held for sale	33						(8)			25	
Securities available for sale											
Residential mortgage-backed non-agency	819	$ 8	$ 4				(63)			768	
Commercial mortgage-backed non-agency	3									3	
Asset-backed	124	1					(8)			117	
Other	55		(4)	3			(3)	3		54	
Total securities available for sale	1,001	9		3			(74)	3		942	
Loans	769	6		20	(1)		(50)	15	(14) (e)	745	6
Equity investments	1,778	145		232	(398)				(134) (d)	1,623	119
Residential mortgage servicing rights	2,310	33		109		$ 10	(113)			2,349	33
Commercial mortgage servicing rights	1,113	108		17		32	(164)			1,106	108
Financial derivatives	5	7		3			(9)			6	10
Total assets	$ 7,252	$ 308		$ 393	$ (441)	$ 42	$ (425)	$ 21	$ (163)	$ 6,987	$ 277
Liabilities											
Other borrowed funds	$ 4					$ 6	$ (5)			$ 5	
Financial derivatives	123	$ 118			$ 3		(104)			140	$ 122
Other liabilities	294	55				107	(217)			239	42
Total liabilities	$ 421	$ 173			$ 3	$ 113	$ (326)			$ 384	$ 164
Net gains (losses)		$ 135 (f)									$ 113 (g)

(Continued from previous page)

Six Months Ended June 30, 2022

Level 3 Instruments Only In millions	Fair Value Dec. 31, 2021	Total realized / unrealized gains or losses for the period (a)		Purchases	Sales	Issuances	Settlements	Transfers into Level 3	Transfers out of Level 3	Fair Value June 30, 2022	Unrealized gains / losses for the period on assets and liabilities held on Consolidated Balance Sheet at June 30, 2022 (a) (c)
		Included in Earnings	Included in Other comprehensive income (b)								
Assets											
Residential mortgage loans held for sale	$ 81	$ (2)		$ 45	$ (32)		$ (9)	$ 14	$ (14) (e)	$ 83	$ (2)
Commercial mortgage loans held for sale	49	(4)					(7)			38	(4)
Other consumer loans held for sale											
Securities available for sale											
Residential mortgage-backed non-agency	1,097	15	$ (66)				(121)			925	
Commercial mortgage-backed non-agency	3									3	
Asset-backed	163	1	(13)				(13)			138	
Other	69		(2)	3			(3)			67	
Total securities available for sale	1,332	16	(81)	3			(137)			1,133	
Loans	884	21		20	(8)		(97)		(16) (e)	804	21
Equity investments	1,680	145		116	(74)					1,867	146
Residential mortgage servicing rights	1,078	370		257		$ 38	(123)			1,620	371
Commercial mortgage servicing rights	740	262		25		35	(74)			988	262
Financial derivatives	38	(6)		3			(22)			13	12
Total assets	$ 5,882	$ 802	$ (81)	$ 469	$ (114)	$ 73	$ (469)	$ 14	$ (30)	$ 6,546	$ 806
Liabilities											
Other borrowed funds	$ 3					$ 4	$ (4)			$ 3	
Financial derivatives	285	$ 23			$ 6		(101)			213	$ 18
Other liabilities	175	21				242	(256)			182	15
Total liabilities	$ 463	$ 44			$ 6	$ 246	$ (361)			$ 398	$ 33
Net gains (losses)		$ 758 (f)									$ 773 (g)

(a) Losses for assets are bracketed while losses for liabilities are not.
(b) The difference in unrealized gains and losses for the period included in Other comprehensive income and changes in unrealized gains and losses for the period included in Other comprehensive income for securities available for sale held at the end of the reporting period were insignificant.
(c) The amount of the total gains or losses for the period included in earnings that is attributable to the change in unrealized gains or losses related to those assets and liabilities held at the end of the reporting period.
(d) Transfers out of Level 3 during the current period were due to valuation methodology changes for certain private company investments. See Note 1 Accounting Policies in our 2022 Form 10-K for more information on our accounting for private company investments.
(e) Residential mortgage loan transfers out of Level 3 are primarily driven by residential mortgage loans transferring to OREO as well as reclassification of mortgage loans held for sale to held for investment.
(f) Net gains (losses) realized and unrealized included in earnings related to Level 3 assets and liabilities included amortization and accretion. The amortization and accretion amounts were included in Interest income on the Consolidated Income Statement and the remaining net gains (losses) realized and unrealized were included in Noninterest income on the Consolidated Income Statement.
(g) Net unrealized gains (losses) related to assets and liabilities held at the end of the reporting period were included in Noninterest income on the Consolidated Income Statement.

An instrument's categorization within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Changes from one quarter to the next related to the observability of inputs to a fair value measurement may result in a reclassification (transfer) of assets or liabilities between hierarchy levels.

Quantitative information about the significant unobservable inputs within Level 3 recurring assets and liabilities follows:

Table 68: Fair Value Measurements – Recurring Quantitative Information

June 30, 2023

Level 3 Instruments Only Dollars in millions	Fair Value	Valuation Techniques	Unobservable Inputs	Range (Weighted-Average) (a)
Commercial mortgage loans held for sale	$ 25	Discounted cash flow	Spread over the benchmark curve (b)	590bps - 2,440bps (1,275bps)
Residential mortgage-backed non-agency securities	768	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 27.9% (4.7%)
			Constant default rate	0.0% - 12.0% (3.0%)
			Loss severity	15.0% - 83.3% (45.5%)
			Spread over the benchmark curve (b)	231bps weighted-average
Asset-backed securities	117	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 40.0% (6.1%)
			Constant default rate	0.0% - 7.3% (2.0%)
			Loss severity	30.0% - 100.0% (50.6%)
			Spread over the benchmark curve (b)	285bps weighted-average
Loans - Residential real estate - Uninsured	556	Consensus pricing (c)	Cumulative default rate	3.6% - 100.0% (61.0%)
			Loss severity	0.0% - 100.0% (5.7%)
			Discount rate	5.5% - 7.5% (5.8%)
Loans - Residential real estate	76	Discounted cash flow	Loss severity	6.0% weighted-average
			Discount rate	8.4% weighted-average
Loans - Home equity - First-lien	21	Consensus pricing (c)	Cumulative default rate	3.6% -100.0% (68.2%)
			Loss severity	0.0% - 100.0% (15.9%)
			Discount rate	5.5% - 7.5% (6.3%)
Loans - Home equity	92	Consensus pricing (c)	Credit and liquidity discount	0.4% - 100.0% (45.0%)
Equity investments	1,623	Multiple of adjusted earnings	Multiple of earnings	4.5x - 20.0x (9.3x)
Residential mortgage servicing rights	2,349	Discounted cash flow	Constant prepayment rate	0.0% - 41.9% (6.9%)
			Spread over the benchmark curve (b)	254bps - 1,652bps (767bps)
Commercial mortgage servicing rights	1,106	Discounted cash flow	Constant prepayment rate	4.0% - 11.1% (4.4%)
			Discount rate	6.7% - 10.3% (9.9%)
Financial derivatives - Swaps related to sales of certain Visa Class B common shares	(131)	Discounted cash flow	Estimated conversion factor of Visa Class B shares into Class A shares	159.0% weighted-average
			Estimated annual growth rate of Visa Class A share price	16.0%
			Estimated litigation resolution date	Q4 2023
Insignificant Level 3 assets, net of liabilities (d)	1			
Total Level 3 assets, net of liabilities (e)	$ 6,603			

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December 31, 2022

Level 3 Instruments Only Dollars in millions	Fair Value	Valuation Techniques	Unobservable Inputs	Range (Weighted-Average) (a)
Commercial mortgage loans held for sale	$ 33	Discounted cash flow	Spread over the benchmark curve (b)	585bps - 2,465bps (959bps)
Residential mortgage-backed non-agency securities	819	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 27.9% (9.9%)
			Constant default rate	0.0% - 13.0% (4.0%)
			Loss severity	15.0% - 80.0% (46.1%)
			Spread over the benchmark curve (b)	289bps weighted-average
Asset-backed securities	124	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 40.0% (7.5%)
			Constant default rate	0.0% - 7.3% (2.1%)
			Loss severity	20.0% - 100.0% (49.0%)
			Spread over the benchmark curve (b)	296bps weighted-average
Loans - Residential real estate - Uninsured	570	Consensus pricing (c)	Cumulative default rate	3.6% - 100.0% (66.2%)
			Loss severity	0.0% - 100.0% (6.2%)
			Discount rate	5.5% - 7.5% (5.9%)
Loans - Residential real estate	76	Discounted cash flow	Loss severity	6.0% weighted-average
			Discount rate	7.9% weighted-average
Loans - Home equity - First-lien	25	Consensus pricing (c)	Cumulative default rate	3.6% - 100.0% (72.5%)
			Loss severity	0.0% - 100.0% (15.3%)
			Discount rate	5.5% - 7.5% (6.5%)
Loans - Home equity	98	Consensus pricing (c)	Credit and Liquidity discount	0.4% - 100.0% (46.2%)
Equity investments	1,778	Multiple of adjusted earnings	Multiple of earnings	4.5x - 25.0x (9.1x)
Residential mortgage servicing rights	2,310	Discounted cash flow	Constant prepayment rate	0.0% - 34.5% (6.7%)
			Spread over the benchmark curve (b)	254bps - 1,653bps (766bps)
Commercial mortgage servicing rights	1,113	Discounted cash flow	Constant prepayment rate	3.9% - 9.8% (4.3%)
			Discount rate	7.8% - 10.1% (9.8%)
Financial derivatives - Swaps related to sales of certain Visa Class B common shares	(107)	Discounted cash flow	Estimated conversion factor of Visa Class B shares into Class A shares	160.6% weighted-average
			Estimated annual growth rate of Visa Class A share price	16.0%
			Estimated litigation resolution date	Q2 2023
Insignificant Level 3 assets, net of liabilities (d)	(8)			
Total Level 3 assets, net of liabilities (e)	$ 6,831			

(a) Unobservable inputs were weighted by the relative fair value of the instruments.
(b) The assumed yield spread over the benchmark curve for each instrument is generally intended to incorporate non-interest rate risks, such as credit and liquidity risks.
(c) Consensus pricing refers to fair value estimates that are generally internally developed using information such as dealer quotes or other third-party provided valuations or comparable asset prices.
(d) Represents the aggregate amount of Level 3 assets and liabilities measured at fair value on a recurring basis that are individually and in the aggregate insignificant. The amount includes certain financial derivative assets and liabilities, trading securities, other securities, residential mortgage loans held for sale, other assets, other borrowed funds and other liabilities.
(e) Consisted of total Level 3 assets of $7.0 billion and total Level 3 liabilities of $0.4 billion as of June 30, 2023 and $7.3 billion and $0.4 billion as of December 31, 2022, respectively.

Financial Assets Accounted for at Fair Value on a Nonrecurring Basis

We may be required to measure certain financial assets at fair value on a nonrecurring basis. These adjustments to fair value usually result from the application of lower of amortized cost or fair value accounting or write-downs of individual assets due to impairment and are included in Table 69. For more information regarding the valuation methodologies of our financial assets measured at fair value on a nonrecurring basis, see Note 15 Fair Value in our 2022 Form 10-K.

Assets measured at fair value on a nonrecurring basis follow:

Table 69: Fair Value Measurements – Nonrecurring (a) (b) (c)

In millions	Fair Value June 30 2023	Fair Value December 31 2022	Gains (Losses) Three months ended June 30 2023	Gains (Losses) Three months ended June 30 2022	Gains (Losses) Six months ended June 30 2023	Gains (Losses) Six months ended June 30 2022
Assets						
Nonaccrual loans	$ 373	$ 280	$ (99)	$ (19)	$ (174)	$ (28)
Equity investments	87	135	(5)	1	(8)	
OREO and foreclosed assets	8	10			(1)	
Long-lived assets	435	23	(10)	(3)	(15)	(5)
Total assets	$ 903	$ 448	$ (114)	$ (21)	$ (198)	$ (33)

(a) All Level 3 for the periods presented, except for $22 million and $42 million included in Equity investments which were categorized as Level 1 as of June 30, 2023 and December 31, 2022, respectively.
(b) Valuation techniques applied were fair value of property or collateral.
(c) Unobservable inputs used were appraised value/sales price, broker opinions or projected income/required improvement costs. Additional quantitative information was not meaningful for the periods presented.

Financial Instruments Accounted for under Fair Value Option

We elect the fair value option to account for certain financial instruments. For more information on these financial instruments for which the fair value option election has been made, see Note 15 Fair Value in our 2022 Form 10-K.

Fair values and aggregate unpaid principal balances of items for which we elected the fair value option are as follows:

Table 70: Fair Value Option – Fair Value and Principal Balances

In millions	June 30, 2023 Fair Value	June 30, 2023 Aggregate Unpaid Principal Balance	June 30, 2023 Difference	December 31, 2022 Fair Value	December 31, 2022 Aggregate Unpaid Principal Balance	December 31, 2022 Difference
Assets						
Residential mortgage loans held for sale						
Accruing loans less than 90 days past due	$ 651	$ 671	$ (20)	$ 609	$ 633	$ (24)
Accruing loans 90 days or more past due	2	2		5	5	
Nonaccrual loans	33	40	(7)	40	49	(9)
Total	$ 686	$ 713	$ (27)	$ 654	$ 687	$ (33)
Commercial mortgage loans held for sale (a)						
Accruing loans less than 90 days past due	$ 49	$ 51	$ (2)	$ 261	$ 256	$ 5
Nonaccrual loans	15	44	(29)	15	44	(29)
Total	$ 64	$ 95	$ (31)	$ 276	$ 300	$ (24)
Loans						
Accruing loans less than 90 days past due	$ 510	$ 523	$ (13)	$ 509	$ 521	$ (12)
Accruing loans 90 days or more past due	132	143	(11)	155	167	(12)
Nonaccrual loans	617	841	(224)	646	880	(234)
Total	$ 1,259	$ 1,507	$ (248)	$ 1,310	$ 1,568	$ (258)
Other assets	$ 64	$ 65	$ (1)	$ 80	$ 80	
Liabilities						
Other borrowed funds	$ 32	$ 33	$ (1)	$ 31	$ 32	$ (1)
Other liabilities	$ 127		$ 127	$ 196		$ 196

(a) There were no accruing loans 90 days or more past due within this category at June 30, 2023 or December 31, 2022.

The changes in fair value for items for which we elected the fair value option are as follows:

Table 71: Fair Value Option – Changes in Fair Value (a)

In millions	Gains (Losses) Three months ended June 30 2023	Gains (Losses) Three months ended June 30 2022	Gains (Losses) Six months ended June 30 2023	Gains (Losses) Six months ended June 30 2022
Assets				
Residential mortgage loans held for sale	$ 2	$ (23)	$ 17	$ (63)
Commercial mortgage loans held for sale	$ 22	$ 14	$ 23	$ 20
Loans	$ 5	$ 15	$ 9	$ 36
Other assets	$ 2	$ (11)	$ (12)	$ (18)
Liabilities				
Other liabilities	$ (21)	$ (10)	$ (41)	$ (16)

(a) The impact on earnings of offsetting hedged items or hedging instruments is not reflected in these amounts.

Additional Fair Value Information Related to Financial Instruments Not Recorded at Fair Value

The following table presents the carrying amounts and estimated fair values, as well as the level within the fair value hierarchy, of all other financial instruments that are not recorded on our Consolidated Balance Sheet at fair value as of June 30, 2023 and December 31, 2022. For more information regarding the methods and assumptions used to estimate the fair values of financial instruments included in Table 72, see Note 15 Fair Value in our 2022 Form 10-K.

Table 72: Additional Fair Value Information Related to Other Financial Instruments

In millions	Carrying Amount	Fair Value Total	Level 1	Level 2	Level 3
June 30, 2023					
Assets					
Cash and due from banks	$ 6,191	$ 6,191	$ 6,191		
Interest-earning deposits with banks	38,259	38,259		$ 38,259	
Securities held to maturity	93,879	88,896	30,939	57,808	$ 149
Net loans (excludes leases)	309,365	301,597			301,597
Other assets	5,971	5,971		5,958	13
Total assets	$ 453,665	$ 440,914	$ 37,130	$ 102,025	$ 301,759
Liabilities					
Time deposits	$ 22,864	$ 22,696		$ 22,696	
Borrowed funds	64,060	64,278		62,441	$ 1,837
Unfunded lending related commitments	663	663			663
Other liabilities	948	948		948	
Total liabilities	$ 88,535	$ 88,585		$ 86,085	$ 2,500
December 31, 2022					
Assets					
Cash and due from banks	$ 7,043	$ 7,043	$ 7,043		
Interest-earning deposits with banks	27,320	27,320		$ 27,320	
Securities held to maturity	95,183	90,279	30,748	59,377	$ 154
Net loans (excludes leases)	313,460	310,864			310,864
Other assets	6,022	6,022		6,020	2
Total assets	$ 449,028	$ 441,528	$ 37,791	$ 92,717	$ 311,020
Liabilities					
Time deposits	$ 18,470	$ 18,298		$ 18,298	
Borrowed funds	57,182	57,557		55,922	$ 1,635
Unfunded lending related commitments	694	694			694
Other liabilities	660	660		660	
Total liabilities	$ 77,006	$ 77,209		$ 74,880	$ 2,329

The aggregate fair values in Table 72 represent only a portion of the total market value of our assets and liabilities as, in accordance with the guidance related to fair values about financial instruments, we exclude the following:

- financial instruments recorded at fair value on a recurring basis (as they are disclosed in Table 66),
- investments accounted for under the equity method,
- equity securities without a readily determinable fair value that apply for the alternative measurement approach to fair value under ASU 2016-01,
- real and personal property,
- lease financing,
- loan customer relationships,
- deposit customer intangibles,
- MSRs,
- retail branch networks,
- fee-based businesses, such as asset management and brokerage,
- trademarks and brand names,
- trade receivables and payables due in one year or less,
- deposit liabilities with no defined or contractual maturities under ASU 2016-01, and
- insurance contracts.

NOTE 12 FINANCIAL DERIVATIVES

We use a variety of financial derivatives to both mitigate exposure to market (primarily interest rate) and credit risks inherent in our business activities, as well as to facilitate customer risk management activities. We manage these risks as part of our overall asset and liability management process and through our credit policies and procedures. Derivatives represent contracts between parties that usually require little or no initial net investment and result in one party delivering cash or another type of asset to the other party based on a notional amount and an underlying as specified in the contract.

Derivative transactions are often measured in terms of notional amount, but this amount is generally not exchanged and it is not recorded on the balance sheet. The notional amount is the basis to which the underlying is applied to determine required payments under the derivative contract. The underlying is a referenced interest rate, security price, credit spread or other index. Residential and commercial real estate loan commitments associated with loans to be sold also qualify as derivative instruments.

For more information regarding derivatives see Note 1 Accounting Policies and Note 16 Financial Derivatives in our 2022 Form 10-K.

Table 73 presents the notional and gross fair value amounts of all derivative assets and liabilities held by us.

During the second quarter, in anticipation of LIBOR's cessation on June 30, 2023, LIBOR-indexed interest-rate swap contracts with central clearing counterparties were subject to a conversion process whereby an individual LIBOR swap contract was exchanged for a SOFR replacement swap contract, along with one or more overlay swap contracts replicating the final LIBOR cash flows on the original swap contract. The swap contracts exchanged were substantially economically equivalent. Conversion-related valuation differences were settled in cash on the conversion dates and were not material. The SOFR replacement and overlay swaps are considered separate contracts, and the overlay swaps will result in a gross-up of the notional amounts presented until those swaps mature upon settlement of the final LIBOR payment. The majority of overlay swaps will mature in the third quarter of 2023.

Table 73: Total Gross Derivatives (a)

	June 30, 2023			December 31, 2022		
In millions	Notional / Contract Amount	Asset Fair Value (b)	Liability Fair Value (c)	Notional / Contract Amount	Asset Fair Value (b)	Liability Fair Value (c)
Derivatives used for hedging						
Interest rate contracts (d):						
Fair value hedges (e)	$ 48,088			$ 24,231		
Cash flow hedges (e)	86,922		$ 3	40,310		$ 1
Foreign exchange contracts:						
Net investment hedges	1,101		22	1,120	$ 24	
Total derivatives designated for hedging	$ 136,111		$ 25	$ 65,661	$ 24	$ 1
Derivatives not used for hedging						
Derivatives used for mortgage banking activities (f):						
Interest rate contracts:						
Swaps (g)	$ 73,477		$ 1	$ 47,908	$ 7	$ 1
Futures (h)	8,026			5,537		
Mortgage-backed commitments	5,277	$ 68	63	4,516	85	89
Other	12,561	65	12	18,017	90	14
Total interest rate contracts	99,341	133	76	75,978	182	104
Derivatives used for customer-related activities:						
Interest rate contracts:						
Swaps (g)	811,705	1,798	5,501	354,150	1,597	5,397
Futures (h)	72			32		
Mortgage-backed commitments	3,531	11	5	2,799	10	6
Other	28,779	314	292	29,071	334	321
Total interest rate contracts	844,087	2,123	5,798	386,052	1,941	5,724
Commodity contracts:						
Swaps	6,084	525	552	5,792	1,003	1,067
Other	3,251	97	97	4,488	205	202
Total commodity contracts	9,335	622	649	10,280	1,208	1,269
Foreign exchange contracts and other	30,426	308	256	30,512	366	293
Total derivatives for customer-related activities	883,848	3,053	6,703	426,844	3,515	7,286
Derivatives used for other risk management activities:						
Foreign exchange contracts and other	21,875	34	199	12,785	47	227
Total derivatives not designated for hedging	$ 1,005,064	$ 3,220	$ 6,978	$ 515,607	$ 3,744	$ 7,617
Total gross derivatives	$ 1,141,175	$ 3,220	$ 7,003	$ 581,268	$ 3,768	$ 7,618
Less: Impact of legally enforceable master netting agreements		1,303	1,303		1,523	1,523
Less: Cash collateral received/paid		1,134	1,135		714	1,571
Total derivatives		$ 783	$ 4,565		$ 1,531	$ 4,524

(a) Centrally cleared derivatives are settled in cash daily and result in no derivative asset or derivative liability being recognized on our Consolidated Balance Sheet.
(b) Included in Other assets on our Consolidated Balance Sheet.
(c) Included in Other liabilities on our Consolidated Balance Sheet.
(d) Represents primarily swaps.
(e) At June 30, 2023, the gross-up of the notional amounts due to overlay swap contracts for fair value and cash flow hedges were $18.8 billion and $47.0 billion, respectively.
(f) Includes both residential and commercial mortgage banking activities.
(g) At June 30, 2023, the gross-up of the notional amounts due to overlay swap contracts used for mortgage banking and customer-related activities were $26.0 billion and $423.0 billion, respectively.
(h) Futures contracts are settled in cash daily and result in no derivative asset or derivative liability being recognized on our Consolidated Balance Sheet.

All derivatives are carried on our Consolidated Balance Sheet at fair value. Derivative balances are presented on the Consolidated Balance Sheet on a net basis taking into consideration the effects of legally enforceable master netting agreements and, when appropriate, any related cash collateral exchanged with counterparties. Further discussion regarding the offsetting rights associated with these legally enforceable master netting agreements is included in the Offsetting and Counterparty Credit Risk section of this Note 12. Any nonperformance risk, including credit risk, is included in the determination of the estimated net fair value of the derivatives.

Derivatives Designated As Hedging Instruments

Certain derivatives used to manage interest rate and foreign exchange risk as part of our asset and liability risk management activities are designated as accounting hedges. Derivatives hedging the risks associated with changes in the fair value of assets or liabilities are considered fair value hedges, derivatives hedging the variability of expected future cash flows are considered cash flow hedges and derivatives hedging a net investment in a foreign subsidiary are considered net investment hedges. Designating derivatives as accounting hedges allows for gains and losses on those derivatives to be recognized in the same period and in the same income statement line item as the earnings impact of the hedged items.

Fair Value Hedges

We enter into receive-fixed, pay-variable interest rate swaps to hedge changes in the fair value of outstanding fixed-rate debt caused by fluctuations in market interest rates. We also enter into pay-fixed, receive-variable interest rate swaps and zero-coupon swaps to hedge changes in the fair value of fixed rate and zero-coupon investment securities caused by fluctuations in market interest rates. Gains and losses on the interest rate swaps designated in these hedge relationships, along with the offsetting gains and losses on the hedged items attributable to the hedged risk, are recognized in current earnings within the same income statement line item.

Cash Flow Hedges

We enter into receive-fixed, pay-variable interest rate swaps and interest rate caps and floors to modify the interest rate characteristics of designated commercial loans from variable to fixed in order to reduce the impact of changes in future cash flows due to market interest rate changes. We also periodically enter into forward purchase and sale contracts to hedge the variability of the consideration that will be paid or received related to the purchase or sale of investment securities. The forecasted purchase or sale is consummated upon gross settlement of the forward contract itself. For these cash flow hedges, gains and losses on the hedging instruments are recorded in AOCI and are then reclassified into earnings in the same period the hedged cash flows affect earnings and within the same income statement line as the hedged cash flows.

In the 12 months that follow June 30, 2023, we expect to reclassify net derivative losses of $1.5 billion pretax, or $1.2 billion after-tax, from AOCI to interest income for these cash flow hedge strategies. This reclassified amount could differ from amounts actually recognized due to changes in interest rates, hedge de-designations and the addition of other hedges subsequent to June 30, 2023. As of June 30, 2023, the maximum length of time over which forecasted transactions are hedged is ten years.

Further detail regarding gains (losses) related to our fair value and cash flow hedge derivatives is presented in the following table:

Table 74: Gains (Losses) Recognized on Fair Value and Cash Flow Hedges in the Consolidated Income Statement (a) (b)

	Location and Amount of Gains (Losses) Recognized in Income			
	Interest Income		Interest Expense	Noninterest Income
In millions	Loans	Investment Securities	Borrowed Funds	Other
For the three months ended June 30, 2023				
Total amounts in the Consolidated Income Statement	$ 4,523	$ 883	$ 903	$ 129
Gains (losses) on fair value hedges recognized on:				
Hedged items (c)		$ (48)	$ 432	
Derivatives		$ 50	$ (439)	
Amounts related to interest settlements on derivatives		$ 7	$ (147)	
Gains (losses) on cash flow hedges (d):				
Amount of derivative gains (losses) reclassified from accumulated other comprehensive income	$ (365)	$ (8)		
For the three months ended June 30, 2022				
Total amounts in the Consolidated Income Statement	$ 2,504	$ 631	$ 142	$ 177
Gains (losses) on fair value hedges recognized on:				
Hedged items (c)		$ (28)	$ 443	
Derivatives		$ 30	$ (451)	
Amounts related to interest settlements on derivatives		$ (2)	$ 74	
Gains (losses) on cash flow hedges (d):				
Amount of derivative gains (losses) reclassified from accumulated other comprehensive income	$ 25			
For the six months ended June 30, 2023				
Total amounts on the Consolidated Income Statement	$ 8,781	$ 1,768	$ 1,686	$ 387
Gains (losses) on fair value hedges recognized on:				
Hedged items (c)		$ (1)	$ 135	
Derivatives		$ 5	$ (148)	
Amounts related to interest settlements on derivatives		$ 12	$ (260)	
Gains (losses) on cash flow hedges (d):				
Amount of derivative gains (losses) reclassified from accumulated other comprehensive income	$ (690)	$ (13)		
For the six months ended June 30, 2022				
Total amounts on the Consolidated Income Statement	$ 4,797	$ 1,175	$ 225	$ 388
Gains (losses) on fair value hedges recognized on:				
Hedged items (c)		$ (46)	$ 1,377	
Derivatives		$ 49	$ (1,395)	
Amounts related to interest settlements on derivatives		$ (3)	$ 184	
Gains (losses) on cash flow hedges (d):				
Amount of derivative gains (losses) reclassified from accumulated other comprehensive income	$ 117	$ 10		

(a) For all periods presented, there were no components of derivative gains or losses excluded from the assessment of hedge effectiveness for any of the fair value or cash flow hedge strategies.
(b) All cash flow and fair value hedge derivatives were interest rate contracts for the periods presented.
(c) Includes an insignificant amount of fair value hedge adjustments related to discontinued hedge relationships.
(d) For all periods presented, there were no gains or losses from cash flow hedge derivatives reclassified to income because it became probable that the original forecasted transaction would not occur.

Detail regarding the impact of fair value hedge accounting on the carrying value of the hedged items is presented in the following table:

Table 75: Hedged Items - Fair Value Hedges

	June 30, 2023		December 31, 2022	
In millions	Carrying Value of the Hedged Items	Cumulative Fair Value Hedge Adjustment included in the Carrying Value of Hedged Items (a)	Carrying Value of the Hedged Items	Cumulative Fair Value Hedge Adjustment included in the Carrying Value of Hedged Items (a)
Investment securities - available for sale (b)	$ 1,915	$ (124)	$ 2,376	$ (121)
Borrowed funds	$ 26,360	$ (1,417)	$ 21,781	$ (1,283)

(a) Includes less than $(0.1) billion of fair value hedge adjustments primarily related to discontinued borrowed funds hedge relationships at both June 30, 2023 and December 31, 2022.
(b) Carrying value shown represents amortized cost.

Net Investment Hedges

We enter into foreign currency forward contracts to hedge non-U.S. dollar net investments in foreign subsidiaries against adverse changes in foreign exchange rates. We assess whether the hedging relationship is highly effective in achieving offsetting changes in the value of the hedge and hedged item by qualitatively verifying that the critical terms of the hedge and hedged item match at the inception of the hedging relationship and on an ongoing basis. Net investment hedge derivatives are classified as foreign exchange contracts. There were no components of derivative gains or losses excluded from the assessment of the hedge effectiveness for the periods presented. Net gains (losses) on net investment hedge derivatives recognized in OCI were $(28) million and $(46) million for the three and six months ended June 30, 2023, respectively, and insignificant for both the three and six months ended June 30, 2022.

Derivatives Not Designated As Hedging Instruments

For additional information on derivatives not designated as hedging instruments under GAAP, see Note 16 Financial Derivatives in our 2022 Form 10-K.

Further detail regarding the gains (losses) on derivatives not designated in hedging relationships is presented in the following table:

Table 76: Gains (Losses) on Derivatives Not Designated for Hedging

	Three months ended June 30		Six months ended June 30	
In millions	2023	2022	2023	2022
Derivatives used for mortgage banking activities:				
Interest rate contracts (a)	$ (184)	$ (190)	$ (77)	$ (455)
Derivatives used for customer-related activities:				
Interest rate contracts	33	69	35	166
Foreign exchange contracts and other	58	(20)	114	24
Gains from customer-related activities (b)	91	49	149	190
Derivatives used for other risk management activities:				
Foreign exchange contracts and other (b)	(137)	216	(214)	263
Total gains (losses) from derivatives not designated as hedging instruments	$ (230)	$ 75	$ (142)	$ (2)

(a) Included in Residential and commercial mortgage noninterest income on our Consolidated Income Statement.
(b) Included in Capital markets and advisory and Other noninterest income on our Consolidated Income Statement.

Offsetting and Counterparty Credit Risk

We generally utilize a net presentation on the Consolidated Balance Sheet for those derivative financial instruments entered into with counterparties under legally enforceable master netting agreements. The master netting agreements reduce credit risk by permitting the closeout netting of all outstanding derivative instruments under the master netting agreement with the same counterparty upon the occurrence of an event of default. The master netting agreement also may require the exchange of cash or marketable securities to collateralize either party's net position. For additional information on derivative offsetting and counterparty credit risk, see Note 16 Financial Derivatives in our 2022 Form 10-K.

Table 77 shows the impact legally enforceable master netting agreements had on our derivative assets and derivative liabilities at June 30, 2023 and December 31, 2022. The table includes cash collateral held or pledged under legally enforceable master netting agreements. The table also includes the fair value of any securities collateral held or pledged under legally enforceable master netting agreements. Cash and securities collateral amounts are included in the table only to the extent of the related net derivative fair values.

Table 77 includes OTC derivatives not settled through an exchange ("OTC derivatives") and OTC derivatives cleared through a central clearing house ("OTC cleared derivatives"). OTC derivatives represent contracts executed bilaterally with counterparties that are not settled through an organized exchange or directly cleared through a central clearing house. The majority of OTC derivatives are governed by the ISDA documentation or other legally enforceable master netting agreements. OTC cleared derivatives represent contracts executed bilaterally with counterparties in the OTC market that are novated to a central clearing house that then becomes our counterparty. OTC cleared derivative instruments are typically settled in cash each day based on the prior day value.

Table 77: Derivative Assets and Liabilities Offsetting

In millions	Gross Fair Value	Amounts Offset on the Consolidated Balance Sheet: Fair Value Offset Amount	Amounts Offset on the Consolidated Balance Sheet: Cash Collateral	Net Fair Value		Securities Collateral Held/ Pledged Under Master Netting Agreements	Net Amounts
June 30, 2023							
Derivative assets							
Interest rate contracts:							
Over-the-counter cleared	$ 26			$ 26			$ 26
Over-the-counter	2,230	$ 846	$ 911	473		$ 75	398
Commodity contracts	622	337	104	181			181
Foreign exchange and other contracts	342	120	119	103			103
Total derivative assets	$ 3,220	$ 1,303	$ 1,134	$ 783	(a)	$ 75	$ 708
Derivative liabilities							
Interest rate contracts:							
Over-the-counter cleared	$ 19			$ 19			$ 19
Over-the-counter	5,858	$ 633	$ 1,104	4,121		$ 75	4,046
Commodity contracts	649	497	23	129			129
Foreign exchange and other contracts	477	173	8	296			296
Total derivative liabilities	$ 7,003	$ 1,303	$ 1,135	$ 4,565	(b)	$ 75	$ 4,490
December 31, 2022							
Derivative assets							
Interest rate contracts:							
Over-the-counter cleared	$ 23			$ 23			$ 23
Over-the-counter	2,100	$ 974	$ 630	496		$ 34	462
Commodity contracts	1,208	335	2	871			871
Foreign exchange and other contracts	437	214	82	141			141
Total derivative assets	$ 3,768	$ 1,523	$ 714	$ 1,531	(a)	$ 34	$ 1,497
Derivative liabilities							
Interest rate contracts:							
Over-the-counter cleared	$ 28			$ 28			$ 28
Over-the-counter	5,801	$ 625	$ 1,041	4,135		$ 78	4,057
Commodity contracts	1,269	679	520	70		4	66
Foreign exchange and other contracts	520	219	10	291			291
Total derivative liabilities	$ 7,618	$ 1,523	$ 1,571	$ 4,524	(b)	$ 82	$ 4,442

(a) Represents the net amount of derivative assets included in Other assets on our Consolidated Balance Sheet.
(b) Represents the net amount of derivative liabilities included in Other liabilities on our Consolidated Balance Sheet.

In addition to using master netting agreements and other collateral agreements to reduce credit risk associated with derivative instruments, we also seek to manage credit risk by evaluating credit ratings of counterparties and by using internal credit analysis, limits, and monitoring procedures.

At June 30, 2023, cash and debt securities (primarily agency mortgage-backed securities) totaling $2.1 billion were pledged to us under master netting agreements and other collateral agreements to collateralize net derivative assets due from counterparties and to meet initial margin requirements, and we pledged cash and debt securities (primarily agency mortgage-backed securities) totaling $2.1 billion under these agreements to collateralize net derivative liabilities owed to counterparties and to meet initial margin requirements. These totals may differ from the amounts presented in the preceding offsetting table because these totals may include collateral exchanged under an agreement that does not qualify as a master netting agreement or because the total amount of collateral pledged exceeds the net derivative fair values with the counterparty as of the balance sheet date due to timing or other factors, such as initial margin. To the extent not netted against the derivative fair values under a master netting agreement, the receivable for cash pledged is included in Other assets and the obligation for cash held is included in Other liabilities on our Consolidated Balance Sheet. Securities pledged to us by counterparties are not recognized on our balance sheet. Likewise, securities we have pledged to counterparties remain on our balance sheet.

Credit-Risk Contingent Features

Certain derivative agreements contain various credit-risk-related contingent provisions, such as those that require our debt to maintain a specified credit rating from one or more of the major credit rating agencies. If our debt ratings were to fall below such specified ratings, the counterparties to the derivative instruments could request immediate payment or demand immediate and ongoing full collateralization on derivative instruments in net liability positions. The following table presents the aggregate fair value of derivative instruments with credit-risk-related contingent features, the associated collateral posted in the normal course of business and the maximum amount of collateral we would be required to post if the credit-risk-related contingent features underlying these agreements had been triggered on June 30, 2023 and December 31, 2022.

Table 78: Credit-Risk Contingent Features

In billions	June 30, 2023	December 31, 2022
Net derivative liabilities with credit-risk contingent features	$ 5.4	$ 5.8
Collateral posted	1.2	1.7
Maximum additional amount of collateral exposure	$ 4.2	$ 4.1

NOTE 13 LEGAL PROCEEDINGS

We establish accruals for legal proceedings, including litigation and regulatory and governmental investigations and inquiries, when information related to the loss contingencies represented by those matters indicates both that a loss is probable and that the amount of loss can be reasonably estimated. Any such accruals are adjusted thereafter as appropriate to reflect changed circumstances. When we are able to do so, we also determine estimates of reasonably possible losses or ranges of reasonably possible losses, whether in excess of any related accrued liability or where there is no accrued liability, for disclosed legal proceedings ("Disclosed Matters," which are those matters disclosed in this Note 13 as well as those matters disclosed in Note 21 Legal Proceedings in our 2022 Form 10-K and in Note 13 Legal Proceedings in our first quarter 2023 Form 10-Q (such prior disclosure referred to as "Prior Disclosure")). For Disclosed Matters where we are able to estimate such possible losses or ranges of possible losses, as of June 30, 2023, we estimate that it is reasonably possible that we could incur losses in excess of related accrued liabilities, if any, in an aggregate amount less than $300 million. The estimates included in this amount are based on our analysis of currently available information and are subject to significant judgment and a variety of assumptions and uncertainties. As new information is obtained we may change our estimates. Due to the inherent subjectivity of the assessments and unpredictability of outcomes of legal proceedings, any amounts accrued or included in this aggregate amount may not represent the ultimate loss to us from the legal proceedings in question. Thus, our exposure and ultimate losses may be higher, and possibly significantly so, than the amounts accrued or this aggregate amount.

As a result of the types of factors described in Note 21 Legal Proceedings in our 2022 Form 10-K, we are unable, at this time, to estimate the losses that are reasonably possible to be incurred or ranges of such losses with respect to some of the matters disclosed, and the aggregate estimated amount provided above does not include an estimate for every Disclosed Matter. Therefore, as the estimated aggregate amount disclosed above does not include all of the Disclosed Matters, the amount disclosed above does not represent our maximum reasonably possible loss exposure for all of the Disclosed Matters. The estimated aggregate amount also does not reflect any of our exposure to matters not so disclosed, as discussed below under "Other."

We include in some of the descriptions of individual Disclosed Matters certain quantitative information related to the plaintiff's claim against us as alleged in the plaintiff's pleadings or other public filings or otherwise publicly available information. While information of this type may provide insight into the potential magnitude of a matter, it does not necessarily represent our estimate of reasonably possible loss or our judgment as to any currently appropriate accrual.

Some of our exposure in Disclosed Matters may be offset by applicable insurance coverage. We do not consider the possible availability of insurance coverage in determining the amounts of any accruals (although we would record the amount of related insurance recoveries that are deemed probable up to the amount of the accrual) or in determining any estimates of possible losses or ranges of possible losses.

USAA Patent Infringement Litigation

In April 2023, in *United Services Automobile Association v. PNC Bank N.A.* (Case No. 2:21-cv-246) (the "third Texas case") and the case for PNC's patent infringement counterclaims (originally asserted in *United Services Automobile Association v. PNC Bank N.A.* (Case No. 2:20-cv-319)) (the "first Texas case") (together, the "second consolidated cases"), USAA noticed a cross-appeal to the U.S. Court of Appeals for the Federal Circuit regarding the final judgment in the second consolidated cases. This appeal was consolidated with PNC's previously noticed appeal to the U.S. Court of Appeals for the Federal Circuit regarding the final judgment in the second consolidated cases as *United Services Automobile Association v. PNC Bank N.A.* (Case No. 23-1639).

In May and June 2023, USAA appealed the Final Written Decisions of the Patent Trial and Appeal Board that concluded that the claims in three of the patents originally at issue in *United Services Automobile Association v. PNC Bank N.A*. (Case No. 2:21-cv-110) and the first Texas case (together, the "first consolidated cases") and in *United Services Automobile Association v. BBVA USA* (Case No. 2:21-cv-311) were unpatentable. Because of USAA's case narrowing in the first consolidated cases, only one of these three patents was presented to the jury in the first consolidated cases.

Also in May 2023, the Patent Trial and Appeal Board entered its Final Written Decision concluding that most of the claims of one of the patents presented to the jury in the third Texas case were unpatentable and other claims were not unpatentable. In June 2023, the Patent Trial and Appeal Board entered its Final Written Decision concluding that all of the claims of the other patent subject to inter partes review, but not ultimately presented to the jury in the third Texas Case, were unpatentable.

Regulatory and Governmental Inquiries

We are the subject of investigations, audits, examinations and other forms of regulatory and governmental inquiry covering a broad range of issues in our consumer, mortgage, brokerage, securities and other financial services businesses, as well as other aspects of our operations. In some cases, these inquiries are part of reviews of specified activities at multiple industry participants; in others, they are directed at PNC individually. From time to time, these inquiries have involved and may in the future involve or lead to regulatory enforcement actions and other administrative proceedings. These inquiries have also led to and may in the future lead to civil or criminal judicial proceedings. Some of these inquiries result in remedies including fines, penalties, restitution, or alterations in our business practices, and in additional expenses and collateral costs and other consequences. Such remedies and other consequences typically have not been material to us from a financial standpoint, but could be in the future. Even if not financially material, they may result in significant reputational harm or other adverse consequences.

Our practice is to cooperate fully with regulatory and governmental investigations, audits and other inquiries.

Other

In addition to the proceedings or other matters described in Prior Disclosure, PNC and persons to whom we may have indemnification obligations, in the normal course of business, are subject to various other pending and threatened legal proceedings in which claims for monetary damages and other relief are asserted. We do not anticipate, at the present time, that the ultimate aggregate liability, if any, arising out of such other legal proceedings will have a material adverse effect on our financial position. However, we cannot now determine whether or not any claims asserted against us or others to whom we may have indemnification obligations, whether in the proceedings or other matters described above or otherwise, will have a material adverse effect on our results of operations in any future reporting period, which will depend on, among other things, the amount of the loss resulting from the claim and the amount of income otherwise reported for the reporting period.

NOTE 14 SEGMENT REPORTING

We have three reportable business segments:

- Retail Banking
- Corporate & Institutional Banking
- Asset Management Group

Results of individual businesses are presented based on our internal management reporting practices. There is no comprehensive, authoritative body of guidance for management accounting equivalent to GAAP; therefore, the financial results of our individual businesses are not necessarily comparable with similar information for any other company. We periodically refine our internal methodologies as management reporting practices are enhanced. To the extent significant and practicable, retrospective application of new methodologies is made to prior period reportable business segment results and disclosures to create comparability with the current period.

Total business segment financial results differ from total consolidated net income. These differences are reflected in the “Other” category in Table 79. “Other” includes residual activities that do not meet the criteria for disclosure as a separate reportable business, such as asset and liability management activities, including net securities gains or losses, ACL for investment securities, certain trading activities, certain runoff consumer loan portfolios, private equity investments, intercompany eliminations, certain corporate overhead, tax adjustments that are not allocated to business segments, exited businesses and differences between business segment performance reporting and financial statement reporting (GAAP). Assets, revenue and earnings attributable to foreign activities were not material in the periods presented for comparison.

Financial results are presented, to the extent practicable, as if each business operated on a standalone basis. Additionally, we have aggregated the results for corporate support functions within “Other” for financial reporting purposes.

Net interest income in business segment results reflects our internal funds transfer pricing methodology. Assets receive a funding charge and liabilities and capital receive a funding credit based on a transfer pricing methodology that incorporates product repricing characteristics, tenor and other factors.

We have allocated the ALLL and the allowance for unfunded lending related commitments based on the loan exposures within each business segment’s portfolio. Key reserve assumptions and estimation processes react to and are influenced by observed changes in loan portfolio performance experience, the financial strength of the borrower and economic conditions. Key reserve assumptions are periodically updated.

Business Segment Results

Table 79: Results of Businesses

Three months ended June 30 In millions	Retail Banking	Corporate & Institutional Banking	Asset Management Group	Other	Consolidated (a)
2023					
Income Statement					
Net interest income	$ 2,448	$ 1,349	$ 125	$ (412)	$ 3,510
Noninterest income	702	821	228	32	1,783
Total revenue	3,150	2,170	353	(380)	5,293
Provision for (recapture of) credit losses	(14)	209	(10)	(39)	146
Depreciation and amortization	81	53	7	143	284
Other noninterest expense	1,823	868	273	124	3,088
Income (loss) before income taxes (benefit) and noncontrolling interests	1,260	1,040	83	(608)	1,775
Income taxes (benefit)	295	218	20	(258)	275
Net income (loss)	965	822	63	(350)	1,500
Less: Net income attributable to noncontrolling interests	11	5		1	17
Net income (loss) excluding noncontrolling interests	$ 954	$ 817	$ 63	$ (351)	$ 1,483
Average Assets	$ 114,826	$ 234,174	$ 15,562	$ 190,945	$ 555,507
2022					
Income Statement					
Net interest income	$ 1,662	$ 1,232	$ 153	$ 4	$ 3,051
Noninterest income	748	968	234	115	2,065
Total revenue	2,410	2,200	387	119	5,116
Provision for (recapture of) credit losses	55	(17)	5	(7)	36
Depreciation and amortization	83	51	8	147	289
Other noninterest expense	1,830	883	262	(20)	2,955
Income (loss) before income taxes (benefit) and noncontrolling interests	442	1,283	112	(1)	1,836
Income taxes (benefit)	105	277	26	(68)	340
Net income	337	1,006	86	67	1,496
Less: Net income (loss) attributable to noncontrolling interests	15	3		(3)	15
Net income excluding noncontrolling interests	$ 322	$ 1,003	$ 86	$ 70	$ 1,481
Average Assets	$ 113,068	$ 219,513	$ 14,449	$ 199,848	$ 546,878

(Continued from previous page)

Six months ended June 30 In millions	Retail Banking	Corporate & Institutional Banking	Asset Management Group	Other	Consolidated (a)
2023					
Income Statement					
Net interest income	$ 4,729	$ 2,732	$ 252	$ (618)	$ 7,095
Noninterest income	1,445	1,707	458	191	3,801
Total revenue	6,174	4,439	710	(427)	10,896
Provision for (recapture of) credit losses	224	181	(1)	(23)	381
Depreciation and amortization	159	107	13	286	565
Other noninterest expense	3,672	1,753	547	156	6,128
Income (loss) before income taxes (benefit) and noncontrolling interests	2,119	2,398	151	(846)	3,822
Income taxes (benefit)	497	512	36	(417)	628
Net income (loss)	1,622	1,886	115	(429)	3,194
Less: Net income (loss) attributable to noncontrolling interests	21	10		3	34
Net income (loss) excluding noncontrolling interests	$ 1,601	$ 1,876	$ 115	$ (432)	$ 3,160
Average Assets	$ 115,103	$ 234,354	$ 15,282	$ 194,162	$ 558,901
2022					
Income Statement					
Net interest income	$ 3,193	$ 2,375	$ 291	$ (4)	$ 5,855
Noninterest income	1,493	1,772	482	206	3,953
Total revenue	4,686	4,147	773	202	9,808
Provision for (recapture of) credit losses	(26)	(135)	7	(18)	(172)
Depreciation and amortization	157	103	14	292	566
Other noninterest expense	3,648	1,668	507	27	5,850
Income (loss) before income taxes (benefit) and noncontrolling interests	907	2,511	245	(99)	3,564
Income taxes (benefit)	214	545	57	(177)	639
Net income	693	1,966	188	78	2,925
Less: Net income (loss) attributable to noncontrolling interests	31	7		(2)	36
Net income excluding noncontrolling interests	$ 662	$ 1,959	$ 188	$ 80	$ 2,889
Average Assets	$ 112,415	$ 210,171	$ 14,126	$ 212,415	$ 549,127

(a) There were no material intersegment revenues for the three and six months ended June 30, 2023 and 2022.

Business Segment Products and Services

Retail Banking provides deposit, lending, brokerage, insurance services, investment management and cash management products and services to consumer and small business customers who are serviced through our coast-to-coast branch network, digital channels, ATMs, or through our phone-based customer contact centers. Deposit products include checking, savings and money market accounts and time deposits. Lending products include residential mortgages, home equity loans and lines of credit, auto loans, credit cards, education loans and personal and small business loans and lines of credit. The residential mortgage loans are directly originated within our branch network and nationwide, and are typically underwritten to agency and/or third-party standards, and either sold, servicing retained or held on our balance sheet. Brokerage, investment management and cash management products and services include managed, education, retirement and trust accounts.

Corporate & Institutional Banking provides lending, treasury management, capital markets and advisory products and services to mid-sized and large corporations and government and not-for-profit entities. Lending products include secured and unsecured loans, letters of credit and equipment leases. The Treasury Management business provides corporations with cash and investment management services, receivables and disbursement management services, funds transfer services, international payment services and access to online/mobile information management and reporting services. Capital markets and advisory includes services and activities primarily related to merger and acquisitions advisory, equity capital markets advisory, asset-backed financing, loan syndication, securities underwriting and customer-related trading. We also provide commercial loan servicing and technology solutions for the commercial real estate finance industry. Products and services are provided nationally.

Asset Management Group provides private banking for high net worth and ultra high net worth clients and institutional asset management. The Asset Management group is composed of two operating units:

- PNC Private Bank provides products and services to emerging affluent, high net worth and ultra high net worth individuals and their families, including investment and retirement planning, customized investment management, credit and cash management solutions, trust management and administration. In addition, multi-generational family planning services are also provided to ultra high net worth individuals and their families, which include estate, financial, tax, fiduciary and customized performance reporting through PNC Private Bank Hawthorn.

- Institutional Asset Management provides outsourced chief investment officer, custody, private real estate, cash and fixed income client solutions, retirement plan fiduciary investment services to institutional clients, including corporations, healthcare systems, insurance companies, unions, municipalities and non-profits.

Note 15 Fee-based Revenue from Contracts with Customers

As more fully described in Note 24 Fee-based Revenue from Contracts with Customers in our 2022 Form 10-K, a subset of our noninterest income relates to certain fee-based revenue within the scope of ASC Topic 606 - *Revenue from Contracts with Customers* (Topic 606).

Fee-based revenue within the scope of Topic 606 is recognized within our three reportable business segments: Retail Banking, Corporate & Institutional Banking and Asset Management Group. Interest income, income from lease contracts, fair value gains from financial instruments (including derivatives), income from mortgage servicing rights and guarantee products, letter of credit fees, non-refundable fees associated with acquiring or originating a loan and gains from the sale of financial assets are outside of the scope of Topic 606.

In the fourth quarter of 2022, PNC updated the name of the noninterest income line item “Capital markets related” to “Capital markets and advisory.” This update did not impact the components of the category. All periods presented herein reflect these changes. For a description of each updated noninterest income revenue stream, see Note 1 Accounting Policies.

Table 80 presents the noninterest income recognized within the scope of Topic 606 for each of our three reportable business segments’ principal products and services, along with the relationship to the noninterest income revenue streams shown on our Consolidated Income Statement. For a description of the fee-based revenue and how it is recognized for each segment’s principal products and services, see Note 24 Fee-based Revenue from Contracts with Customers in our 2022 Form 10-K.

Table 80: Noninterest Income by Business Segment and Reconciliation to Consolidated Noninterest Income

	Three Months Ended June 30, 2023			Three Months Ended June 30, 2022		
In millions	Retail Banking	Corporate & Institutional Banking	Asset Management Group	Retail Banking	Corporate & Institutional Banking	Asset Management Group
Asset management and brokerage						
Asset management fees			$ 222			$ 228
Brokerage fees	$ 124		2	$ 135		2
Total asset management and brokerage	124		224	135		230
Card and cash management						
Treasury management fees	11	$ 345		10	$ 327	
Debit card fees	178			177		
Net credit card fees (a)	61			63		
Merchant services	45	19		52	14	
Other	25			27		
Total card and cash management	320	364		329	341	
Lending and deposit services						
Deposit account fees	151			145		
Other	18	8		17	9	
Total lending and deposit services	169	8		162	9	
Residential and commercial mortgage (b)		40			33	
Capital markets and advisory		130			272	
Other		14			9	
Total in-scope noninterest income	613	556	224	626	664	230
Out-of-scope noninterest income (c)	89	265	4	122	304	4
Noninterest income by business segment	$ 702	$ 821	$ 228	$ 748	$ 968	$ 234
Reconciliation to consolidated noninterest income						
Total in-scope business segment noninterest income			$ 1,393			$ 1,520
Out-of-scope business segment noninterest income (c)			358			430
Noninterest income from other segments			32			115
Noninterest income as shown on the Consolidated Income Statement			$ 1,783			$ 2,065

(Continued from previous page)	Six Months Ended June 30, 2023			Six Months Ended June 30, 2022		
In millions	Retail Banking	Corporate & Institutional Banking	Asset Management Group	Retail Banking	Corporate & Institutional Banking	Asset Management Group
Asset management and brokerage						
Asset management fees			$ 446			$ 469
Brokerage fees	$ 254		4	$ 269		4
Total asset management and brokerage	254		450	269		473
Card and cash management						
Treasury management fees	21	$ 673		19	$ 629	
Debit card fees	343			338		
Net credit card fees (a)	119			118		
Merchant services	84	38		93	31	
Other	49			50		
Total card and cash management	616	711		618	660	
Lending and deposit services						
Deposit account fees	306			287		
Other	36	16		34	17	
Total lending and deposit services	342	16		321	17	
Residential and commercial mortgage (b)		82			64	
Capital markets and advisory		286			409	
Other		22			22	
Total in-scope noninterest income	1,212	1,117	450	1,208	1,172	473
Out-of-scope noninterest income (c)	233	590	8	285	600	9
Noninterest income by business segment	$ 1,445	$ 1,707	$ 458	$ 1,493	$ 1,772	$ 482
Reconciliation to consolidated noninterest income						
Total in-scope business segment noninterest income			$ 2,779			$ 2,853
Out-of-scope business segment noninterest income (c)			831			894
Noninterest income from other segments			191			206
Noninterest income as shown on the Consolidated Income Statement			$ 3,801			$ 3,953

(a) Net credit card fees consists of interchange fees of $173 million and $172 million and credit card reward costs of $112 million and $109 million for the three months ended June 30, 2023 and 2022, respectively. Net credit card fees consists of interchange fees of $333 million and $320 million and credit card reward costs of $214 million and $202 million for the six months ended June 30, 2023 and 2022, respectively.

(b) Residential mortgage noninterest income falls under the scope of other accounting and disclosure requirements outside of Topic 606 and is included within the out-of-scope noninterest income line for the Retail Banking segment.

(c) Out-of-scope noninterest income includes revenue streams that fall under the scope of other accounting and disclosure requirements outside of Topic 606.

Note 16 Regulatory Matters

FDIC Special Assessment Pursuant to Systemic Risk Determination

In May 2023, the FDIC proposed a rule to implement a special assessment, in connection with the systemic risk determination announced in March 2023, to recover the cost associated with protecting uninsured depositors following the closures of Silicon Valley Bank and Signature Bank. Under the proposal, the FDIC would collect from PNC, along with other BHCs and insured depository institutions, special assessments at an annual rate of 12.5 basis points of PNC's uninsured deposits reported as of December 31, 2022 (adjusted to exclude the first $5 billion), over eight quarterly assessment periods, beginning after the first quarter 2024. We expect the FDIC will enact a special deposit insurance assessment in the second half of 2023 that will significantly increase our FDIC deposit insurance costs. Based on the current proposal, PNC estimates our total cost to be approximately $468 million pre-tax, or $370 million after-tax, which would be incurred in the quarter the FDIC finalizes the rule. The total cost and timing is subject to change pending the assessment's finalization.

Proposed Expanded Risk-Based Capital Rules

On July 27, 2023, the Federal Reserve, OCC, and FDIC proposed for public comment an interagency rule to implement the final components of the Basel III framework that would significantly revise the capital requirements for large banking organizations, including PNC and PNC Bank. The proposed rule will apply an expanded risk-based approach which leverages the Basel rules, including the calculation of risk-weighted assets, in addition to the current U.S. standardized approach. In addition, this proposal would align the regulatory capital elements and required deductions for Category III banking organizations such as PNC and PNC Bank with those currently applicable to Category I and II banking organizations. PNC and PNC Bank would be required to recognize most elements of AOCI in regulatory capital and deduct from CET1 capital, among other items, mortgage servicing assets and deferred tax assets that individually exceed 10 percent of CET1 capital or in the aggregate with other threshold items that exceed 15 percent of CET1 capital. PNC and PNC Bank would be required to calculate their risk-based capital ratios under the existing standardized approach and the expanded risk-based approach and would be subject to the lower of the two resulting ratios for their risk-based capital minimums and buffer requirements, including the SCB. The proposed effective date is July 1, 2025, with certain provisions—including the recognition of AOCI elements in regulatory capital and the increase in risk-weighted assets due to the expanded risk-based approach—having a three-year phase-in period.

STATISTICAL INFORMATION (UNAUDITED)
THE PNC FINANCIAL SERVICES GROUP, INC.
Average Consolidated Balance Sheet And Net Interest Analysis (a) (b) (c)

	Six months ended June 30					
	2023			2022		
Taxable-equivalent basis Dollars in millions	Average Balances	Interest Income/ Expense	Average Yields/ Rates	Average Balances	Interest Income/ Expense	Average Yields/ Rates
Assets						
Interest-earning assets:						
Investment securities						
Securities available for sale						
Residential mortgage-backed						
Agency	$ 31,513	$ 421	2.67 %	$ 52,308	$ 495	1.89 %
Non-agency	676	30	8.95 %	954	36	7.55 %
Commercial mortgage-backed	3,025	41	2.72 %	4,793	58	2.40 %
Asset-backed	397	13	6.67 %	4,296	32	1.49 %
U.S. Treasury and government agencies	8,657	92	2.12 %	32,391	210	1.29 %
Other	3,129	40	2.51 %	4,536	60	2.67 %
Total securities available for sale	47,397	637	2.69 %	99,278	891	1.79 %
Securities held to maturity						
Residential mortgage-backed	45,323	618	2.73 %	16,687	164	1.96 %
Commercial mortgage-backed	2,424	62	5.15 %	591	7	2.29 %
Asset-backed	6,868	138	4.03 %	2,071	20	1.91 %
U.S. Treasury and government agencies	36,831	245	1.33 %	14,618	80	1.09 %
Other	3,365	80	4.63 %	1,068	22	4.19 %
Total securities held to maturity	94,811	1,143	2.41 %	35,035	293	1.67 %
Total investment securities	142,208	1,780	2.50 %	134,313	1,184	1.76 %
Loans						
Commercial and industrial	181,444	5,041	5.52 %	161,256	2,297	2.83 %
Commercial real estate	36,023	1,121	6.19 %	34,237	518	3.01 %
Equipment lease financing	6,408	141	4.40 %	6,150	113	3.68 %
Consumer	55,045	1,762	6.46 %	54,757	1,271	4.68 %
Residential real estate	46,107	779	3.38 %	41,385	636	3.07 %
Total loans	325,027	8,844	5.43 %	297,785	4,835	3.24 %
Interest-earning deposits with banks	32,736	790	4.83 %	51,120	107	0.42 %
Other interest-earning assets	9,012	264	5.86 %	9,677	116	2.42 %
Total interest-earning assets/interest income	508,983	11,678	4.58 %	492,895	6,242	2.53 %
Noninterest-earning assets	49,918			56,232		
Total assets	$ 558,901			$ 549,127		
Liabilities and Equity						
Interest-bearing liabilities:						
Interest-bearing deposits						
Money market	$ 64,716	832	2.59 %	$ 60,295	31	0.10 %
Demand	124,243	1,069	1.74 %	116,024	51	0.09 %
Savings	103,406	585	1.14 %	108,799	22	0.04 %
Time deposits	21,436	336	3.14 %	13,195	11	0.15 %
Total interest-bearing deposits	313,801	2,822	1.81 %	298,313	115	0.08 %
Borrowed funds						
Federal Home Loan Bank borrowings	32,909	835	5.04 %	3,508	22	1.24 %
Bank notes and senior debt	20,298	577	5.66 %	17,089	112	1.30 %
Subordinated debt	5,974	177	5.94 %	6,886	58	1.68 %
Other	5,156	97	3.74 %	5,515	33	1.22 %
Total borrowed funds	64,337	1,686	5.22 %	32,998	225	1.36 %
Total interest-bearing liabilities/interest expense	378,138	4,508	2.38 %	331,311	340	0.20 %
Noninterest-bearing liabilities and equity:						
Noninterest-bearing deposits	117,155			151,567		
Accrued expenses and other liabilities	15,536			16,245		
Equity	48,072			50,004		
Total liabilities and equity	$ 558,901			$ 549,127		
Interest rate spread			2.20 %			2.33 %
Impact of noninterest-bearing sources			0.61			0.06
Net interest income/margin		$ 7,170	2.81 %		$ 5,902	2.39 %

STATISTICAL INFORMATION (UNAUDITED)
THE PNC FINANCIAL SERVICES GROUP, INC.
Average Consolidated Balance Sheet And Net Interest Analysis (a) (b) (c)

(Continued from previous page)

	Three months ended June 30					
	2023			2022		
Taxable-equivalent basis Dollars in millions	Average Balances	Interest Income/ Expense	Average Yields/Rates	Average Balances	Interest Income/ Expense	Average Yields/ Rates
Assets						
Interest-earning assets:						
Investment securities						
Securities available for sale						
Residential mortgage-backed						
Agency	$ 31,180	$ 208	2.67 %	$ 37,285	$ 202	2.17 %
Non-agency	663	15	9.39 %	902	17	7.56 %
Commercial mortgage-backed	2,948	21	2.84 %	4,362	27	2.45 %
Asset-backed	575	9	6.56 %	2,388	11	1.84 %
U.S. Treasury and government agencies	8,231	45	2.20 %	17,480	70	1.60 %
Other	2,997	21	2.55 %	4,200	28	2.59 %
Total securities available for sale	46,594	319	2.73 %	66,617	355	2.13 %
Securities held to maturity						
Residential mortgage-backed	45,033	306	2.72 %	33,086	164	1.98 %
Commercial mortgage-backed	2,396	32	5.35 %	1,175	7	2.30 %
Asset-backed	6,712	68	4.10 %	4,119	20	1.92 %
U.S. Treasury and government agencies	36,912	123	1.34 %	28,167	74	1.05 %
Other	3,391	41	4.65 %	1,560	16	4.21 %
Total securities held to maturity	94,444	570	2.41 %	68,107	281	1.65 %
Total investment securities	141,038	889	2.52 %	134,724	636	1.89 %
Loans						
Commercial and industrial	180,878	2,608	5.70 %	166,968	1,225	2.90 %
Commercial real estate	35,938	578	6.37 %	34,467	276	3.15 %
Equipment lease financing	6,364	72	4.51 %	6,200	56	3.62 %
Consumer	55,070	901	6.57 %	54,551	637	4.68 %
Residential real estate	46,284	395	3.41 %	42,604	330	3.11 %
Total loans	324,534	4,554	5.57 %	304,790	2,524	3.29 %
Interest-earning deposits with banks	31,433	400	5.10 %	39,689	78	0.79 %
Other interest-earning assets	9,215	138	5.96 %	9,935	68	2.76 %
Total interest-earning assets/interest income	506,220	5,981	4.70 %	489,138	3,306	2.69 %
Noninterest-earning assets	49,287			57,740		
Total assets	$ 555,507			$ 546,878		
Liabilities and Equity						
Interest-bearing liabilities:						
Interest-bearing deposits						
Money market	$ 63,691	$ 443	2.79 %	$ 58,019	$ 27	0.19 %
Demand	124,111	584	1.89 %	119,636	44	0.15 %
Savings	102,415	321	1.26 %	109,063	12	0.04 %
Time deposits	22,342	183	3.26 %	10,378	5	0.18 %
Total interest-bearing deposits	312,559	1,531	1.96 %	297,096	88	0.12 %
Borrowed funds						
Federal Home Loan Bank borrowings	33,752	451	5.28 %	6,978	22	1.24 %
Bank notes and senior debt	20,910	312	5.91 %	16,172	66	1.61 %
Subordinated debt	5,850	90	6.19 %	6,998	34	1.94 %
Other	5,180	50	3.79 %	5,508	20	1.46 %
Total borrowed funds	65,692	903	5.44 %	35,656	142	1.58 %
Total interest-bearing liabilities/interest expense	378,251	2,434	2.56 %	332,752	230	0.27 %
Noninterest-bearing liabilities and equity:						
Noninterest-bearing deposits	113,178			149,432		
Accrued expenses and other liabilities	15,063			17,116		
Equity	49,015			47,578		
Total liabilities and equity	$ 555,507			$ 546,878		
Interest rate spread			2.14 %			2.42 %
Impact of noninterest-bearing sources			0.65			0.08
Net interest income/margin		$ 3,547	2.79 %		$ 3,076	2.50 %

(a) Nonaccrual loans are included in loans, net of unearned income. The impact of financial derivatives used in interest rate risk management is included in the interest income/ expense and average yields/rates of the related assets and liabilities. Basis adjustments related to hedged items are included in noninterest-earning assets and noninterest-bearing liabilities. Average balances of securities are based on amortized historical cost (excluding adjustments to fair value, which are included in other assets). Average balances for certain loans and borrowed funds accounted for at fair value are included in noninterest-earning assets and noninterest-bearing liabilities, with changes in fair value recorded in Noninterest income.

(b) Loan fees for the three months ended June 30, 2023 and June 30, 2022 were $44 million and $38 million, respectively. Loan fees for the six months ended June 30, 2023 and June 30, 2022 were $90 million and $98 million, respectively.

(c) Interest income calculated as taxable-equivalent interest income. To provide more meaningful comparisons of interest income and yields for all interest-earning assets, as well as net interest margins, we use interest income on a taxable-equivalent basis in calculating average yields and net interest margin by increasing the interest income earned on tax-exempt assets to make it fully equivalent to interest income earned on taxable investments. This adjustment is not permitted under GAAP. See Reconciliation of Taxable-Equivalent Net Interest Income in this Statistical Information section for more information.

Reconciliation Of Taxable-Equivalent Net Interest Income (non-GAAP) (a)

	Six months ended		Three months ended	
In millions	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net interest income (GAAP)	$ 7,095	$ 5,855	$ 3,510	$ 3,051
Taxable-equivalent adjustments	75	47	37	25
Net interest income (non-GAAP)	$ 7,170	$ 5,902	$ 3,547	$ 3,076

(a) The interest income earned on certain interest-earning assets is completely or partially exempt from federal income tax. As such, these tax-exempt instruments typically yield lower returns than taxable investments. To provide more meaningful comparisons of net interest income, we use interest income on a taxable-equivalent basis by increasing the interest income earned on tax-exempt assets to make it fully equivalent to interest income earned on taxable investments. This adjustment is not permitted under GAAP.

Glossary

Defined Terms

For a glossary of terms commonly used in our filings, please see the glossary of terms included in our 2022 Form 10-K.

Acronyms

ACL	Allowance for credit losses	**LCR**	Liquidity Coverage Ratio
ALLL	Allowance for loan and lease losses	**LGD**	Loss given default
AOCI	Accumulated other comprehensive income	**LIBOR**	London Interbank Offered Rate
ASC	Accounting Standards Codification	**LIHTC**	Low income housing tax credit
ASU	Accounting Standards Update	**LLC**	Limited liability company
BHC	Bank holding company	**LTV**	Loan-to-value ratio
bps	Basis points	**MD&A**	Management's Discussion and Analysis of Financial Condition and Results of Operations
BSBY	Bloomberg Short-Term Bank Yield Index	**MSR**	Mortgage servicing right
CARES Act	Coronavirus Aid, Relief and Economic Security Act	**NSFR**	Net Stable Funding Ratio
CCAR	Comprehensive Capital Analysis and Review	**OCC**	Office of the Comptroller of the Currency
CECL	Current expected credit losses	**OREO**	Other real estate owned
CET1	Common equity tier 1	**OTC**	Over-the-counter
CFPB	Consumer Financial Protection Bureau	**PCD**	Purchased credit deteriorated
FDIC	Federal Deposit Insurance Corporation	**PD**	Probability of default
FDM	Financial Difficulty Modification	**PPP**	Paycheck Protection Program
FHLB	Federal Home Loan Bank	**RAC**	PNC's Reserve Adequacy Committee
FHLMC	Federal Home Loan Mortgage Corporation	**ROAP**	Removal of account provisions
FICO	Fair Isaac Corporation (credit score)	**SCB**	Stress capital buffer
FNMA	Federal National Mortgage Association	**SEC**	Securities and Exchange Commission
FOMC	Federal Open Market Committee	**SOFR**	Secured Overnight Financing Rate
GAAP	Accounting principles generally accepted in the United States of America	**SPE**	Special purpose entity
GDP	Gross Domestic Product	**TDR**	Troubled debt restructuring
GNMA	Government National Mortgage Association	**U.S.**	United States of America
GSIB	Globally systemically important bank	**VaR**	Value-at-risk
HPI	Home price index	**VIE**	Variable interest entity
ISDA	International Swaps and Derivatives Association		

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See the information set forth in Note 13 Legal Proceedings, which is incorporated by reference in response to this item.

ITEM 1A. RISK FACTORS

There are no material changes from any of the risk factors previously disclosed in our first quarter 2023 Form 10-Q and 2022 Form 10-K in response to Part II, Item 1A and Part I, Item 1A, respectively.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Unregistered Sales of Equity Securities

None.

Equity Security Repurchases

Details of our repurchases of PNC common stock during the second quarter of 2023 are included in the following table.

2023 period In thousands, except per share data	Total shares purchased (a)	Average price paid per share	Total shares purchased as part of publicly announced programs (b)	Maximum number of shares that may yet be purchased under the programs (b)
April 1 - 30	95	$ 125.31	79	46,524
May 1 - 31	188	$ 117.13	188	46,336
June 1 - 30	836	$ 125.64	836	45,500
Total	1,119	$ 124.18	1,103	

(a) Includes PNC common stock purchased in connection with our various employee benefit plans generally related to forfeitures of unvested restricted stock awards and shares used to cover employee payroll tax withholding requirements. See Note 17 Employee Benefit Plans and Note 18 Stock Based Compensation Plans in our 2022 Form 10-K, which include additional information regarding our employee benefit and equity compensation plans that use PNC common stock.

(b) Consistent with the SCB framework, which allows for capital returns in amounts in excess of the SCB minimum levels (the regulatory minimum (4.5%) plus our SCB), our Board of Directors has authorized a repurchase framework under the previously approved repurchase program of up to 100 million common shares, of which approximately 46% were still available for repurchase at June 30, 2023. PNC's SCB through September 30, 2023 is 2.9%. Based on the results of the Federal Reserve's 2023 annual stress test, PNC's SCB for the four-quarter period beginning October 1, 2023 will improve to the regulatory minimum of 2.5%.

ITEM 5. OTHER INFORMATION

Director or Executive Officer Rule 10b5-1 and Non-Rule 10b5-1 Trading Arrangements

During the three months ended June 30, 2023, none of PNC’s directors or executive officers adopted, terminated, or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement.

ITEM 6. EXHIBITS

The following exhibit index lists Exhibits filed or furnished with this Quarterly Report on Form 10-Q:

EXHIBIT INDEX

10.33	2023 Form of Performance Share Units Award Agreement
10.34	2023 Form of Restricted Share Units Award Agreement
10.35	2023 Form of Restricted Share Units Award Agreement – Senior Leader Program
10.36	2023 Form of Five-Year Restricted Share Units Award Agreement
22	Subsidiary Issuers of Guaranteed Securities
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350
32.2	Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350
101.INS	Inline XBRL Instance Document*
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

*The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL.

You can obtain copies of these Exhibits electronically at the SEC's website at www.sec.gov. The Exhibits are also available as part of this Form 10-Q on PNC's corporate website at www.pnc.com/secfilings. Shareholders and bondholders may also obtain copies of Exhibits, without charge, by contacting Investor Relations at 800-843-2206 or via e-mail at investor.relations@pnc.com.

CORPORATE INFORMATION

The PNC Financial Services Group, Inc.

Internet Information

The PNC Financial Services Group, Inc.'s financial reports and information about its products and services are available on the internet at www.pnc.com. We provide information for investors on our corporate website under "About Us – Investor Relations." We use our Twitter account, @pncnews, as an additional way of disseminating to the public information that may be relevant to investors.

We generally post the following under "About Us – Investor Relations" shortly before or promptly following its first use or release: financially-related press releases, including earnings releases and supplemental financial information, various SEC filings, including annual, quarterly and current reports and proxy statements, presentation materials associated with earnings and other investor conference calls or events, and access to live and recorded audio from earnings and other investor conference calls or events. In some cases, we may post the presentation materials for other investor conference calls or events several days prior to the call or event. For earnings and other conference calls or events, we generally include in our posted materials a cautionary statement regarding forward-looking and non-GAAP financial information, and we provide GAAP reconciliations when we include non-GAAP financial information. Such GAAP reconciliations may be in materials for the applicable presentation, in materials for prior presentations or in our annual, quarterly or current reports.

When warranted, we will also use our website to expedite public access to time-critical information regarding PNC instead of using a press release or a filing with the SEC for first disclosure of the information. In some circumstances, the information may be relevant to investors but directed at customers, in which case it may be accessed directly through the home page rather than "About Us – Investor Relations."

We are required to provide additional public disclosure regarding estimated income, losses and pro forma regulatory capital ratios under supervisory and PNC-developed hypothetical severely adverse economic scenarios, as well as information concerning our capital stress testing processes, pursuant to the stress testing regulations adopted by the Federal Reserve and the OCC. We are also required to make certain additional regulatory capital-related public disclosures about our capital structure, risk exposures, risk assessment processes, risk-weighted assets and overall capital adequacy, including market risk-related disclosures, under the regulatory capital rules adopted by the Federal banking agencies. Similarly, the Federal Reserve's rules require quantitative and qualitative disclosures about our LCR and NSFR. Under these regulations, we may satisfy these requirements through postings on our website, and we have done so and expect to continue to do so without also providing disclosure of this information through filings with the SEC.

Other information posted on our corporate website that may not be available in our filings with the SEC includes information relating to our corporate governance and annual communications from our chairman to shareholders.

Where we have included internet addresses in this Report, such as our internet address and the internet address of the SEC, we have included those internet addresses as inactive textual references only. Except as specifically incorporated by reference into this Report, information on those websites is not part hereof.

Financial Information

We are subject to the informational requirements of the Exchange Act and, in accordance with the Exchange Act, we file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC File Number is 001-09718. You can obtain copies of these and other filings, including exhibits, electronically at the SEC's internet website at www.sec.gov or on our corporate internet website at www.pnc.com/secfilings. Shareholders and bond holders may also obtain copies of these filings without charge by contacting PNC Investor Relations at 800-843-2206, via the information request form at www.pnc.com/investorrelations for copies without exhibits, or via email to investor.relations@pnc.com for copies of exhibits, including financial statements and schedule exhibits where applicable. The interactive date file (XBRL) is only available electronically.

Corporate Governance at PNC

Information about our Board of Directors and its committees and corporate governance, including our PNC Code of Business Conduct and Ethics (as amended from time to time), is available on our website at www.pnc.com/corporategovernance. In addition, any future waivers from a provision of the PNC Code of Business Conduct and Ethics covering any of our directors or executive officers (including our principal executive officer, principal financial officer and principal accounting officer or controller) will be posted at this internet address.

Shareholders who would like to request printed copies of the PNC Code of Business Conduct and Ethics or our Corporate Governance Guidelines or the charters of our Board's Audit, Nominating and Governance, Human Resources, or Risk Committees (all of which are posted on our website at www.pnc.com/corporategovernance) may do so by sending their requests to our Corporate Secretary at The PNC Financial Services Group, Inc. at The Tower at PNC Plaza, 300 Fifth Avenue, Pittsburgh, Pennsylvania 15222-2401. Copies will be provided without charge.

Inquiries

For financial services, call 888-762-2265.

Registered shareholders should contact Shareholder Services at 800-982-7652. Hearing impaired: 800-952-9245.

Analysts and institutional investors should contact Bryan Gill, Executive Vice President, Director of Investor Relations, at 412-768-4143 or via email at investor.relations@pnc.com.

News media representatives should contact PNC Media Relations at 412-762-4550 or via email at media.relations@pnc.com.

Dividend Policy

Holders of PNC common stock are entitled to receive dividends when declared by our Board of Directors out of funds legally available for this purpose. Our Board of Directors may not pay or set apart dividends on the common stock until dividends for all past dividend periods on any series of outstanding preferred stock and certain outstanding capital securities issued by the parent company have been paid or declared and set apart for payment. The Board of Directors presently intends to continue the policy of paying quarterly cash dividends. The amount of any future dividends will depend on economic and market conditions, our financial condition and operating results, and other factors, including contractual restrictions and applicable government regulations and policies (such as those relating to the ability of bank and non-bank subsidiaries to pay dividends to the parent company and regulatory capital limitations). The amount of our dividend is also currently subject to the results of the supervisory assessment of capital adequacy and capital planning processes undertaken by the Federal Reserve as part of the CCAR process, which includes setting PNC's SCB, as described in the Capital Management portion of the Risk Management section of the Financial Review of this Report and in the Supervision and Regulation section in Item 1 of our 2022 Form 10-K.

Dividend Reinvestment and Stock Purchase Plan

The PNC Financial Services Group, Inc. Dividend Reinvestment and Stock Purchase Plan enables holders of our common stock to conveniently purchase additional shares of common stock. Obtain a prospectus and enroll at www.computershare.com/pnc or contact Computershare at 800-982-7652. Registered shareholders may also contact this phone number regarding dividends and other shareholder services.

Stock Transfer Agent and Registrar

Computershare
150 Royall Steet, Suite 101
Canton, MA 02021
800-982-7652
Hearing impaired: 800-952-9245
www.computershare.com/pnc

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on August 2, 2023 on its behalf by the undersigned thereunto duly authorized.

/s/ Robert Q. Reilly
Robert Q. Reilly
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

FDIC Coverage for Deposited Balances

The FDIC coverage for deposits is the standard $250,000. PNC does not charge a specific FDIC fee, however, we do charge an account balance fee. The account balance fee may include expenses incurred by the bank for deposit insurance assessment charges or financing corporation (FICO) charges and other charges provided by law from time to time and may also include administrative expense incurred by the bank in providing depository services. The fee is variable and is subject to change by the bank at any time without notice. This fee is not imposed or required by the Federal Deposit Insurance Corporation.

STATEMENT OF COMMUNITY INVOLVEMENT

2022

Chicago-Market

$88 BILLION

PNC COMMUNITY BENEFITS PLAN

HOME LENDING | SMALL BUSINESS | COMMUNITY FINANCING | CHARITABLE GIVING

January, 2022 to December, 2022

$1.2B* IN STRATEGIC INVESTMENTS AND GIVING

$862M*
Supporting homeownership and affordable housing for low- to moderate-income (LMI) and minority borrowers in LMI and majority-minority communities

$205M*
Loans to support small businesses in LMI communities, majority-minority census tracts, and businesses with revenues less than $1 million

$173M*
Additional impact investing and loan capital to support affordable housing, economic development, neighborhood stabilization and community service in traditionally underserved communities

$120M**
Charitable giving and philanthropic grants to help drive impactful change across communities

*Market Level
**Enterprise Level

INTRODUCTION

As a national main street bank, PNC recognizes that our success is directly proportional to the success of those we serve. This is best evidenced by the company having earned an "Outstanding" rating under the Community Reinvestment Act since those examinations began more than 40 years ago. PNC has been nationally recognized for the impact of PNC Grow Up Great®, a bilingual multi-year initiative launched in 2004 that helps prepare children from birth to age 5 for success in school and life, with a particular emphasis on helping children, families and others in diverse and low- and moderate-income neighborhoods. And earlier this year, launched on January 1, 2022, PNC's Community Benefits Plan pledges to provide $88 billion in loans, investments, and other financial support to bolster economic opportunity for low- and moderate-Income (LMI) individuals, communities, and those most under-served by mainstream finance.

This report provides an overview of PNC's performance across the City of Chicago during 2022 and documents our progress toward supporting affordable homeownership, small business, neighborhood revitalization and charitable giving. By leveraging PNC's national scale, we're driving patient capital into local communities and building a more inclusive financial system.

12-months into its 4-year Plan, PNC has deployed $1.2 billion within the Chicagoland Market to bring this commitment to life!

COMMUNITY DEVELOPMENT LOANS AND INVESTMENTS

PNC has a long history of supporting economic empowerment efforts. PNC will also continue to partner with community development organizations throughout the region and is committed to providing financing to community development projects whenever possible (in accordance to the bank's practices and risk appetite). PNC has designated community development banking and tax credit teams that can provide robust support to local community and economic development initiatives. PNC has the capability to provide equity investments and syndication services towards tax credit projects. Furthermore, PNC's other various lines of business will continue to deliver quality products and services to help advance low- and moderate-income communities.

Commitment to Community

PNC's commitment to serving communities starts with learning more about the community, whether through PNC employees' involvement in their neighborhoods, through the bank's Community Advisory Council or by creating new opportunities to engage, discuss and explore critical issues impacting communities across the bank's footprint.

Lead by the Community Development team, in its inaugural two-day Community Leadership Symposium in October 2022, the company welcomed leaders in nonprofit, community and public policy spaces from across the country to listen, learn and discuss strategies for accelerating and elevating financial inclusion and economic mobility within PNC's footprint. This investment will continue annually over the next three years as part of PNC's increased efforts to invest in underserved communities under its $88 billion Community Benefits Plan.

Community Development Loans and Investments

Through our Community Development group PNC continues to support impact directly and indirectly though CRA-qualified loans, financing of affordable housing development, along with investments into CDFI entities. During calendar year 2022, PNC funded $**246 million in CRA-qualified loans**, including three affordable housing developments and five federally qualified health centers across Chicago. More than **$173 million in CRA qualified investments** to individuals and entities throughout the Chicagoland area.

Board Engagement and Committee Services

PNC is actively engaged in providing technical assistance in partnership with more than 30 community-based not for profit organizations throughout Chicago that predominantly support low- and moderate-income (LMI) populations and communities. In addition, PNC employees serve on various boards and committees, attending a combined 181 board or committee meetings throughout 2022.

COMMUNITY REINVESTMENT PLAN

As a main street bank, PNC has launched several innovative programs to help bridge access to banking services in communities across our footprint bringing banking services where they're needed most.

Mobile Branches

PNC's Retail Banking and Community Development Banking teams are actively using a fleet of mobile units as community outreach tools to extend essential banking services into low- and moderate-income communities and strengthen relationships with unbanked or underbanked members of Chicago communities.

PNC's mobile branches not only offer financial education seminars for consumers, small businesses and nonprofit organizations, they also provide seminars for homebuyers and tips for money management in an effort to improve the financial stability of people and families who may not otherwise have convenient access to banking services, rely on high-fee check-cashing and payday loans or who don't have checking accounts at all.

Financial Education Events

Throughout 2022, PNC employees have supported the delivery of financial education to LMI individuals in partnership with several local organizations. Additionally, PNC employees have participated in Money Smart Week across Chicago for each of the past 10 years. Money Smart Week is a public awareness campaign that provides free financial education events and class offerings throughout the Chicagoland area. These events are primarily targeted to LMI individuals and families of all ages.

Home Lending and Affordable Homeownership

Building on our efforts to drive meaningful homeownership growth, affordability and wealth creation in the communities where our customers live, work and play, PNC is investing in down payment and closing cost assistance as well as other home-buying resources to advance homeownership and to reduce the wealth gap in low- and moderate-income (LMI) and majority-minority census tracts. Under the plan, PNC continues to be engaged with community partners and provides community-based financial education that:

- **Originated $142.3 million in residential mortgage and home equity loans impacting 81,600 LMI and minority borrowers across the city of Chicago in 2022.**
- Strengthen efforts to provide greater access to credit as a participating member of the Office of the Comptroller of the Currency's Project REACH initiatives, a national effort to remove structural barriers to financial inclusion.
- Expand a dedicated team of Affordable Lending Minority Loan Officers (MLOs) to support the Plan's expansive home lending aspirations and to address some of the lending and credit needs of minority borrowers and under-resourced homebuyers. In 2022, MLOs held dozens of first-time homebuyer and community outreach events to promote affordable lending options across the PNC footprint.

For those needing access for affordable housing but not in a position to pursue home ownership, PNC's affordable housing partners include:

Purpose-Driven Philanthropy

PNC's commitment to building stronger communities goes beyond loans and investments. Through our national main street bank model, PNC employees deliver time, talent, and financial resources to support local community organizations and nonprofits dedicated to engaging and empowering people and communities in need. At an enterprise level, in 2022, PNC awarded **$120 million in charitable giving** – including mortgage assistance grants – to support individuals and communities.

The PNC Foundation also continues to strategically support initiatives that promote **social justice** across the communities it serves. One such partner is The Monroe Foundation, a not-for-profit intermediary that seeks to educate, link and fund community and economic development projects within low-income and economically disadvantaged communities in Chicago and the State of Illinois. Currently and most notably, the Monroe Foundation is in the second year of managing a citywide workforce/community service initiative entitled "GET CLEARED" which is designed to assist former offenders to re-enter the labor force and help them to achieve economic self-sufficiency. This community development initiative has received citywide support from elected officials, faith-based leaders, corporate and financial institutions.

Supplier Diversity

Our company's commitment to an inclusive culture is reflected in our supplier relationships. PNC has a robust Supplier Diversity program, and we are committed to including diverse suppliers in our sourcing processes. We track and monitor our corporate spending with diverse firms including both Tier 1* and Tier 2** spend. By tracking Tier 2 spend, PNC encourages its suppliers to work with more diverse-owned businesses as subcontractors to provide products and services to PNC. In alignment with our Community Benefits Plan, we set a 2025 target to increase spending with diverse suppliers by a minimum of 20 percent. **In 2022, PNC spent $335.76 million (or 8.5 percent of eligible spend) with diverse suppliers** (Tier 1 and Tier 2), an increase of 46.6 percent, which exceeded our stated goal.

PNC is committed to economically strengthening and growing businesses owned by veterans and service-disabled veterans, women, minorities, individuals with disabilities and LGBTQ+ individuals, as well as Small and Disadvantaged Business enterprises as defined by the Small Business Administration. The viability, growth and expansion of the local business economy are integrally linked to successful diverse and small business.

PNC is a proud and active corporate member of several supplier diversity advocacy organizations that advance business opportunities and provide mentoring and development services to diverse owned businesses. PNC is also a member of the Financial Services Roundtable for Supplier Diversity (FSRSD) and serves on the Marketing and Supplier Development committees.

FINANCIAL EMPOWERMENT - BANK ON 2.0

PNC Bank, N.A. has been certified by Bank On since 2021 and was the first bank to offer two products that meet the Cities for Financial Empowerment Fund (CFE Fund)'s Bank On national certification. Both the Foundations Checking and PNC's SmartAccess® Prepaid Visa® Card meet the Bank On National Account Standards developed to ensure expanded access to safe and appropriate financial products and services to the almost 36 million people in the United States who are outside of the mainstream financial system. Bank On's 2023-2024 Standards continue to require low cost, no overdraft, and full-functioning features. A hallmark of the Foundation Checking account is a money management course that is now available on mobile devices as part of the on-boarding experience. The account also offers low-balance alerts, and no overdraft or non-sufficient funds fees. A nominal $5 monthly service charge is waived for customers aged 62 or older. Similarly, SmartAccess includes a mobile app, low-balance alerts, no overdraft fees and no fees for cashier's checks. While the SmartAccess card and Foundation Checking are available within most PNC markets, interested individuals should check with their local branch or servicing center for more information.

In addition to its two certified Bank On products and financial education offerings, PNC also offers its groundbreaking Low Cash Mode℠ to help Virtual Wallet® customers avoid overdraft fees through unprecedented account transparency and control to manage through low-cash moments or mis-timed payments. Low Cash Mode℠ gives customers Payment Control, including the power to prioritize by determining whether certain debits (checks and ACH transactions) are processed that otherwise might result in overdrafts, rather than the common industry practice of the bank making the decision. Real-time intelligent alerts let customers know when their balance is low and – if it is negative – Low Cash Mode℠ provides at least 24 hours of "extra time," and often more, to prevent or address overdrafts before fees are charged. Low Cash Mode℠ has been thoroughly tested and showed impressive results during a pre-launch pilot with nearly 20,000 customers, helping them collectively reduce overdraft fees by more than 60%.

In addition to the above, PNC's Community Development Banking team offers other programs and services to introduce or re-introduce consumers who may have limited experience and capacity with banking. PNC supports the administration of fee-free Individual Development Account (IDA) programs offered by non-profit organizations to help low- and moderate-income families achieve savings to buy a first home, attend school or reach other major milestones as prescribed by the program.

Lastly, through an alliance with the IRS, PNC offers prepaid Visa debit cards, free income-tax check cashing and financial education to clients of free Volunteer Income Tax Assistance (VITA) sites.

Access to Bank On products are available across the City of Chicago and greater Chicagoland area.

EARLY CHILDHOOD EDUCATION - GROW UP GREAT®

PNC Grow Up Great

PNC has invested more than $17 million in early childhood education in Chicago through the PNC Grow Up Great® initiative.

Grow Up Great® is PNC's nationally recognized, signature philanthropic initiative, a corporate-wide effort to promote and enhance early childhood education. This bilingual multi-year initiative launched in 2004 to help prepare children from birth to age 5 **for success in school and life**, with a particular emphasis on helping children, families and others in diverse and low- and moderate-income neighborhoods.

Through 2022, Grow Up Great has distributed more than $225 million in grants, established innovative community partnerships, developed rich educational resources for caregivers and educators, over 1 million PNC employee hours completed, and reached more than 8 million children throughout the United States and the District of Columbia.

In Chicago alone, over the past 13 years, PNC has invested more than $17 million in Grow Up Great programming, activities, and community partnerships, with much of the investment being made through three unique local initiatives, the STEM-based Museum Program, the Words to Grow On Chicago Vocabulary Program, along with Any Time is 3Ts Time.

- **Any Time is 3Ts Time** Investment in the TMW Center for Early Learning + Public Health at the University of Chicago to launch "Any Time is 3Ts Time," a campaign designed to empower parents with knowledge and skills to enhance their infants' and toddlers' cognitive development. This is based on its study revealing that improved their toddler's language environments by increasing conversational turns almost four times more than parents in the control group, which points to the importance of conversational turn-taking in building a child's language and cognitive skills, ultimately leading to stronger skill formation.

The Any Time is 3T Time campaign, which began in 2014, was renewed in 2019 to continue to provide online and print materials to parents through a network of community partners, particularly in underserved neighborhoods. The free, easy-to-use resources on the3Ts.org also includes access to an interactive web-based 3Ts app and Spanish-language versions of the entire campaign.

Early Childhood partners include:

PUBLIC DISCLOSURE

March 19, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

PNC Bank, National Association
Charter Number: 1316

222 Delaware Avenue
Wilmington, DE 19899

Office of the Comptroller of the Currency

Large Bank Supervision
400 7th Street SW
Washington, DC 20219

NOTE:This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

Table of Contents

Overall CRA Rating

Institution's CRA Rating: This institution is rated Outstanding**.**

The following table indicates the performance level of PNC Bank, National Association (PNC) with respect to the Lending, Investment, and Service Tests:

Performance Levels	PNC Bank, National Association Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	X
High Satisfactory			
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- Lending levels reflected excellent responsiveness to assessment area (AA) credit needs.
- The geographic distribution of home mortgage loans and small loans to businesses reflected excellent penetration throughout the bank's AAs.
- The borrower distribution reflected excellent penetration among retail customers of different income levels and business customers of different sizes.
- Community development (CD) loans were effective in addressing community credit needs. PNC had an excellent level of CD loans.
- Qualified investments were effective and responsive in addressing community credit needs. PNC made extensive use of innovative or complex investments to support CD initiatives.
- PNC's branches and alternative delivery systems were accessible to geographies and individuals of different income levels and responsive in providing services across all portions of its communities.
- CD services were effective and responsive in addressing community needs. The bank conducted or supported a high number of CD services, consistent with its capacity and expertise to conduct specific activities.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area (AA).

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income (LMI) individuals; community services targeted to LMI individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of $1 million or less; activities that revitalize or stabilize LMI geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's AA(s) or outside the AA(s) provided the bank has adequately addressed the CD needs of its AA(s).

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder' and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement, and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number, and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/AA.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above and half below.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division (MD): As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units**.**

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose CD.

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution’s CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of $1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of $500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Description of Institution

PNC Bank, National Association (PNC), headquartered in Pittsburgh, Pennsylvania, is a full-service interstate bank that is a wholly owned subsidiary of The PNC Financial Services Group, Inc. (PNC Financial). PNC Financial is a highly diversified financial services provider chartered in Wilmington, Delaware with $366.4 billion in assets as of December 31, 2016. PNC Financial's corporate legal structure consisted of PNC, PNC's subsidiaries, and approximately 50 active non-bank subsidiaries, in addition to various affordable housing investments.

PNC had total assets of $356.0 billion as of December 31, 2016. This included total loans and leases of $231.3 billion that were comprised of $83.7 billion in real-estate loans (39.3 percent), $70.7 billion (33.1 percent) in commercial loans, $32.2 billion (15.1 percent) in other loans and leases, $26.6 billion (12.5 percent) in individual loans, and $130.0 million (less than 0.1 percent) in agricultural loans. Total tier 1 capital as of December 31, 2016 was $29.5 billion.

As of December 31, 2016, PNC had a network of 2,590 branches and 10,286 Automated Teller Machines (ATMs) (4,791 of which were deposit taking) within its AAs. PNC had 32 rating areas consisting of 149 AAs in 19 states and the District of Columbia. The states included Alabama, Delaware, Florida, Georgia, Illinois, Indiana, Kentucky, Maryland, Michigan, Missouri, New Jersey, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Virginia, West Virginia, and Wisconsin.

PNC had businesses engaged in retail banking, residential mortgage banking, corporate and institutional banking, and asset management. Retail banking provided deposit, lending, brokerage, investment management, and cash management services to consumer and small business customers. Deposit products included checking, savings and money market accounts and certificates of deposit. Lending products included residential mortgages, home equity loans and lines of credit, auto loans, credit cards, education loans, and personal and small business loans and lines of credit. Residential Mortgage Banking directly originated first-lien residential mortgage loans on a nationwide basis with a significant presence within the retail-banking footprint.

Corporate and institutional banking provided lending, treasury management, and capital markets-related products and services to mid-sized and large corporations, and government and nonprofit entities. Treasury management services included cash and investment management, receivables management, disbursement services, funds transfer services, information reporting, and global trade services. Capital markets-related products and services included foreign exchange, derivatives, securities underwriting, loan syndications, mergers and acquisitions advisory, and equity capital markets advisory related services. They also provided commercial loan servicing and technology solutions for the commercial real estate finance industry.

The asset management group provided personal wealth management for high net-worth and ultra-high net-worth clients and institutional asset management. Wealth management products and services included investment and retirement planning, customized investment management, private banking, tailored credit solutions, and trust management and administration for individuals and their families. Institutional asset management provided advisory, custody, and retirement administration services.

PNC management elected to include qualified investments from several affiliates in this performance evaluation, as identified in appendix A. Currently, there are no financial impediments to PNC's ability to help meet the credit needs within its communities. The bank had no affiliates or subsidiaries that negatively affected the bank's capacity to lend, invest, or provide banking services within its communities. PNC did not make any acquisitions or mergers during the evaluation period that would have affected PNC's CRA performance or the OCC's analysis.

PNC received an overall outstanding rating in its last CRA evaluation by the OCC dated July 8, 2012. The scope of the previous evaluation covered 23 rating areas and 103 AAs.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The OCC evaluated PNC's home mortgage loans (home purchase, home improvement, and home refinance), small loans to businesses and farms, and retail services from January 1, 2012 through December 31, 2016. We evaluated CD loans; qualified investments; and CD services from July 9, 2012 through December 31, 2016. We did not consider consumer loans in our evaluation, as consumer lending did not constitute a substantial majority of the bank's business.

MSA boundary changes introduced in 2013, effective January 1, 2014, by the Office of Management and Budget (OMB) resulted in additional analysis for some AAs under the lending test. For both the geographic and borrower income distribution criteria, those AAs affected received separate analyses of 2012 through 2013 data and 2014 through 2016 data. The "Description of Institution's Operations" section in each Multistate Metropolitan Statistical Area (MMA) or State Rating section contains details on those areas affected by these changes. For full-scope AAs impacted by the 2014 OMB changes, we discuss the performance from 2014 through 2016 in the applicable narrative sections of the evaluation and compare it with the performance from 2012 through 2013. Only data from 2014 through 2016 is included on the lending performance tables, as documented on Tables 1 through 13 for the respective MMA and State rating areas in appendix D.

For AAs that consisted of two or more MDs within the same MSA or MMA, we aggregated the data prior to analyzing the bank's performance. We then presented our conclusions on the bank's performance at the MSA/MMA level.

In most markets, PNC made few, if any, multifamily loans or small loans to farms. We determined that 20 loans made within an AA were sufficient for analysis purposes. Some of the bank's AAs that contained urban geographies had a sufficient quantity of multifamily loans to analyze. Some of the bank's AAs that contain rural geographies had a sufficient quantity of small loans to farms to analyze. Due to the limited volume, multifamily and small farm lending had no material effect on the lending test. If we included an analysis of these loans in a full-scope AA, we noted it in the narrative for the applicable rating area. We removed tables related to multifamily and small loans to farms that contained no data from appendix D.

For lending performance, we placed more emphasis on the comparison to borrower and geographic distributions than on the aggregate performance. Borrower and geographic comparators covered all five years of the evaluation period where as aggregate comparators included data from 2016 only.

When there were differences in performance between loan products, including the subcategories of home mortgage loans, we emphasized the products based on the loan mix by number of loans specific to the AA over the evaluation period in determining an overall conclusion. We described the weightings within the narrative comments of each rating area. Weighting by number of loans gives consideration for each lending decision regardless of the loan's dollar amount.

When there were performance differences between LMI geographies, we placed more emphasis to the geographic category with more lending opportunity (e.g., owner-occupied housing units, families, businesses, or farms).

PNC used innovative or flexible lending programs in order to serve AA credit needs. PNC provided information on two specific programs. The first, PNC Community Mortgage, is the bank's portfolio mortgage program. PNC developed this product for LMI borrowers and for properties located within LMI geographies. PNC does not sell these loans to the secondary market, which allows for flexible underwriting guidelines. Some of the features of this program include no mortgage insurance, 3 percent down payment requirement, acceptance of alternative credit sources, and utilization of non- traditional credit history sources such as rental history and utility payments. PNC originated almost 1,900 PNC Community Mortgages totaling over $227.2 million during the evaluation period.

The second program is the PNC Closing Cost Assistance Grant. This is a grant of up to $1,500 for use with the PNC Community Mortgage, Fannie Mae's HomeReady Mortgage, Freddie Mac's HomePossible Mortgage, as well as PNC's conventional 15-year and 30-year mortgages. The PNC Closing Cost Assistance Grant is a forgivable subsidy that can be used for closing cost and pre-paid items for purchase and refinance transactions. PNC extended over 6,600 Closing Cost Assistance Grants totaling over $9.5 million during the evaluation period.

These products and programs complement the bank's existing suite of products and we considered them in the "Product Innovation and Flexibility" section of the AAs that had significant volumes of activity in these products.

To provide perspective regarding the relative level of CD loans and qualified investments, we allocated a portion of the bank's tier 1 capital to each AA based on its pro rata share of deposits as a means of comparative analysis.

Our analysis of qualified investments included the investment portfolio as well as donations and grants made during the evaluation period that had CD as the primary purpose. Qualified investments included investments that met the definition of CD that the bank made during the current evaluation period and investments made prior to the current evaluation period that were still outstanding. We considered prior-period investments at the book value of the investment at the end of the current evaluation period. We considered current-period investments at their original investment amount. Unless otherwise noted, the complexity and innovativeness of investments was typical for an institution of this size and capacity.

PNC's qualified investment activity that benefited a specific AA or a broader statewide or regional area that included the AA, where the entity or activity had a purpose, mandate, or function that included serving the AA, received consideration in the applicable state or MMA rating area. Because PNC was responsive to the CD needs of its AAs, we provided consideration for qualified investments in entities or activities in the broader statewide, regional, or nationwide area surrounding the bank's AA(s) whose activities neither serve nor benefit the AA(s). PNC made 102 direct investments totaling over $780.8 million in Low Income Housing Tax Credits (LIHTCs), New Market Tax Credits (NMTCs), and Historic Tax Credits (HTCs) in areas outside of its retail footprint. In addition, PNC made six investments totaling $47.4 million in nationwide funds within its footprint states. This activity had a positive effect on the overall investment test conclusion.

Our review of services during the evaluation period included analyzing PNC's network of retail branches and deposit-taking ATMs for the availability and effectiveness of delivering retail-banking services. We gave the most weight to the geographic distribution of bank branches and changes in branch locations.

We focused our analysis of retail branches on the current distribution of the bank's branches in LMI geographies. For some AAs, we also considered branch locations in middle- or upper-income geographies that were in close proximity to a low- or moderate-income geography. Proximity ranged from across the street to approximately two miles away. We evaluated several factors to determine that these branches served individuals in these geographies. This included the likelihood that the areas surrounding the branches offered residents and businesses of the nearby low- or moderate-income geographies additional amenities or public services, such as post offices, grocery stores, strip malls, or "big box" stores. We confirmed whether the locations were along major transportation routes readily accessible by car in rural areas or public transportation in urban areas.

PNC offered several forms of alternative delivery systems to its customers including debit cards and ATMs, telephone and online banking, electronic bill pay, and mobile banking options. Management provided data indicating usage among households in LMI geographies as well as the increase in usage over the evaluation period. We used this data to determine the extent to which the bank was reaching LMI populations through alternative delivery systems. We gave positive consideration to alternative delivery systems in areas where there were significant percentages of customers using these combined alternative delivery systems, or where a significant increase in the percentage of users over the evaluation period occurred.

Over the evaluation period, PNC began a retail branch network optimization program. This was the primary driver of branch openings and closings throughout the bank's service area. The bank considered three primary factors in their decision-making process; branch redundancy or proximity to other PNC locations or ATMs; customer behaviors in the market including transaction migration to their growing digital capabilities; and their geographic footprint. PNC had a formal process in which branch decisions included a review by several departments of the bank as well as soliciting feedback from the communities affected. The bank established a process to assess and mitigate any negative effect of branch closures to LMI customers and communities. We considered this when determining the effect of branch openings and closings in the bank's market areas.

We also considered the extent and innovativeness of PNC's CD services in meeting the credit needs within its AAs. PNC was a leader in promoting financial education by offering several home ownership and financial literacy seminars and events. PNC developed the *Grow Up Great* program, which is a ten-year, $350 million initiative undertaken to address an identified need for early childhood education for LMI children and their families. The initiative included investments, grants, and contributions to support educational programs for both LMI children and children within LMI areas. It also included participation in educational programs, including financial literacy programs, within schools and through nonprofit organizations and groups. The investments and services were directly responsive to community needs. The program positively affected, to varying degrees, each of the bank's AAs. In addition, PNC made $55.5

million in investments related to the *Grow Up Great* program in broader statewide, regional, or nationwide areas surrounding the bank's AAs, which had a positive effect on the overall investment test conclusion.

Data Integrity

As part of the OCC's ongoing supervision of PNC, we tested the accuracy of the bank's CRA-reported small business and small farm lending data, CD loans, qualified investments, and CD services. We determined that the publicly filed HMDA information and CRA-reported loan data was accurate and that CD loans, qualified investments, and CD services considered during this evaluation met the definition of CD.

Selection of Areas for Full-Scope Review

In each state and MMA where the bank had an office, we selected one or more AAs within that state or MMA for a full-scope review. Refer to the "Scope" section under each state or MMA rating section, as applicable, for details regarding how we selected the full-scope areas.

Ratings

The bank's overall rating is a weighted average blend of the MMA and state ratings based on each areas percentage of PNC's overall deposits. We based the MMA and state ratings primarily on those areas that received full-scope reviews but took into consideration the performance of the limited-scope areas when applicable. For all rating areas, we considered factors such as volume of deposits; the number of branches; the volume of reportable loans originated and purchased in each state or MMA; and the significance of the bank to the state or MMA based on its deposit market share and rank. Refer to the "Scope" section under each state and MMA rating section for details regarding how we weighted the various AAs in arriving at the overall rating.

Community Contacts

Refer to the market profiles in appendix C for community contact information as well as detailed demographics and other performance context information, including identified AA needs and opportunities, for AAs that received full-scope reviews.

Inside/Outside Ratio

We performed this analysis at the bank level and it did not include any affiliate lending activity. PNC originated or purchased a substantial majority (89.2 percent) of its loans within the combined AAs during the evaluation period. PNC originated or purchased 79.3 percent of their home mortgage loans within the AAs, including 84.0 percent of home purchase loans, 90.5 percent of home improvement loans, and 75.5 percent of home refinance loans. PNC originated or purchased 97.3 percent of their small business loans and 88.5 percent of small farm loans within the bank's AAs.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §25.28(c), in determining a national bank's CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC identified the following public information regarding non-compliance with the statutes and regulations prohibiting discriminatory or other illegal credit practices with respect to this institution:

- Evidence of deceptive practices in violation of section 5 of the Federal Trade Commission Act. Contrary to its marketing and disclosure, the bank had failed to waive fees charged to certain line of credit accounts since at least 2001 for some qualified consumer banking customers and since 2002 for some qualified business banking customers. On May 1, 2018, the bank entered into a Consent Order with the OCC, which required the bank to pay $15 million in civil money penalty related to this deceptive practice and other non-credit related unfair or deceptive trade practice violations. For further information on the practice and settlement, see OCC enforcement actions #2018-031, dated May 1, 2018.

The CRA performance rating was not lowered as a result of the findings listed above nor from other non-public supervisory information known to the OCC. We considered the nature, extent, and strength of the evidence of the practices; the extent to which institution had policies and procedures in place to prevent the practices; and the extent to which the institution has taken or has committed to take corrective action, including voluntary corrective action resulting from self-assessment; and other relevant information.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by, or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Multistate Metropolitan Area Ratings

Allentown-Bethlehem-Easton, PA-NJ MMA

CRA rating for the Allentown-Bethlehem-Easton, PA-NJ MMA[1]: Satisfactory

The lending test is rated: Outstanding
The investment test is rated: Low Satisfactory
The service test is rated: High Satisfactory

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the geographic and borrower distribution of the bank's home mortgage and small business loan originations and purchases was good.
- CD loans were effective in addressing community credit needs. The bank was a leader in originating CD loans, which had a positive effect on the lending test rating.
- Qualified investments were effective and responsive in addressing community credit needs. The bank made an adequate level of qualified investments, grants, and donations.
- The bank's branches and alternative delivery systems were accessible to geographies and individuals of different income levels and responsive in helping the bank provide services across the community.

Description of Institution's Operations in Allentown-Bethlehem-Easton, PA-NJ MMA

PNC delineated the entire Allentown-Bethlehem-Easton, PA-NJ MMA as an AA. This included the counties of Carbon, Lehigh, and Northampton in Pennsylvania and Warren County in New Jersey.

Based on June 30, 2016 FDIC summary of deposit information, PNC had almost $1.9 billion in deposits in this AA, which represented 0.75 percent of the bank's total deposits. The bank made 1.14 percent of its evaluation period lending in this AA.

PNC had 25 office locations and 117 ATMs, of which 43 were deposit taking, within the AA. The bank ranked third in deposit market share with 11.34 percent. The top four competitors included Wells Fargo Bank, N.A. with 42 branches and 20.17 percent market share; Branch Banking and Trust Company with 39 branches and 12.43 percent market share; Bank of America, N.A. with 14 branches and 9.18 percent market share; and Lafayette Ambassador Bank with 21 branches and a market share of 7.42 percent. There were 27 additional FDIC-insured depository institutions with 119 offices within the bank's AA.

[1] This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

Refer to the market profile for the Allentown-Bethlehem-Easton, PA-NJ MMA in appendix C for detailed demographics and other performance context information, including identified AA needs and opportunities, for the AA.

Scope of Evaluation in Allentown-Bethlehem-Easton, PA-NJ MMA

We based our rating of the Allentown-Bethlehem-Easton, PA-NJ MMA on the area that received a full-scope review. We conducted a full-scope review of the Allentown-Bethlehem-Easton, PA-NJ MMA, which is the only AA in the MMA. The 2014 OMB changes did not affect this MMA. Refer to the table in appendix A and the market profiles for more information.

We placed more emphasis on small loans to businesses versus home mortgage loans. We also placed more emphasis on the bank's performance in moderate-income geographies as these areas had a higher percentage of owner-occupied housing units, small businesses, and small farms. PNC originated too few multifamily loans in this rating area to conduct a meaningful analysis. Among home mortgage loans we placed the most emphasis on home refinance. We considered housing costs in relation to the median family incomes in the AA, which limited the affordability for LMI families. Refer to the market profile for Allentown-Bethlehem-Easton, PA-NJ MMA in appendix C for additional information on housing costs and median income. Refer to the Scope of Evaluation section for details on how weightings were determined.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ALLENTOWN-BETHLEHEM-EASTON, PA-NJ MMA

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in the Allentown-Bethlehem-Easton, PA-NJ MMA is rated outstanding. Based on a full-scope review, the bank's performance in the Allentown-Bethlehem-Easton, PA-NJ MMA was excellent considering the competition, economic factors, housing costs, and performance against the demographic and aggregate peer. CD lending had a positive effect on the lending test conclusion.

Lending Activity

Refer to Table 1 Lending Volume in the Multistate section of appendix D for the facts and data used to evaluate the bank's lending activity.

PNC's lending activity reflected excellent responsiveness to area credit needs in the Allentown-Bethlehem-Easton, PA-NJ MMA when considering the bank's deposits and competition. PNC ranked third out of 31 depository institutions (top 10 percent) with a deposit market share of 11.34 percent. For home purchase loans, PNC's market share of 1.27 percent ranked 18th out of 382 lenders (top 5 percent). For home improvement loans, PNC's market share of 9.44 percent ranked second out of 147 lenders (top 2 percent). For home refinance loans, PNC's market share of 2.44 percent ranked seventh out of 368 lenders (top 2 percent). For small loans to businesses, PNC's market share of 9.37 percent ranked second out of 120 lenders (top 2 percent). For small loans to farms, PNC's market share of 5.43 percent ranked sixth out of 15 lenders (top 34 percent).

Distribution of Loans by Income Level of the Geography

PNC's overall distribution of loans by income level of geography in the Allentown-Bethlehem-Easton, PA-NJ MMA was good. The geographic distribution of home mortgage loans was good, and small loans to businesses and small loans to farms was adequate.

Home Mortgage Loans

Refer to Tables 2, 3, and 4 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

PNC's geographic distribution of home purchase loans in the Allentown-Bethlehem-Easton, PA-NJ MMA was excellent, home improvement loans was good and home refinance loans was adequate.

<u>Home Purchase</u>

PNC's geographic distribution of home purchase loans was excellent. The percentage of home purchase loans originated or purchased in low-income geographies was near to, and in moderate-income geographies approximated, the percentage of owner-occupied housing units located in these geographies. PNC's percentage of home purchase loans originated or purchased in low- and moderate-income geographies was near to the aggregate percentage of all reporting lenders.

<u>Home Improvement</u>

PNC's geographic distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies approximated, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home improvement loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies exceeded, the aggregate percentage of all reporting lenders.

<u>Home Refinance</u>

PNC's geographic distribution of home refinance loans was adequate. The percentage of home refinance loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies was near to, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home refinance loans originated or purchased in low-income geographies was well below, and in moderate-income geographies exceeded, the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 6 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

PNC's geographic distribution of small loans to businesses was adequate. The percentage of small loans to businesses originated or purchased in low-income geographies was well below, and in moderate-income geographies near to, the percentage of business located in those geographies. PNC's percentage of small loans to business originated or purchased in low-income geographies was below, and in moderate-income geographies exceeded, the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table 7 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to farms.

PNC's geographic distribution of small loans to farms was adequate considering the low percentage of small farms in LMI geographies and that small farm lending was not a primary focus for the bank in this AA. PNC did not originate or purchase any small loans to farms in low- or moderate-income geographies.

Lending Gap Analysis

We analyzed PNC's geographic lending patterns throughout the AA and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC's overall distribution of loans to borrowers of different income levels in the Allentown-Bethlehem-Easton, PA-NJ MMA was good. The borrower distribution of home mortgage loans, small loans to businesses, and small loans to farms was good.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

PNC's borrower distribution of home purchase, home improvement, and home refinance loans in the Allentown-Bethlehem-Easton, PA-NJ MMA was good.

<u>Home Purchase</u>

PNC's borrower distribution of home purchase loans was good. The percentage of home purchase loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of

home purchase loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Improvement

PNC's borrower distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home improvement loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Refinance

PNC's borrower distribution of home refinance loans was good. The percentage of home refinance loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 11 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses in the Allentown-Bethlehem-Easton, PA-NJ MMA was good. The percentage of small loans to businesses originated or purchased was below the percentage of small businesses in the AA but exceeded the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table 12 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to farms.

The borrower distribution of small loans to farms in the Allentown-Bethlehem-Easton, PA-NJ MMA was good. The percentage of small loans to farms originated or purchased was below the percentage of small farms in the AA but exceeded the aggregate percentage of all reporting lenders.

Community Development Lending

Refer to Table 1 Lending Volume in the Multistate section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a positive effect on the lending test conclusion in the Allentown-Bethlehem-Easton, PA-NJ MMA. PNC was a leader in making CD loans based on the combination of volume, responsiveness, and complexity. PNC made 22 CD loans totaling almost $49.1 million, which represented 22.76 percent of allocated tier 1 capital. By dollar volume, 63.83 percent of these loans funded revitalization and stabilization efforts, 30.87 percent funded economic development activities, 4.40 percent funded affordable housing, and 0.90 percent funded community services.

Examples of CD loans in the AA include:

- PNC originated three loans totaling over $27.7 million loan to construct a charter high school for the arts in a moderate-income geography that qualified for NMTCs.

- PNC originated a $15.0 million loan to a food production company located in a low-income geography that provided jobs to LMI individuals.

Product Innovation and Flexibility

PNC used innovative or flexible lending programs in order to serve AA credit needs. During the evaluation period, PNC made 25 PNC Community Mortgage loans totaling almost $3.1 million and 31 closing cost assistance grants totaling over $73,300 in the Allentown-Bethlehem-Easton, PA-NJ MMA.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank’s performance under the investment test in the Allentown-Bethlehem-Easton, PA-NJ MMA is low satisfactory. Based on a full-scope review, the bank’s performance in the Allentown-Bethlehem-Easton, PA-NJ MMA was adequate.

Refer to Table 14 of the Multistate section of appendix D for the facts and data used to evaluate the bank’s level of qualified investments.

PNC had an adequate level of qualified investments and grants in the MMA. The dollar amount of investments in the Allentown-Bethlehem-Easton, PA-NJ MMA represented 3.37 percent of the allocated portion of the bank’s tier 1 capital with an additional 0.93 percent in unfunded commitments.

PNC exhibited adequate responsiveness to the CD needs in the Allentown-Bethlehem-Easton, PA-NJ MMA. PNC made four current-period investments totaling $475,000 and had one remaining prior-period investment valued at $29,000. PNC made 18 statewide and regional investments totaling almost $6.4 million that directly benefited the AA. PNC also provided 78 grants and donations totaling over $431,000 to local nonprofit organizations that promote economic development, affordable housing, and community services for LMI individuals, families, schools, and communities. In addition, the bank had a $2 million unfunded commitment in the AA.

Examples of qualified investments in this AA include:

- A $450,000 dollar investment in a nonprofit organization dedicated to presenting music, arts festivals, cultural experience, and education programs that aid in economic development, urban revitalization, and community enrichment to both LMI geographies and LMI individuals.

- A $25,000 investment and $16,000 in grants to a nonprofit corporation that promoted and provided affordable housing opportunities for LMI individuals.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in the Allentown-Bethlehem-Easton, PA-NJ MMA is rated high satisfactory. Based on a full-scope review, the bank's performance in the Allentown-Bethlehem-Easton, PA-NJ MMA was good.

Retail Banking Services

Refer to Table 15 in the Multistate section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

PNC's delivery systems were accessible to geographies and individuals of different income levels throughout the AA. The bank operated 25 branch offices in the Allentown-Bethlehem-Easton, PA-NJ MMA. The bank's distribution of branches in low-income geographies was below, and in moderate-income geographies approximated, the percentage of the population living within those geographies.

PNC made effective use of alternative delivery systems through debit cards and ATMs, telephone and online banking, electronic bill pay, and mobile banking options as indicated by the level of usage by LMI households. These systems provided additional delivery availability and access to banking services to both retail and business customers. PNC had 117 ATMs in the AA, of which 43 were deposit taking. PNC provided data that indicated 68.9 percent of households in low- and moderate-income geographies used an alternative delivery system in the fourth quarter of 2016. This was an increase of 11.1 percent from the start of the evaluation period.

PNC's record of opening and closing branches did not adversely affect the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. PNC opened no branches and closed eight branches, of which only one was located in a moderate-income geography.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly LMI individuals or LMI geographies. PNC maintained similar business hours and offered traditional banking products and services at all branch locations in the AA.

Branches were open late on Fridays and all branches had Saturday hours, including three in LMI geographies with extended Saturday hours. Two branches in LMI geographies had Sunday hours.

Community Development Services

PNC provided an adequate level of CD services in the Allentown-Bethlehem-Easton, PA-NJ MMA. Six PNC employees conducted 18 financial education events with over 200 predominantly low- and moderate-income participants. These events included home ownership classes for low- and moderate-income populations and financial education for low- and moderate-income families and children.

Employees were actively involved during the evaluation period, including eight employees who served on boards and committees of 16 different organizations. Notable examples of CD services include:

- Two PNC employees served on the board of directors for an organization that creates affordable housing for LMI seniors and LMI families. The organization was a HUD-certified housing counseling agency providing home ownership training to LMI first time homebuyers.

- A PNC employee served on the board of directors and finance committee for an organization that provided LMI children a safe after-school place to do homework, participate in activities, and gain important life skills. In addition, this PNC employee participated in the Teach Banking program at the center, providing financial education courses to LMI individuals.

Charlotte-Concord-Gastonia, NC-SC MMA

CRA rating for the Charlotte-Concord-Gastonia, NC-SC MMA[2]: Outstanding

The lending test is rated: Outstanding
The investment test is rated: Outstanding
The service test is rated: High Satisfactory

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the geographic distribution of the bank's home mortgage and small business loan originations and purchases was good and borrower distribution was adequate.

- CD loans were effective in addressing community credit needs. The bank originated a significant number of CD loans, which had a positive effect on the lending test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made an excellent level of qualified investments, grants, and donations.

- The bank's branches and alternative delivery systems were accessible to geographies and individuals of different incomes and responsive in helping the bank provide services across the community.

- CD services were effective and responsive in addressing community needs. The bank conducted or supported a relatively high number of CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in Charlotte-Concord-Gastonia, NC-SC MMA

PNC delineated a portion of the Charlotte-Concord-Gastonia, NC-SC MMA as an AA. This included the counties of Gaston, Iredell, Mecklenburg, and Union in North Carolina and York County in South Carolina.

Based on June 30, 2016 FDIC summary of deposit information, PNC had $604.6 million in deposits in this AA, which represented 0.24 percent of the bank's total deposits. The bank made 0.63 percent of its evaluation period lending in this AA.

PNC had 17 office locations and 265 ATMs, of which 60 were deposit taking, within the AA. The bank ranked ninth in deposit market share with 0.31 percent. The top four competitors included Bank of America, N.A. with 56 branches and 76.28 percent market share; Wells Fargo Bank, N.A. with 77 branches and 15.12 percent market share; Branch Banking and Trust Company with 61 branches and 2.82 percent market share; and First Citizens Bank and

[2] This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

Trust Company with 35 branches and a market share of 0.93 percent. There were 33 additional FDIC-insured depository institutions with 184 offices within the bank's AAs.

Refer to the market profile for the Charlotte-Concord-Gastonia, NC-SC MMA in appendix C for detailed demographics and other performance context information, including identified AA needs and opportunities, for the AA.

Scope of Evaluation in Charlotte-Concord-Gastonia, NC-SC MMA

We based our rating of the Charlotte-Concord-Gastonia, NC-SC MMA on the area that received a full-scope review. We conducted a full-scope review of the Charlotte-Concord-Gastonia, NC-SC MMA, which was the only AA in the MMA.

We placed more emphasis on small loans to businesses versus home mortgage loans. We placed more emphasis on the bank's performance in moderate-income geographies as these areas had a higher percentage of owner-occupied housing units and small businesses. Among mortgage loans, we placed emphasis on home refinance loans. We considered the housing costs in relation to the median family incomes in the AA, which limited the affordability for LMI families. PNC originated too few multifamily loans and small loans to farms in this MMA to conduct a meaningful analysis. Refer to the market profile for the Charlotte-Concord-Gastonia, NC-SC MMA in appendix C for additional information on housing costs and median income. Refer to the Scope of Evaluation section for details on how weightings were determined.

The 2014 OMB changes effected this MMA. OMB removed Anson County, NC from the MMA and classified it as a non-metropolitan area. In addition, OMB added non-metropolitan Iredell County, NC. As a result, analysis for Charlotte-Concord-Gastonia, NC-SC MMA included 2012 through 2013 data for Anson County and 2014 through 2016 data for Iredell County. Data from Anson County for 2014 through 2016 and Iredell County for 2012 through 2013 was included in the North Carolina non-metropolitan area analysis. Refer to the table in appendix A and market profiles for more information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN CHARLOTTE-CONCORD-GASTONIA, NC-SC MMA

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in the Charlotte-Concord-Gastonia, NC-SC MMA is rated outstanding. Based on a full-scope review, the bank's performance in the Charlotte-Concord-Gastonia, NC-SC MMA was excellent considering the competition, economic factors, housing costs, and performance against the demographic and aggregate peer. CD lending had a positive effect on the lending test conclusion.

Lending Activity

Refer to Table 1 Lending Volume in the Multistate section of appendix D for the facts and data used to evaluate the bank's lending activity.

PNC's lending activity reflected excellent responsiveness to area credit needs in the Charlotte-Concord-Gastonia, NC-SC MMA when considering the bank's deposits and competition. PNC ranked ninth out of 38 depository institutions (top 24 percent) with a deposit market share of 0.31 percent. For home purchase loans, PNC's market share of 0.41 percent ranked 52nd out of 532 lenders (top 10 percent). For home improvement loans, PNC's market share of 2.20 percent ranked ninth out of 179 lenders (top 5 percent). For home refinance loans, PNC's market share of 0.78 percent ranked 26th out of 493 lenders (top 5 percent). For small loans to businesses, PNC's market share of 1.91 percent ranked 12th out of 154 lenders (top 8 percent).

Distribution of Loans by Income Level of the Geography

PNC's overall distribution of loans by income level of geography in the Charlotte-Concord-Gastonia, NC-SC MMA was good. The geographic distribution of home mortgage was adequate and small loans to businesses was good. We placed more emphasis on the bank's performance in moderate-income geographies as these areas had a higher percentage of owner-occupied housing units and small businesses.

Home Mortgage Loans

Refer to Tables 2, 3, and 4 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

PNC's geographic distribution of home purchase loans and home refinance loans in the Charlotte-Concord-Gastonia, NC-SC MMA was adequate and home improvement loans was good.

Home Purchase

The bank's geographic distribution of home purchase loans was adequate. For 2014 through 2016, the performance was adequate. The percentage of home purchase loans originated or purchased in low-income geographies was near to, and in moderate-income geographies was below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home purchase loans originated or purchased in low-income geographies exceeded, and in moderate-income geographies was near to, the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 was not inconsistent with the performance for 2014 through 2016.

Home Improvement

The bank's geographic distribution of home improvement loans was good. For 2014 through 2016, the performance was adequate. The percentage of home improvement loans originated or purchased in low-income geographies was below, and in moderate-income geographies was well below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home improvement loans originated or purchased in low-income geographies was near to, and in moderate-income geographies was below, the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 was stronger than the performance for 2014 through 2016. This was the result of better performance in both low- and moderate-income geographies and had a positive effect on the home improvement conclusion.

Home Refinance

The bank's geographic distribution of home refinance loans was adequate. For 2014 through 2016, performance was adequate. The percentage of home refinance loans originated or purchased in low-income geographies was below, and in moderate-income geographies was well below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home refinance loans originated or purchased in low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 was not inconsistent with the performance for 2014 through 2016.

Small Loans to Businesses

Refer to Table 6 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

PNC's geographic distribution of small loans to businesses was good. For 2014 through 2016, performance was good. The percentage of small loans to businesses originated or purchased in low-income geographies exceeded, and in moderate-income geographies was near to, the percentage of businesses located in those geographies. PNC's percentage of small loans to businesses originated or purchased in low-income geographies exceeded, and in moderate-income geographies was equal to, the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 was not inconsistent with the performance for 2014 through 2016.

Lending Gap Analysis

We analyzed PNC's geographic lending patterns throughout the AAs and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC's overall distribution of loans to borrowers of different income levels in the Charlotte-Concord-Gastonia, NC-SC MMA was adequate. The borrower distribution of home mortgage loans was good and small loans to businesses was adequate.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

PNC's borrower distribution of home purchase, home improvement, and home refinance loans in the Charlotte-Concord-Gastonia, NC-SC MMA was good. We considered housing costs in relation to the median family incomes in the AA, which limited the affordability for LMI families. Refer to the market profile for the Charlotte-Concord-Gastonia, NC-SC MMA in appendix C for additional information on housing costs and median income.

Home Purchase

PNC's borrower distribution of home purchase loans was good. For 2014 through 2016, performance was good. The percentage of home purchase loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home purchase loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 was not inconsistent with the performance for 2014 through 2016.

Home Improvement

PNC's borrower distribution of home improvement loans was good. For 2014 through 2016, performance was good. The percentage of home improvement loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers approximated, the percentage of those families in the AA. PNC's percentage of home improvement loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 was weaker than the performance for 2014 through 2016. This was due to poorer distribution to moderate-income borrowers but was not enough to effect the combined conclusion.

Home Refinance

PNC's borrower distribution of home refinance loans was good. For 2014 through 2016, performance was good. The percentage of home refinance loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers was near to, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 was not inconsistent with the performance for 2014 through 2016.

Small Loans to Businesses

Refer to Table 11 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses was adequate. For 2014 through 2016, performance was adequate. The percentage of small loans to businesses originated or purchased was well below the percentage of small businesses in the AA but near to the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 was weaker than the performance for 2014 through 2016. This was due to poorer aggregate lending performance but was not enough to effect the combined conclusion.

Community Development Lending

Refer to Table 1 Lending Volume in the Multistate section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a positive effect on the lending test conclusion in the Charlotte-Concord-Gastonia, NC-SC MMA. PNC was a leader in making CD loans based on the combination of volume, responsiveness, and complexity. PNC made six CD loans totaling almost $9.4 million, which represented 13.44 percent of allocated tier 1 capital. By dollar volume, 50.0 percent funded affordable housing, 10.6 percent funded economic development activities, and 39.4 percent funded revitalization and stabilization efforts.

Examples of CD loans in the AA include:

- PNC provided two loans totaling almost $4.6 million a real estate development company to construct 48 units of affordable housing. The project consisted of 24 two bedroom and 24 three bedroom units targeted to families making less than 60 percent of the area median family income.

- PNC provided a $1.0 million loan to a not-for-profit microfinance institution that provided loans, savings programs, credit establishment, financial education, and other services to people living below the poverty line.

Product Innovation and Flexibility

PNC used innovative or flexible lending programs in order to serve AA credit needs. During the evaluation period, PNC made 53 PNC Community Mortgage loans totaling almost $5.1 million and 123 closing cost assistance grants totaling over $164,000 in the Charlotte-Concord-Gastonia, NC-SC MMA.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in the Charlotte-Concord-Gastonia, NC-SC MMA is rated outstanding. Based on a full-scope review, the bank's performance in the Charlotte-Concord-Gastonia, NC-SC MMA was excellent.

Refer to Table 14 of the Multistate section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

PNC had an excellent level of qualified investments and grants in the AA. The dollar amount of the investments in the Charlotte-Concord-Gastonia, NC-SC MMA represented 15.00 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited excellent responsiveness to the CD needs in the Charlotte-Concord-Gastonia, NC-SC MMA. PNC made four current-period investments totaling $5.6 million. These investments met community needs through LIHTCs and a CDFI. PNC made one regional investment totaling almost $1.3 million that directly benefited the AA. PNC also provided 116 grants and donations totaling almost $3.6 million to local nonprofit organizations that promote community services for LMI individuals and families.

Examples of qualified investments in this AA include:

- Three investments totaling almost $750,000 in a Low Income Credit Union and CDFI. The investments helped provide affordable financial services for low-income and unbanked communities. The credit union's goal was to provide an affordable and accessible alternative to predatory financial services and help integrate the unbanked into the mainstream U.S. financial system.

- A $140,000 grant to a community based organization providing tuition free, high quality preschool education for at risk families. The facility provided transportation, hot meals, speech, language, literacy development, and intensive family support for residents of a low-income geography.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in the Charlotte-Concord-Gastonia, NC-SC MMA is rated high satisfactory. Based on a full-scope review, the bank's performance in the Charlotte-Concord-Gastonia, NC-SC MMA was good.

Retail Banking Services

Refer to Table 15 in the Multistate section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

PNC's delivery systems were accessible to geographies and individuals of different income levels throughout the AA. The bank operated 17 branch offices in the Charlotte-Concord-Gastonia, NC-SC MMA. The bank's distribution of branches in low-income geographies exceeded, and in moderate-income geographies was below, the percentage of the population living within those geographies. When considering two branches serving adjacent moderate-income geographies, the distribution exceeded the percentage of the population in moderate-income geographies.

PNC made effective use of alternative delivery systems through ATMs, online banking, electronic bill pay, and mobile banking options as indicated by the level of usage by LMI households. These systems provided additional delivery availability and access to banking services to both retail and business customers. PNC had 265 ATMs in the AA, of which 60 were deposit taking. PNC provided data that indicated 52.3 percent of households in LMI geographies used an alternative delivery system in the fourth quarter of 2016. This was an increase of 22.5 percent from the start of the evaluation period.

PNC's record of opening and closing branches had adversely affected the accessibility of its delivery systems by closing one branch in a geography and one in a middle-income geography while opening two branches in an upper-income geography during the evaluation period.

The bank's hours and services varied in a way that adversely affected certain portions of the AA, particularly low-income geographies. PNC provided Saturday branch hours in six of the seventeen branches in the AA; of which, five of the six were in an upper-income geography. Only four branches in the AA offer Saturday drive up hours; all of which were located in an upper-income geography.

Community Development Services

PNC provided a high level of CD services in the Charlotte-Concord-Gastonia, NC-SC MMA. Twenty-six PNC employees conducted over 110 financial education events with over 2,400 predominantly LMI participants. These events included home ownership classes for LMI populations and financial education for LMI families and children.

Employees were actively involved during the evaluation period, including 10 employees who served on boards or committees of 12 different organizations. Notable examples of CD services include:

- Four employees were involved with the facilitation of financial education workshops for a nonprofit organization that promoted education, vocational skills, and entrepreneurship for LMI youth.

- A PNC employee was involved with an organization that provided tuition free, high quality preschool education to LMI families. The employee facilitated several financial education workshops to parents of enrolled students.

Chicago-Naperville-Elgin, IL-IN-WI MMA

CRA rating for the Chicago-Naperville-Elgin, IL-IN-WI MMA[3]: Outstanding

The lending test is rated: Outstanding
The investment test is rated: Outstanding
The service test is rated: High Satisfactory

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the geographic distribution of the bank's home mortgage and small business loan originations and purchases was adequate and borrower distribution was good.

- CD loans were effective in addressing community credit needs. The bank was a leader in originating CD loans, which had a positive effect on the lending test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made an excellent level of qualified investments, grants, and donations.

- The bank's branches and alternative delivery systems were accessible to geographies and individuals of different income levels and responsive in helping the bank provide services across the community.

- CD services were effective and responsive in addressing community needs. The bank was a leader in conducting or supporting CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in Chicago-Naperville-Elgin, IL-IN-WI MMA

PNC delineate four AAs in the Chicago-Naperville-Elgin, IL-IN-WI MMA, which was comprised of four MDs. PNC delineated as AAs the portion of the Chicago-Naperville-Arlington Heights, IL MD and Gary, IN MD where they had branch locations or deposit-taking ATMs. They also delineated the entirety of the Elgin, IL MD and Lake County-Kenosha County, IL-WI MD as AAs.

Based on June 30, 2016 FDIC summary of deposit information, PNC had $13.3 billion in deposits in these AAs, which represented 5.36 percent of the bank's total deposits. The bank made 5.92 percent of its evaluation period lending in these AAs.

PNC had 152 office locations and 485 ATMs, of which 276 were deposit taking, within the AAs. The bank ranked sixth in deposit market share with 3.46 percent. The top four competitors included JPMorgan Chase Bank, N.A. with 374 branches and 21.81 percent market share;

[3] This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

BMO Harris Bank, N.A. with 206 branches and 13.54 percent market share; Bank of America, N.A. with 162 branches and 10.74 percent market share; and The Northern Trust Company with 10 branches and a market share of 7.57 percent. There were 193 additional FDIC-insured depository institutions with 1,829 offices within the bank's AAs.

Refer to the market profile for the Chicago-Naperville-Elgin, IL-IN-WI MMA in appendix C for detailed demographics and other performance context information, including identified AA needs and opportunities, for the combined AAs.

Scope of Evaluation in Chicago-Naperville-Elgin, IL-IN-WI MMA

We based our rating of the Chicago-Naperville-Elgin, IL-IN-WI MMA on the area that received a full-scope review. The Chicago-Naperville-Elgin, IL-IN-WI MMA consisted of all or part of four MDs. It included four of the six counties in the Chicago-Naperville-Arlington Heights, IL MD: Cook, DuPage, McHenry, and Will counties, and two of the four counties in the Gary, IN MD: Jasper and Lake counties. It also included the entirety of the Elgin, IL and Lake County-Kenosha County, IL-WI MDs. We combined data from the MDs at the MMA level and conducted a full-scope review of the entire MMA.

PNC did not have any branch locations in Kenosha County, WI but they did have at least one deposit-taking ATM in the area, which required its inclusion in our analysis.

We placed more emphasis on home mortgage loans versus small loans to businesses. We also placed more emphasis on the bank's performance in moderate-income geographies as these areas had a higher percentage of owner-occupied housing units, multifamily units, small businesses, and small farms. Among home mortgage loans, we placed the most emphasis on home refinance loans. We considered housing costs in relation to the median family incomes in the AAs, which limited the affordability for LMI families. Refer to the market profile for the Chicago-Naperville-Elgin, IL-IN-WI MMA in the appendix C for additional information on housing costs and the median income. Refer to the Scope of Evaluation section for details on how weightings were determined.

While the 2014 OMB changes removed DeKalb and Kane Counties from the former Chicago-Joliet-Naperville, IL MD to create the standalone Elgin, IL MD, this change did not affect our analysis since the analysis was completed at the MMA level. Refer to the table in appendix A and the market profile for more information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN CHICAGO-NAPERVILLE-ELGIN, IL-IN-WI MMA

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in the Chicago-Naperville-Elgin, IL-IN-WI MMA was outstanding. Based on a full-scope review, the bank's performance in the Chicago-Naperville-Elgin, IL-IN-WI MMA was excellent considering the competition, economic factors, housing costs, and performance against the demographic and aggregate peer. CD lending had a positive effect on the lending test conclusion.

Lending Activity

Refer to Table 1 Lending Volume in the Multistate section of appendix D for the facts and data used to evaluate the bank's lending activity.

PNC's lending activity reflected excellent responsiveness to area credit needs in the Chicago-Naperville-Elgin, IL-IN-WI MMA when considering the bank's deposits and competition. PNC ranked sixth out of 198 depository institutions (top 4 percent) with a deposit market share of 3.46 percent. For home purchase loans, PNC's market share of 0.86 percent ranked 28th out of 787 lenders (top 4 percent). For home improvement loans, PNC's market share of 4.54 percent ranked fifth out of 359 lenders (top 2 percent). For home refinance loans, PNC's market share of 1.63 percent ranked 16th out of 781 lenders (top 3 percent). For multifamily lending, PNC's market share of 0.94 percent ranked 19th out of 192 lenders (top 10 percent). For small loans to businesses, PNC's market share of 2.89 percent ranked seventh out of 221 lenders (top 4 percent). For small loans to farms, PNC's market share of 0.96 percent ranked 15th out of 46 lenders (top 33 percent).

Distribution of Loans by Income Level of the Geography

PNC's overall distribution of loans by income level of geography in the Chicago-Naperville-Elgin, IL-IN-WI MMA was adequate. The geographic distribution of home mortgage loans and small loans to farms was adequate and small loans to businesses was good. We placed more emphasis on the bank's performance in moderate-income geographies as these areas had a higher percentage of owner-occupied housing units, multifamily units, small businesses, and small farms.

Home Mortgage Loans

Refer to Tables 2, 3, 4, and 5 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

PNC's geographic distribution of home purchase loans and home refinance loans was adequate and home improvement loans and multifamily lending was good.

<u>Home Purchase</u>

PNC's geographic distribution of home purchase loans was adequate. The percentage of home purchase loans originated or purchased in low-income geographies was well below, and in moderate-income geographies was near to, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home purchase loans originated or purchased in low-income geographies was below, and in moderate-income geographies exceeded, the aggregate percentage of all reporting lenders.

<u>Home Improvement</u>

PNC's geographic distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased in low-income geographies was well below, and moderate-income geographies exceeded, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home improvement loans originated or purchased in low-income geographies was below, and in moderate-income geographies exceeded, the aggregate percentage of all reporting lenders.

Home Refinance

PNC's geographic distribution of home refinance loans was adequate. The percentage of home refinance loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies was below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home refinance loans originated or purchased in low-income geographies was near to, and in moderate-income geographies exceeded, the aggregate percentage of all reporting lenders.

Multifamily

PNC's geographic distribution of multifamily loans was good. The percentage of multifamily loans originated or purchased in low-income geographies was well below, and in moderate-income geographies exceeded, the percentage of multifamily units in those geographies. PNC's percentage of multifamily loans originated or purchased in low-income geographies was well below, and in moderate-income geographies was near to, the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 6 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

PNC's geographic distribution of small loans to businesses was good. The percentage of small loans to businesses originated or purchased in low-income geographies was below, and in moderate-income geographies exceeded, the percentage of businesses located in those geographies. PNC's percentage of small loans to businesses originated or purchased in both low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table 7 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to farms.

PNC's geographic distribution of small loans to farms was adequate considering the low percentage of small farms in LMI geographies and that small farm lending was not a primary focus for the bank. PNC did not originate or purchase any small loans to farms in low-income geographies. The percentage of small loans to farms in moderate-income geographies was significantly below the percentage of farms located in those geographies and the aggregate percentage of all reporting lenders.

Lending Gap Analysis

We analyzed PNC's geographic lending patterns throughout the AAs and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC's overall distribution of loans to borrowers of different income levels in the Chicago-Naperville-Elgin, IL-IN-WI MMA was good. The borrower distribution of home mortgage loans, small loans to businesses, and small loans to farms was good.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

PNC's borrower distribution of home purchase loans, home improvement loans, and home refinance loans was good. We considered housing costs in relation to the median family incomes in the AAs, which limited the affordability for LMI families. Refer to the market profile for the Chicago-Naperville-Elgin, IL-IN-WI MMA in appendix C for additional information on housing costs and median income.

Home Purchase

PNC's borrower distribution of home purchase loans was good. The percentage of home purchase loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home purchase loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Improvement

PNC's borrower distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home improvement loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Refinance

PNC's borrower distribution of home refinance loans was good. The percentage of home refinance loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 11 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses was good. The percentage of small loans to businesses originated or purchased was below the percentage of small businesses in the AA but exceeded the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table 12 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to farms.

The borrower distribution of small loans to farms was good. The percentage of small loans to farms originated or purchased was near to the percentage of small farms in the AA but exceeded the aggregate percentage of all reporting lenders.

Community Development Lending

Refer to Table 1 Lending Volume in the Multistate section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a positive effect on the lending test conclusion in the Chicago-Naperville-Elgin, IL-IN-WI MMA. PNC was a leader in making CD loans based on the combination of volume, responsiveness, and complexity. PNC made 67 CD loans totaling almost $461.4 million, which represented 29.96 percent of allocated tier 1 capital. By dollar volume, 49.09 percent of these loans funded community services, 46.99 percent funded affordable housing, 1.69 percent supported government approved activities in accordance with HUD's Neighborhood Stabilization Programs, 1.88 percent funded revitalization and stabilization efforts, and 0.34 percent funded economic development activities.

Examples of CD loans in the AAs include:

- PNC provided four NMTC loans totaling $5.4 million for the construction of a new community center and the renovation of an existing center that provided fresh food. The nonprofit organization provided life services, transitional housing, and youth assistance and development for one of Chicago's most distressed communities.

- PNC provided over $10.0 million in loans to support a CDFI that specializes in serving the needs of LMI families and emerging small businesses. The vast majority of loans supported affordable housing or owner-occupied commercial facilities.

Product Innovation and Flexibility

PNC used innovative or flexible lending programs in order to serve the AAs credit needs. During the evaluation period, PNC made 91 PNC Community Mortgage loans totaling $10.4 million and 705 closing cost assistance grants totaling over $990,000 in the Chicago-Naperville-Elgin, IL-IN-WI MMA.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in the Chicago-Naperville-Elgin, IL-IN-WI MMA is rated outstanding. Based on a full-scope review, the bank's performance in the Chicago-Naperville-Elgin, IL-IN-WI MMA was excellent.

Refer to Table 14 of the Multistate section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

PNC had an excellent level of qualified investments and grants in the MMA. The dollar amount of the investments in the Chicago-Naperville-Elgin, IL-IN-WI MMA represented 11.46 percent of the allocated portion of the bank's tier 1 capital with an additional 0.58 percent in unfunded commitments.

PNC exhibited excellent responsiveness to the CD needs in the Chicago-Naperville-Elgin, IL-IN-WI MMA. PNC made 30 current period investments totaling almost $124.0 million and had nine remaining prior-period investments valued at $22.7 million. PNC made four statewide and regional investments totaling almost $17.7 million that directly benefited the AA. PNC also provided 370 grants and donations totaling almost $12.1 million to local nonprofit organizations that promoted economic development, affordable housing, and community services for LMI individuals, families, schools, and communities. In addition, the bank had $9 million in unfunded commitments in the AA.

Examples of qualified investments in these AAs include:

- A NMTC investment for $1.9 million and a direct investment of $2.5 million to a housing development corporation that supported the installation of renewable energy production equipment, including solar panels and combined heat and power generators, and building efficiency improvements for affordable housing units.

- PNC made two investments totaling $25 million to a CDFI that was the Chicago metropolitan areas leading lender for the acquisition, rehabilitation, and preservation of affordable housing.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in Chicago-Naperville-Elgin, IL-IN-WI MMA is rated high satisfactory. Based on a full-scope review, the bank's performance in the Chicago-Naperville-Elgin, IL-IN-WI, MMA was good.

Retail Banking Services

Refer to Table 15 in the Multistate section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

PNC's delivery systems were accessible to geographies and individuals of different income levels throughout the AAs. The bank operated 152 branch offices in the Chicago-Naperville-Elgin, IL-IN-WI MMA. The bank's distribution of branches in low-income geographies was near to, and in moderate-income geographies was below, the percentage of the population living within those geographies. When considering 12 branches serving adjacent moderate-income geographies, the distribution was near-to the percentage of the population in moderate-income geographies.

PNC made effective use of alternative delivery systems through ATMs, online banking, electronic bill pay, and mobile banking options as indicated by the level of usage by LMI households. These systems provided additional delivery availability and access to banking services to both retail and business customers. PNC had 485 ATMs in the AA, of which 276 were deposit taking. During the evaluation period, PNC entered into an ATM agreement with the Chicago Transit Authority (CTA) to operate ATMs at CTA train stations. As of the end of the evaluation period, there were 62 ATMs, 10 deposit taking, on CTA property. These ATMs were located outside the CTA turnstiles making them accessible to non-CTA riders. PNC provided data that indicated 58.1 percent of households in LMI geographies used an alternative delivery system in the fourth quarter of 2016. This was an increase of 16.5 percent from the start of the evaluation period.

PNC's record of opening and closing of branches had generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. PNC opened 18 branches during the evaluation period, one of which located in a low-income geography. The bank closed 20 branches, two located in low-income geographies and four in moderate-income geographies. Of the moderate-income branch closures, one was due to a city exercising its power of eminent domain and a second was a consolidation with a branch less than 200 feet away.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly LMI individuals or LMI geographies. PNC maintained standard business hours and offered traditional banking products and services at all branch locations in the AAs.

Community Development Services

PNC was a leader in providing CD services in the Chicago-Naperville-Elgin, IL-IN-WI MMA. During the evaluation period, bank employees conducted 607 financial education events attended by approximately 15,300 participants. These events focused on basic financial education, tax education, and homebuyer education to LMI individuals and families. They also provided business financial education to small business entrepreneurs and nonprofit organizations.

In addition, 38 bank employees served in leadership roles for 148 different organizations by participating in boards and committees. Notable examples of CD services include:

- A bank employee served as a board or committee member for a CD organization that supports job creation and preservation, education, and community services in low-income communities.

- Four bank employees served as a board or committee members for a CD financial institution that focus on the acquisition, rehabilitation, and preservation of affordable rental housing.

Cincinnati, OH-KY-IN MMA

CRA rating for the Cincinnati, OH-KY-IN MMA[4]: Outstanding

The lending test is rated: Outstanding
The investment test is rated: Outstanding
The service test is rated: Outstanding

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the geographic distribution of the bank's home mortgage and small business loan originations and purchases was good and borrower distribution was adequate.

- CD loans were effective in addressing community credit needs. The bank was a leader in making CD loans, which had a positive effect on the lending test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made an excellent level of qualified investments, grants, and donations.

- The bank's branches and alternative delivery systems were readily accessible to geographies and individuals of different income levels and responsive in helping the bank provide services across the community.

- CD services were effective and responsive in addressing community needs. The bank was a leader in conducting or supporting CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in Cincinnati, OH-KY-IN MMA

PNC delineated a portion of the Cincinnati, OH-KY-IN MMA as an AA. This included the counties of Butler, Clermont, Hamilton, and Warren in Ohio, and Boone, Campbell, and Kenton in Kentucky.

Based on June 30, 2016 FDIC summary of deposit information, PNC had almost $6.5 billion in deposits in this AA, which represented 2.62 percent of the bank's total deposits. The bank made 3.06 percent of its evaluation period lending in this AA.

PNC had 75 office locations and 356 ATMs, of which 167 were deposit taking, within the AA. The bank ranked third in deposit market share with 6.21 percent. The top four competitors included U.S. Bank N.A. with 110 branches and 49.71 percent market share; Fifth Third Bank with 121 branches and 28.11 percent market share; The Huntington National Bank with 36 branches and 2.60 percent market share; and JPMorgan Chase Bank, N.A. with 36 branches

[4] This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

and a market share of 2.34 percent. There were 52 additional FDIC-insured depository institutions with 306 offices within the bank's AA.

Refer to the market profile for the Cincinnati, OH-KY-IN MMA in appendix C for detailed demographics and other performance context information, including identified AA needs and opportunities, for the AA.

Scope of Evaluation in Cincinnati, OH-KY-IN MMA

We based our rating of the Cincinnati, OH-KY-IN MMA on the area that received a full-scope review. We conducted a full-scope review of the Cincinnati, OH-KY-IN MMA, which was the only AA in the MMA. The 2014 OMB changes did not affect this MMA. Refer to the table in appendix A for more information.

We placed more emphasis on small loans to businesses versus home mortgage loans. PNC originated too few small loans to farms in this rating area to conduct a meaningful analysis. We also placed more emphasis on the bank's performance in moderate-income geographies as these areas had a higher percentage of owner-occupied housing units and small businesses. Among home mortgage loans, we placed more emphasis on home refinance loans. We considered housing costs in relation to the median family incomes in the AA, which limited the affordability for LMI families. Refer to the market profile for Cincinnati, OH-KY-IN MMA in appendix C for additional information on housing costs and median income. Refer to the Scope of Evaluation section for details on how weightings were determined.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN CINCINNATI, OH-KY-IN MMA

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in Cincinnati, OH-KY-IN MMA is rated outstanding. Based on a full-scope review, the bank's performance in the Cincinnati, OH-KY-IN AA was excellent considering the competition, economic factors, housing costs, and performance against the demographic and aggregate peer. CD lending had a positive effect on the lending test conclusion.

Lending Activity

Refer to Table 1 Lending Volume in the Multistate section of appendix D for the facts and data used to evaluate the bank's lending activity.

PNC's lending activity reflected excellent responsiveness to area credit needs in the Cincinnati, OH-KY-IN MMA when considering the bank's deposits and competition. PNC ranked third, out of 57 depository institutions (top 5 percent) with a deposit market share of 6 percent. For home purchase loans, PNC's market share of 1.49 percent ranked 16 out of 444 lenders (top 4 percent). For home improvement loans, PNC's market share of 7.95 percent ranked third out of 170 lenders (top 2 percent). For home refinance loans, PNC's market share of 2.37 percent ranked ninth out of 372 lenders (top 2 percent). For multifamily loans, PNC's market share of 1.39 ranked 19th out of 61 lenders (top 31 percent). For small loans to businesses, PNC's market share of 10.83 percent ranked fourth out of 130 lenders (top 3 percent).

Distribution of Loans by Income Level of the Geography

PNC's overall distribution of loans by income level of geography in the Cincinnati, OH-KY-IN MMA was good. The geographic distribution of home mortgage loans was adequate and the geographic distribution of small loans to businesses was excellent.

Home Mortgage Loans

Refer to Tables 2, 3, 4, and 5 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

PNC's geographic distribution of home purchase loans and home refinance loans in the Cincinnati, OH-KY-IN MMA was adequate, home improvement loans was good, and multifamily loans was poor.

Home Purchase

PNC's geographic distribution of home purchase loans was adequate. The percentage of home purchase loans originated or purchased in both low- and moderate-income geographies was below the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home purchase loans originated or purchased in low-income geographies exceeded, and in moderate-income geographies was near to, the aggregate percentage of all reporting lenders.

Home Improvement

PNC's geographic distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased in low-income geographies was below, and in moderate-income geographies was near to, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home improvement loans originated or purchased in both low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

Home Refinance

PNC's geographic distribution of home refinance loans was adequate. The percentage of home refinance loans originated or purchased in low-income geographies was well below, and in moderate-income geographies below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home refinance loans originated or purchased in both low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

Multifamily

PNC's geographic distribution of multifamily loans was poor. PNC did not make any multifamily loans in low-income geographies. The percentage of multifamily loans originated or purchased in moderate-income geographies was well below the percentage of multifamily housing units located in those geographies and the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 6 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

PNC's geographic distribution of small loans to businesses was excellent. The percentage of small loans to businesses originated or purchased in low-income geographies exceeded, and in moderate-income geographies approximated, the percentage of businesses located in those geographies. PNC's percentage of small loans to businesses originated or purchased in both low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

Lending Gap Analysis

We analyzed PNC's geographic lending patterns throughout the AA and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC's overall distribution of loans to borrowers of different income levels in the Cincinnati, OH-KY-IN MMA was adequate. The borrower distribution of home mortgage loans was good and the borrower distribution of small loans to businesses was adequate.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

PNC's borrower distribution of home purchase loans, home improvement loans, and home refinance loans in the Cincinnati, OH-KY-IN MMA was good.

Home Purchase

PNC's borrower distribution of home purchase loans was good. The percentage of home purchase loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home purchase loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Improvement

PNC's borrower distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home improvement loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Refinance

PNC's borrower distribution of home refinance loans was good. The percentage of home refinance loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 11 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses was adequate. The percentage of small loans to businesses originated or purchased was well below the percentage of small businesses in the AA but exceeded the aggregate percentage of all reporting lenders.

Community Development Lending

Refer to Table 1 Lending Volume in the Multistate section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a positive effect on the lending test conclusion in the Cincinnati, OH-KY-IN MMA. PNC was a leader in making CD loans based on the combination of volume, responsiveness, and complexity. PNC made 45 CD loans totaling $96.5 million, which represented 12.84 percent of allocated tier 1 capital. By dollar volume, 21.37 percent of these loans funded community services, 16.45 percent funded affordable housing, and 62.17 percent funded revitalization and stabilization efforts.

Examples of CD loans in the AA include:

- PNC provided a $5.6 million loan to construct and operate a mixed-use facility (retail, office, and parking) in a moderate-income geography in the downtown area of Cincinnati. The project created 295 jobs for the commercial spaces and 15 jobs for the garage, plus an additional 225 construction jobs. In addition, the anchor tenant expected to bring an estimated 500 new employees to the Cincinnati business district.

- PNC provided $1.2 million in financing to a nonprofit corporation that develops and manages resident-centered, affordable housing. The organization assists homeless individuals and families with low- or very-low incomes.

Product Innovation and Flexibility

PNC made extensive use of innovative or flexible lending programs in order to serve AA credit needs. During the evaluation period, PNC made 142 PNC Community Mortgage loans totaling $14.1 million and 421 closing cost assistance grants totaling over $556,000 in the Cincinnati, OH-KY-IN MMA.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in the Cincinnati, OH-KY-IN MMA is rated outstanding. Based on a full-scope review, the bank's performance in the Cincinnati, OH-KY-IN MMA was excellent.

Refer to Table 14 of the Multistate section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

PNC had an excellent level of qualified investments and grants, at times in leadership positions. The dollar amount of the investments in the Cincinnati, OH-KY-IN MMA represented 13.53 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited excellent responsiveness to the CD needs in the Cincinnati, OH-KY-IN MMA. PNC made 17 current-period investments totaling almost $76.7 million and had 12 prior-period investments still outstanding valued at $22.7 million. PNC made one regional investment totaling almost $1.5 million that directly benefited the AA. These investments met community needs through LIHTCs, NMTCs, CDFIs, and other investments. PNC also provided 317 grants and donations totaling more than $5.9 million to local nonprofit organizations that promote community services for LMI individuals and families.

Examples of qualified investments in this AA include:

- An $11.9 investment in a NMTC fund to develop a regional center sustained by a diverse mix of housing culture and entertainment. The project was located in a LMI area consistent with a revitalization plan addressing the elimination of blight and promoting revitalization.

- A $5.4 million NMTC investment for construction of a 60-bed homeless shelter specifically targeting homeless veterans. The new shelter provided meal services, individualized case management support services, onsite medical and dental clinic, and full laundry services.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in the Cincinnati, OH-KY-IN MMA is rated outstanding. Based on a full-scope review, the bank's performance in the Cincinnati, OH-KY-IN MMA was excellent.

Retail Banking Services

Refer to Table 15 in the Multistate section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

PNC's delivery systems were readily accessible to geographies and individuals of different income levels throughout the AA. The bank operated 75 branch offices in the Cincinnati, OH-KY-IN MMA. The bank's distribution of branches in low-income geographies approximated, and moderate-income geographies exceeded, the percentage of the population living within those geographies.

PNC made effective use of alternative delivery systems through debit cards and ATMs, telephone and online banking, electronic bill pay, and mobile banking options as indicated by the level of usage by LMI households. PNC had 356 ATMs in the AA, of which 167 were deposit taking. These systems provided additional delivery availability and access to banking services to both retail and business customers in LMI areas. PNC provided data that indicated 68.4 percent of households in LMI geographies used an alternative delivery system in the fourth quarter of 2016. This was an increase of 6.8 percent from the start of the evaluation period.

PNC's record of opening and closing branches had generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. PNC opened two branches during the evaluation period, one located in a low-income geography. The bank closed 19 branches, two located in low-income geographies and three in moderate-income geographies. The closures were the result of branch redundancies and reduced usage due to the high level of alternate delivery system usage. Despite the closures, branch locations remained readily accessible.

The bank's hours and services did not vary in a way that would inconvenience certain portions of the AA, particularly LMI individuals or LMI geographies. PNC maintained standard business hours and offered traditional banking products and services at 98 percent of branch locations in the AA.

Community Development Services

PNC was a leader in providing CD services in the Cincinnati, OH-KY-IN MMA. During the evaluation period, 27 bank employees conducted over 80 financial education events attended by more than 1,900 participants. These events included home ownership and financial education classes for LMI families and children. PNC presented first time homebuyer education, Smart Money, Raising Money Smart Kids, and Practical Money Skills.

Employees were actively involved during the evaluation period, including 52 employees who served on the boards or committees at 115 different organizations. Notable examples of CD services include:

- Five PNC employees served on the board or committees of an organization that focuses on developing and managing resident-centered, affordable housing to promote an inclusive community. The organization owns and manages approximately 420 affordable housing units.

- Four PNC employees served on the board or committees of an organization that strived to create diverse, mixed-income neighborhoods supported by local businesses in the central business district of Cincinnati, OH.

Cumberland, MD-WV MMA

CRA rating for the Cumberland, MD-WV MMA[5]: Satisfactory

The lending test is rated: High Satisfactory
The investment test is rated: Outstanding
The service test is rated: Low Satisfactory

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the geographic distribution of the bank's home mortgage and small business loan originations and purchases was adequate and borrower distribution was good.

- CD loans were effective in addressing community credit needs. The bank was a leader in making CD loans, which had a positive effect on the lending test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made an excellent level of qualified investments, grants, and donations.

- The bank's branches and alternative delivery systems were reasonably accessible to geographies and individuals of different income levels and responsive in helping the bank provide services across the community.

Description of Institution's Operations in Cumberland, MD-WV MMA

PNC delineated the entire Cumberland, MD-WV MMA as an AA. This included the counties of Allegany in Maryland and Mineral in West Virginia.

Based on June 30, 2016 FDIC summary of deposit information, PNC had over $43.8 million in deposits in this AA, which represented 0.02 percent of the bank's total deposits. The bank made 0.02 percent of its evaluation period lending in this AA.

PNC had one office location and 13 ATMs, of which four were deposit taking, within the AA. The bank ranked fifth in deposit market share with 4.57 percent. The top four competitors included Branch Banking and Trust with nine branches and 41.09 percent market share; First United Bank and Trust with five branches and 23.00 percent market share; Manufacturers and Traders Trust Company with eight branches and 22.30 percent market share; and Standard Bank with two branches and a market share of 5.38 percent. There were two additional FDIC-insured depository institutions with two offices within the bank's AAs.

Refer to the market profile for the Cumberland, MD-WV MMA in appendix C for detailed demographics and other performance context information, including identified AA needs and opportunities, for the AA.

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[5] This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

Scope of Evaluation in Cumberland, MD-WV MMA

We based our rating of the Cumberland, MD-WV MMA on the area that received a full-scope review. We conducted a full-scope review of the Cumberland, MD-WV MMA, which was the only AA in the MMA. There were no low-income geographies in the MMA; therefore, we based our analysis on moderate-income geographies only.

PNC did not have any branch locations in Mineral County, WV, but they did have at least one deposit-taking ATM in the area, which required its inclusion in our analysis.

We placed more emphasis on small loans to businesses versus home mortgage loans. Among home mortgage loans, we placed most emphasis on home refinance loans. Home purchase and home improvement lending was limited and fell below the threshold to normally be analyzed. We included these loans in our analysis given PNC's limited market presence. PNC did not originate any multifamily loans or small loans to farms in this AA. Refer to the Scope of Evaluation section for details on how weightings were determined.

The 2014 OMB changes did not affect this MMA. Refer to the table in appendix A and the market profiles for more information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN CUMBERLAND, MD-WV MMA

The bank's performance under the lending test in the Cumberland, MD-WV MMA is rated high satisfactory. Based on a full-scope review, the bank's performance in the Cumberland, MD-WV MMA was good considering the competition, economic factors, and performance against the demographic and aggregate peer. CD lending had a positive effect on the lending test.

Lending Activity

Refer to Table 1 Lending Volume in the Multistate section of appendix D for the facts and data used to evaluate the bank's lending activity.

PNC's lending activity reflected adequate responsiveness to area credit needs in the Cumberland, MD-WV MMA when considering the bank's deposits, competition, and limited market presence. PNC ranked fifth out of seven depository institutions (top 72 percent) with a deposit market share of 4.57 percent. For home purchase loans, PNC's market share of 0.37 percent ranked 42nd out of 103 lenders (top 41 percent). For home improvement loans, PNC's market share of 1.40 percent ranked ninth out of 34 lenders (top 27 percent). For home refinance loans, PNC's market share of 0.70 percent ranked 28th out of 91 lenders (top 31 percent). For loans to small businesses, PNC's market share of 2.57 percent ranked 12th out of 48 lenders (top 25 percent).

Distribution of Loans by Income Level of the Geography

PNC's overall distribution of loans by income level of geography in the Cumberland, MD-WV MMA was good. The geographic distribution of home mortgage loans was adequate and small loans to businesses was excellent. There were no low-income geographies in the MMA; therefore, we based our analysis on moderate-income geographies only.

Home Mortgage Loans

Refer to Tables 2, 3, and 4 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

PNC's geographic distribution of home purchase and home improvement loans in the Cumberland, MD-WV MMA was excellent and home refinance loans was very poor.

Home Purchase

PNC's geographic distribution of home purchase loans was excellent. The percentage of home purchase loans originated or purchased in moderate-income geographies approximated the percentage of owner-occupied housing units located in these geographies and exceeded the aggregate percentage of all reporting lenders.

Home Improvement

PNC's geographic distribution of home improvement loans was excellent. The percentage of home improvement loans originated or purchased in moderate-income income geographies approximated the percentage of owner-occupied housing units located in those geographies and exceeded the aggregate percentage of all reporting lenders.

Home Refinance

PNC's geographic distribution of home refinance loans was very poor. The percentage of home refinance loans originated or purchased in moderate-income geographies was significantly below both the percentage of owner-occupied housing units located in those geographies and the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 6 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

PNC's geographic distribution of small loans to businesses was excellent. The percentage of small loans to businesses originated or purchased in moderate-income geographies exceeded both the percentage of business located in those geographies and the aggregate percentage of all reporting lenders.

Lending Gap Analysis

We analyzed PNC's geographic lending patterns throughout the AA and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC's overall distribution of loans to borrowers of different income levels in the Cumberland, MD-WV MMA was good. The borrower distribution of home mortgage loans and small loans to businesses was good.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

PNC's borrower distribution of home purchase loans in the Cumberland, MD-WV MMA was poor. The distribution of home improvement and home refinance was good.

<u>Home Purchase</u>

PNC's borrower distribution of home purchase loans was poor. The percentage of home purchase loans originated or purchased to low-income borrowers was significantly below, and to moderate-income borrowers was below, the percentage of those families in the AA. PNC's percentage of home purchase loans originated or purchased to low-income borrowers was significantly below, and moderate-income borrowers was well below, the aggregate percentage of all reporting lenders.

<u>Home Improvement</u>

PNC's borrower distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home improvement loans originated or purchased to low-income borrowers was near to, and to moderate-income borrowers exceeded, the aggregate percentage of all reporting lenders.

<u>Home Refinance</u>

PNC's borrower distribution of home refinance loans was good. The percentage of home refinance loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 11 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses was good. The percentage of small loans to businesses originated or purchased was near to the percentage of small businesses in the AA and exceeded the aggregate percentage of all reporting lenders.

Community Development Lending

Refer to Table 1 Lending Volume in the Multistate section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a positive effect on the lending test conclusion in the Cumberland, MD-WV MMA given the bank's limited presence in this AA. The level of CD lending was excellent based on the combination of volume, responsiveness, and complexity. PNC had one CD lending activity totaling $250,000, which represented 4.94 percent of allocated tier 1 capital. PNC provided a loan to a regional CDFI organization that directly benefited the MMA.

Product Innovation and Flexibility

PNC made no use of innovative or flexible lending programs in the Cumberland, MD-WV MMA during the evaluation period.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in the Cumberland, MD-WV MMA is rated outstanding. Based on a full-scope review, the bank's performance in the Cumberland, MD-WV MMA was excellent.

Refer to Table 14 of the Multistate section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

PNC had an excellent level of qualified investments and grants. The dollar amount of the investments in the Cumberland, MD-WV MMA represented 9.44 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited adequate responsiveness to the CD needs of the Cumberland, MD-WV MMA. PNC made two current-period investments totaling $300,000. PNC made one regional investment totaling $100,000 that directly benefited the AA. PNC also provided 11 grants and donations of more than $78,000 to local nonprofit organizations that promote community services for LMI individuals and families.

Examples of qualified investments in this AA include:

- Two investments totaling $300,000 in a low-income designated credit union that enabled the credit union to provide small business loans to entrepreneurs in the AA.

- PNC made two grants of $20,000 annually to a nonprofit organization dedicated to improving the lives of low-income, elderly, and persons with disabilities in Allegany County, MD. The organization's mission is to attempt to eliminate social and economic barriers by promoting community stability through services, advocacy, and collaboration.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in the Cumberland, MD-WV MMA is low satisfactory. Based on a full-scope review, the bank's performance in the Cumberland, MD-WV MMA was adequate.

Retail Banking Services

Refer to Table 15 in the Multistate section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

PNC's delivery systems were reasonably accessible to geographies and individuals of different incomes throughout the AA. The bank had only one branch, which was located in a middle-income geography in Maryland. There were no low-income geographies and only 17.68 percent of the population resides in the moderate-income geographies within the AA.

PNC made adequate use of alternative delivery systems through debit cards and ATMs, telephone and online banking, electronic bill pay, and mobile banking options. These systems provided additional delivery availability and access to banking services to both retail and business customers in moderate-income areas. PNC had 13 ATMs in the AA, four that were deposit taking. One deposit-taking ATM was located in a moderate-income geography in WV. The bank provided data that indicated usage of alternative delivery systems by households in LMI geographies within the AA was 42.9 percent in the fourth quarter of 2016. This was a decrease of 2.4 percent from the start of the evaluation period.

PNC's record of opening and closing branches adversely affected the accessibility of its delivery systems, particularly in moderate-income geographies or to LMI individuals. PNC opened no branches and closed two branches in the AA during the evaluation period. One of the branches closed was in a moderate-income geography.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly LMI individuals or LMI geographies. PNC maintained standard business hours and offered traditional banking products and services.

Community Development Services

PNC provided an adequate level of CD services in the Cumberland, MD-WV MMA when taking into consideration the limited branch resources. PNC conducted one financial education event with 60 predominantly LMI participants. This event focused on financial literacy for LMI middle schoolers and included presentations on budgeting, salaries, and true costs.

One employee also served on the board of a community organization established to revitalize inner city neighborhoods by fostering home ownership and home rehabilitation. Organizational activities cover four primary areas: home purchasing, homebuyer education, home rehabilitation, and community leadership.

Huntington-Ashland, WV-KY-OH MMA

CRA rating for the Huntington-Ashland, WV-KY-OH MMA[6]: Outstanding

The lending test is rated: Outstanding
The investment test is rated: High Satisfactory
The service test is rated: Outstanding

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the geographic distribution of the bank's home mortgage and small business loan originations and purchases was excellent and borrower distribution was adequate.

- CD loans were effective in addressing community credit needs. The bank was a leader in making CD loans, which had a positive effect on the lending test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made a significant level of qualified investments, grants, and donations.

- The bank's branches and alternative delivery systems were readily accessible to geographies and individuals of different income levels and responsive in helping the bank provide services across the community.

Description of Institution's Operations in Huntington-Ashland, WV-KY-OH MMA

PNC delineated a portion of the Huntington-Ashland, WV-KY-OH MMA as an AA. This included the counties of Cabell in West Virginia, Boyd and Greenup in Kentucky, and Lawrence in Ohio.

Based on June 30, 2016 FDIC summary of deposit information, PNC had almost $265 million in deposits in this AA, which represented 0.11 percent of the bank's total deposits. The bank made 0.02 percent of its evaluation period lending in this AA.

PNC had seven office locations and 22 ATMs, of which 11 were deposit taking, within the AA. The bank ranked sixth in deposit market share with 6.69 percent. The top four competitors included Huntington Federal Savings Bank with three branches and 10.14 percent market share; First Sentry Bank, Inc. with three branches and 10.06 percent market share; City National Bank of West Virginia with twelve branches and 9.42 percent market share; and JPMorgan Chase Bank, N.A. with three branches and a market share of 8.45 percent. There were 18 additional FDIC-insured depository institutions with 61 offices within the bank's AAs.

[6] This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

Refer to the market profile for the Huntington-Ashland, WV-KY-OH MMA in appendix C for detailed demographics and other performance context information, including identified AA needs and opportunities, for the AA.

Scope of Evaluation in Huntington-Ashland, WV-KY-OH MMA

We based our rating of the Huntington-Ashland, WV-KY-OH MMA on the area that received a full-scope review. We conducted a full-scope review of the Huntington-Ashland, WV-KY-OH MMA, which was the only AA in the MMA.

PNC did not have any branch locations in Cabell County, WV. They did have at least one deposit-taking ATM in this area, which required its inclusion in our analysis.

We placed slightly more emphasis on home mortgage loans than small loans to businesses. We placed more emphasis on the bank's performance in moderate-income geographies as these areas had a higher percentage of owner-occupied housing units and small businesses. PNC did not originate any multifamily loans or small loans to farms in this rating area. Among home mortgage loans, we placed the most emphasis on home refinance loans. We considered housing costs in relation to the median family incomes in the AA, which limited the affordability for LMI families. Refer to the market profile for the Huntington-Ashland, WV-KY-OH MMA in appendix C for additional information on housing costs and median income. Refer to the Scope of Evaluation section for details on how weightings were determined.

The 2014 OMB changes did not affect this MMA. Refer to the table in appendix A and the market profiles for more information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN HUNTINGTON-ASHLAND, WV-KY-OH MMA

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in Huntington-Ashland, WV-KY-OH MMA is rated outstanding. Based on a full-scope review, the bank's performance in Huntington-Ashland, WV-KY-OH MMA was excellent considering the competition, economic factors, housing costs, and performance against the demographic and aggregate peer. CD lending had a positive effect on the lending test conclusion.

Lending Activity

Refer to Table 1 Lending Volume in the Multistate section of appendix D for the facts and data used to evaluate the bank's lending activity.

PNC's lending activity reflected excellent responsiveness to area credit needs in the Huntington-Ashland, WV-KY-OH MMA when considering the bank's deposits and competition. PNC ranked sixth out of 22 depository institutions (top 27 percent) with a deposit market share of 6.69 percent. For home purchase loans, PNC's market share of 1.10 percent ranked 26th out of 122 lenders (top 21 percent). For home improvement loans, PNC's market share of 10.88 percent ranked second out of 37 lenders (top 5 percent). For home refinance loans, PNC's market share of 5.83 percent ranked fourth out of 111 lenders (top 3 percent). For small loans to businesses, PNC's market share of 13.92 percent ranked first out of 47 lenders (top 2 percent).

Distribution of Loans by Income Level of the Geography

PNC's overall distribution of loans by income level of geography in the Huntington-Ashland, WV-KY-OH MMA was excellent. The geographic distribution of home mortgage loans was excellent and small loans to businesses was good.

Home Mortgage Loans

Refer to Tables 2, 3, and 4 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

PNC's geographic distribution of home purchase loans, home improvement loans, and home refinance loans in the Huntington-Ashland, WV-KY-OH MMA was excellent.

Home Purchase

PNC's geographic distribution of home purchase loans was excellent. PNC did not originate any home purchase loans in low-income geographies, however, only 0.15 percent of owner-occupied housing units are located there. The percentage of home purchase loans originated or purchased in moderate-income geographies exceeded the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home purchase loans originated or purchased in moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

Home Improvement

PNC's geographic distribution of home improvement loans was excellent. PNC did not originate any home improvement loans in low-income geographies, however, only 0.15 percent of owner-occupied housing units are located there. The percentage of home improvement loans originated or purchased in moderate-income geographies exceeded the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home improvement loans originated or purchased in moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

Home Refinance

PNC's geographic distribution of home refinance loans was excellent. The percentage of home refinance loans originated or purchased in both low- and moderate-income geographies exceeded the percentage of owner-occupied housing units located in those geographies and the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 6 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

PNC's geographic distribution of small loans to businesses was good. The percentage of small loans to businesses originated or purchased in low-income geographies was well below, and in moderate-income geographies exceeded, the percentage of businesses located in those geographies. PNC's percentage of small loans to businesses originated or purchased in low-income geographies was below, and in moderate-income geographies exceeded, the aggregate percentage of all reporting lenders.

Lending Gap Analysis

We analyzed PNC's geographic lending patterns throughout the AA and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC's overall distribution of loans to borrowers of different income levels in the Huntington-Ashland, WV-KY-OH MMA was adequate. The borrower distribution of home mortgage loans was adequate and small loans to businesses was good.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

PNC's borrower distribution of home purchase and home refinance loans in the Huntington-Ashland, WV-KY-OH MMA was adequate and home improvement loans was good.

<u>Home Purchase</u>

PNC's borrower distribution of home purchase loans was adequate. The percentage of home purchase loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home purchase loans originated or purchased to low- and moderate-income borrowers was below the aggregate percentage of all reporting lenders.

<u>Home Improvement</u>

PNC's borrower distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home improvement loans originated or purchased to low-income borrowers exceeded, and to moderate-income borrowers was near to, the aggregate percentage of all reporting lenders.

<u>Home Refinance</u>

PNC's borrower distribution of home refinance loans was adequate. The percentage of home refinance loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers was below, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to low- and moderate-income borrowers was near to the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 11 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses was good. The percentage of small loans to businesses originated or purchased was below the percentage of small businesses in the AA but exceeded the aggregate percentage of all reporting lenders.

Community Development Lending

Refer to Table 1 Lending Volume in the Multistate section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a positive effect on the lending test conclusion in the Huntington-Ashland, WV-KY-OH MMA. The level of CD lending was excellent based on the combination of volume, responsiveness, and complexity. PNC had six CD lending activities totaling $1.5 million, which represented 4.91 percent of allocated tier 1 capital. This included PNC providing over $1.0 million to a statewide housing organization that had a direct effect on the Huntington-Ashland, WV-KY-OH MMA.

Product Innovation and Flexibility

PNC made limited use innovative or flexible lending programs in order to serve AA credit needs. During the evaluation period, PNC made four PNC Community Mortgage loans totaling $330,000 and five closing cost assistance grants totaling over $7,600 in the Huntington-Ashland, WV-KY-OH MMA.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in the Huntington-Ashland, WV-KY-OH MMA is rated high satisfactory. Based on a full-scope review, the bank's performance in the Huntington-Ashland, WV-KY-OH MMA was good.

Refer to Table 14 of the Multistate section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

PNC had a significant level of qualified investments and grants, at times in leadership positions. The dollar amount of the investments in the Huntington-Ashland, WV-KY-OH MMA represented 7.20 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited adequate responsiveness to the CD needs in the Huntington-Ashland, WV-KY-OH MMA. PNC had one remaining prior-period investment valued at $649,000. PNC made nine statewide and regional investments totaling almost $1.4 million that directly benefited the AA. PNC also provided 24 grants and donations totaling over $183,000 to local nonprofit organizations that promote economic development, affordable housing, and community services for LMI individuals, families, schools, and communities.

Examples of qualified investments in this AA include:

- Three grants totaling $41,500 to a nonprofit organization that brings other nonprofits together to serve LMI individuals and families. The organization provided food, clothing, household items, and emergency relief.

- Three grants totaling $33,500 to a nonprofit economic development corporation that provided job creation and retention and assistance in community enhancement projects such as construction of parks and community centers for LMI individuals and in LMI geographies.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in the Huntington-Ashland, WV-KY-OH MMA is rated outstanding. Based on a full-scope review, the bank's performance in the Huntington-Ashland, WV-KY-OH, MMA was excellent.

Retail Banking Services

Refer to Table 15 in the Multistate section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

PNC's delivery systems were readily accessible to geographies and individuals of different income levels throughout the AA. The bank operated seven branch offices in the Huntington-Ashland, WV-KY-OH MMA. The bank's distribution of branches in low- and moderate-income geographies exceeded the percentage of the population living within those geographies.

PNC made effective use of alternative delivery systems through ATMs, online banking, electronic bill pay, and mobile banking options as indicated by the level of usage by LMI households. These systems provided additional delivery availability and access to banking services to both retail and business customers in LMI areas. PNC had 22 ATMs in the AA, of which 11 were deposit taking. PNC provided data that indicated 59.1 percent of households in low- and moderate-income geographies used an alternative delivery system in the fourth quarter of 2016. This was an increase of 13.9 percent from the start of the evaluation period.

PNC's record of opening and closing of branches had generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. PNC did not open any branches in the AA during the evaluation period. The bank closed four branches, one of which located in a moderate-income geography.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly LMI individuals or LMI geographies. PNC maintained standard business hours and offered traditional banking products and services at all branch locations in the AA.

Community Development Services

PNC provided an adequate level of CD services in the Huntington-Ashland, WV-KY-OH MMA. During the evaluation period, bank employees conducted 10 financial education events attended by 88 participants. These events included basic financial education to LMI individuals at four organizations and one branch office.

In addition, six bank employees served in leadership roles for seven different organizations by participating on boards and committees. A notable example of CD services included a bank employee who served as a board member for an organization that provided subsidized housing and rental assistance programs to LMI individuals.

Louisville-Jefferson County, KY-IN MMA

CRA rating for the Louisville-Jefferson County, KY-IN MMA[7]: Outstanding

The lending test is rated: Outstanding
The investment test is rated: Outstanding
The service test is rated: Outstanding

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the geographic distribution of the bank's home mortgage and small business loan originations and purchases was excellent and borrower distribution was good.

- CD loans were effective in addressing community credit needs. The bank was a leader in originating CD loans, which had a positive effect on the lending test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made an excellent level of qualified investments, grants, and donations.

- The bank's branches and alternative delivery systems were readily accessible to geographies and individuals of different income and responsive in helping the bank provide services across the community.

- CD services were effective and responsive in addressing community needs. The bank was a leader in providing CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in Louisville-Jefferson County, KY-IN MMA

PNC delineated a portion of the Louisville-Jefferson County, KY-IN MMA as an AA. This included the counties of Bullitt, Jefferson, and Oldham in Kentucky and Clark, Floyd, and Washington in Indiana.

Based on June 30, 2016 FDIC summary of deposit information, PNC had almost $5.8 billion in deposits in this AA, which represented 2.33 percent of the bank's total deposits. The bank made 3.07 percent of its evaluation period lending in this AA.

PNC had 55 office locations and 206 ATMs, of which 130 were deposit taking, within the AA. The bank ranked first in deposit market share with 24.96 percent. The top four competitors included JPMorgan Chase Bank, N.A. with 38 branches and 16.71 percent market share; Fifth Third Bank with 39 branches and 10.09 percent market share; Republic Bank & Trust Company with 22 branches and 9.48 percent market share; and Stock Yards Bank and Trust

[7] This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

Company with 27 branches and a market share of 9.14 percent. There were 31 additional FDIC-insured depository institutions with 181 offices within the bank's AA.

Refer to the market profile for the Louisville-Jefferson County, KY-IN MMA in appendix C for detailed demographics and other performance context information, including identified AA needs and opportunities.

Scope of Evaluation in Louisville-Jefferson County, KY-IN MMA

We based our rating of the Louisville-Jefferson County, KY-IN MMA on the area that received a full-scope review. We conducted a full-scope review of the Louisville-Jefferson County, KY-IN MMA, which was the only AA in the MMA.

We placed more emphasis on small loans to businesses versus home mortgage loans. We also placed more emphasis on the bank's performance in moderate-income geographies as these areas had a higher percentage of owner-occupied housing units, small businesses, and small farms. PNC originated too few multifamily loans in this AA to conduct a meaningful analysis. Among home mortgage loans, we placed the most emphasis on home refinance loans. We considered housing costs in relation to the median family income in the AA, which limited the affordability for LMI families. Refer to the market profile for Louisville-Jefferson County, KY-IN MMA in appendix C for additional information on housing costs and the median income. Refer to the Scope of Evaluation section for details on how weightings were determined.

The 2014 OMB changes affected this MMA. OMB removed Nelson County, KY from the MMA and classified it as a non-metropolitan area. As a result, analysis for the Louisville-Jefferson County, KY-IN MMA included 2012 through 2013 data from Nelson County, KY. Data from Nelson County, KY for 2014 through 2016 was included in the Kentucky non-metropolitan area analysis in the state of Kentucky. Refer to the table in appendix A and the market profiles for more information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN LOUISVILLE-JEFFERSON COUNTY, KY-IN MMA

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in the Louisville-Jefferson County, KY-IN MMA is rated outstanding. Based on a full-scope review, the bank's performance in the Louisville-Jefferson County, KY-IN MMA was excellent considering the competition, economic factors, housing costs, and performance against the demographic and aggregate peer. CD lending had a positive effect on the lending test conclusion.

Lending Activity

Refer to Table 1 Lending Volume in the Multistate section of appendix D for the facts and data used to evaluate the bank's lending activity.

PNC's lending activity reflected excellent responsiveness to area credit needs in the Louisville-Jefferson County, KY-IN MMA when considering the bank's deposits and competition. PNC ranked first out of 36 depository institutions (top 3 percent) with a deposit market share of 24.96 percent. For home purchase loans, PNC's market share of 1.88 percent ranked 14th out of 357 lenders (top 4 percent). For home improvement loans, PNC's market share of 19.02 percent ranked first out of 133 lenders (top 1 percent). For home refinance loans, PNC's market share of 5.51 percent ranked third out of 338 lenders (top 1 percent). For small loans to businesses, PNC's market share of 16.77 percent ranked first out of 96 lenders (top 2 percent). For small loans to farms, PNC's market share of 13.27 percent ranked second out of 15 lenders (top 14 percent).

Distribution of Loans by Income Level of the Geography

PNC's overall distribution of loans by income level of geography in the Louisville-Jefferson County, KY-IN MMA was excellent. The geographic distribution of home mortgage loans was good. The geographic distribution of small loans to businesses and small loans to farms was excellent.

Home Mortgage Loans

Refer to Tables 2, 3, and 4 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

PNC's geographic distribution of home mortgage loans in the Louisville-Jefferson County, KY-IN MMA was good. PNC's geographic distribution of home purchase loans was adequate, home improvement loans was excellent, and home refinance loans was good.

<u>Home Purchase</u>

PNC's geographic distribution of home purchase loans was adequate. For 2014 through 2016, the percentage of home purchase loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies was below, the percentage of owner-occupied housing units located in these geographies. PNC's percentage of home purchase loans originated or purchased in low-income geographies was well below, and in moderate-income geographies was near to, the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 was not inconsistent with the performance for 2014 through 2016.

<u>Home Improvement</u>

PNC's geographic distribution of home improvement loans was excellent. For 2014 through 2016, the percentage of home improvement loans originated or purchased in low- and moderate-income income geographies exceeded the percentage of owner-occupied housing units located in those geographies and the aggregate percentage of all reporting lenders.

Performance for 2012 through 2013 was not inconsistent with the performance for 2014 through 2016.

Home Refinance

PNC's geographic distribution of home refinance loans was good. For 2014 through 2016, the percentage of home refinance loans originated or purchased in low- and moderate-income geographies was below the percentage of owner-occupied housing units located in those geographies but exceeded the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 was weaker than 2014 through 2016 because of poorer lending in both low- and moderate-income geographies but was not enough to effect the combined conclusion.

Small Loans to Businesses

Refer to Table 6 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

PNC's geographic distribution of small loans to businesses was excellent. For 2014 through 2016, the percentage of small loans to businesses originated or purchased in low- and moderate-income geographies exceeded the percentage of business located in those geographies and exceeded the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 was not inconsistent with the performance for 2014 through 2016.

Small Loans to Farms

Refer to Table 7 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to farms.

PNC's geographic distribution of small loans to farms was excellent. For 2014 through 2016, the percentage of small loans to farms in moderate-income geographies exceeded the percentage of farms located in those geographies and exceeded the aggregate percentage of all reporting lenders. PNC did not originate or purchase any small loans to farms in low-income geographies and there was no peer lending activity in low-income geographies. Performance for 2012 through 2013 was not inconsistent with the performance for 2014 through 2016.

Lending Gap Analysis

We analyzed PNC's geographic lending patterns throughout the AA and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC's overall distribution of loans to borrowers of different income levels in the Louisville-Jefferson County, KY-IN MMA was good. The borrower distribution of home mortgage loans and small loans to businesses was good and small loans to farms was adequate.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

PNC's borrower distribution of home purchase loans, home improvement loans, and home refinance loans in the Louisville-Jefferson County, KY-IN MMA was good.

Home Purchase

PNC's borrower distribution of home purchase loans was good. For 2014 through 2016, the percentage of home purchase loans originated or purchased to low-income borrowers was near to, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home purchase loans originated or purchased to low-income borrowers exceeded, and to moderate-income borrowers was near to, the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 was not inconsistent with the performance for 2014 through 2016.

Home Improvement

PNC's borrower distribution of home improvement loans was good. For 2014 through 2016, the percentage of home improvement loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home improvement loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 was not inconsistent with the performance for 2014 through 2016.

Home Refinance

PNC's borrower distribution of home refinance loans was good. For 2014 through 2016, the percentage of home refinance loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 was not inconsistent with the performance for 2014 through 2016.

Small Loans to Businesses

Refer to Table 11 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses was good. For 2014 through 2016, the percentage of small loans to businesses originated or purchased was below the percentage of small businesses in the AA and exceeded the aggregate percentage of all reporting lenders.

Performance for 2012 through 2013 was not inconsistent with the performance for 2014 through 2016.

Small Loans to Farms

Refer to Table 12 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to farms.

The borrower distribution of small loans to farms was adequate. For 2014 through 2016, the percentage of small loans to farms originated or purchased was well below the percentage of small farms in the AA but exceeded the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 was not inconsistent with the performance for 2014 through 2016.

Community Development Lending

Refer to Table 1 Lending Volume in the Multistate section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a positive effect on the lending test conclusion in the Louisville-Jefferson County, KY-IN MMA. PNC was a leader in making CD loans based on the combination of volume, responsiveness, and complexity. PNC made 34 CD loans totaling $115.1 million, which represented 17.23 percent of allocated tier 1 capital. By dollar volume, 42.61 percent funded affordable housing, 35.06 percent funded community services, and 22.33 percent funded revitalization and stabilization efforts.

Examples of CD loans in the AA include:

- PNC originated a $5.5 million loan to fund the rehabilitation of 14 vacant historic buildings. The project will create 40 affordable rental units, of which, 38 were restricted to low-income households with income at or below 60 percent AMI; and two were restricted to low-income households with income at or below 50 percent AMI.

- PNC renewed a $4 million line of credit to an organization that specializes in serving the needs of LMI individuals and families that face severe crisis, to include abused, neglected, and abandoned children.

Product Innovation and Flexibility

PNC used innovative or flexible lending programs in order to serve AA credit needs. During the evaluation period, PNC made 80 PNC Community Mortgage loans totaling $ 8.3 million and 228 closing cost assistance grants totaling over $329,000 in the Louisville-Jefferson County, KY-IN MMA.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in the Louisville-Jefferson, KY-IN MMA is rated outstanding. Based on a full-scope review, the bank's performance in the Louisville-Jefferson, KY-IN MSA was excellent.

Refer to Table 14 of the Multistate section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

PNC had an excellent level of qualified investments and grants in this AA. The dollar amount of the investments in the Louisville-Jefferson, KY-IN MMA represented 9.49 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited excellent responsiveness to the CD needs in the Louisville-Jefferson, KY-IN MMA. PNC made 27 current-period investments totaling $40.7 million and had 12 remaining prior-period investments valued at $9.4 million. PNC made 14 statewide and regional investments totaling $7.3 million that directly benefited the AA. PNC also provided 183 grants and donations totaling $5.9 million.

Examples of qualified investments in this AA include:

- A complex and innovative NMTC investment of $5.9 million for the development of an eight-story building for an organization that will house and support the growth of early-stage companies. The project was projected to create 676 permanent jobs at established and startup companies.

- An $8.5 million LIHTC investment used to finance the construction of a 48-unit affordable housing project with a nonprofit organization. Their mission was to end the cycle of poverty and transform communities by empowering families and youth to succeed in education and achieve life-long, self-sufficiency. The property included 42 two-bedroom and six three-bedroom apartments that were restricted to single parent households earning less than 50 percent of the area median income.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in Louisville-Jefferson County, KY-IN MMA is rated outstanding. Based on a full-scope review, the bank's performance in the Louisville-Jefferson County, KY-IN, MMA was excellent.

Retail Banking Services

Refer to Table 15 in the Multistate section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

PNC's delivery systems were readily accessible to geographies and individuals of different income levels throughout the AA. The bank operated 55 branch offices in the Louisville-Jefferson County, KY-IN MMA. The bank's distribution of branches in low-income geographies approximated, and in moderate-income geographies exceeded, the percentage of the population living within those geographies.

PNC made effective use of alternative delivery systems through ATMs, online banking, electronic bill pay, and mobile banking options as indicated by the level of usage by LMI households. These systems provided additional delivery availability and access to banking services to both retail and business customers in LMI geographies. PNC had 206 ATMs in the AA, of which 130 were deposit taking. PNC provided data that indicated 68.3 percent of households in LMI geographies used an alternative delivery system in the fourth quarter of 2016. This was an increase of 7.9 percent from the start of the evaluation period.

PNC's record of opening and closing of branches had generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. PNC did not open any branches in the AA during the evaluation period. The bank closed 23 branches, four located in low-income geographies and three in moderate-income geographies. The closures were the result of branch redundancies and reduced usage due to the high level of alternate delivery system usage. Despite the closures, branch locations remained readily accessible.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly LMI individuals or LMI geographies. PNC maintained standard business hours and offered traditional banking products and services at all branch locations in the AA.

Community Development Services

PNC was a leader in providing CD services in the Louisville-Jefferson County, KY-IN MMA. During the evaluation period, bank employees conducted 338 financial education events attended by approximately 5,300 participants. These events focused on basic financial education, tax education, and homebuyer education to LMI individuals and families. They also provided business financial education to small business entrepreneurs and nonprofit organizations.

In addition, 42 bank employees served in leadership roles for 47 different CD organizations by participating in boards and committees. Notable examples of CD services include:

- A bank employee served as a board or committee member for an organization that provided after school and other services to LMI youth and families.

- A bank employee served as a board or committee member for a nonprofit organization committed to developing affordable housing for LMI families.

Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA

CRA rating for the Myrtle Beach-Conway-North Myrtle Beach, NC-SC MMA[8]: Satisfactory

The lending test is rated: High Satisfactory
The investment test is rated: High Satisfactory
The service test is rated: Low Satisfactory

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the geographic and borrower distributions of the bank's home mortgage and small business loan originations and purchases were adequate.

- CD loans were effective in addressing community credit needs. CD lending had a positive effect on the lending test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made a significant level of qualified investments, grants, and donations.

- The bank's branches and alternative delivery systems were reasonably accessible to geographies and individuals of different income levels and responsive in helping the bank provide services across the community.

Description of Institution's Operations in Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA

PNC delineated the entirety of the Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA as an AA.

Based on June 30, 2016 FDIC summary of deposit information, PNC had over $65.8 million in deposits in this AA, which represented 0.03 percent of the bank's total deposits. The bank made 0.07 percent of its evaluation period lending in this AA.

PNC had two office locations and seven ATMs, of which five were deposit taking, within the AA. The bank ranked 20th in deposit market share with 0.87 percent. The top four competitors included Branch Banking and Trust Company with 27 branches and 24.05 percent market share; Conway National Bank with 13 branches and 10.69 percent market share; Wells Fargo, N.A. with 10 branches and 9.25 percent market share; and Bank of America, N.A. with nine branches and a market share of 7.91 percent. There were 20 additional FDIC-insured depository institutions with 97 offices within the bank's AA.

[8] This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

Refer to the market profile for the Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA in appendix C for detailed demographics and other performance context information, including identified AA needs and opportunities, in the AA.

Scope of Evaluation in Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA

We based our rating of the Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA on the area that received a full-scope review. We conducted a full-scope review of the Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA, which was the only AA in the MMA. The 2014 OMB changes created this new MMA. OMB added Brunswick County, NC from the former Wilmington, NC MSA to the former Myrtle Beach-North Myrtle Beach-Conway, SC MSA to create the new MMA. As a result, this MMA's analysis included 2014 through 2016 data only. Data from 2012 through 2013 was included in the respective state analyses. Refer to the table in appendix A and the market profiles for more information.

We placed more emphasis on home mortgage loans versus small loans to businesses. PNC did not originate any multifamily loans or small loans to farms in this MMA. We placed more emphasis on the bank's performance in moderate-income geographies as these areas had a higher percentage of owner-occupied housing units and small business. Among home mortgage loans, we placed the most emphasis on home purchase and home refinance loans. We considered housing costs in relation to the median family incomes in the AA, which limited the affordability for LMI families. Refer to the market profile for Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA in appendix C for additional information on housing costs and median income. Refer to the Scope of Evaluation section for details on how weightings were determined.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MYRTLE BEACH-CONWAY-NORTH MYRTLE BEACH, SC-NC MMA

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in the Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA is rated high satisfactory. Based on a full-scope review, the bank's performance in the Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA was good considering the competition, economic factors, housing costs, and performance against demographic and aggregate peer.

Lending Activity

Refer to Table 1 Lending Volume in the Multistate section of appendix D for the facts and data used to evaluate the bank's lending activity.

PNC's lending activity reflected good responsiveness to area credit needs in the Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA when considering the bank's deposits and competition. PNC ranked 20th out of 25 depository institutions (top 80 percent) with a deposit market share of 0.87 percent. For home purchase loans, PNC's market share of 0.46 percent ranked 58th out of 433 lenders (top 14 percent). For home improvement loans, PNC's market share of 1.27 percent ranked 13th out of 86 lenders (top 16 percent). For home refinance loans, PNC's market share of 0.89 percent ranked 21st out of 359 lenders (top 6 percent). For small loans to businesses, PNC's market share of 0.72 percent ranked 17th out of 79 lenders (top 22 percent).

Distribution of Loans by Income Level of the Geography

PNC's overall distribution of loans by income level of geography in the Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA was adequate. The geographic distribution of home mortgage loans was adequate and small loans to businesses was good.

Home Mortgage Loans

Refer to Tables 2, 3, and 4 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

PNC's geographic distribution of home purchase loans and home refinance loans was adequate, and home improvement loans was good.

Home Purchase

PNC's geographic distribution of home purchase loans was adequate. The percentage of home purchase loans originated or purchased in low-income geographies exceeded, and in moderate-income geographies was significantly below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home purchase loans originated or purchased in low-income geographies exceeded, and in moderate-income geographies was well below, the aggregate percentage of all reporting lenders.

Home Improvement

PNC's geographic distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies exceeded, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home improvement loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies exceeded, the aggregate percentage of all reporting lenders.

Home Refinance

PNC's geographic distribution of home refinance loans was adequate. The percentage of home refinance loans originated or purchased in low-income geographies exceeded, and in moderate-income geographies was significantly below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home refinance loans originated or purchased in low-income geographies exceeded, and in moderate-income geographies was well below, the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 6 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

PNC's geographic distribution of small loans to businesses was good. The percentage of small loans to businesses originated or purchased in low-income geographies was near to, and in moderate-income geographies below, the percentage of businesses located in those geographies. PNC's percentage of small loans to businesses originated or purchased in low-income geographies was near to, and in moderate-income geographies approximated, the aggregate percentage of all reporting lenders.

Lending Gap Analysis

We analyzed PNC's geographic lending patterns throughout the AA and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC's overall distribution of loans to borrowers of different income levels in the Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA was adequate. The borrower distribution of home mortgage loans and small loans to businesses was adequate.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

PNC's borrower distribution of home purchase loans was poor, home improvement loans was good, and home refinance loans was adequate in the Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA.

<u>Home Purchase</u>

PNC's borrower distribution of home purchase loans was poor. The percentage of home purchase loans originated or purchased to low-income borrowers was significantly below, and to moderate-income borrowers was well below, the percentage of those families in the AA. PNC's percentage of home purchase loans originated or purchased to low-income borrowers exceeded, and to moderate-income borrowers was well below, the aggregate percentage of all reporting lenders.

<u>Home Improvement</u>

PNC's borrower distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home improvement loans originated or purchased to low-income borrowers was near to, and to moderate-income borrowers below, the aggregate percentage of all reporting lenders.

Home Refinance

PNC's borrower distribution of home refinance loans was adequate. The percentage of home refinance loans originated or purchased to low-income borrowers was significantly below, and to moderate-income borrowers below, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to low-income borrowers exceeded, and to moderate-income borrowers was near to, the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 11 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses was adequate. The percentage of small loans to businesses originated or purchased was well below the percentage of small businesses in the AA but exceeded the aggregate percentage of all reporting lenders.

Community Development Lending

Refer to Table 1 Lending Volume in the Multistate section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a positive effect on the lending test conclusion in the Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA. The level of CD lending was excellent based on the combination of volume, responsiveness, and complexity. PNC had one CD lending activity totaling $400,000, which represented 5.26 percent of allocated tier 1 capital. PNC's financing supported a nonprofit organization that provided financing, technical assistance, and advocacy for affordable housing and community facilities such as day care, senior centers, and transitional housing.

Product Innovation and Flexibility

PNC made limited use of innovative or flexible lending programs in order to serve AA credit needs. During the evaluation period, PNC made one PNC Community Mortgage loan totaling $59,000 and one closing cost assistance grant totaling $1,500 in the Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in the Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA is rated high satisfactory. Based on a full-scope review, the bank's performance in the Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA was good.

Refer to Table 14 of the Multistate section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

PNC had a significant level of qualified CD investment and grants, at times in leadership positions. The dollar amount of investments in the Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA represented 6.34 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited adequate responsiveness to the CD needs in the Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA. PNC made two statewide and regional current-period investments totaling $316,000 that directly benefited the AA. These investments met community needs through investments in a mortgage backed security and community loan fund. PNC also provided 12 grants and donations of $165,000 to local nonprofit organizations that promote community services for low- and moderate-income individuals and families.

Examples of qualified investments in this AA include:

- A $500,000 equity investment to support capitalization of a CDFI, community loan fund. The CDFI pooled capital from public and private investments to create a revolving loan fund to finance critically needed CD projects. The fund financed the construction and renovation of retail and wholesale outlets including grocery stores, corner stores, farmer's markets, food hubs, and mobile markets selling healthy food in underserved communities and directly addressing food deserts.

- Three grants totaling $40,000 to a crisis intervention and referral agency with a mission to provide assistance to those in need. PNC proceeds supported providing employment related transportation, local community college application fees, and rent and utility assistance to low- and moderate-income individuals.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA is rated low satisfactory. Based on a full-scope review, the bank's performance in the Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA was adequate.

Retail Banking Services

Refer to Table 15 in the Multistate section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

PNC's delivery systems were reasonably accessible to geographies and individuals of different income levels throughout the AA. The bank operated two branch offices in the Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA, both located in a middle-income geography. When considering one branch serving an adjacent low-income geography, the distribution exceeded the percentage of the population in low-income geographies.

PNC made effective use of alternative delivery systems through ATMs, online banking, electronic bill pay, and mobile banking options as indicated by the level of usage by LMI households. These systems provided additional delivery availability and access to banking services to both retail and business customers in LMI geographies. PNC had seven ATMs in the AA, of which five were deposit taking. PNC provided data that indicated 49.6 percent of households in LMI geographies used an alternative delivery system in the fourth quarter of 2016. This was an increase of 22.7 percent from the start of the evaluation period.

PNC's record of opening and closing of branches did not adversely affect the accessibility of its delivery systems. The bank did not open any branches and closed one branch located in a middle-income geography.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly LMI individuals or LMI geographies. PNC maintained standard business hours and offered traditional banking products and services at the two branches.

Community Development Services

PNC provided an adequate level of CD services in the Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA when taking into consideration branch resources. During the evaluation period, bank employees conducted seven financial education events attended by 44 participants. PNC presented basic financial education to 32 LMI individuals at one organization and to 12 students at another organization.

In addition, three bank employees served in leadership roles for two different CD organizations by participating on boards and committees. A notable example of a CD service included two bank employees whom served as board or committee members for an organization that provided food and temporary shelter to LMI individuals.

New York-Newark-Jersey City, NY-NJ-PA MMA

CRA rating for the New York-Newark-Jersey City, NY-NJ-PA MMA[9]: Outstanding

The lending test is rated: Outstanding
The investment test is rated: Outstanding
The service test is rated: High Satisfactory

The major factors that support the rating include:

- Based on the data in the tables and performance context considerations discussed below, the geographic distribution and borrower distribution of the bank's home mortgage and small business loan originations and purchases were good.

- CD loans were effective in addressing community credit needs. The bank was a leader in making CD loans, which had a positive effect on the lending test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made an excellent level of qualified investments, grants, and donations.

- The bank's branches and alternative delivery systems were accessible to geographies and individuals of different income levels and responsive in helping the bank provide services across the community.

- CD services were effective and responsive in addressing community needs. The bank conducted or supported a relatively high number of CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in New York-Newark-Jersey City, NY-NJ-PA MMA

The New York-Newark-Jersey City, NY-NJ-PA MMA AA consisted of a portion of two of the four MDs that made up the MMA. It included the counties of Bergen, Hudson, Middlesex, Monmouth, New York, Ocean, and Passaic counties in the New York-Jersey City, NY-NJ MD and Essex, Hunterdon, Morris, Somerset, Sussex, and Union counties in the Newark, NJ MD.

Based on June 30, 2016 FDIC summary of deposit information, PNC had over $21.9 billion in deposits in this AA, which represented 8.83 percent of the bank's total deposits. The bank made 7.72 percent of its evaluation period lending in this AA.

PNC had 220 office locations and 840 ATMs, of which 370 were deposit taking, within the AA. The bank ranked tenth in deposit market share with 1.72 percent. The top four competitors included JPMorgan Chase Bank, N.A. with 359 branches and 37.03 percent market share; The Bank of New York Mellon with two branches and 9.46 percent market share; Bank of America,

[9] This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

N.A. with 272 branches and 8.26 percent market share; and HSBC Bank USA, N.A. with 53 branches and a market share of 8.17 percent. There were 159 additional FDIC-insured depository institutions with 2,138 offices within the bank's AA.

Refer to the market profile for the New York-Newark-Jersey City, NY-NJ-PA MMA in appendix C for detailed demographics and other performance context information, including identified AA needs and opportunities, for the AA.

Scope of Evaluation in New York-Newark-Jersey City, NY-NJ-PA MMA

We based our rating of the New York-Newark-Jersey City, NY-NJ-PA MMA on the area that received a full-scope review. We combined data from the MDs at the MMA level to conduct a full-scope review. While the 2014 OMB changes moved several counties between the various MDs that made up the MMA, the changes did not affect our analysis since we completed the analysis at the MMA level. Refer to the table in appendix A and the market profiles for more information.

We placed more emphasis on small loans to businesses versus home mortgage loans. We placed more emphasis on the bank's performance in moderate-income geographies as these areas had a higher percentage of owner-occupied housing units, multifamily units, small businesses, and small farms. Among home mortgage loans, we placed the most emphasis on home refinance loans. We considered housing costs in relation to the median family income in the AAs, which limited the affordability for LMI families. Refer to the market profile for New York-Newark-Jersey City, NY-NJ-PA MMA in appendix C for additional information on housing costs and median income. Refer to the Scope of Evaluation section for details on how weightings were determined.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NEW YORK-NEWARK-JERSEY CITY, NY-NJ-PA MMA

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in the New York-Newark-Jersey City, NY-NJ-PA MMA is rated outstanding. Based on a full-scope review, the bank's performance in the New York-Newark-Jersey City, NY-NJ-PA MMA was excellent considering the competition, economic factors, housing costs, and performance against the demographic and aggregate peer.

Lending Activity

Refer to Table 1 Lending Volume in the Multistate section of appendix D for the facts and data used to evaluate the bank's lending activity.

PNC's lending activity reflected excellent responsiveness to area credit needs in the New York-Newark-Jersey City, NY-NJ-PA MMA when considering the bank's deposits and competition. PNC ranked tenth out of 164 depository institutions (top 6 percent) with a deposit market share of 1.72 percent. For home purchase loans, PNC's market share of 0.93 percent ranked 22nd out of 674 lenders (top 3 percent). For home improvement loans, PNC's market share of 6.09 percent ranked second out of 313 lenders (top 1 percent). For home refinance loans, PNC's market share of 1.50 percent ranked 13th out of 656 lenders (top 2 percent). For multifamily loans, PNC's market share of 0.42 percent ranked 42nd out of 142 lenders (top 30 percent). For small loans to businesses, PNC's market share of 3.61 percent ranked eighth out of 270 lenders (top 3 percent). For small loans to farms, PNC's market share of 1.95 percent ranked ninth out of 20 lenders (top 45 percent).

Distribution of Loans by Income Level of the Geography

PNC's overall distribution of loans by income level of geography in the New York-Newark-Jersey City, NY-NJ-PA MMA was good. The geographic distribution of home mortgage loans was poor, small loans to businesses was excellent, and small loans to farms was good.

Home Mortgage Loans

Refer to Tables 2, 3, 4, and 5 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

PNC's geographic distribution of home purchase loans and home improvement loans was adequate, home refinance loans was poor, and multifamily loans was excellent.

<u>Home Purchase</u>

PNC's geographic distribution of home purchase loans was adequate. The percentage of home purchase loans originated or purchased in low-income geographies approximated, and in moderate-income geographies was below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home purchase loans originated or purchased in both low- and moderate-income geographies was below the aggregate percentage of all reporting lenders.

<u>Home Improvement</u>

PNC's geographic distribution of home improvement loans was adequate. The percentage of home improvement loans originated or purchased in low-income geographies was well below, and in moderate-income geographies below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home improvement loans originated or purchased in low-income geographies was below, and in moderate-income geographies was near to, the aggregate percentage of all reporting lenders.

<u>Home Refinance</u>

PNC's geographic distribution of home refinance loans was poor. The percentage of home refinance loans originated or purchased in both low- and moderate-income geographies were well below the percentage of owner-occupied housing units located in those geographies.

PNC's percentage of home refinance loans originated or purchased in low-income geographies was well below, and in moderate-income geographies below, the aggregate percentage of all reporting lenders.

Multifamily

PNC's geographic distribution of multifamily loans was excellent. The percentage of multifamily loans originated or purchased in both low- and moderate-income geographies exceeded the percentage of multifamily housing units located in those geographies. PNC's percentage of home purchase loans originated or purchased in low-income geographies exceeded, and in moderate-income geographies was below, the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 6 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

PNC's geographic distribution of small loans to businesses was excellent. The percentage of small loans to businesses originated or purchased in low-income geographies was near to, and in moderate-income geographies approximated, the percentage of businesses located in those geographies. PNC's percentage of small loans to businesses originated or purchased in low-income geographies exceeded, and in moderate-income geographies was near to, the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table 7 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to farms.

PNC's geographic distribution of small loans to farms was good considering the low percentage of small farms in low-income geographies and that small farm lending was not a primary focus for the bank. PNC did not originate or purchase any small loans to farms in low-income geographies. The percentage of small loans to farms originated or purchased in moderate-income geographies exceeded the percentage of farms located in those geographies. PNC's percentage of small loans to farms originated or purchased in moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

Lending Gap Analysis

We analyzed PNC's geographic lending patterns throughout the AA and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC's overall distribution of loans to borrowers of different income levels in the New York-Newark-Jersey City, NY-NJ-PA MMA was good. The borrower distribution of both home mortgage loans and small loans to businesses was good. The borrower distribution of small loans to farms was adequate.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

PNC's borrower distribution of home purchase loans, home improvement loans, and home refinance loans in the New York-Newark-Jersey City, NY-NJ-PA MMA was good.

Home Purchase

PNC's borrower distribution of home purchase loans was good. The percentage of home purchase loans originated or purchased to low-income borrowers was significantly below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home purchase loans originated or purchased to low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Improvement

PNC's borrower distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home improvement loans originated or purchased to low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Refinance

PNC's borrower distribution of home refinance loans was good. The percentage of home refinance loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 11 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses was good. The percentage of small loans to businesses originated or purchased was below the percentage of small businesses in the AA but exceeded the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table 12 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to farms.

The borrower distribution of small loans to farms was adequate. The percentage of small loans to farms originated or purchased was well below the percentage of small farms in the AA but exceeded the aggregate percentage of all reporting lenders.

Community Development Lending

Refer to Table 1 Lending Volume in the Multistate section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a positive effect on the lending test conclusion in the New York-Newark-Jersey City, NY-NJ-PA MMA. PNC was a leader in making CD loans based on the combination of volume, responsiveness, and complexity. PNC made 133 CD loans totaling over $377.7 million, which represented 14.90 percent of allocated tier 1 capital. By dollar volume, 49.9 percent of these loans funded affordable housing, 38.7 percent funded revitalization and stabilization efforts, 9.5 percent funded economic development, and 1.9 percent funded community services.

Examples of CD loans in the AA include:

- PNC provided three loans totaling approximately $66.4 million for the acquisition and rehabilitation of a housing development in Newark, NJ. The complex contained 261 units, 255 of which were under Section 8 Housing Assistance Program contracts and four units restricted to households earning less than 60 percent of the area median income.

- PNC made a $1.0 million loan to a CDFI dedicated to providing financial and technical assistance to low-income, minority, women, and immigrant entrepreneurs throughout New York City.

Product Innovation and Flexibility

PNC used innovative or flexible lending programs in order to serve AA credit needs. During the evaluation period, PNC made 77 PNC Community Mortgage loans totaling $11.1 million and 228 closing cost assistance grants totaling over $317,600 in the New York-Newark-Jersey City, NY-NJ-PA MMA.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in the New York-Newark-Jersey City, NY-NJ-PA MMA is rated outstanding. Based on a full-scope review, the bank's performance in the New York-Newark-Jersey City, NY-NJ-PA MMA was excellent.

Refer to Table 14 of the Multistate table section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

PNC had an excellent level of qualified investments and grants in this AA. The dollar amount of the investments in the New York-Newark-Jersey City, NY-NJ-PA MMA represented 11.71 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited excellent responsiveness to the CD needs in New York-Newark-Jersey City, NY-NJ-PA MMA. PNC made 30 current-period investments totaling $233.8 million and had two remaining prior-period investments valued at $8.1 million. PNC made 35 statewide and regional investments totaling $47.2 million that directly benefited the AA. PNC also provided 503 grants and donations totaling $7.9 million to local nonprofit organizations that promoted economic development, affordable housing, and community services for LMI individuals, families, schools, and communities.

Examples of qualified investments in this AA include:

- PNC took a leadership role in a LIHTC project totaling $26.5 million. The 186-unit nine-story building offered 100 low-income units restricted to family households earning between 30 percent and 60 percent of the area median income.

- PNC made a $5.0 million investment in an organization focused on financing the development, acquisition, construction, and rehabilitation of affordable housing. The organization helped stabilize communities hit hard by foreclosure, provided affordable housing options in communities where limited inventory existed with a particular focus on areas effected by Hurricane Sandy, and created jobs for small and locally-owned contractors.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in the New York-Newark-Jersey City, NY-NJ-PA MMA is rated high satisfactory. Based on a full-scope review, the bank's performance in the New York-Newark-Jersey City, NY-NJ-PA MMA was good.

Retail Banking Services

Refer to Table 15 in the Multistate section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

PNC's delivery systems were accessible to geographies and individuals of different income levels throughout the AA. The bank operated 220 branch offices in the New York-Newark-

Jersey City, NY-NJ-PA MMA. The bank's distribution of branches in both low- and moderate-income geographies was below the percentage of the population living within those geographies. When considering 15 branches serving adjacent moderate-income geographies, the distribution was near-to the percentage of the population in moderate-income geographies.

PNC made effective use of alternative delivery systems through ATMs, online banking, electronic bill pay, and mobile banking options as indicated by the level of usage by LMI households. These systems provided additional delivery availability and access to banking services to both retail and business customers in LMI geographies. PNC had 840 ATMs in the AA, of which 370 were deposit taking. PNC provided data that indicated 66.3 percent of households in LMI geographies used an alternative delivery system in the fourth quarter of 2016. This was an increase of 11.4 percent from the start of the evaluation period.

PNC's record of opening and closing of branches had generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. PNC opened 18 branches during the evaluation period, one of which was located in a low-income geography. The bank closed 33 branches, four in moderate-income geographies. The closures were the result of branch redundancies and reduced usage due to the high level of alternate delivery system usage. One of the branch closures in a moderate-income geography was due to a city exercising its power of eminent domain. Despite the closings, branch locations remained accessible.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly LMI individuals or LMI geographies. PNC maintained standard business hours and offered traditional banking products and services at all branch locations in the AA.

Community Development Services

PNC was a leader in providing CD services in the New York-Newark-Jersey City, NY-NJ-PA MMA. During the evaluation period, bank employees conducted 643 financial education events attended by approximately 9,300 participants, which included individuals, small businesses, and nonprofit organizations, including schools. These events focused on basic financial education, tax education, and homebuyer education to LMI individuals and families. They also provided business financial education to small business entrepreneurs and nonprofit organizations.

In addition, 30 bank employees served in leadership roles for 39 different organizations by participating on boards and committees. Notable examples of CD services include:

- A bank employee served as a board member for a CD organization that revitalized designated urban communities and stimulated growth by encouraging businesses to develop and create private sector jobs through public and private investment.

- A bank employee served as a board member for a CD organization that provided opportunities for individual growth, youth and family development and overall enhancement of the quality of life in the community through programs that include health, housing, recreation, education, and social direction in the city of Newark, NJ.

Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA

CRA rating for the Philadelphia-Camden-Wilmington,
PA-NJ-DE-MD MMA[10]: Outstanding

The lending test is rated: Outstanding
The investment test is rated: High Satisfactory
The service test is rated: High Satisfactory

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the geographic distribution of the bank's home mortgage and small business loan originations and purchases was good and borrower distribution was adequate.

- CD loans were effective in addressing community credit needs. The bank was a leader in originating CD loans, which had a positive effect on the lending test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made a significant level of qualified investments, grants, and donations.

- The bank's branches and alternative delivery systems were accessible to geographies and individuals of different income levels and responsive in helping the bank provide services across the community.

- CD services were effective and responsive in addressing community needs. The bank was a leader in conducting or supporting CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA

The Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA AA consisted of all or part of four MDs. It included the entirety of the Camden, NJ MD; Montgomery-Bucks County-Chester County, PA MD; Philadelphia, PA MD; two of the three counties in the Wilmington, DE-MD-NJ MD: as well as New Castle County in Delaware and Cecil County in Maryland.

Based on June 30, 2016 FDIC summary of deposit information, PNC had over $20.8 billion in deposits in this AA, which represented 8.38 percent of the bank's total deposits. The bank made 6.83 percent of its evaluation period lending in this AA.

PNC had 165 office locations and 1,162 ATMs, of which 327 were deposit taking, within the AA. The bank ranked sixth in deposit market share with 4.64 percent. The top four competitors included Capital One, N.A. with one branch and 22.01 percent market share; TD

[10] This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

Bank, N.A. with 146 branches and 21.75 percent market share; Chase Bank USA, N.A. with one branch and 13.55 percent market share; and Wells Fargo Bank, N.A. with 201 branches and a market share of 6.99 percent. There were 121 additional FDIC-insured depository institutions with 1,192 offices within the bank's AAs.

Refer to the market profile for the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA in appendix C for detailed demographics and other performance context information, including identified AA needs and opportunities.

Scope of Evaluation in Philadelphia-Camden-Wilmington PA-NJ-DC-MD MMA

We based our rating of the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA on the area that received a full-scope review. While the 2014 OMB changes removed Montgomery, Bucks, and Chester counties from the former Philadelphia, PA MD to create the standalone Montgomery County-Bucks County-Chester County, PA MD, this change did not affect our analysis since the analysis was completed at the MMA level. Refer to the table in appendix A and the market profiles for more information.

We placed more emphasis on small loans to businesses versus home mortgage loans. We placed more emphasis on the bank's performance in moderate-income geographies as these areas had a higher percentage of owner-occupied housing units, multifamily units, small businesses, and small farms. Among home mortgage loans, we placed the most emphasis on home refinance loans. We considered housing costs in relation to the median family incomes in the AA, which limited the affordability for LMI families. Refer to the market profile for Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA in appendix C for additional information on housing costs and median income. Refer to the Scope of the Evaluation section for details on how weightings were determined.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN PHILADELPHIA-CAMDEN-WILMINGTON PA-NJ-DC-MD MMA

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA is rated outstanding. Based on a full-scope review, the bank's performance in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA was excellent considering the competition, economic factors, housing costs, and performance against the demographic and aggregate peer.

Lending Activity

Refer to Table 1 Lending Volume in the Multistate section of appendix D for the facts and data used to evaluate the bank's lending activity.

PNC's lending activity reflected excellent responsiveness to area credit needs in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA when considering the bank's deposits and competition. PNC ranked sixth out of 125 depository institutions (top 5 percent) with a deposit market share of 4.64 percent. For home purchase loans, PNC's market share of 1.02 percent ranked 23rd out of 663 lenders (top 4 percent). For home improvement loans, PNC's market share of 6.95 percent ranked second out of 341 lenders (top 1 percent). For home refinance loans, PNC's market share of 1.86 percent ranked 10th out of 672 lenders (top 2 percent). For multifamily lending, PNC's market share of 0.15 percent ranked 25th out of 106 lenders (top 24 percent). For small loans to businesses, PNC's market share of 6.98 percent ranked fourth out of 226 lenders (top 2 percent). For small loans to farms, PNC's market share of 2.94 percent ranked 11th out of 32 lenders (top 34 percent).

Distribution of Loans by Income Level of the Geography

PNC's overall distribution of loans by income level of geography in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA was good. The geographic distribution of home mortgage loans was adequate, small loans to businesses was excellent, and small loans to farms was poor.

Home Mortgage Loans

Refer to Tables 2, 3, 4, and 5 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

PNC's geographic distribution of home mortgage loans in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA was adequate. PNC's geographic distribution of home purchase loans and home refinance loans was adequate. The geographic distribution of home improvement loans and multifamily lending was good.

<u>Home Purchase</u>

PNC's geographic distribution of home purchase was adequate. The percentage of home purchase loans originated or purchased in both low- and moderate-income geographies was below the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home purchase loans originated or purchased in low-income geographies exceeded, and in moderate-income geographies was near to the aggregate percentage of all reporting lenders.

<u>Home Improvement</u>

PNC's geographic distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased in low-income income geographies exceeded, and in moderate-income geographies was near to, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home improvement loans originated or purchased in both low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

Home Refinance

PNC's geographic distribution of home refinance loans was adequate. The percentage of home refinance loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies was below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home refinance loans originated or purchased in low-income geographies approximated, and in moderate-income geographies was near to, the aggregate percentage of all reporting lenders.

Multifamily Loans

PNC's geographic distribution of multifamily loans was good. The percentage of multifamily loans originated or purchased in low-income geographies exceeded, and in moderate-income geographies was near to, the percentage of multifamily housing units located in those geographies. PNC's percentage of multifamily loans originated or purchased in low-income geographies exceeded, and in moderate-income geographies was below, the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 6 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

PNC's geographic distribution of small loans to businesses was excellent. The percentage of small loans to businesses originated or purchased in low-income geographies was near to, and in moderate-income geographies approximated, the percentage of businesses located in those geographies. PNC's percentage of small loans to businesses originated or purchased in both low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table 7 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to farms.

PNC's geographic distribution of small loans to farms was adequate considering the low percentage of small farms in low- and moderate-income geographies and that small farm lending was not a primary focus for the bank. PNC did not originate or purchase any small loans to farms in low-income geographies. The percentage of small loans to farms in moderate-income geographies was well below the percentage of farms located in those geographies and the aggregate percentage of all reporting lenders.

Lending Gap Analysis

We analyzed PNC's geographic lending patterns throughout the AA and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC's overall distribution of loans to borrowers of different income levels in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA was adequate. The borrower distribution of home mortgage loans was good. The borrower distribution of small loans to businesses and small loans to farms was adequate.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

PNC's borrower distribution of home purchase loans, home improvement loans, and home refinance loans in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA was good.

Home Purchase

PNC's borrower distribution of home purchase loans was good. The percentage of home purchase loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home purchase loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Improvement

PNC's borrower distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home improvement loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Refinance

PNC's borrower distribution of home refinance was good. The percentage of home refinance loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 11 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses was adequate. The percentage of small loans to businesses originated or purchased was well below the percentage of small businesses in the AA but exceeded the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table 12 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to farms.

The borrower distribution of small loans to farms as adequate considering that small farm lending was not a primary focus for the bank. The percentage of small loans to farms originated or purchased was well below the percentage of small farms in the AA but exceeded the aggregate percentage of all reporting lenders.

Community Development Lending

Refer to Table 1 Lending Volume in the Multistate section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a positive effect on the lending test conclusion in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA. PNC was a leader in making CD loans based on the combination of volume, responsiveness, and complexity. PNC made 84 loans totaling $355.5 million, which represented 14.78 percent of allocated tier 1 capital. By dollar volume, 57.38 percent funded community services, 38.41 percent funded affordable housing, 4.13 percent funded revitalization and stabilization efforts, and 0.08 percent funded economic development activities.

Examples of CD loans in the AA include:

- PNC provided one loan for $125.0 million to the school district of Philadelphia, PA where more than 68 percent of students were eligible to participate in the free or reduced lunch program. The credit allowed the district to open schools on time and obtain resources for capital projects while waiting for federal funding.

- PNC provided three loans totaling $15.0 million to a CDFI that was a leader in rebuilding distressed cities with capital and information. Their activities create affordable housing, provide educational opportunities, and promote job creation and businesses in LMI communities.

Product Innovation and Flexibility

PNC made extensive use of innovative or flexible lending programs in order to serve AA credit needs. During the evaluation period, PNC made 48 PNC Community Mortgage loans totaling $4.4 million and 355 closing cost assistance grants totaling over $591,000 in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA is rated high satisfactory. Based on a full-scope review, the bank's performance in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA was good.

Refer to Table 14 of the Multistate section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

PNC had a significant level of qualified investment and grants, at times in leadership positions. The dollar amount of the investments in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA represented 7.91 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited an excellent level of responsiveness to the CD needs in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA. PNC made 27 current-period investment totaling over $120.6 million and nine remaining prior-period investments valued at $16.0 million. PNC made 52 statewide and regional investments totaling $42.7 million that directly benefited the AA. These investments met community needs through LIHTCs, NMTCs, local tax credits, municipal bonds, mortgage-backed securities, and other investments. PNC also provided 544 grants and donations totaling more than $10.9 million to local nonprofit organizations that promote community services for low- and moderate-income individuals and families.

Examples of qualified investments in this AA include:

- An $11.4 million LIHTC investment in an affordable housing development project consisting of 75 units in six buildings. The unit mix included 62 percent, 27 percent, and 11 percent of units restricted to tenants at 50 percent, 60 percent, and 20 percent of area median income, respectively. The development will also provide tenant supportive services free of charge.

- A $10.5 million investment in an affordable housing project to construct senior housing apartments on a vacant site. The building had 40 subsidized one-bedroom, one bath accessible units for residents making between 20 percent and 60 percent of the area median family income. The project also provided for supportive services such as health care screening, nutrition, and physical exercise for residents.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA is rated high satisfactory. Based on a full-scope review, the bank's performance in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA was good.

Retail Banking Services

Refer to Table 15 in the Multistate section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

PNC's delivery systems were accessible to geographies and individuals of different income levels throughout the AA. The bank operated 165 branch offices in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA. The bank's distribution of branches in both low- and moderate-income geographies was below the percentage of the population living within those geographies. When considering three branches serving adjacent low-income geographies, the distribution was near-to the percentage of the population in low-income geographies. When considering 18 branches serving adjacent moderate-income geographies, the distribution exceeded the percentage of the population in moderate-income geographies.

PNC made effective use of alternative delivery systems through ATMs, online banking, electronic bill pay, and mobile banking options as indicated by the level of usage by LMI households. These systems provided additional delivery availability and access to banking services to both retail and business customers in LMI geographies. PNC had 1,162 ATMs in the AA, of which 327 were deposit taking. PNC provided data that indicated 69.8 percent of households in LMI geographies used an alternative delivery system in the fourth quarter of 2016. This was an increase of 8.0 percent from the start of the evaluation period.

PNC's record of opening and closing of branches had generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. PNC opened nine branches during the evaluation period, none of which was located in a low- or moderate-income geography. The bank closed 36 branches, two located in low-income geographies and four in moderate-income geographies. The closures were the result of branch redundancies and reduced usage due to the high level of alternate delivery system usage. Despite the closings, branch distribution remained accessible.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly LMI individuals or LMI geographies. PNC maintained standard business hours and offered traditional banking products and services at all branch locations in the AA.

Community Development Services

PNC was a leader in providing CD services in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA. During the evaluation period, bank employees conducted 947 financial education events attended by approximately 24,000 participants. These events focused on basic financial education and homebuyer education to LMI individuals and families, and business financial education to small business entrepreneurs and nonprofit organizations.

In addition, 44 bank employees served in leadership roles for 94 different organizations by participating in boards and committees. Notable examples of CD services include:

- A bank employee served as a board member of a CD organization that provided home ownership counseling services to LMI first time homebuyers. The organization was also a HUD-approved Housing Counseling Agency.

- Three bank employees served on the board or committee of a nationally recognized nonprofit organization that provided housing, employment opportunities, medical care, and education to homeless and low-income persons. PNC also conducted several financial education classes for 60 of the organization's clients.

Salisbury, MD-DE MMA

CRA rating for the Salisbury, MD-DE MMA[11]: Outstanding

The lending test is rated: Outstanding
The investment test is rated: Low Satisfactory
The service test is rated: Outstanding

The major factors that support the rating include:

- Based on the data in the tables and performance context considerations discussed below, the geographic and borrower distribution of the bank's home mortgage and small business loan originations and purchases was good.

- CD loans were effective in addressing community credit needs. The bank was a leader in making CD loans, which had a positive effect on the lending test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made an adequate level of qualified investments, grants, and donations.

- The bank's branches and alternative delivery systems were readily accessible to geographies and individuals of different incomes, and responsive in helping the bank provide services across the community.

Description of Institution's Operations in Salisbury, MD-DE MMA

PNC delineated a portion of the Salisbury, MD-DE MMA as an AA. This included the counties of Somerset, Worcester, and Wicomico in Maryland and Sussex in Delaware.

Based on June 30, 2016 FDIC summary of deposit information, PNC had over $1.4 billion in deposits in this AA, which represented 0.58 percent of the bank's total deposits. The bank made 0.46 percent of its evaluation period lending in this AA.

PNC had 25 office locations and 69 ATMs, of which 40 were deposit taking, within the AA. The bank ranked second in deposit market share with 2.50 percent. The top four competitors included Discover Bank with one branch and 87.96 percent market share; Manufacturers and Traders Trust Company with 19 branches and 1.97 percent market share; Bank of Delmarva with 12 branches and 0.74 percent market share; and Calvin B. Taylor Banking Company of Berlin, Maryland with ten branches and a market share of 0.71 percent. There were 19 additional FDIC-insured depository institutions with 84 offices within the bank's AAs.

Refer to the market profile for the Salisbury, MD-DE MMA in appendix C for detailed demographics and other performance context information, including identified AA needs and opportunities, for the AA.

[11] This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

Scope of Evaluation in Salisbury, MD-DE MMA

We based our rating of the Salisbury, MD-DE MMA on the area that received a full-scope review. We conducted a full-scope review of the Salisbury, MD-DE MMA, which was the only AA in the MMA.

We placed more emphasis on small loans to businesses versus home mortgage loans. PNC did not originate enough multifamily loans in this rating area to complete a meaningful analysis. We placed more emphasis on the bank's performance in moderate-income geographies as these areas had a higher percentage of owner-occupied housing units, small businesses, and small farms. Among home mortgage loans, we placed the most emphasis on home refinance loans. We considered housing costs in relation to the median family incomes in the AA, which limited the affordability for LMI families. Refer to the market profile for Salisbury, MD-DE MMA in appendix C for additional information on housing costs and median income. Refer to the Scope of Evaluation section for details on how weightings were determined.

The 2014 OMB changes created this new MMA. OMB added Sussex County, Delaware and Worcester County MD to the former Salisbury, MD MSA to create the new MMA. As a result, this MMA's analysis included 2014 through 2016 data only. Data from 2012 through 2013 was included in respective state analyses. Refer to the table in appendix A and the market profiles for more information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN SALISBURY, MD-DE MMA

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in the Salisbury, MD-DE MMA was outstanding. Based on a full-scope review, the bank's performance in the Salisbury, MD-DE MMA was excellent considering the competition, economic factors, housing costs, and performance against the demographic and aggregate peer.

Lending Activity

Refer to Table 1 Lending Volume in the Multistate section of appendix D for the facts and data used to evaluate the bank's lending activity.

PNC's lending activity reflected excellent responsiveness to area credit needs in the Salisbury, MD-DE MMA when considering the bank's deposits and competition. PNC ranked second out of 24 depository institutions (top 9 percent) with a deposit market share of 2.50 percent. For home purchase loans, PNC's market share of 1.11 percent ranked 23rd out of 350 lenders (top 7 percent). For home improvement loans, PNC's market share of 13.11 percent ranked second out of 105 lenders (top 7 percent). For home refinance loans, PNC's market share of 2.91 percent ranked sixth out of 332 lenders (top 2 percent). For small loans to businesses, PNC’s market share of 12.18 percent ranked second out of 85 lenders (top 3 percent). For small loans to farms, PNC’s market share of 9.45 percent ranked fourth out of 16 lenders (top 25 percent).

Distribution of Loans by Income Level of the Geography

PNC’s overall distribution of loans by income level of geography in the Salisbury, MD-DE MMA was good. The geographic distribution of home mortgage loans and small loans to farms was adequate and small loans to businesses was excellent.

Home Mortgage Loans

Refer to Tables 2, 3, and 4 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank’s home mortgage loan originations and purchases.

PNC’s geographic distribution of home purchase loans was very poor, home improvement loans was good, and home refinance loans was adequate in the Salisbury, MD-DE MMA.

Home Purchase

PNC’s geographic distribution of home purchase loans was very poor. PNC did not originate any home purchase loans in low-income geographies. The percentage of home purchase loans originated or purchased in moderate-income geographies was significantly below the percentage of owner-occupied housing units located in those geographies and was significantly below the aggregate percentage of all reporting lenders.

Home Improvement

PNC’s geographic distribution of home improvement loans was good. PNC did not originate any home improvement loans in low-income geographies. The percentage of home improvement loans originated or purchased moderate-income geographies approximated the percentage of owner-occupied housing units located in those geographies and exceeded the aggregate percentage of all reporting lenders.

Home Refinance

PNC’s geographic distribution of home refinance loans was adequate. PNC did not originate any home refinance loans in low-income geographies. The percentage of home refinance loans originated or purchased in in moderate-income geographies was below the percentage of owner-occupied housing units located in those geographies and exceeded the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 6 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank’s origination and purchase of small loans to businesses.

PNC's geographic distribution of small loans to businesses was excellent. The percentage of small loans to businesses originated or purchased in low-income geographies was below and in moderate-income geographies exceeded, the percentage of businesses located in those geographies. PNC's percentage of small loans to businesses originated or purchased in both low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table 7 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to farms.

PNC's geographic distribution of small loans to farms was adequate considering the low percentage of small farms in low- and moderate-income geographies and that small farm lending was not a primary focus for the bank. PNC did not originate or purchase any small loans to farms in low-income geographies. The percentage of small loans to farms in moderate-income geographies was below the percentage of farms located in those geographies and was well below the aggregate percentage of all reporting lenders.

Lending Gap Analysis

We analyzed PNC's geographic lending patterns throughout the AAs and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC's overall distribution of loans to borrowers of different income levels in the Salisbury, MD-DE MMA was good. The borrower distribution of home mortgage loans and small loans to businesses was good. The borrower distribution of small loans to farms was adequate.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

PNC's borrower distribution of home purchase loans was adequate in the Salisbury, MD-DE MMA. The borrower distribution of home improvement and home refinance loans was good.

<u>Home Purchase</u>

PNC's borrower distribution of home purchase loans was adequate. The percentage of home purchase loans originated or purchased to low-income borrowers was significantly below, and to moderate-income borrowers below, the percentage of those families in the AA. PNC's percentage of home purchase loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

<u>Home Improvement</u>

PNC's borrower distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home improvement loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Refinance

PNC's borrower distribution of home refinance loans was good. The percentage of home refinance loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 11 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses was good. The percentage of small loans to businesses originated or purchased was below the percentage of small businesses in the AA but exceeded the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table 12 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to farms.

The borrower distribution of small loans to farms was adequate. The percentage of small loans to farms originated or purchased was well below the percentage of small farms in the AA but exceeded the aggregate percentage of all reporting lenders.

Community Development Lending

Refer to Table 1 Lending Volume in the Multistate section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a positive effect on the lending test conclusion in the Salisbury, MD-DE MMA. PNC was a leader in making CD loans based on the combination of volume, responsiveness, and complexity. PNC made three CD loans totaling almost $15.0 million, which represented 9.05 percent of allocated tier 1 capital. By dollar volume, 93.36 percent of these loans funded community services and 6.64 percent funded revitalization and stabilization efforts.

Examples of CD loans in the AA include:

- PNC made one CD loan totaling almost $14.0 million to a local government entity for building new community service facilities and for improvements to infrastructure in a county whose residents were predominately LMI.

- PNC made two loans totaling $1.0 million to a local government entity for infrastructure improvements in a town entirely located within a moderate-income geography.

Product Innovation and Flexibility

PNC made limited use of innovative or flexible lending programs in order to serve AA credit needs. During the evaluation period, PNC made two PNC Community Mortgage loans totaling $316,000 and six closing cost assistance grants totaling $7,300 in the Salisbury, MD-DE MMA.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in the Salisbury, MD-DE MMA is low satisfactory. Based on a full-scope review, the bank's performance in the Salisbury, MD-DE MMA was adequate.

Refer to Table 14 of the Multistate section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

PNC had an adequate level of qualified investments and grants in this AA. The dollar amount of the investments in the Salisbury, MD-DE MMA represented 4.02 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited good responsiveness to the CD needs in the Salisbury, MD-DE MMA. PNC made five current-period investments totaling $3.5 million and one remaining prior-period investment valued at almost $2,000. PNC made 10 statewide and regional investments totaling $3.7 million that directly benefited the AA. PNC also provided 64 grants and donations totaling over $332,000 to local nonprofit organizations that promote economic development, affordable housing, and community services for LMI individuals, families, schools, and communities.

Examples of qualified investments in this AA include:

- PNC invested $2.1 million in an organization that financed affordable housing for low-income and very-low income families. The organization had built over 103 homes through volunteer labor and donations of money and materials. Over 115 adults and 210 children now reside in these homes.

- PNC provided $36,000 in grants to a nonprofit organization that provided resources to improve the lives of low-income families. Programs focus on education, financial stability, and health.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in Salisbury, MD-DE MMA is rated outstanding. Based on a full-scope review, the bank's performance in the Salisbury, MD-DE MMA was excellent.

Retail Banking Services

Refer to Table 15 in the Multistate section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

PNC's delivery systems were readily accessible to geographies and individuals of different income levels throughout the AA. The bank operated 25 branch offices in the Salisbury, MD-DE MMA. The bank had no branches in low-income geographies, however, only 0.35 percent of the population lived in those geographies. The bank's distribution of branches in moderate-income geographies exceeded the percentage of the population living within those geographies.

PNC made effective use of alternative delivery systems through ATMs, online banking, electronic bill pay, and mobile banking options as indicated by the level of usage by LMI households. These systems provided additional delivery availability and access to banking services to both retail and business customers in LMI geographies. PNC had 69 ATMs in the AA, of which 40 were deposit taking. PNC provided data that indicated 68.6 percent of households in LMI geographies used an alternative delivery system in the fourth quarter of 2016. This was an increase of 12.0 percent from the start of the evaluation period.

PNC's record of opening and closing of branches had generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. PNC did not open any branches during the evaluation period. The bank closed eight branches, two of which were located in a moderate-income geography. The closures were the result of branch redundancies and reduced usage due to the high level of alternate delivery system usage. Despite the closings, branch distribution remained readily accessible.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly LMI individuals or LMI geographies. PNC maintained standard business hours and offered traditional banking products and services at all branch locations in the AA.

Community Development Services

PNC provided an adequate level of CD services in the Salisbury, MD-DE MMA. During the evaluation period, bank employees conducted 25 financial education events attended by approximately 350 participants. These events focused on basic financial education and homebuyer education to LMI individuals and families, and business financial education to small business entrepreneurs and nonprofit organizations..

In addition, 11 bank employees served in leadership roles for 13 different CD organizations by participating on boards and committees. Notable examples of CD services include:

- Two bank employees served as a board or committee member for an organization that developed affordable housing for LMI individuals and families.

- A bank employee served as a board or committee member for an organization that offered learning and education services to LMI individuals and families.

St. Louis, MO-IL MMA

CRA rating for the St. Louis, MO-IL MMA[12]: Outstanding

The lending test is rated: Outstanding
The investment test is rated: Outstanding
The service test is rated: Outstanding

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the geographic and borrower distribution of the bank's home mortgage and small business loan originations and purchases was good.

- CD loans were effective in addressing community credit needs. The bank was a leader in originating CD loans, which had a positive effect on the lending test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made an excellent level of qualified investments, grants, and donations.

- The bank's branches and alternative delivery systems were readily accessible to geographies and individuals of different incomes, and responsive in helping the bank provide services across the community.

- CD services were effective and responsive in addressing community needs. The bank was a leader in providing CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in St. Louis, MO-IL MMA

PNC delineated a portion of the St. Louis, MO-IL MMA as an AA. This included St. Louis city and the counties of Franklin, Jefferson, St. Charles, St. Louis, and Warren in Missouri and Madison and St. Clair counties in Illinois.

Based on June 30, 2016 FDIC summary of deposit information, PNC had over $2.2 billion in deposits in this AA, which represented 0.90 percent of the bank's total deposits. The bank made 1.33 percent of its evaluation period lending in this AA.

PNC had 44 office locations and 174 ATMs, of which 86 were deposit taking, within the AA. The bank ranked ninth in deposit market share with 2.45 percent. The top four competitors included Scottrade with one branch and 16.12 percent market share; U.S. Bank, N.A. with 112 branches and 14.62 percent market share; Bank of America, N.A. with 52 branches and a market share of 12.32; and Stifel Bank and Trust with two branches and 8.67 percent market

[12] This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

share. There were 104 additional FDIC-insured depository institutions with 602 offices within the bank's AA.

Refer to the market profile for the St. Louis, MO-IL MMA in appendix C for detailed demographics and other performance context information, including identified AA needs and opportunities, in the AA.

Scope of Evaluation in St. Louis, MO-IL MMA

We based our rating of the St. Louis, MO-IL MMA on the area that received a full-scope review. We conducted a full-scope review of the St. Louis, MO-IL MMA, which was the only AA in the MMA. The 2014 OMB changes did not affect this MMA. Refer to the table in appendix A and the market profiles for more information.

We placed more emphasis on small loans to businesses versus home mortgage loans. PNC did not originate enough multifamily loans or small loans to farms in this rating area to conduct a meaningful analysis. We placed more emphasis on the bank's performance in moderate-income geographies as these areas had a higher percentage of owner-occupied housing units and small businesses. Among home mortgage loans, we placed the most emphasis on home refinance loans. We considered housing costs in relation to the median family incomes in the AA which limited the affordability for LMI families. Refer to the market profile for the St. Louis, MO-IL MMA in appendix C for additional information on housing costs and median income. Refer to the Scope of Evaluation section for details on how weightings were determined.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ST. LOUIS, MO-IL MMA

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in the St. Louis, MO-IL MMA is rated outstanding. Based on a full-scope review, the bank's performance in the St. Louis, MO-IL MMA was excellent considering the competition, economic factors, housing costs, and performance against the demographic and aggregate peer.

Lending Activity

Refer to Table 1 Lending Volume in the Multistate section of appendix D for the facts and data used to evaluate the bank's lending activity.

PNC's lending activity reflected excellent responsiveness to area credit needs in the St. Louis, MO-IL MMA when considering the bank's deposits and competition. PNC ranked ninth out of 109 depository institutions (top 8 percent) with a deposit market share of 2.45 percent. For home purchase loans, PNC's market share of 0.29 percent-ranked 68th out of 494 lenders (top 14 percent). For home improvement loans, PNC's market share of 2.67 percent ranked ninth out of 232 lenders (top 4 percent). For home refinance loans, PNC's market share of 0.56

percent-ranked 46th out of 471 lenders (top 10 percent). For small loans to businesses, PNC's market share of 3.38 percent ranked eighth out of 151 lenders (top 5 percent).

Distribution of Loans by Income Level of the Geography

PNC's overall distribution of loans by income level of geography in the St. Louis, MO-IL MMA was good. The geographic distribution of home mortgage was adequate and small loans to businesses was good.

Home Mortgage Loans

Refer to Tables 2, 3, and 4 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

PNC's geographic distribution of home purchase loans, home improvement loans, and home refinance loans in the St. Louis, MO-IL MMA was adequate.

Home Purchase

PNC's geographic distribution of home purchase loans was adequate. The percentage of home purchase loans originated or purchased in both low- and moderate-income geographies was well below the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home purchase loans originated or purchased in low-income geographies exceeded, and in moderate-income geographies was near to, the aggregate percentage of all reporting lenders.

Home Improvement

PNC's geographic distribution of home improvement loans was adequate. The percentage of home improvement loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies was near to, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home improvement loans originated or purchased in low-income geographies was below, and in moderate-income geographies exceeded, the aggregate percentage of all reporting lenders.

Home Refinance

PNC's geographic distribution of home refinance loans was adequate. The percentage of home refinance loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies was well below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home refinance loans originated or purchased in both low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 6 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

PNC's geographic distribution of small loans to businesses was good. The percentage of small loans to businesses originated or purchased in both low- and moderate-income geographies was near to the percentage of businesses located in those geographies. PNC's percentage of small loans to businesses originated or purchased in low-income geographies exceeded, and in moderate-income geographies was near to, the aggregate percentage of all reporting lenders.

Lending Gap Analysis

We analyzed PNC's geographic lending patterns throughout the AA and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC's overall distribution of loans to borrowers of different income levels in the St. Louis, MO-IL MMA was good. The borrower distribution of home mortgage loans and small loans to businesses was good.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

PNC's borrower distribution of home purchase loans, home improvement loans, and home refinance loans was good.

Home Purchase

PNC's borrower distribution of home purchase loans was good. The percentage of home purchase loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home purchase loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Improvement

PNC's borrower distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home improvement loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Refinance

PNC's borrower distribution of home refinance loans was good. The percentage of home refinance loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 11 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses was good. The percentage of small loans to businesses originated or purchased was below the percentage of small businesses in the AA but exceeded the aggregate percentage of all reporting lenders.

Community Development Lending

Refer to Table 1 Lending Volume in the Multistate section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a positive effect on the lending test conclusion in the St. Louis, MO-IL MMA. The level of CD lending was excellent. PNC was a leader in making CD loans in the St. Louis, MO-IL MMA based on the combination of volume, responsiveness, and complexity. PNC made 14 CD loans totaling over $49.6 million, which represented 19.27 percent of allocated tier 1 capital. By dollar volume, 61.38 percent of these loans funded community services, 37.63 percent funded affordable housing, and 0.98 percent funded economic development activities efforts.

Examples of CD loans in the AA include:

- PNC made a $768,000 loan to a nonprofit organization that provided affordable housing. The loan refinanced 17 single-family LMI rental homes located in LMI tracts in the City of St. Louis.

- PNC made a loan totaling $2.1 million to a CD equity fund that provided affordable housing through LIHTC qualified projects, which provided 84 units of affordable housing for families with low- and moderate-incomes.

Product Innovation and Flexibility

PNC used innovative or flexible lending programs in order to serve AA credit needs. During the evaluation period, PNC made 31 PNC Community Mortgage loans totaling $3.2 million and 87 closing cost assistance grants totaling $115,000 in the St Louis, MO-IL MMA.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in the St Louis, MO-IL MMA is rated outstanding. Based on a full-scope review, the bank's performance in the St Louis, MO-IL MMA was excellent.

Refer to Table 14 of the Multistate section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

PNC had an excellent level of qualified investments and grants, often in leadership positions. The dollar amount of the investments in the St Louis, MO-IL MMA represented 17.79 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited excellent responsiveness to the credit and CD needs in the St Louis, MO-IL MMA. PNC made 17 current-period investment totaling almost $40.3 million and 16 remaining prior-period investments valued at $8.4 million. PNC made one regional investment totaling $750,000 that directly benefited the AA. These investments met community needs through LIHTCs, CDFIs, a NMTC, and other investments. PNC also provided 196 grants and donations of more than $4.7 million to local nonprofit organizations that promote community services for LMI individuals and families. PNC also had an unfunded commitment of $25,000 that benefited the St Louis, MO-IL MMA.

Examples of qualified investments in this AA include:

- Four LIHTC investments totaling $2.5 million in an equity fund for the construction and rehabilitation of affordable housing. The mission of the fund was to utilize corporate investment and available tax incentives to stimulate the development of affordable, LMI housing units.

- Two investments totaling $2.0 million in a community capital fund created to expand the financial products offered by a community based organization. The organization assisted LMI people build a secure financial future that would allow them to achieve homeownership, higher education, and business development opportunities.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in St. Louis, MO-IL MMA is rated outstanding. Based on a full-scope review, the bank's performance in the St. Louis, MO-IL MMA was excellent.

Retail Banking Services

Refer to Table 15 in the Multistate section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

PNC's delivery systems were readily accessible to geographies and individuals of different income levels throughout the AA. The bank operated 44 branch offices in the St. Louis, MO-IL MMA. The bank's distribution of branches in low-income geographies exceeded, and in moderate-income geographies was near to, the percentage of the population living within those geographies. When considering two branches serving adjacent moderate-income geographies, the distribution approximated the percentage of the population in moderate-income geographies

PNC made effective use of alternative delivery systems through ATMs, online banking, electronic bill pay, and mobile banking options as indicated by the level of usage by LMI households. These systems provided additional delivery availability and access to banking services to both retail and business customers in LMI geographies. PNC had 174 ATMs in the AA, of which 86 were deposit taking. PNC provided data that indicated 59.7 percent of households in LMI geographies used an alternative delivery system in the fourth quarter of 2016. This was an increase of 4.7 percent from the start of the evaluation period.

PNC's record of opening and closing of branches had generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. PNC opened one branch in an upper-income geography during the evaluation period. The bank closed 14 branches, three of which were located in a moderate-income geography. The closures were the result of branch redundancies and reduced usage due to the high level of alternate delivery system usage. Despite the closings, branch distribution remained readily accessible.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly LMI individuals or LMI geographies. PNC maintained standard business hours and offered traditional banking products and services at all branch locations in the AA.

Community Development Services

PNC was a leader in providing CD services in the St. Louis, MO-IL MMA. During the evaluation period, bank employees conducted 269 financial education events attended by approximately 6,900 participants. These events focused on basic financial education and homebuyer education to LMI individuals and families, and business financial education to small business entrepreneurs and nonprofit organizations.

In addition, 37 bank employees served in leadership roles for 48 different CD organizations by participating on boards and committees. Notable examples of CD services include:

- Two bank employees served as a board or committee member for an organization that provided crisis and drug intervention services for children of LMI individuals and families.

- Four bank employees served as a board or committee member for an organization that provided financial education and information to unbanked LMI individuals.

Virginia Beach-Norfolk-Newport News, VA-NC MMA

CRA rating for the Virginia Beach-Norfolk-Newport News, VA-NC MMA[13]: Outstanding

The lending test is rated: Outstanding
The investment test is rated: Outstanding
The service test is rated: Outstanding

The major factors that support the ratings include:

- Based on the data in the tables and performance context considerations discussed below, the geographic distribution and borrower distribution of the bank's home mortgage and small business loan originations and purchases was good.

- CD loans were effective in addressing community credit needs. The bank was a leader in making CD loans, which had a positive effect on the lending test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made an excellent level of qualified investments, grants, and donations.

- The bank's branches and alternative delivery systems were readily accessible to geographies and individuals of different income levels and responsive in helping the bank provide services across the community.

- CD services were effective and responsive in addressing community needs. The bank was a leader in providing CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in Virginia Beach-Norfolk-Newport News, VA-NC MMA

The PNC delineated portions of the Virginia Beach-Norfolk-Newport News, VA-NC MMA as an AA. This included Currituck county in North Carolina, and James City county and the cities of Chesapeake, Newport News, Norfolk, and Virginia Beach in Virginia.

Based on June 30, 2016 FDIC summary of deposit information, PNC had over $389.1 million in deposits in this AA, which represented 0.16 percent of the bank's total deposits. The bank made 0.67 percent of its evaluation period lending in this AA.

PNC had 11 office locations and 70 ATMs, of which 15 were deposit taking, within the AA. The bank ranked eighth in deposit market share with 2.13 percent. The top four competitors included Towne Bank with 19 branches and 22.46 percent market share; Wells Fargo Bank, N.A. with 37 branches and 21.12 percent market share; SunTrust Bank with 27 branches and 17.41 percent market share; and Bank of America, N.A. with 27 branches and a market share

[13] This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

of 13.06 percent. There were 15 additional FDIC-insured depository institutions with 105 offices within the bank's AAs.

Refer to the market profile for the Virginia Beach-Norfolk-Newport News, VA-NC MMA in appendix C for detailed demographics and other performance context information, including identified AA needs and opportunities, in the AA.

Scope of Evaluation in Virginia Beach-Norfolk-Newport News, VA-NC MMA

We based our rating of the Virginia Beach-Norfolk-Newport News, VA-NC MMA on the area that received a full-scope review. We conducted a full-scope review of the Virginia Beach-Norfolk-Newport News, VA-NC MMA, which was the only AA in the MMA.

We placed more emphasis on home mortgage loans versus small loans to businesses. We also placed more emphasis on the bank's performance in moderate-income geographies as these areas had a higher percentage of owner-occupied housing units and small businesses. Among home mortgage loans, we placed the most emphasis on home refinance loans. We also considered housing costs in relation to the median family incomes in the full scope AA, which limited the affordability for LMI families. PNC originated or purchased no multifamily loans and too few small loans to farms in the full scope area to conduct a meaningful analysis. Refer to the market profile for Virginia Beach-Norfolk-Newport News, VA-NC MMA in appendix C for additional information on housing costs and median income. Refer to the Scope of Evaluation section for details on how weightings were determined.

PNC did not have any branch locations in Currituck County, NC. They did have at least one deposit-taking ATM in this area, which required its inclusion in our analysis.

The 2014 OMB changes affected this MMA. OMB added Gates County, NC, a former non-metropolitan county, to the MMA. As a result, this MMA's analysis included data from Gates County for 2014 through 2016 data. Data from Gates County from 2012 through 2013 was included in the North Carolina state analysis. Refer to the table in appendix A and the market profiles for more information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC MMA

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in the Virginia Beach-Norfolk-Newport News, VA-NC MMA is rated outstanding. Based on a full-scope review, the bank's performance in the Virginia Beach-Norfolk-Newport News, VA-NC MMA was excellent considering the competition, economic factors, housing costs, and performance against the demographic and aggregate peer. CD lending had a positive effect on the lending test conclusion.

Lending Activity

Refer to Table 1 Lending Volume in the Multistate section of appendix D for the facts and data used to evaluate the bank's lending activity.

PNC's lending activity reflected excellent responsiveness to area credit needs in the Virginia Beach-Norfolk-Newport News, VA-NC MMA when considering the bank's deposits and competition. PNC ranked eighth out of 19 depository institutions (top 42 percent) with a deposit market share of 2.13 percent. For home purchase loans, PNC's market share of 0.40 percent ranked 41st out of 347 lenders (top 12 percent). For home improvement loans, PNC's market share of 1.25 percent ranked 13th out of 140 lenders (top 9 percent). For home refinance loans, PNC's market share of 1.87 percent ranked 13th out of 400 lenders (top 3 percent). For small loans to businesses, PNC's market share of 1.58 percent ranked 12th out of 106 lenders (top 11 percent).

Distribution of Loans by Income Level of the Geography

PNC's overall distribution of loans by income level of geography in the Virginia Beach-Norfolk-Newport News, VA-NC MMA was good. The geographic distribution of home mortgage loans and small loans to businesses was good.

Home Mortgage Loans

Refer to Tables 2, 3, and 4 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

PNC's geographic distribution of home purchase loans in the Virginia Beach-Norfolk-Newport News, VA-NC MMA was adequate and home improvement loans and home refinance loans was good.

<u>Home Purchase</u>

PNC's geographic distribution of home purchase loans was adequate. For 2014 through 2016, the percentage of home purchase loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies was below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home purchase loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies near to, the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 was stronger than the performance for 2014 through 2016 because of better lending distribution in moderate-income geographies but was not enough to effect the combined conclusion.

<u>Home Improvement</u>

PNC's geographic distribution of home improvement loans was good. For 2014 through 2016, the percentage of home improvement loans originated or purchased in low-income geographies exceeded, and in moderate-income geographies was near to, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home improvement loans originated or purchased in low-income geographies exceeded, and in moderate-income geographies was near to, the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 was weaker than the performance for 2014 through 2016 because of poorer lending distributions in both low- and moderate-income geographies but was not enough to effect the combined conclusion.

Home Refinance

PNC's geographic distribution of home refinance loans was good. For 2014 through 2016, the percentage of home refinance loans originated or purchased in low-income geographies was below, and in moderate-income geographies was near to, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home refinance loans originated or purchased in low-income geographies was near to, and in moderate-income geographies exceeded, the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 was not inconsistent with the performance for 2014 through 2016.

Small Loans to Businesses

Refer to Table 6 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

PNC's geographic distribution of small loans to businesses was good. For 2014 through 2016, the percentage of small loans to businesses originated or purchased in low-income geographies was below, and in moderate-income geographies exceeded, the percentage of businesses located in those geographies. PNC's percentage of small loans to businesses originated or purchased in low-income geographies was near to, and in moderate-income geographies exceeded, the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 was stronger than the performance for 2014 through 2016 because of better lending distribution in low-income geographies but was not enough to effect the combined conclusion.

Lending Gap Analysis

We analyzed PNC's geographic lending patterns throughout the AA and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC's overall distribution of loans to borrowers of different income levels in the Virginia Beach-Norfolk-Newport News, VA-NC MMA was good. The borrower distribution of home mortgage loans was good and small loans to businesses was adequate.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

PNC's borrower distribution of home purchase loans, home improvement loans, and home refinance loans in the Virginia Beach-Norfolk-Newport News, VA-NC MMA was good.

Home Purchase

PNC’s borrower distribution of home purchase loans was good. For 2014 through 2016, the percentage of home purchase loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC’s percentage of home purchase loans originated or purchased to low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 was not inconsistent with the performance for 2014 through 2016.

Home Improvement

PNC’s borrower distribution of home improvement loans was good. For 2014 through 2016, the percentage of home improvement loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC’s percentage of home improvement loans originated or purchased to low-income borrowers exceeded, and to moderate-income borrowers was near to, the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 was weaker than the performance for 2014 through 2016 because of poorer lending distribution to moderate-income borrowers but was not enough to effect the combined conclusion.

Home Refinance

PNC’s borrower distribution of home refinance loans was good. For 2014 through 2016, the percentage of home refinance loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC’s percentage of home refinance loans originated or purchased to low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 was not inconsistent with the performance for 2014 through 2016.

Small Loans to Businesses

Refer to Table 11 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank’s origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses for 2014 through 2016 was adequate. The percentage of small loans to businesses originated or purchased was well below the percentage of small businesses in the AA but near to the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 was weaker than the performance for 2014 through 2016 because of lower lending compared to the aggregate percentage of all reporting lenders but was not enough to effect the combined conclusion.

Community Development Lending

Refer to Table 1 Lending Volume in the Multistate section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a positive effect on the lending test conclusion in the Virginia Beach-Norfolk-Newport News, VA-NC MMA. PNC was a leader in making CD loans based on the dollar volume and complexity of the loan made. PNC made one CD loan totaling $76.4 million, which represented 169.92 percent of allocated tier 1 capital. PNC provided this loan to a hospital that provided medical services to predominately LMI individuals. Over 55 percent of the patients utilize Medicaid as a payment system.

Product Innovation and Flexibility

PNC made limited use of innovative or flexible lending programs in order to serve AA credit needs. During the evaluation period, PNC made 13 PNC Community Mortgage loans totaling $1.9 million and 25 closing cost assistance grants totaling over $33,600 in the Virginia Beach-Norfolk-Newport News, VA-NC MMA.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in the Virginia Beach-Norfolk-Newport News, VA-NC MMA is rated outstanding. Based on a full-scope review, the bank's performance in the Virginia Beach-Norfolk-Newport News, VA-NC MMA was excellent.

Refer to Table 14 of the Multistate section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

PNC had an excellent level of qualified investments and grants in this AA. The dollar amount of the investments in the Virginia Beach-Norfolk-Newport News, VA-NC MMA represented 8.51 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited good responsiveness to the credit and CD needs in the Virginia Beach-Norfolk-Newport News, VA-NC MMA. PNC made one current-period investment totaling $3.5 million. PNC also provided 28 grants and donations totaling $303,000 to local nonprofit organizations that promote economic development, affordable housing, and community services for low- and moderate-income individuals, families, schools, and communities.

An example of a qualified investment in this AA was a $3.5 million LIHTC to develop a 123-unit affordable housing building targeting seniors making less than 60 percent of the area median family income.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in Virginia Beach-Norfolk-Newport News, VA-NC MMA is rated outstanding. Based on a full-scope review, the bank's performance in the Virginia Beach-Norfolk-Newport News, VA-NC MMA was excellent.

Retail Banking Services

Refer to Table 15 in the Multistate section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

PNC's delivery systems were readily accessible throughout the AA. The bank operated 11 branch offices in the Virginia Beach-Norfolk-Newport News, VA-NC MMA. The bank's distribution of branches in low-income geographies exceeded, and in moderate-income geographies was well below, the percentage of the population living within those geographies. When considering two adjacent-serving branches serving moderate-income geographies, the distribution exceeded the percentage of the population in moderate-income geographies.

PNC made effective use of alternative delivery systems through ATMs, online banking, electronic bill pay, and mobile banking options. PNC had 70 ATMs in the AA, of which 15 were deposit taking. These systems provided additional delivery availability and access to banking services to both retail and business customers. PNC provided data that indicated 44.6 percent of households in LMI geographies used an alternative delivery system in the fourth quarter of 2016. This was an increase of 31.6 percent from the start of the evaluation period.

PNC's record of opening and closing of branches did not adversely affect the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. PNC closed two branches during the evaluation period, none of which was located in low- or moderate-income geographies.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly LMI individuals or LMI geographies. PNC maintained standard business hours and offered traditional banking products and services at all branch locations in the AA.

Community Development Services

PNC was a leader in providing CD services in the Virginia Beach-Norfolk-Newport News, VA-NC MMA. During the evaluation period, 12 bank employees conducted 42 financial education events attended by over 1,000 participants. These events focused on basic financial education and homebuyer education to LMI individuals and families, and business financial education to small business entrepreneurs and nonprofit organizations.

In addition, three bank employees served in leadership roles for four different organizations by participating on boards and committees. Notable examples of CD services include:

- A bank employee served as a board or committee member for an organization that offered financial and technical support to nonprofit organizations that provide community services to LMI active duty service members, veterans, and their families.

- A bank employee served as a board or committee member for a nonprofit organization that provided a variety of community services that helps LMI individuals, children and youth develop into smart, resilient adults, improve their health, and build a sense of community.

Washington-Arlington-Alexandria, DC-MD-VA-WV MMA

CRA rating for the Washington-Arlington-Alexandria, DC-VA-MD-WV MMA[14]: Outstanding

The lending test is rated: Outstanding
The investment test is rated: Outstanding
The service test is rated: Outstanding

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the geographic distribution of the bank's home mortgage and small business loan originations and purchases was excellent and borrower distribution was adequate.

- CD loans were effective in addressing community credit needs. The bank was a leader in originating CD loans, which had a positive effect on the lending test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made an excellent level of qualified investments, grants, and donations.

- The bank's branches and alternative delivery systems were readily accessible to geographies and individuals of different income levels and responsive in helping the bank provide services across the community.

- CD services were effective and responsive in addressing community needs. The bank was a leader in conducting or supporting CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in Washington-Arlington-Alexandria, DC-MD-VA-WV MMA

The Washington-Arlington-Alexandria, DC-MD-VA-WV MMA AA consisted of a portion of the Washington-Arlington-Alexandria, DC-VA-MD-WV MD and the entire Silver Spring-Frederick-Rockville, MD MD.

Based on June 30, 2016 FDIC summary of deposit information, PNC had almost $12.5 billion in deposits in this AA, which represented 5.03 percent of the bank's total deposits. The bank made 4.87 percent of its evaluation period lending in these AAs.

PNC had 182 office locations and 568 ATMs, of which 306 were deposit taking, within the AAs. The bank ranked seventh in deposit market share with 5.66 percent. The top four competitors included E-Trade Bank with two branches and 15.04 percent market share; Wells Fargo Bank, N.A. with 162 branches and 14.29 percent market share; Bank of America, N.A. with 159

[14] This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

branches and 13.70 percent market share; and Capital One, N.A. with 169 branches and a market share of 11.61 percent. There were 75 additional FDIC-insured depository institutions with 953 offices within the bank's AAs.

Refer to the market profile for the Washington-Arlington-Alexandria, DC-MD-VA-WV MMA in appendix C for detailed demographics and other performance context information, including identified AA needs and opportunities.

Scope of Evaluation in Washington-Arlington-Alexandria, DC-MD-VA-WV MMA

We based our rating of the Washington-Arlington-Alexandria, DC-MD-VA-WV MMA on the area that received a full-scope review. We combined data from the MDs at the MMA level and conducted a full-scope review of the entire MMA.

We placed more emphasis on small loans to businesses versus home mortgage loans. We placed more emphasis on the bank's performance in moderate-income geographies as these areas had a higher percentage of owner-occupied housing units, multifamily units, small businesses and small farms. Among home mortgage loans, we placed the most emphasis on home refinance loans. We considered housing costs in relation to the median family incomes in the AA, which limited the affordability for LMI families. Refer to the market profile for the Washington-Arlington-Alexandria, DC-MD-VA MMA in appendix C for additional information on housing costs and median income. Refer to the Scope of Evaluation section for details on how weightings were determined.

The 2014 OMB changes did not affect this MMA. Refer to the table in appendix A and the market profiles for more information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WASHINGTON-ARLINGTON-ALEXANDRIA, DC-MD-VA-WV MMA

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in the Washington-Arlington-Alexandria, DC-MD-VA-WV MMA was outstanding. Based on a full-scope review, the bank's performance in the Washington-Arlington-Alexandria, DC-MD-VA-WV MMA was excellent considering the competition, economic factors, housing costs, and performance against the demographic and aggregate peer.

Lending Activity

Refer to Table 1 Lending Volume in the Multistate section of appendix D for the facts and data used to evaluate the bank's lending activity.

PNC's lending activity reflected excellent responsiveness to area credit needs in the Washington-Arlington-Alexandria, DC-MD-VA-WV MMA when considering the bank's deposits and competition. PNC ranked seventh out of 80 depository institutions (top 9 percent) with a deposit market share of 5.66 percent. For home purchase loans, PNC's market share of 0.75 percent ranked 33rd out of 613 lenders (top 5 percent). For home improvement loans, PNC's market share of 3.91 percent ranked fourth out of 333 lenders (top 1 percent). For home refinance loans, PNC's market share of 1.37 percent ranked 15th out of 669 lenders (top 2 percent). For multifamily lending, PNC's market share of 0.81 percent ranked 25th out of 63 lenders (top 40 percent). For small loans to businesses, PNC's market share of 3.77 percent ranked eighth out of 215 lenders (top 4 percent). For small loans to farms, PNC's market share of 2.11 percent ranked 11th out of 32 lenders (top 34 percent).

Distribution of Loans by Income Level of the Geography

PNC's overall distribution of loans by income level of geography in the Washington-Arlington-Alexandria, DC-MD-VA-WV MMA was excellent. The geographic distribution of home mortgage loans and small loans to farms was good and small loans to businesses was excellent.

Home Mortgage Loans

Refer to Tables 2, 3, 4, and 5 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

PNC's geographic distribution of home purchase loans, home improvement loans, and multifamily lending was excellent. The geographic distribution of home refinance loans was good.

<u>Home Purchase</u>

PNC's geographic distribution of home purchase loans was excellent. The percentage of home purchase loans originated or purchased in both low- and moderate-income geographies exceeded the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home purchase loans originated or purchased in low-income geographies was near to, and in moderate-income geographies exceeded, the aggregate percentage of all reporting lenders.

<u>Home Improvement</u>

PNC's geographic distribution of home improvement loans was excellent. The percentage of home improvement loans originated or purchased in both low- and moderate-income geographies exceeded the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home improvement loans originated or purchased in low-income geographies was near to, and in moderate-income geographies exceeded, the aggregate percentage of all reporting lenders.

<u>Home Refinance</u>

PNC's geographic distribution of home refinance loans was good. The percentage of home refinance loans originated or purchased in low-income geographies was below, and in moderate-income geographies was near to, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home refinance loans originated or purchased in low-income geographies was near to, and in moderate-income geographies exceeded, the aggregate percentage of all reporting lenders.

Multifamily

PNC's geographic distribution of multifamily loans was excellent. The percentage of multifamily loans originated or purchased in both low- and moderate-income geographies exceeded the percentage of multifamily units in those geographies. PNC's percentage of multifamily loans originated or purchased in low-income geographies was near to, and in moderate-income geographies exceeded, the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 6 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

PNC's geographic distribution of small loans to businesses was excellent. The percentage of small loans to businesses originated or purchased in low-income geographies was near to, and in moderate-income geographies exceeded, the percentage of businesses located in those geographies. PNC's percentage of small loans to businesses originated or purchased in both low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table 7 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to farms.

PNC's geographic distribution of small loans to farms was good considering the low percentage of small farms in low-income geographies and small farm lending was not a primary focus for the bank in this AA. PNC did not originate or purchase any small loans to farms in low-income geographies. The percentage of small loans to farms in moderate-income geographies exceeded the percentage of farms located in those geographies and the aggregate percentage of all reporting lenders.

Lending Gap Analysis

We analyzed PNC's geographic lending patterns throughout the AA and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC's overall distribution of loans to borrowers of different income levels in the Washington-Arlington-Alexandria, DC-MD-VA-WV MMA was adequate. The borrower distribution of home mortgage loans was good, and small loans to businesses and small loans to farms were adequate.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

PNC's borrower distribution of home purchase loans, home improvement loans, and home refinance loans in the Washington-Arlington-Alexandria, DC-MD-VA MMA was good.

Home Purchase

PNC's borrower distribution of home purchase loans was good. The percentage of home purchase loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home purchase loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Improvement

PNC's borrower distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home improvement loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Refinance

PNC's borrower distribution of home refinance loans was good. The percentage of home refinance loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 11 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses was adequate. The percentage of small loans to businesses originated or purchased was well below the percentage of small businesses in the AA but exceeded the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table 12 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to farms.

The borrower distribution of small loans to farms was adequate. The percentage of small loans to farms originated or purchased was well below the percentage of small farms in the AA but exceeded the aggregate percentage of all reporting lenders.

Community Development Lending

Refer to Table 1 Lending Volume in the Multistate section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a positive effect on the lending test conclusion in the Washington-Arlington-Alexandria, DC-MD-VA-WV MMA. PNC was a leader in making CD loans based on the combination of volume, responsiveness, and complexity. PNC made 49 CD loans totaling almost $571.3 million, which represented 39.57 percent of allocated tier 1 capital. By dollar volume, 65.50 percent funded affordable housing, 22.64 percent funded revitalization and stabilization efforts, 11.61 percent funded community services, and 0.25 percent funded economic development activities.

Examples of CD loans in the AA include:

- PNC made one $90.0 million loan to a state agency to finance the acquisition, pre-development, and rehabilitation of affordable residential property, as well as providing supportive services to LMI families throughout Montgomery County, Maryland.

- PNC made an $80.0 million loan to refinance a retail development in a moderate-income geography within the District of Columbia, which had been targeted for redevelopment and revitalization by the District government.

Product Innovation and Flexibility

PNC made extensive use of innovative or flexible lending programs in order to serve AA credit needs. During the evaluation period, PNC made 118 PNC Community Mortgage loans totaling $25.7 million and 416 closing cost assistance grants totaling almost $648,000 in the Washington-Arlington-Alexandria, DC-MD-VA-WV MMA.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in the Washington-Arlington-Alexandria, DC-MD-VA-WV MMA is rated outstanding. Based on a full-scope review, the bank's performance in the Washington-Arlington-Alexandria, DC-MD-VA-WV MMA was excellent.

Refer to Table 14 of the Multistate section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

PNC had an excellent level of qualified CD investment and grants, often in leadership positions. The dollar amount of the investments in the Washington-Arlington-Alexandria, DC-MD-VA-WV MMA represented 9.36 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited an excellent level of responsiveness to the credit and CD needs in the Washington-Arlington-Alexandria, DC-MD-VA-WV MMA. PNC made 16 current-period investments totaling $57.9 million and four remaining prior-period investments totaling almost $5.0 million. PNC made 22 statewide and regional investments totaling $68.9 million that directly benefited the AA. These investments met community needs through LIHTCs, NMTCs, CDFIs mortgage backed securities and other investments. PNC also provided 216 grants and donations of more than $3.3 million to local nonprofit organizations that promote community services for LMI individuals and families.

Examples of qualified investments in this AA include:

- A $10.1 million investment in a LIHTC affordable housing project. The nine-story building contained 133 units of which 75 percent were for tenants who earn between 50 percent and 60 percent of the area median income.

- A $7.3 million LIHTC to rehabilitate a 119-unit affordable housing apartment complex targeting families who earn between 40 percent and 60 percent of the area median income. The property offered supportive services to tenants including health and wellness initiatives, leadership training, after school tutoring, and youth summer camps.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in Washington-Arlington-Alexandria, DC-MD-VA-WV MMA is rated outstanding. Based on a full-scope review, the bank's performance in the Washington-Arlington-Alexandria, DC-MD-VA-WV MMA was excellent.

Retail Banking Services

Refer to Table 15 in the Multistate section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

PNC's delivery systems were readily accessible to geographies and individuals of different income levels throughout the AA. The bank operated 182 branch offices in the Washington-Arlington-Alexandria, DC-MD-VA-WV MMA. The bank's distribution of branches in low-income geographies was below, and in moderate-income geographies approximated, the percentage of the population living within those geographies. When considering one branch serving an adjacent low-income geography, the distribution was near-to the percentage of the population in low-income geographies.

PNC made effective use of alternative delivery systems through ATMs, online banking, electronic bill pay, and mobile banking options as indicated by the level of usage by LMI households. These systems provided additional delivery availability and access to banking services to both retail and business customers in LMI geographies. PNC had 485 ATMs in the AA, of which 276 were deposit taking. PNC provided data that indicated 67.5 percent of households in LMI geographies used an alternative delivery system in the fourth quarter of 2016. This was an increase of 7.0 percent from the start of the evaluation period.

PNC's record of opening and closing of branches did not adversely affect the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. PNC opened 12 branches during the evaluation period, two of which were located in moderate-income geographies. The bank closed 18 branches, four located in moderate-income geographies. Despite the closings, branch distribution remained readily accessible.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly LMI individuals or LMI geographies. PNC maintained standard business hours and offered traditional banking products and services at all branch locations in the AA.

Community Development Services

PNC was a leader in providing CD services in the Washington-Arlington-Alexandria, DC-MD-VA-WV MMA. During the evaluation period, 84 bank employees conducted over 330 financial education events attended by approximately 5,000 participants. These events focused on basic financial education, tax education, and homebuyer education to LMI individuals and families, and general business education and financial education to small business entrepreneurs and nonprofit organizations.

In addition, 16 bank employees served in leadership roles for 35 different organizations by participating on boards and committees. Notable examples of CD services include:

- One employee served as a board member for a regional CD organization dedicated to the creation of successful communities through affordable housing education and advocacy. The organization supported the preservation and new construction of homes affordable to LMI people, as well as those who may have specialized mental, physical, and supportive service needs.

- One employee was part of the working group initiated by the Mayor of Washington, D.C. to collaborate between the District government, area financial institutions, and nonprofits to provide financial services and financial education to unbanked and under-banked LMI District area residents. Additionally, PNC staff provided numerous hours of community financial education in collaboration with the program, delivering 26 classes conducting program specific basic banking and money management workshops.

Youngstown-Warren-Boardman, OH-PA MMA

CRA rating for the Youngstown-Warren-Boardman, OH-PA MMA[15]: Outstanding

The lending test is rated: Outstanding
The investment test is rated: Outstanding
The service test is rated: Outstanding

The major factors that support the rating include:

- Based on the data in the tables and performance context considerations discussed below, the geographic and borrower distributions of the bank's home mortgage and small business loan originations and purchases were good.

- CD loans were effective in addressing community credit needs. The bank was a leader in making CD loans, which had a positive effect on the lending test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made an excellent level of qualified investments, grants, and donations.

- The bank's branches and alternative delivery systems were readily accessible to geographies and individuals of different income levels and responsive in helping the bank provide services across the community.

- CD services were effective and responsive in addressing community needs. The bank was a leader in conducting or supporting CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in Youngstown-Warren-Boardman, OH-PA MMA

PNC delineated the entire Youngstown-Warren-Boardman, OH-PA MMA as an AA. This included the counties of Mahoning and Trumbull in Ohio and Mercer in Pennsylvania.

Based on June 30, 2016 FDIC summary of deposit information, PNC had almost $1.2 billion in deposits in this AA, which represented 0.47 percent of the bank's total deposits. The bank made 0.88 percent of its evaluation period lending in this AA.

PNC had 20 office locations and 76 ATMs, of which 40 were deposit taking, within the AA. The bank ranked third in deposit market share with 12.71 percent. The top four competitors included Huntington National Bank with 40 branches and 21.98 percent market share; First National Bank of Pennsylvania with 20 branches and 12.74 market share; JPMorgan Chase Bank, N.A. with 15 branches and 9.53 percent market share; and Home Savings and Loan

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[15] This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

Company of Youngstown, OH with 13 branches and 9.36 percent market share. There were 14 additional FDIC-insured depository institutions with 71 offices within the bank's AA.

Refer to the market profile for the Youngstown-Warren-Boardman, OH-PA MMA in appendix C for detailed demographics and other performance context information, including identified AA needs and opportunities, in the AA.

Scope of Evaluation in Youngstown-Warren-Boardman, OH-PA MMA

We based our rating of the Youngstown-Warren-Boardman, OH-PA MMA on the area that received a full-scope review. We conducted a full-scope review of the Youngstown-Warren-Boardman, OH-PA MMA, which was the only AA in the MMA. The 2014 OMB changes did not affect this MMA. Refer to the table in appendix A and the market profiles for more information.

We placed more emphasis on small loans to businesses versus home mortgage loans. PNC originated too few multifamily loans or small loans to farms in the rating area to conduct a meaningful analysis. We placed more emphasis on the bank's performance in moderate-income geographies as these areas had a higher percentage of owner-occupied housing units and small businesses. Among home mortgage loans, we placed the most emphasis on home refinance loans. Refer to the Scope of Evaluation section for details on how weightings were determined.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN YOUNGSTOWN-WARREN-BOARDMAN, OH-PA MMA

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in the Youngstown-Warren-Boardman, OH-PA MMA is rated outstanding. Based on a full-scope review, the bank's performance in the Youngstown-Warren-Boardman, OH-PA MMA was excellent considering the competition, economic factors, housing costs, and performance against the demographic and aggregate peer.

Lending Activity

Refer to Table 1 Lending Volume in the Multistate section of appendix D for the facts and data used to evaluate the bank's lending activity.

PNC's lending activity reflected excellent responsiveness to area credit needs in the Youngstown-Warren-Boardman, OH-PA MMA when considering the bank's deposits and competition. PNC ranked third out of 19 depository institutions (top 16 percent) with a deposit market share of 12.71 percent. For home purchase loans, PNC's market share of 1.72 percent ranked 18th out of 212 lenders (top 9 percent). For home improvement loans, PNC's market share of 7.66 percent ranked fifth out of 83 lenders (top 6 percent). For home refinance loans, PNC's market share of 4.97 percent ranked sixth out of 206 lenders (top 3 percent). For small loans to businesses, PNC's market share of 15.42 percent ranked first out of 89 lenders (top 1 percent).

Distribution of Loans by Income Level of the Geography

PNC's overall distribution of loans by income level of geography in the Youngstown-Warren-Boardman, OH-PA MMA was good. The geographic distribution of home mortgage loans was adequate and small loans to businesses was excellent.

Home Mortgage Loans

Refer to Tables 2, 3, and 4 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases

PNC's geographic distribution of home purchases loans and home refinance loans was adequate and home improvement loans was good.

<u>Home Purchase</u>

PNC's geographic distribution of home purchase loans was adequate. The percentage of home purchase loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies well below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home purchase loans originated or purchased in low-income geographies exceeded, and in moderate-income geographies approximated, the aggregate percentage of all reporting lenders.

<u>Home Improvement</u>

PNC's geographic distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased in low-income geographies was well below, and in moderate-income geographies below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home improvement loans originated or purchased in both low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

<u>Home Refinance</u>

PNC's geographic distribution of home refinance loans was adequate. The percentage of home refinance loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies well below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home refinance loans originated or purchased in both low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 6 in the Multistate section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

PNC's geographic distribution of small loans to businesses was excellent. The percentage of small loans to businesses originated or purchased in low-income geographies approximated, and in moderate-income geographies exceeded, the percentage of businesses located in those geographies. PNC's percentage of small loans to businesses originated or purchased in both low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

Lending Gap Analysis

We analyzed PNC's geographic lending patterns throughout the AA and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC's overall distribution of loans to borrowers of different income levels in the Youngstown-Warren-Boardman, OH-PA MMA was good. The borrower distribution of home mortgage loans was adequate and small loans to businesses was good.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

PNC's borrower distribution of home purchase loans and home refinance loans in the Youngstown-Warren-Boardman, OH-PA MMA was adequate and home improvement loans was good

<u>Home Purchase</u>

PNC's borrower distribution of home purchase loans was adequate. The percentage of home purchase loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home purchase loans originated or purchased to low-income borrowers exceeded, and to moderate-income borrowers was near to, the aggregate percentage of all reporting lenders.

<u>Home Improvement</u>

PNC's borrower distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home improvement loans originated or purchased to low-income borrowers exceeded, and to moderate-income borrowers was near to, the aggregate percentage of all reporting lenders.

Home Refinance

PNC's borrower distribution of home refinance loans was adequate. The percentage of home refinance loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to low-income borrowers was near to, and to moderate-income borrowers exceeded, the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 11 in the Multistate section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses was good. The percentage of small loans to businesses originated or purchased was below the percentage of small businesses in the AA but exceeded the aggregate percentage of all reporting lenders.

Community Development Lending

Refer to Table 1 Lending Volume in the Multistate section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a positive effect on the lending test conclusion in the Youngstown-Warren-Boardman, OH-PA MMA. PNC was a leader in making CD loans based on the combination of volume, responsiveness, and complexity. PNC made five CD loans totaling $23.5 million, which represented 17.38 percent of allocated tier 1 capital. One example included PNC providing several lines of credit totaling over $12 million to an organization that provided behavioral and therapeutic treatment through a broad range of programs targeted to LMI boys.

Product Innovation and Flexibility

PNC used innovative or flexible lending programs in order to serve AA credit needs. During the evaluation period, PNC made 20 PNC Community Mortgage loans totaling $1.2 million and 42 closing cost assistance grants totaling over $52,600 in the Youngstown-Warren-Boardman, OH-PA MMA.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Review

The bank's performance under the investment test in the Youngstown-Warren-Boardman, OH-PA MMA is rated outstanding. Based on a full-scope review, the bank's performance in the Youngstown-Warren-Boardman, OH-PA MMA was excellent.

Refer to Table 14 of the Multistate section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

PNC had an excellent level of qualified investments and grants, often in leadership positions. The dollar amount of the investments in the Youngstown-Warren-Boardman, OH-PA MMA represented 9.48 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited excellent responsiveness to the credit and CD needs in the Youngstown-Warren-Boardman, OH-PA MMA. PNC made three current-period investments totaling almost $12.1 million. These investments met community needs through a LIHTC, a NMTC, and a CDFI. PNC also provided 117 grants and donations of over $753,000 to local nonprofit organizations that promote community services for LMI individual and families.

Examples of qualified investments in this AA include:

- A $3.9 million investment in a complex NMTC that involves a significant redevelopment project supporting renovation of a vacant floor of an existing hospital. The project added 35 full-time employees and constituted a "qualified active low-income community business" under the NMTC program.

- A $7.9 million affordable housing, limited partnership investment in a LIHTC that rehabilitated an existing 82-unit apartment complex targeting families that made between 50 percent and 60 percent of the area median family income. The project also provided tenant services to residents that will emphasize self-sufficiency, health and safety, education, and employment.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in Youngstown, OH-PA MMA is rated outstanding. Based on a full-scope review, the bank's performance in the Youngstown, OH-PA MMA was excellent.

Retail Banking Services

Refer to Table 15 in the Multistate section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

PNC's delivery systems were readily accessible to geographies and individuals of different income levels throughout the AA. The bank operated 20 branch offices in the Youngstown, OH-PA, MMA. The bank's distribution of branches in low-income geographies was near to, and in moderate-income geographies exceeded, the percentage of the population living within those geographies.

PNC made effective use of alternative delivery systems through ATMs, online banking, electronic bill pay, and mobile banking options as indicated by the level of usage by LMI households. PNC had 76 ATMs in the AA, of which 40 were deposit taking. These systems provided additional delivery availability and access to banking services to both retail and business customers. PNC provided data that indicated 59.9 percent of households in LMI geographies used an alternative delivery system in the fourth quarter of 2016. This was an increase of 9.8 percent from the start of the evaluation period.

PNC's record of opening and closing of branches had generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. PNC opened one branch during the evaluation period, which was located in a low-income geography. The bank closed seven branches, two of which were in low-income geographies. The closures were the result of branch redundancies and reduced usage due to the high level of alternate delivery system usage. Despite the closings, branch distribution remained readily accessible.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly LMI individuals or LMI geographies. PNC maintained standard business hours and offered traditional banking products and services at all branch locations in the AA.

Community Development Services

PNC was a leader in providing CD services in the Youngstown, OH-PA MMA. During the evaluation period, bank employees conducted 101 financial education events attended by approximately 1,500 participants, which included individuals and nonprofits, including schools. These events focused on basic financial education, and homebuyer education to LMI individuals and families and nonprofit organizations.

In addition, 13 bank employees served in leadership roles for nine different organizations by participating on boards and committees. Notable examples of CD services include:

- A bank employee served as a board member for a local chapter of an organization dedicated to inspiring and preparing young people to succeed in the global economy. They provided programs for students in grades K-12 educating them about entrepreneurship, work readiness, and financial literacy. The majority of the students who participated were from low- to moderate-income families in the AA.

- The bank conducted a PNC created financial education class for the parents of children attending a pre-school in which the majority of the children were from low-to moderate-income families.

State Rating

State of Alabama

CRA Rating for Alabama: Satisfactory

The lending test is rated: High Satisfactory
The investment test is rated: High Satisfactory
The service test is rated: High Satisfactory

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the geographic distribution of the bank's home mortgage and small business loan originations and purchases was good and borrower distribution was adequate.

- CD loans were effective in addressing community credit needs. The bank was a leader in originating CD loans, which had a positive effect on the lending test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made a significant level of qualified investments, grants, and donations.

- The bank's branches and alternative delivery systems were accessible to geographies and individuals of different income levels and responsive in helping the bank provide services across the community.

- CD services were effective and responsive in addressing community needs. The bank conducted or supported a relatively high number of CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in Alabama

PNC delineated nine AAs in the state of Alabama. They included portions of the Birmingham-Hoover, AL MSA; Auburn-Opelika, AL MSA; Daphne-Fairhope-Foley, AL MSA; Decatur, AL MSA; Huntsville, AL MSA; Mobile, AL MSA; Montgomery, AL MSA; Tuscaloosa, AL MSA; and the Alabama non-metropolitan counties of Clay, Dallas, Macon, Talladega, and Tallapoosa.

Based on June 30, 2016 FDIC summary of deposit information, PNC had almost $3.0 billion in deposits in these AAs, which represented 1.19 percent of the bank's total deposits. The bank made 1.58 percent of its evaluation period lending in these AAs.

PNC had 69 office locations and 179 ATMs, of which 90 were deposit taking, within the AAs. The bank ranked seventh in deposit market share with 4.19 percent. The top four competitors included Regions Bank with 172 branches and 27.42 percent market share; Compass Bank with 67 branches and 15.99 market share; Wells Fargo Bank, N.A. with 94 branches and 10.18 percent market share; and ServisFirst Bank with nine branches and 4.95 percent market share. There were 85 additional FDIC-insured depository institutions with 493 offices within the bank's AAs.

Refer to the market profile for the state of Alabama in appendix C for detailed demographics and other performance context information, including identified AA needs and opportunities, for the AA that received a full-scope review.

Scope of Evaluation in Alabama

We completed a full-scope review for the Birmingham-Hoover, AL MSA. Of the nine AAs within Alabama, this AA had the largest percentage of deposits, 29.54 percent, the largest number of branches, and the second lowest deposit market share in the state, 2.47 percent.

We placed equal emphasis on small loans to businesses and home mortgage loans. PNC did not originate any small loans to farms and too few multifamily loans in this full-scope area to complete a meaningful analysis. We placed more emphasis on the bank's performance in moderate-income geographies as these areas had a higher percentage of owner-occupied housing units and small businesses. Among home mortgage loans, we placed the most emphasis on home refinance loans. We considered housing costs in relation to the median family incomes in the AA, which limited the affordability for LMI families. Refer to the market profile for the Birmingham-Hoover, AL MSA in appendix C for additional information on housing costs and median income. Refer to the Scope of Evaluation section for details on how weightings were determined.

We completed limited-scope reviews for the Auburn-Opelika, AL MSA; Daphne-Fairhope-Foley, AL MSA; Decatur, AL MSA; Huntsville, AL MSA; Mobile, AL MSA; Montgomery, AL MSA; Tuscaloosa, AL MSA; and the Alabama non-metropolitan counties.

The 2014 OMB changes affected the limited-scope areas of Daphne-Fairhope-Foley, AL MSA and the non-metropolitan areas. OMB reclassified the non-metropolitan county of Baldwin as an MSA. As a result, analysis for Daphne-Fairhope-Foley, AL MSA included data for 2014 through 2016 only. Data from Baldwin County for 2012 through 2013 was included in the non-metropolitan area analysis.

We based our ratings on the results of the area that received the full-scope review and the bank's performance in the limited-scope areas, as applicable. Refer to the table in appendix A and the market profiles for more information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ALABAMA

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in the state of Alabama is rated high satisfactory. Based on a full-scope review, the bank's performance in the Birmingham-Hoover, AL MSA was excellent considering the competition, economic factors, housing costs, and performance against the demographic and aggregate peer. The weaker combined lending test performance in the limited-scope AAs affected the bank's overall lending test rating for the state of Alabama. CD lending had a positive effect on the lending test conclusion in the Birmingham-Hoover, AL MSA.

Lending Activity

Refer to Table 1 Lending Volume in the state of Alabama section of appendix D for the facts and data used to evaluate the bank's lending activity.

PNC's lending activity reflected excellent responsiveness to area credit needs in the Birmingham-Hoover, AL MSA when considering the bank's deposits and competition. PNC ranked eighth out of 39 depository institutions (top 21 percent) with a deposit market share of 2.47 percent. For home purchase loans, PNC's market share of 0.36 percent ranked 64th out of 359 lenders (top 18 percent). For home improvement loans, PNC's market share of 2.51 percent ranked sixth out of 118 lenders (top 5 percent). For home refinance loans, PNC's market share of 0.80 percent ranked 30th out of 317 lenders (top 10 percent). For small loans to businesses, PNC's market share of 1.84 percent ranked 12th out of 113 lenders (top 11 percent).

Distribution of Loans by Income Level of the Geography

PNC's overall distribution of loans by income level of geography in the Birmingham-Hoover, AL MSA was good. The geographic distribution of home mortgage loans was adequate and small loans to businesses was good.

Home Mortgage Loans

Refer to Tables 2, 3, and 4 in the state of Alabama section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

PNC's geographic distribution of home purchase loans in the Birmingham-Hoover, AL MSA was adequate, home improvement loans was good, and home refinance loans was poor.

<u>Home Purchase</u>

PNC's geographic distribution of home purchase loans was adequate. The percentage of home purchase loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies was well below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home purchase loans originated or purchased in both low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

<u>Home Improvement</u>

PNC's geographic distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased in low-income geographies exceeded, and in moderate-income geographies was below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home improvement loans originated or purchased in both low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

Home Refinance

PNC's geographic distribution of home refinance loans was poor. The percentage of home refinance loans originated or purchased in both low- and moderate-income geographies was significantly below the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home refinance loans originated or purchased in low-income geographies was near to, and in moderate-income geographies was well below, the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 6 in the state of Alabama section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

PNC's geographic distribution of small loans to businesses was good. The percentage of small loans to businesses originated or purchased in low-income geographies exceeded, and in moderate-income geographies was below, the percentage of businesses located in those geographies. PNC's percentage of small loans to businesses originated or purchased in both low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

Lending Gap Analysis

We analyzed PNC's geographic lending patterns throughout the AA and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC's overall distribution of loans to borrowers of different income levels in the Birmingham-Hoover, AL MSA was adequate. The borrower distribution of home mortgage loans was good and small loans to businesses was adequate.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the state of Alabama section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

PNC's borrower distribution of home purchase loans and home improvement loans was good, and home refinance loans was adequate.

Home Purchase

PNC's borrower distribution of home purchase loans was good. The percentage of home purchase loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home purchase loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

<u>Home Improvement</u>

PNC's borrower distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home improvement loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the aggregate percentage of all reporting lenders.

<u>Home Refinance</u>

PNC's borrower distribution of home refinance loans was adequate. The percentage of home refinance loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers was below, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to both low- and moderate-income borrowers was near to the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 11 in the state of Alabama section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses was adequate. The percentage of small loans to businesses originated or purchased was well below the percentage of small businesses in the AA but exceeded the aggregate percentage of all reporting lenders.

Community Development Lending

Refer to Table 1 Lending Volume in the state of Alabama section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a positive effect on the lending test conclusion in the Birmingham-Hoover, AL MSA. The level of CD lending was excellent. PNC was a leader in making CD loans in the Birmingham-Hoover, AL MSA based on the combination of volume, responsiveness, and complexity. PNC made four CD loans totaling $31.7 million, which represented 31.27 percent of allocated tier 1 capital. By dollar volume, 90.75 percent of these loans funded revitalization and stabilization efforts, 8.62 percent funded affordable housing, and 0.63 percent funded community services.

Examples of CD loans in the AA include:

- PNC provided a $2.7 million loan for a LIHTC project that provided 96 units of affordable housing for individuals with incomes at or below 60 percent of the area median family income.

- PNC provided $20.7 million to finance the construction and renovation of education facilities located in a low-income geography. The loan helped to create permanent jobs and helped to revitalize a primarily LMI area of Birmingham's downtown.

In addition, PNC made four loans totaling $72,000 in the broader statewide and regional area whose purpose, mandate, or function included serving PNCs AAs. Three of the loans supported affordable housing and one benefited a women's business center.

Product Innovation and Flexibility

PNC made use of innovative or flexible lending programs in order to serve AA credit needs. During the evaluation period, PNC made 39 PNC Community Mortgage loans totaling $3.9 million and 103 closing cost assistance grants totaling over $125,000 in the Birmingham-Hoover, AL MSA.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Huntsville, AL MSA and the Alabama non-metropolitan areas was not inconsistent with the bank's overall high satisfactory performance under the lending test in Alabama. In the Auburn-Opelika, AL MSA, the bank's performance was stronger due to better borrower distribution. In the Daphne-Fairhope-Foley, AL MSA; Decatur, AL MSA; Mobile, AL MSA; Montgomery, AL MSA; and the Tuscaloosa, AL MSA; the bank's performance was weaker than the bank's overall performance in the state. The weaker performance in the Daphne-Fairhope-Foley, AL MSA was due to poorer geographic and borrower distribution and no CD lending. The weaker performance in the Decatur, AL MSA; Mobile, AL MSA; and the Tuscaloosa, AL MSA was due to a poorer borrower distribution and lower levels of CD lending. The weaker performance in the Montgomery, AL MSA was due to poorer geographic distribution and a lower level of CD lending. The lending test performance in the limited-scope AAs was a factor in determining the overall lending test rating for the state of Alabama. Refer to the Tables 1 through 13 in the state of Alabama section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in the state of Alabama is rated high satisfactory. Based on a full-scope review, the bank's performance in the Birmingham-Hoover, AL MSA was adequate. The stronger combined investment test performance in the limited-scope areas and statewide and regional investments in Alabama affected the overall investment test rating.

Refer to Table 14 in the state of Alabama section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

PNC had an adequate level of qualified CD investment and grants in this AA. The dollar amount of the qualified investments in the Birmingham-Hoover, AL MSA represented 5.41 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited an adequate level of responsiveness to the CD needs in the Birmingham-Hoover, AL MSA. PNC made eight statewide and regional investments totaling $3.6 million that directly benefited the AA. These investments focused on affordable housing and were responsive to identified community needs. In addition, PNC provided 80 grants and donations totaling almost $1.9 million to local nonprofit organization that provide community services to LMI individuals.

Examples of qualified investments in this AA include:

- PNC invested over $961,000 in an organization that provided newly constructed and rehabbed houses for individuals and families whose incomes range from between 25 percent and 80 percent of the area median family income.

- PNC provided $180,000 in grants to an organization that empowers students from LMI families to become critical thinkers, problem-solvers, and change agents in their communities.

In addition, PNC made seven qualified investments totaling over $38.2 million to organizations in the broader statewide and regional area whose purpose, mandate, or function included serving PNCs AAs.

Conclusions for Areas receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in the Huntsville, AL MSA; Mobile, AL MSA; Tuscaloosa, AL MSA; and the Alabama Non-Metro areas was stronger than the bank's overall high satisfactory performance in the state of Alabama due to higher levels of investment activity. The bank's performance under the investment test in the Auburn, AL MSA; Daphne-Fairhope-Foley, AL MSA; Decatur, AL MSA; and Montgomery, AL MSA was weaker due to lower levels of investment activity. The investment test performance in the limited-scope AAs was a factor in determining the overall investment test rating for the state of Alabama. Refer to Table 14 in the state of Alabama section of appendix D for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in the state of Alabama is rated high satisfactory. Based on a full-scope review, the bank's performance in the Birmingham-Hoover, AL MSA was excellent. The weaker combined service test performance in the limited-scope AAs affected the bank's overall service test rating for the state of Alabama.

Retail Banking Services

Refer to Table 15 in the state of Alabama section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

PNC's delivery systems were readily accessible to geographies and individuals of different income levels throughout the AA. The bank operated 16 branch offices in the Birmingham-Hoover, AL MSA. The bank's distribution of branches in low-income geographies was near to, and in moderate-income geographies exceeded, the percentage of the population living within those geographies.

PNC made effective use of alternative delivery systems through ATMs, online banking, electronic bill pay, and mobile banking options as indicated by the level of usage by LMI households. These systems provided additional delivery availability and access to banking services to both retail and business customers in LMI geographies. PNC had 98 ATMs in the AA, of which 19 were deposit taking. PNC provided data that indicated 52.2 percent of households in LMI geographies used an alternative delivery system in the fourth quarter of 2016. This was an increase of 21.7 percent from the start of the evaluation period.

PNC's record of opening and closing of branches did not adversely affect the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. PNC did not open any branches during the evaluation period and closed one branch located in an upper-income geography.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly LMI individuals or LMI geographies. PNC maintained standard business hours and offered traditional banking products and services at all branch locations in the AA.

Community Development Services

PNC provided a high level of CD services in the Birmingham-Hoover, AL MSA. During the evaluation period, bank employees conducted 40 financial education events attended by approximately 490 participants. These events focused on basic financial education, tax education, and homebuyer education to LMI individuals and families, and general business education and financial education to small business entrepreneurs and nonprofit organizations.

In addition, ten bank employees served in leadership roles for 15 different CD organizations by participating on boards and committees. Notable examples of CD services include:

- A bank employee served as a board or committee member for an organization that provided quality private education to LMI students.

- A bank employee served as a board or committee member for an organization that focus on affordable housing, child development services, domestic violence services, and social justice programs to women, homeless school-age children, and the elderly.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the service test in the Auburn-Opelika, AL MSA; Decatur, AL MSA; Montgomery, AL MSA; Tuscaloosa, AL MSA; and Alabama non-metropolitan AAs was not inconsistent with the bank's overall high satisfactory performance under the service test in Alabama. In the Mobile, AL MSA the bank's performance was stronger due to better branch distribution. Performance in the Daphne-Fairhope-Foley, AL MSA and Huntsville, AL MSA was weaker due to poorer branch distribution. The service test performance in the limited-scope AAs was a factor in determining the overall service test rating for the state of Alabama.

State of Delaware

CRA Rating for Delaware[16]: Outstanding

The lending test is rated: Outstanding
The investment test is rated: Outstanding
The service test is rated: Outstanding

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the geographic and borrower distributions of the bank's home mortgage and small business loan originations and purchases were excellent.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made an excellent level of qualified investments, grants, and donations.

- The bank's branches and alternative delivery systems were readily accessible to geographies and individuals of different income levels and responsive in helping the bank provide services across the community.

- CD services were effective and responsive in addressing community needs. The bank conducted or supported a relatively high number of CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in Delaware

PNC delineated two AAs within the state of Delaware. PNC delineated the entire Dover, DE MSA, which included the county of Kent, Delaware as an AA and the non-metropolitan county of Sussex, DE.

Based on June 30, 2016 FDIC summary of deposit information, PNC had over $388.5 million in deposits in these AAs, which represented 0.16 percent of the bank's total deposits. The bank made 0.41 percent of its evaluation period lending in these AAs.

PNC had four office locations and 31 ATMs, of which nine were deposit taking, within the AA. The bank ranked second in deposit market share with 20.81 percent. The top four competitors included Manufacturers and Traders Trust Company with six branches and 26.87 percent market share; Wilmington Savings Fund Society, FSB with eight branches and 16.67 percent market share; Citizens Bank, N.A. with four branches and 10.86 percent market share; and Wells Fargo Bank, N.A. with two branches and 9.37 percent market share. There were six additional FDIC-insured depository institutions with 12 offices within the bank's AAs.

[16] For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Refer to the market profile for the state of Delaware in appendix C for detailed demographics and other performance context information, including identified AA needs and opportunities, for the AA that received a full-scope review.

Scope of Evaluation in Delaware

We completed a full-scope review for the Dover, DE MSA.

We based our conclusions on the bank's performance in moderate-income geographies, as there were no low-income geographies in the AA. We placed more emphasis on small loans to businesses versus home mortgage loans. Among home mortgage loans, we placed the most emphasis on home refinance loans. We considered housing costs in relation to the median family incomes in the MSA, which limited the affordability for LMI families. Refer to the market profile for the Dover, DE MSA in appendix C for additional information on housing costs and median income. Refer to the Scope of Evaluation section for details on how the weightings were determined.

We conducted a limited-scope review in the non-metropolitan county of Sussex, DE.

The 2014 OMB changes affected AAs in this state. OMB added Sussex County, DE to the former Salisbury, MD MSA to create the new Salisbury, MD MMA. As a result, analysis for the Delaware non-metropolitan area included data for 2012 through 2013 only. Data from Sussex County, DE for 2014 through 2016 was included in the Salisbury, MD MMA analysis.

We based our ratings on the results of the area that received the full-scope review and the bank's performance in the limited-scope areas, as applicable. Refer to the table in appendix A and the market profiles for more information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN DELAWARE

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in the state of Delaware was outstanding. Based on a full-scope review, the bank's performance in the Dover, DE MSA was excellent considering the competition, economic factors, housing costs, and performance against the demographic and aggregate peer.

Lending Activity

Refer to Table 1 Lending Volume in the state of Delaware section of appendix D for the facts and data used to evaluate the bank's lending activity.

PNC's lending activity reflected excellent responsiveness to area credit needs in the Dover, DE MSA when considering the bank's deposits and competition. PNC ranked second out of 11 depository institutions (top 19 percent) with a deposit market share of 20.81 percent. For home purchase loans, PNC's market share of 0.32 percent ranked 57th out of 172 lenders (top 34 percent). For home improvement loans, PNC's market share of 12.36 percent ranked second out of 53 lenders (top 4 percent). For home refinance loans, PNC's market share of 1.47 percent ranked 19th out of 173 lenders (top 11 percent). For small loans to businesses, PNC's market share of 12.28 percent ranked second out of 68 lenders (top 3 percent). For small loans to farms, PNC's market share of 7.58 percent ranked third out of 13 lenders (top 23 percent).

Distribution of Loans by Income Level of the Geography

PNC's overall distribution of loans by income level of geography in the Dover, DE MSA was excellent. The geographic distribution of home mortgage loans, small loans to businesses, and small loans to farms was excellent.

Home Mortgage Loans

Refer to Tables 2, 3, and 4 in the state of Delaware section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

PNC's geographic distribution of home mortgage loans in the Dover, DE MSA was excellent. PNC's geographic distribution of home purchase loans was poor, and home improvement loans and refinance loans was excellent.

<u>Home Purchase</u>

PNC's geographic distribution of home purchase loans was poor. The percentage of home purchase loans originated or purchased in moderate-income geographies was well below the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home purchase loans originated or purchased in moderate-income geographies was below the aggregate percentage of all reporting lenders.

<u>Home Improvement</u>

PNC's geographic distribution of home improvement loans was excellent. The percentage of home improvement loans originated or purchased in moderate-income geographies exceeded both the percentage of owner-occupied housing units located in those geographies and the aggregate percentage of all reporting lenders.

<u>Home Refinance</u>

PNC's geographic distribution of home refinance loans was excellent. The percentage of home refinance loans originated or purchased in moderate-income geographies exceeded both the percentage of owner-occupied housing units located in those geographies and the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 6 in the state of Delaware section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

PNC's geographic distribution of small loans to businesses in the Dover, DE MSA was excellent. The percentage of small loans to businesses originated or purchased in moderate-income geographies exceeded both the percentage of businesses located in those geographies and the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table 7 in the state of Delaware section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to farms.

PNC's geographic distribution of small loans to farms in the Dover, DE MSA was excellent. The percentage of small loans to farms originated or purchased in moderate-income geographies exceeded both the percentage of farms located in those geographies and the aggregate percentage of all reporting lenders.

Lending Gap Analysis

We analyzed PNC's geographic lending patterns throughout the AA and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC's overall distribution of loans to borrowers of different income levels in the Dover, DE MSA was good. The borrower distribution of home mortgage loans and small loans to businesses was good, and small loans to farms was adequate.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the state of Delaware section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

PNC's borrower distribution of home mortgage loans in the Dover, DE MSA was good. PNC's borrower distribution of home purchase loans, home improvement loans, and home refinance loans was good. We considered housing costs in relation to the median family incomes in the MSA, which limited the affordability for LMI families. Refer to the market profile for the Dover, DE MSA in appendix C for additional information on housing costs and median income.

<u>Home Purchase</u>

PNC's borrower distribution of home purchase loans was good. The percentage of home purchase loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home purchase loans originated or purchased to low-income borrowers was near to, and to moderate-income borrowers exceeded, the aggregate percentage of all reporting lenders.

Home Improvement

PNC's borrower distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home improvement loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Refinance

PNC's borrower distribution of home refinance loans was good. The percentage of home refinance loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 11 in the state of Delaware section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses in the Dover, DE MSA was good. The percentage of small loans to businesses originated or purchased was near to the percentage of small businesses in the AA but exceeded the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table 12 in the state of Delaware section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to farms.

The borrower distribution of small loans to farms in the Dover, DE MSA was adequate. The percentage of small loans to farms originated or purchased was well below the percentage of small farms in the AA but exceeded the aggregate percentage of all reporting lenders.

Community Development Lending

Refer to Table 1 Lending Volume in the state of Delaware section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a neutral effect on the lending test conclusion in the Dover, DE MSA. The level of CD lending was limited based on the combination of volume, responsiveness, and complexity. PNC had one CD loan totaling $2 million to a nonprofit organization that specializes in affordable housing development, education, and lending. This represented 4.46 percent of allocated tier 1 capital.

In addition, PNC made one CD loan totaling $500,000 to an entity in the broader statewide and regional area whose purpose, mandate, or function included serving PNCs AA.

Product Innovation and Flexibility

PNC made no use of innovative or flexible lending programs in the Dover, DE MSA during this evaluation period.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the lending test in the Delaware non-metropolitan for 2012 through 2013 was weaker than the bank's overall outstanding performance under the lending test in Delaware. The weaker performance was due to poorer performance in geographic distribution and no CD lending. The lending test performance in the limited-scope AA did not have an effect on the bank's overall lending test rating for the state of Delaware. Refer to the Tables 1 through 13 in the state of Delaware section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in the state of Delaware is rated outstanding. Based on a full-scope review, the bank's performance in the Dover, DE MSA was good. The stronger combined investment test performance in the limited-scope area and statewide and regional investments in Delaware affected the overall investment test rating.

Refer to Table 14 in the state of Delaware section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

PNC had an adequate level of qualified CD investment and grants in this AA. The dollar amount of the qualified investments in the Dover, DE MSA represented 4.62 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited good responsiveness to the credit and CD needs in the Dover, DE MSA. PNC made eight statewide and regional investments totaling $1.9 million that directly benefited the AA. PNC provided 15 grants and donations totaling over $116,000 that promoted economic development in LMI communities, support affordable housing development, and provide community services to LMI individuals and families.

Examples of qualified investments in this AA include two grants totaling $27,000 to an organization that specifically targets very low- to low-income households with the primary purpose of creating affordable homeownership.

In addition, PNC made numerous qualified investments in the broader statewide and regional area whose purpose, mandate, or function included serving PNCs AAs. PNC made seven current-period investments totaling over $38.2 million, two remaining prior-period investments totaling over $2.3 million, and 14 grants and donations of more than $168,000.

Conclusions for Areas receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in the Delaware non-metropolitan area was not inconsistent with the bank's overall outstanding performance under the investment test in the state of Delaware.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in Delaware is rated outstanding. Based on full scope reviews, the bank's performance in the Dover, DE MSA was excellent.

Retail Banking Services

Refer to Table 15 in the state of Delaware section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

PNC's delivery systems were readily accessible throughout the AA. The bank operated four branches in the Dover, DE MSA. There were no low-income geographies within the AA. The bank's distribution of branches in moderate-income geographies exceeded the percentage of the population living within those geographies.

PNC made effective use of alternative delivery systems through debit cards and ATMs, telephone and online banking, electronic bill pay, and mobile banking options as indicated by the level of usage by LMI households. These systems provided additional delivery availability and access to banking services to both retail and business customers in LMI geographies. PNC had 31 ATMs in the AA, of which nine were deposit taking. PNC provided data that indicated 68.1 percent of households in LMI geographies used an alternative delivery system in the fourth quarter of 2016. This was an increase of 6.1 percent from the start of the evaluation period.

PNC's record of opening and closing of branches had generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. PNC did not open any branches in the AA during the evaluation period and closed one branch in a moderate-income geography.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly LMI individuals or LMI geographies. PNC maintained standard business hours and offered traditional banking products and services at all branch locations in the AA.

Community Development Services

PNC provided a high level of CD services in the Dover, DE MSA. PNC employees led 14 classes focused on preparing for and the financial effect of homeownership tailored to first-time homebuyers. These classes, attended by 402 LMI potential homebuyers, addressed the benefits and opportunities for homeownership, including how to shop for a mortgage loan. Additionally, PNC employees presented basic banking education to 28 LMI elementary school students.

In addition, three bank employees served in leadership roles for four different CD organizations by participating on boards and committees. One example included a PNC employee who served on the board of directors for an organization that addresses housing development, housing counseling, and mortgage foreclosure prevention for the LMI residents of DE.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the service test in the Delaware non-metropolitan area was not inconsistent with the bank's overall outstanding performance under the investment test in the state of Delaware

State of Florida

CRA Rating for Florida: Outstanding

The lending test is rated: Outstanding
The investment test is rated: High Satisfactory
The service test is rated: High Satisfactory

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the geographic distribution of the bank's home mortgage and small business loan originations and purchases was good and the borrower distribution was adequate.

- CD loans were effective in addressing community credit needs. The bank was a leader in originating CD loans, which had a positive effect on the lending test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made a significant level of qualified investments, grants, and donations.

- The bank's branches and alternative delivery systems were accessible to geographies and individuals of different income levels and responsive in helping the bank provide services across the community.

- CD services were effective and responsive in addressing community needs. The bank conducted or supported a relatively high number of CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in Florida

PNC delineated 17 AAs in the state of Florida. They included the Cape Coral-Fort Myers FL, MSA; Deltona-Daytona Beach-Ormond Beach, FL MSA; Fort Lauderdale-Pompano Beach-Deerfield Beach, FL MD; Gainesville, FL MSA; Jacksonville, FL MSA; Miami-Miami Beach-Kendall, FL MSA; Naples-Immokalee-Marco Island, FL MSA; North Port-Sarasota-Bradenton, FL MSA; Ocala, FL MSA; Orlando-Kissimmee-Sanford, FL MSA; Palm Bay-Melbourne-Titusville, FL MSA; Port St. Lucie, FL MSA; Punta Gorda, FL MSA; Sebastian-Vero Beach, FL MSA; Tampa-St. Petersburg-Clearwater, FL MSA; West Palm Beach-Boca Raton-Delray Beach, FL MD; and the Florida non-metropolitan county of Okeechobee.

Based on June 30, 2016 FDIC summary of deposit information, PNC had over $8.9 billion in deposits in these AAs, which represented 3.59 percent of the bank's total deposits. The bank made 5.25 percent of its evaluation period lending in these AAs.

PNC had 194 office locations and 442 ATMs, of which 293 were deposit taking, within the AAs. The bank ranked 13th in deposit market share with 1.80 percent. The top four competitors included Bank of America, N.A. with 521 branches and 19.72 percent market share; Wells Fargo Bank, N.A. with 568 branches and 14.99 percent market share; SunTrust Bank with 411 branches and 8.76 percent market share; and JPMorgan Chase Bank., N.A. with 385 branches and 5.72 percent market share. There were 190 additional FDIC-insured depository institutions with 2,400 offices within the bank's AAs.

Refer to the market profile for the state of Florida in appendix C for detailed demographics and other performance context information, including identified AA needs and opportunities, for the AA that received a full-scope review.

Scope of Evaluation in Florida

We completed a full-scope review for the Miami-Fort Lauderdale-West Palm Beach, FL MSA, which consisted of three MDs in their entirety: the Fort Lauderdale-Pompano Beach-Deerfield Beach, FL MD, the Miami-Miami Beach-Kendall, FL MD, and the West Palm Beach-Boca Raton-Delray Beach, FL MD. We combined data from all three MDs at the MSA level and conducted a full-scope review of the entire MSA. This combined AA had the largest percentage of deposits, 44.78 percent, the largest number of branches, and was in the middle of the deposit market share percentages in the state with 1.77 percent.

We placed more emphasis on small loans to businesses versus home mortgage loans. PNC did not originate enough multifamily loans in the full-scope area to complete a meaningful analysis. We placed more emphasis on the bank's performance in moderate-income geographies as these areas had a higher percentage of owner-occupied housing units, small businesses, and small farms. Among home mortgage loans, we placed the most emphasis on home refinance loans. We considered housing costs in relation to median family incomes in the AAs, which limited the affordability for LMI families. Refer to the Scope of Evaluation section for details on how weightings were determined.

We completed limited-scope reviews for the Cape Coral-Ft. Myers, FL MSA; Deltona-Daytona Beach-Ormond Beach, FL MSA; Gainesville, FL MSA; Jacksonville, FL MSA; Naples-Immokalee-Marco Island, FL MSA; North Port-Sarasota-Bradenton, FL MSA; Ocala, FL MSA; Orlando-Kissimmee-Sanford, FL MSA; Palm Bay-Melbourne-Titusville, FL MSA; Palm Coast, FL MSA; Port St. Lucie, FL MSA; Punta Gorda, FL MSA; Sebastian-Vero Beach, FL MSA; Tampa-St. Petersburg-Clearwater, FL MSA; and the Florida non-metropolitan county of Okeechobee.

PNC did not have any branch locations in the Jacksonville, FL MSA and the Punta Gorda, FL MSA. They did have at least one deposit taking ATM in each MSA, which required their inclusion in our analysis.

The 2014 OMB changes affected the limited-scope areas of Deltona-Daytona Beach-Ormond Beach, FL MSA and the Palm Coast, FL MSA. OMB combined these two MSAs. As a result, analysis for Deltona-Daytona Beach-Ormond Beach, FL MSA included 2014 through 2016 data from the Palm Beach, FL MSA. We analyzed data from Palm Beach, FL MSA for 2012 through 2013 separately.

We based our ratings on the results of the area that received the full-scope review and the bank's performance in the limited-scope areas, as applicable. Refer to the table in appendix A and the market profiles for more information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN FLORIDA

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in the state of Florida is rated Outstanding. Based on full-scope review of the Miami-Fort Lauderdale-West Palm Beach, FL MSA the bank's performance was excellent considering the competition, economic factors, housing costs, and performance against the demographic and aggregate peer. CD lending had a positive effect on the lending test conclusion in the Miami-Fort Lauderdale-West Palm Beach, FL MSA. The lending test performance in the limited-scope AAs had a neutral effect on the bank's overall lending test rating for the state of Florida.

Lending Activity

Refer to Table 1 Lending Volume in the state of Florida section of appendix D for the facts and data used to evaluate the bank's lending activity.

PNC's lending activity reflected excellent responsiveness to area credit needs in the Miami-Fort Lauderdale-West Palm Beach, FL MSA when considering the bank's deposits and competition. PNC ranked 15th out of 101 depository institutions (top 15 percent) with a deposit market share of 1.77 percent. For home purchase loans, PNC's market share of 0.38 percent ranked 55th out of 837 lenders (top 7 percent). For home improvement loans, PNC's market share of 3.11 percent ranked fourth out of 293 lenders (top 2 percent). For home refinance loans, PNC's market share of 0.71 percent ranked 26th out of 742 lenders (top 4 percent). For small loans to businesses, PNC's market share of 1.42 percent ranked 10th out of 236 lenders (top 5 percent). For small loans to farms, PNC's market share of 4.79 percent ranked sixth out of 24 lenders (top 25 percent).

Distribution of Loans by Income Level of the Geography

PNC's overall distribution of loans by income level of geography in the Miami-Fort Lauderdale-West Palm Beach, FL MSA was good. The geographic distribution of home mortgage loans and small loans to farms were adequate and small loans to businesses was excellent.

Home Mortgage Loans

Refer to Tables 2, 3, and 4 in the state of Florida section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

PNC's geographic distribution of home purchase and home refinance loans in the Miami-Fort Lauderdale-West Palm Beach, FL MSA was adequate and home improvement loans was good.

Home Purchase

PNC's geographic distribution of home purchase loans was adequate. The percentage of home purchase loans originated or purchased in low-income geographies exceeded, and in moderate-income geographies was well below, the percentage of owner-occupied housing units located in these geographies. PNC's percentage of home purchase loans originated or purchased in low-income geographies exceeded, and in moderate-income geographies was below, the aggregate percentage of all reporting lenders.

Home Improvement

PNC's geographic distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased in low-income geographies exceeded, and in moderate-income geographies was below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home improvement loans originated or purchased in low-income geographies exceeded, and in moderate-income geographies approximated, the aggregate percentage of all reporting lenders.

Home Refinance

PNC's geographic distribution of home refinance loans was adequate. The percentage of home refinance loans originated or purchased in both low- and moderate-income geographies was well below the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home refinance loans originated or purchased in low-income geographies exceeded and in moderate-income geographies was near to, the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 6 in the state of Florida section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

PNC's geographic distribution of small loans to businesses was excellent. The percentage of small loans to businesses originated or purchased in both low- and moderate-income geographies exceeded the percentage of business located in those geographies and the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table 7 in the state of Florida section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to farms.

PNC's geographic distribution of small loans to farms was adequate considering the low percentage of small farms in low-income geographies and that small loans to farms were not a primary product for the bank. The percentage of small loans to farms in low-income geographies exceeded, and in moderate-income geographies was significantly below, the percentage of farms located in those geographies. The percentage of small loans to farms in low-income geographies exceeded, and in moderate-income geographies was below, the aggregate percentage of all reporting lenders.

Lending Gap Analysis

We analyzed PNC's geographic lending patterns throughout the AA and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC's overall distribution of loans to borrowers of different income levels in the Miami-Fort Lauderdale-West Palm Beach, FL MSA was adequate. The borrower distribution of home mortgage loans and small loans to businesses was adequate, and small loans to farms was poor.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the state of Florida section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

PNC's borrower distribution of home purchase and home refinance loans in the Miami-Fort Lauderdale-West Palm Beach, FL MSA was adequate and home improvement loans was good considering strong competition and housing costs in relation to the median family incomes in the AAs, which limited the affordability for low- and moderate-income families.

Home Purchase

PNC's borrower distribution of home purchase loans was adequate. The percentage of home purchase loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers was below, the percentage of those families in the AA. PNC's percentage of home purchase loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Improvement

PNC's borrower distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home improvement loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Refinance

PNC's borrower distribution of home refinance loans was adequate. The percentage of home refinance loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers was below, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 11 in the state of Florida section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses was adequate. The percentage of small loans to businesses originated or purchased was well below the percentage of small businesses in the AA but exceeded the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table 12 in the state of Florida section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to farms.

The borrower distribution of small loans to farms was adequate considering small loans to farms were not a primary product for the bank. The percentage of small loans to farms originated or purchased was well below both the percentage of small farms in the AA and the aggregate percentage of all reporting lenders.

Community Development Lending

Refer to Table 1 Lending Volume in the state of Florida section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a positive effect on the lending test conclusion in the Miami-Fort Lauderdale-West Palm Beach, FL MSA. The level of CD lending was excellent. PNC was a leader in making CD loans based on the combination of volume, responsiveness, and complexity. PNC made 50 loans totaling almost $155.5 million, which represented 33.74 percent of allocated tier 1 capital. By dollar volume, 59.41 percent of these loans funded community services, 25.20 percent funded affordable housing, 3.21 percent funded economic development activities, and 12.18 percent funded revitalization and stabilization efforts.

Examples of CD loans in the AA include:

- PNC originated a $6.5 million loan to rehabilitate a 96-unit property that included 48 two-bedroom apartments and 48 three-bedroom apartments. All of the units were restricted to LMI individuals.

- PNC originated a $6.2 million loan for the acquisition and new construction of a LIHTC project with 144 units, all of which were income restricted to individuals making less than 60 percent of the median family income.

In addition, PNC made three loans totaling almost $10.0 million in the broader statewide and regional area whose purpose, mandate, or function included serving PNCs AAs. Two loans helped provide community services to LMI individuals and one provided affordable housing.

Product Innovation and Flexibility

PNC made no use of innovative or flexible lending programs in the Miami-Fort Lauderdale-West Palm Beach, FL MSA during the evaluation period

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Deltona-Daytona Beach-Ormond Beach, FL MSA; Palm Bay-Melbourne-Titusville, FL MSA, Palm Coast, FL MSA; Port St Lucie, FL MSA; Tampa, FL MSA; and the Florida non-metropolitan areas was not inconsistent with the bank's overall outstanding performance under the lending test in Florida.

In the Cape Coral-Fort Myers, FL MSA; Gainesville, FL MSA; Jacksonville, FL MSA; Naples-Immokalee-Marco Island, FL MSA; North Port-Sarasota-Bradenton, FL MSA; Ocala, FL MSA; Orlando-Kissimmee-Sanford, FL MSA; Punta Gorda, FL MSA; and Sebastian-Vero Beach, FL MSA, the bank's performance was weaker than the overall performance in the state of Florida.

The weaker performance in Cape Coral-Fort Myers, FL MSA; Naples-Immokalee-Marco Island, FL MDA; and North Port-Sarasota-Bradenton, FL MSA was due to poorer performance in both geographic and borrower distribution. The weaker performance in Ocala, FL MSA and Punta Gorda, FL MSA was due to poorer performance in both geographic and borrower distribution and a lower level of CD lending. The weaker performance in Gainesville, FL MSA and Sebastian-Vero Beach, FL MSA was due to a lower level of CD lending. The weaker performance in the Jacksonville, FL and Orlando-Kissimmee-Sanford, FL MSA was due to weaker geographic distribution.

The lending test performance in the limited-scope areas had a neutral effect on the bank's overall lending test rating for the state of Florida. Refer to the Tables 1 through 13 in the state of Florida section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in the state of Florida is rated high satisfactory. Based on a full-scope review, the bank's performance in the Miami-Ft. Lauderdale-West Palm Beach, FL MSA was excellent. Positive performance in the broader statewide and regional areas was not sufficient to negate the weaker performance in the limited-scope areas, which ultimately had a negative effect on the overall investment test rating.

Refer to Table 14 in the state of Florida section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

PNC had an excellent level of qualified CD investment and grants, at times in leadership positions. The dollar amount of the investments in the Miami-Ft. Lauderdale-West Palm Beach, FL MSA represented 8.83 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited excellent responsiveness to the credit and CD needs in the Miami-Ft. Lauderdale-West Palm Beach, FL MSA. PNC made five current-period investments totaling $33.9 million and one remaining prior-period investments totaling almost $2.1 million. PNC made five statewide and regional investments totaling $1.9 million that directly benefited the AA. These investments met community needs through LIHTCs, mortgage-backed securities, and other investments. PNC provided 198 grants and donations of more than $2.8 million to local nonprofit organizations that promoted community services for LMI individuals, families, schools, and communities. PNC also had an unfunded commitment of $4.0 million that benefited the Miami-Ft. Lauderdale-West Palm Beach, FL MSA.

Examples of qualified investments in this AA include:

- An $8.5 million investment in an affordable housing preservation project that involved the acquisition and rehabilitation of an apartment complex. The investment preserved affordable housing with amenities and updates for tenants making between 50 percent and 60 percent of the area median income.

- A $4.0 million investment to a local CD agency that supported the purchase and redevelopment of blighted properties in LMI geographies in accordance with a local CD plan.

In addition, PNC made seven current-period investment totaling $11.0 million and five grants totaling $55,000 to organizations in the broader statewide and regional area whose purpose, mandate, or function included serving PNCs AAs. These investments mostly promoted affordable housing but also promoted community services for LMI individuals and families.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in the Naples-Immokalee-Marco Island, FL MSA: Orlando-Kissimmee-Sanford, FL MSA: Port St. Lucie, FL MSA: and Tampa, FL MSA was stronger than the bank's overall high satisfactory performance under the investment test in the state of Florida due to higher amounts of qualified investments. In the Deltona-Daytona Beach-Ormond Beach, FL MSA and Ocala, FL MSA, the bank's performance was not inconsistent with the bank's overall performance in the state. In the Cape Coral-Fort Meyers, FL MSA; Deltona-Daytona Beach-Ormond Beach, FL MSA; Gainesville, FL MSA; Jacksonville, FL MSA; North Port-Sarasota-Bradenton, FL MSA; Ocala, FL MSA; the Palm Bay-Melbourne-Titusville, FL MSA; Punta-Gorda, FL MSA; Sabastian-Vero Beach, FL MSA; and Florida non-metropolitan areas the bank's performance was weaker than the bank's overall performance in the state as the bank made fewer qualified investments in those AAs. The investment test performance in the limited-scope areas had a negative effect on the bank's overall investment test rating for the state of Florida. Refer to Table 14 in the state of Florida section of appendix D for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in Florida is rated high satisfactory. Based on a full-scope review, the bank's performance in the Miami-Fort Lauderdale-West Palm Beach, FL MSA was excellent. The weaker combined service test performance in the limited-scope AAs affected the bank's overall service test rating for the state of Florida.

Retail Banking Services

Refer to Table 15 in the state of Florida section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

PNC's delivery systems were readily accessible to geographies and individuals of different income levels throughout the AA. The bank operated 79 branch offices in the Miami-Fort Lauderdale-West Palm Beach, FL MSA. The bank's distribution of branches in low- income geographies was near to, and in moderate-income geographies was below, the percentage of the population living within those geographies. When considering 12 adjacent-serving branches, two serving low-income geographies and 10 serving moderate-income geographies, the distribution exceeded the percentage of the population in those geographies.

PNC made effective use of alternative delivery systems through ATMs, online banking, electronic bill pay, and mobile banking options as indicated by the level of usage by LMI households. These systems provided additional delivery availability and access to banking services to both retail and business customers in LMI geographies. PNC had 136 ATMs in the AA, of which 110 were deposit taking. PNC provided data that indicated 55.9 percent of households in LMI geographies used an alternative delivery system in the fourth quarter of 2016. This was an increase of 14.4 percent from the start of the evaluation period.

PNC's record of opening and closing of branches improved the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. PNC opened 21 branches during the evaluation period, one located in a low-income geography, and four located in moderate-income geographies. The bank closed 14 branches, four of which located in moderate-income geographies.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly LMI individuals or LMI geographies. PNC maintained standard business hours and offered traditional banking products and services at all branch locations in the AA.

Community Development Services

PNC provided a high level of CD services in the Miami-Fort Lauderdale-West Palm Beach, FL MSA. During the evaluation period, bank employees conducted 322 financial education events attended by over 4,400 participants. These events focused on basic financial education, tax education, and homebuyer education to LMI individuals and families, and general business education and financial education to small business entrepreneurs and nonprofit organizations.

In addition, 48 bank employees served in leadership roles for 50 different CD organizations by participating on boards and committees. Notable examples of CD services include:

- Three bank employees served as board or committee members for a nonprofit organization that promoted the educational and character development of LMI youth.

- A bank employee served as a board or committee member for an organization that provided crisis intervention, information, assessment, and referral to community services based on identified needs of LMI individuals and families.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the service test in the Cape Coral-Fort Myers, FL MSA; Palm Bay-Melbourne-Titusville, FL MSA; and Tampa, FL MSA was not inconsistent with the bank's overall high satisfactory performance under the service test in Florida. In the Port St. Lucie, FL MSA, the bank's performance was stronger than the overall performance for the state due to better branch distribution in LMI geographies. Performance in the Deltona-Daytona Beach-Ormond Beach, FL MSA; Gainesville, FL MSA; Jacksonville, IN MSA; Naples-Immokalee-Marco Island, FL MSA; North Port-Sarasota-Bradenton, FL MSA; Ocala, FL MSA; Orlando-Kissimmee-Sanford, FL MSA; Punta Gorda, FL MSA; Sebastian-Vero Beach, FL MSA; and Florida non-metropolitan areas was weaker than the overall performance for the state due to poorer branch or deposit-taking ATM distributions in LMI geographies. The service test performance in the limited-scope AAs was a factor in determining the overall service test rating for the state of Florida.

State of Georgia

CRA Rating for Georgia: Outstanding

The lending test is rated: Outstanding
The investment test is rated: Outstanding
The service test is rated: Outstanding

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the geographic distribution and borrower distribution of the bank's home mortgage and small business loan originations and purchases was good.

- CD loans were effective in addressing community credit needs. The bank was a leader in originating CD loans, which had a positive effect on the lending test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made an excellent level of qualified investments, grants, and donations.

- The bank's branches and alternative delivery systems were readily accessible to geographies and individuals of different income levels and responsive in helping the bank provide services across the community.

- CD services were effective and responsive in addressing community needs. The bank was a leader in conducting or supporting CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in Georgia

PNC delineated three AAs within the state of Georgia. They included portions of the Atlanta-Sandy Springs-Roswell, GA MSA and Columbus GA-AL, MSA; and the Georgia non-metropolitan counties of Dooly, Macon, and Troup.

Based on June 30, 2016 FDIC summary of deposit information, PNC had over $3.3 billion in deposits in these AAs, which represented 1.35 percent of the bank's total deposits. The bank made 1.48 percent of its evaluation period lending in these AAs.

PNC had 73 office locations and 170 ATMs, of which 158 were deposit taking, within the AAs. The bank ranked in sixth in deposit market share with 2.27 percent. The top four competitors included SunTrust Bank with 154 branches and 29.20 percent market share; Bank of America, N.A. with 131 branches and 19.44 percent market share; Wells Fargo Bank, N.A. with 184 branches and 19.24 percent market share; and Branch Banking and Trust Company with 72 branches and 4.99 percent market share. There were 73 additional FDIC-insured depository institutions with 516 offices within the bank's AAs.

Refer to the market profile for the state of Georgia in appendix C for detailed demographics and other performance context information, including identified AA needs and opportunities, for the AA that received a full-scope review.

Scope of Evaluation in Georgia

We completed a full-scope review for the Atlanta-Sandy Springs-Roswell, GA MSA. This AA had the largest percentage of deposits, 94.73 percent, and the largest number of branches in the state.

Under the lending test, we placed more emphasis on home mortgage loans versus small loans to businesses. We also placed more emphasis on the bank's performance in moderate-income geographies as these areas had a higher percentage of owner-occupied housing units and small businesses. Among home mortgage loans, we placed the most emphasis on home refinance loans. We also considered housing costs in relation to the median family incomes in the full scope AA, which limited the affordability for LI families. PNC did not originate or purchase enough multifamily loans or small loans to farms in the full-scope area to conduct a meaningful analysis. Refer to the market profile for the Atlanta-Sandy Springs-Roswell, GA MSA in appendix C for additional information on housing costs and median income. Refer to the Scope of Evaluation section for details on how weightings were determined.

We completed a limited-scope review for the Georgia non-metropolitan counties.

The 2014 OMB changes did not affect any of the AAs in the state. However, the bank left the Columbus, GA-AL MSA on March 20, 2015. The bank's lending volume in the Columbus, GA-AL MSA from January 1, 2012 to March 20, 2015 was not sufficient to conduct a meaningful analysis.

We based our ratings on the results of the area that received the full-scope review and the bank's performance in the limited-scope areas, as applicable. Refer to the table in appendix A and the market profiles for more information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN GEORGIA

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in the state of Georgia is rated outstanding. Based on a full-scope review, the bank's performance in the Atlanta-Sandy Springs-Roswell, GA MSA was excellent considering competition, economic factors, housing costs, and performance against the demographic and aggregate peer. Mortgage lending performance was generally consistent with, or above, the average peer performance. Performance in limited scope AAs in aggregate was consistent with the overall lending test rating. CD lending had a positive effect on the lending test rating for the state of Georgia.

Lending Activity

Refer to Table 1 Lending Volume in the state of Georgia section of appendix D for the facts and data used to evaluate the bank's lending activity.

PNC's lending activity reflected excellent responsiveness to area credit needs in the Atlanta-Sandy Springs-Roswell, GA MSA when considering the bank's deposits and competition. PNC ranked seventh out of 73 depository institutions (top 10 percent) with a deposit market share of 2.17 percent. For home purchase loans, PNC's market share of 0.25 percent ranked 76th out of 659 lenders (top 12 percent). For home improvement loans, PNC's market share of 2.08 percent ranked seventh out of 266 lenders (top 3 percent). For home refinance loans, PNC's market share of 0.72 percent ranked 30th out of 620 lenders (top 5 percent). For small loans to businesses, PNC's market share of 1.26 percent ranked 13th out of 196 lenders (top 7 percent).

Distribution of Loans by Income Level of the Geography

PNC's overall distribution of loans by income level of geography in the Atlanta-Sandy Springs-Roswell, GA MSA was good. The geographic distribution of home mortgage loans was good and small loans to businesses was excellent.

Home Mortgage Loans

Refer to Tables 2, 3, and 4 in the state of Georgia section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

PNC's geographic distribution of home purchase loans, home improvement loans, and home refinance loans in the Atlanta-Sandy Springs-Roswell, GA MSA was good.

Home Purchase

PNC's geographic distribution of home purchase loans was good. The percentage of home purchase loans originated or purchased in both low- and moderate-income geographies was below the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home purchase loans originated or purchased in both low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

Home Improvement

PNC's geographic distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased in both low- and moderate-income income geographies was below the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home improvement loans originated or purchased in low-income geographies was near to, and in moderate-income geographies approximated, the aggregate percentage of all reporting lenders.

Home Refinance

PNC's geographic distribution of home refinance loans was good. The percentage of home refinance loans originated or purchased in low-income geographies was below, and in moderate-income geographies was near to, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home refinance loans originated or purchased in both low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 6 in the state of Georgia section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

PNC's geographic distribution of small loans to businesses in the Atlanta-Sandy Springs-Roswell, GA MSA was excellent. The percentage of small loans to businesses originated or purchased in low-income geographies was near to, and in moderate-income geographies exceeded, the percentage of business located in those geographies. PNC's percentage of small loans to business originated or purchased in both low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

Lending Gap Analysis

We analyzed PNC's geographic lending patterns throughout the AA and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC's overall distribution of loans to borrowers of different income levels in the Atlanta-Sandy Springs-Roswell, GA MSA was good. The borrower distribution of home mortgage loans was good and small loans to businesses was adequate.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the state of Georgia section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

PNC's borrower distribution of home purchase loans, home improvement loans, and home refinance loans in the Atlanta-Sandy Springs-Roswell, GA MSA was good.

<u>Home Purchase</u>

PNC's borrower distribution of home purchase loans was good. The percentage of home purchase loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home purchase loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Improvement

PNC's borrower distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home improvement loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Refinance

PNC's borrower distribution of home refinance loans was good. The percentage of home refinance loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers was near to, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 11 in the state of Georgia section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses in the Atlanta-Sandy Springs-Roswell, GA MSA was adequate. The percentage of small loans to businesses originated or purchased was well below the percentage of small businesses in the AA but exceeded the aggregate percentage of all reporting lenders.

Community Development Lending

Refer to Table 1 Lending Volume in the state of Georgia section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a positive effect on the lending test conclusion in the Atlanta-Sandy Springs-Roswell, GA MSA. PNC was a leader in making CD loans based on the combination of volume, responsiveness, and complexity. PNC made 12 CD loans totaling $86.7 million, which represented 23.65 percent of allocated tier 1 capital. By dollar volume, 60.27 percent of these loans funded community services, 30.86 percent funded revitalization and stabilization efforts, 8.58 percent funded affordable housing, and 0.29 percent funded economic development activities.

Examples of CD loans in the AA include:

- PNC provided four loans totaling $26.7 million to a nonprofit organization to build a museum and cultural center located in a government-targeted distressed area. The project created 500 sustainable jobs for LMI residents.

- PNC originated a $250,000 loan to an organization that promoted, created, and preserved mixed-income communities through direct development, lending, policy research, and advocacy of equitable distribution of affordable housing.

In addition, PNC made one CD loan totaling $500,000 to entities in the broader statewide and regional area whose purpose, mandate, or function included servicing PNCs AAs. The loan was to an organization that helped to promote affordable housing.

Product Innovation and Flexibility

PNC made use of innovative or flexible lending programs in order to serve AA credit needs. During the evaluation period, PNC made 68 PNC Community Mortgage loans totaling $7.8 million and 233 closing cost assistance grants totaling $313.1 million in the Atlanta-Sandy Springs-Roswell, GA MSA.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Georgia non-metropolitan area was weaker than the bank's overall outstanding performance in the state of Georgia due to poorer borrower distribution and a lower level of CD lending. PNC's performance in the limited-scope areas did not have an effect on the bank's overall lending test performance for the state of Georgia.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in the state of Georgia is rated outstanding. Based on a full-scope review, the bank's performance in the Atlanta-Sandy Springs-Roswell, GA MSA was excellent.

Refer to Table 14 in the state of Georgia section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

PNC had an excellent level of qualified CD investment and grants in this AA. The dollar amount of the qualified investments in the Atlanta-Sandy Springs-Roswell, GA MSA represented 13.68 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited excellent responsiveness to the credit and CD needs in the Atlanta-Sandy Springs-Roswell, GA MSA. PNC made 20 current-period investments totaling $38.6 million and had one remaining prior-period investment valued at $238,000. PNC made two statewide and regional investments totaling $5.3 million that directly benefited the AA. PNC also provided 155 grants and donations totaling $6.0 million that promote economic development in LMI communities, support affordable housing development, and provide community services to LMI individuals and families.

Examples of qualified investments in this AA include:

- A complex NMTC investment totaling $10.3 million to support a mixed-income education facility that would serve as the anchor for revitalization of a distressed community. The project also created 75 new full-and part-time positions and retained over 100 full- and part-time positions.

- A NMTC investment totaling $6.6 million to help a nonprofit entity established to preserve the history and provide continuing education about the United States' civil rights and human rights movement. This investment created 500 sustainable jobs with living wages for LMI individuals.

In addition, PNC made eight current-period investments totaling over $57.3 million to organizations in the broader statewide and regional area whose purpose, mandate, or function included serving PNCs AAs.

Conclusions for Areas receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in Columbus, GA MSA and the Georgia non-metropolitan areas was weaker than the overall outstanding investment test rating in the state of Georgia due to lower volumes of investment activity. PNC's performance in the limited-scope areas did not have an effect on the bank's overall lending test performance for the state of Georgia. Refer to Table 14 in the state of Georgia section of appendix D for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in the state of Georgia is rated outstanding. Based on a full-scope review, the bank's performance in the Atlanta-Sandy Springs-Roswell, GA MSA was excellent.

Retail Banking Services

Refer to Table 15 in the state of Georgia section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

PNC's delivery systems were readily accessible to geographies and individuals of different income levels in the AA. The bank operated 69 branch offices in the Atlanta-Sandy Springs-Roswell, GA MSA. The bank's distribution of branches in low-income geographies was below, and in moderate-income geographies was near to, the percentage of population living within those geographies. When considering seven adjacent-serving branches, one serving a low-income geography and six serving moderate-income geographies, the distribution was near-to the percentage of the population in low-income geographies and exceeded the percentage of population in moderate-income geographies.

PNC made effective use of alternative delivery systems through debit cards and ATMs, telephone and online banking, electronic bill pay, and mobile banking options as indicated by the level of usage by LMI households. These systems provided additional delivery availability and access to banking services to both retail and business customers in LMI geographies. PNC had 160 ATMs in the AA, of which 149 were deposit taking. PNC provided data that indicated 55.2 percent of households in LMI geographies used an alternative delivery system in the fourth quarter of 2016. This was an increase of 22.5 percent from the start of the evaluation period.

PNC's record of opening and closing branches improved the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. PNC opened 12 branches and closed 16 branches during the evaluation period. This resulted in a net increase of two branches in low-income geographies and no change to the number of branches in moderate-income geographies.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly LMI individuals or low- or moderate-income geographies. PNC maintained standard business hours and offered traditional banking products and services at all branch locations in the AA. Several branches maintain Saturday hours and one branch in a low-income geography had extended hours each day of the week.

Community Development Services

PNC provided a high level of CD services in the Atlanta-Sandy Springs-Roswell, GA MSA. PNC conducted 285 financial education events with almost 5,600 predominantly LMI participants. PNC presented homeownership seminars, basic financial education, and provided education on financial topics, including saving, budgeting, and money management. PNC also provided small business counseling to entrepreneurs through a local, SBA microloan intermediary.

Employees were actively involved during the evaluation period, including 19 employees who participated on boards or committees of 26 CD organizations. Notable examples of CD services include:

- A PNC employee served on the board of directors for an SBA microloan intermediary that offered small business loans and technical assistance to LMI individuals and women-owned businesses.

- A PNC employee served on the board of directors for an organization that addresses the diminishing supply of affordable housing in the Metropolitan Atlanta region. This organization supported the creation of 8,000 units of housing for LMI individuals and families.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the service test in the Georgia non-metropolitan areas was not inconsistent with the bank's overall performance in the state of Georgia. The bank's performance in the Columbus, GA MSA was weaker than the overall performance due the closing of the bank's only branch in the AA. PNC's performance in the limited-scope areas did not have an effect on the bank's overall service test performance for the state of Georgia. Refer to Table 15 in the state of Georgia section of appendix D for the facts and data that support these conclusions.

State of Illinois

CRA Rating for Illinois[17]: Outstanding

The lending test is rated: Outstanding
The investment test is rated: High Satisfactory
The service test is rated: High Satisfactory

The major factors that support the rating include:

- Based on the data in the tables and performance context considerations discussed below, the geographic distribution and borrower distribution of the bank's home mortgage and small business loan originations and purchases was good.

- CD loans were effective in addressing community credit needs. The bank was a leader in making CD loans, which had a positive effect on the lending test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made a significant level of qualified investments, grants, and donations.

- The bank's branches and alternative delivery systems were accessible to geographies and individuals of different income levels and responsive in helping the bank provide services across the community.

- CD services were effective and responsive in addressing community needs. The bank conducted or supported a relatively high number of CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in Illinois

PNC delineated eight AAs in the state of Illinois, which included the entirety of the Decatur, IL MSA; Kankakee, IL MSA; and Rockford, IL MSA, and portions of the Bloomington, IL MSA; Champaign-Urbana, IL MSA; Peoria, IL MSA; and Springfield, IL MSA; and the Illinois non-metropolitan counties of Knox and Morgan.

Based on June 30, 2016 FDIC summary of deposit information, PNC had over $2.8 billion in deposits in these AAs, which represented 1.13 percent of the bank's total deposits. The bank made 1.93 percent of its evaluation period lending in these AAs.

PNC had 37 office locations and 113 ATMs, of which 74 were deposit taking, within the AAs. The bank ranked second in deposit market share with 6.79 percent. The top four competitors included State Farm Bank, FSB with one branch and 26.25 percent market share; Busey Bank with 29 branches and 6.75 percent market share; JPMorgan Chase Bank with 21 branches

[17] For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

and 5.73 percent market share; and Morton Community Bank with 17 branches and 4.74 percent market share. There were 123 additional FDIC-insured depository institutions with 452 offices within the bank's AAs.

Refer to the market profile for the state of Illinois in appendix C for detailed demographics and other performance context information, including identified AA needs and opportunities, for the AAs that received full-scope reviews.

Scope of Evaluation in Illinois

We completed full-scope reviews for two AAs in IL. The first was the Peoria, IL MSA which had the largest percentage of deposits, 31.42 percent, the largest number of branches, and the largest deposit market share in the state, 14.63 percent. The other full-scope area was the Springfield, IL MSA, which had 12.23 percent of the state deposits, the second largest number of branches, and a deposit market share of 7.59 percent.

Under the lending test, we placed more emphasis on home mortgage loans versus small loans to businesses. We also placed more emphasis on the bank's performance in moderate-income geographies as these areas had a higher percentage of owner-occupied housing units, small businesses, and small farms. Among home mortgage loans, we placed most emphasis on home refinance loans. We also considered housing costs in relation to the median family incomes in some AAs, which limited the affordability for LMI families. PNC originated too few multifamily loans in the full-scope areas to conduct a meaningful analysis and PNC did not originate any small loans to farms in Springfield, IL MSA. Refer to the market profile for the Peoria, IL MSA and the Springfield, IL MSA in appendix C for additional information on housing costs and median income. Refer to the Scope of Evaluation section for details on how weightings were determined.

We completed limited-scope reviews for the Bloomington, IL MSA; Champagne-Urbana, IL MSA; Decatur, IL MSA; Kankakee, IL MSA; Rockford, IL MSA; and the Illinois non-metropolitan areas.

PNC did not have any branch locations in Knox County but they did have at least one deposit-taking ATM in the county, which required the inclusion in our analysis.

The 2014 OMB changes did not affect any of these bank's AAs in the state.

We based our ratings on the results of the areas that received full-scope reviews and the bank's performance in the limited-scope areas, as applicable. Refer to the table in appendix A and the market profiles for more information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ILLINOIS

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in the state of Illinois is rated outstanding. Based on full-scope reviews, the bank's performance in both the Peoria, IL MSA and Springfield, IL MSA was excellent considering competition, economic factors, housing costs, and performance against the demographic and aggregate peer. Performance in the limited scope AAs, in aggregate, was consistent with the performance for the overall lending test rating. CD lending had a positive effect on the lending test rating.

Lending Activity

Refer to Table 1 Lending Volume in the state of Illinois section of appendix D for the facts and data used to evaluate the bank's lending activity.

Peoria, IL MSA

PNC's lending activity reflected excellent responsiveness to area credit needs in the Peoria, IL MSA when considering the bank's deposits and competition. PNC ranked second out of 32 depository institutions (top 7 percent) with a deposit market share of 14.63 percent. For home purchase loans, PNC's market share of 3.28 percent ranked ninth out of 176 lenders (top 6 percent). For home improvement loans, PNC's market share of 8.42 percent ranked third out of 66 lenders (top 5 percent). For home refinance loans, PNC's market share of 6.75 percent ranked third out of 177 lenders (top 2 percent). For loans to small businesses, PNC's market share of 6.03 percent ranked sixth out of 64 lenders (top 10 percent). For small loans to farms, PNC's market share of 3.69 percent ranked third out of 20 lenders (top 15 percent).

Springfield, IL MSA

PNC's lending activity reflected excellent responsiveness to area credit needs in the Springfield, IL MSA when considering the bank's deposits and competition. PNC ranked sixth out of 24 depository institutions (top 25 percent) with a deposit market share of 7.59 percent. For home purchase loans, PNC's market share of 1.31 percent ranked 19th out of 150 lenders (top 13 percent). For home improvement loans, PNC's market share of 5.25 percent ranked seventh out of 58 lenders (top 13 percent). For home refinance loans, PNC's market share of 2.88 percent ranked 12th out of 164 lenders (top 8 percent). For loans to small businesses, PNC's market share of 6.58 percent ranked seventh out of 71 lenders (top 10 percent).

Distribution of Loans by Income Level of the Geography

PNC's overall distribution of loans by income level of geography in the full-scope areas was good. The geographic distribution of home mortgage loans in the Peoria, IL MSA was adequate and in the Springfield, IL MSA was excellent. The geographic distribution of small loans to businesses in both the Peoria, IL MSA and Springfield, IL MSA was excellent. The geographic distribution of small loans to farms in the Peoria, IL MSA was adequate.

Home Mortgage Loans

Refer to Tables 2, 3, and 4 in the state of Illinois section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

PNC's geographic distribution of home purchase loans in the Peoria, IL MSA was poor and home improvement loans and home refinance loans was good.

PNC's geographic distribution of home purchase loans in the Springfield, IL MSA was adequate and home improvement loans and home refinance loans was excellent.

Peoria, IL MSA

Home Purchase

PNC's geographic distribution of home purchase loans was poor. The percentage of home purchase loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies was below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home purchase loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies was near to, the aggregate percentage of all reporting lenders.

Home Improvement

PNC's geographic distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies exceeded, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home improvement loans originated or purchased in low-income geographies was near to, and in moderate-income geographies exceeded, the aggregate percentage of all reporting lenders.

Home Refinance

PNC's geographic distribution of home refinance loans was good. The percentage of home refinance loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies exceeded, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home refinance loans originated or purchased in both low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

Springfield, IL MSA

Home Purchase

PNC's geographic distribution of home purchase loans was adequate. The percentage of home purchase loans originated or purchased in low-income geographies was well below, and in moderate-income geographies was below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home purchase loans originated or purchased in both low- and moderate-income geographies was below the aggregate percentage of all reporting lenders.

Home Improvement

PNC's geographic distribution of home improvement loans was excellent. The percentage of home improvement loans originated or purchased in both low- and moderate-income geographies exceeded both the percentage of owner-occupied housing units located in those geographies and the aggregate percentage of all reporting lenders.

Home Refinance

PNC's geographic distribution of home refinance loans was excellent. The percentage of home refinance loans originated or purchased in low- and moderate-income geographies exceeded both the percentage of owner-occupied housing units located in those geographies and the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 6 in the state of Illinois section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

Peoria, IL MSA

PNC's geographic distribution of small loans to businesses in the Peoria, IL MSA was excellent. The percentage of small loans to businesses originated or purchased in low-income geographies was near to, and in moderate-income geographies exceeded, the percentage of business located in those geographies. PNC's percentage of small loans to business originated or purchased in both low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

Springfield, IL MSA

PNC's geographic distribution of small loans to businesses in the Springfield, IL MSA was excellent. The percentage of small loans to businesses originated or purchased in both low- and moderate-income geographies approximated the percentage of business located in those geographies. PNC's percentage of small loans to business originated or purchased in low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table 7 in the state of Illinois section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to farms.

Peoria, IL MSA

PNC's geographic distribution of small loans to farms was adequate considering the low percentage of small farms in low- and moderate-income geographies and that small farm lending was not a primary focus for the bank. PNC did not originate or purchase any small loans to farms in low- and moderate-income geographies.

Lending Gap Analysis

We analyzed PNC's geographic lending patterns throughout the AAs and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC's overall distribution of loans to borrowers of different income levels in the full-scope areas was good. The borrower distribution of both home mortgage loans and small loans to businesses in both the Peoria, IL MSA and the Springfield, IL MSA was good.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the state of Illinois section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

PNC's borrower distribution of home mortgage loans in the Peoria, IL MSA was good. PNC's borrower distribution of home purchase and home refinance loans was good and home improvement loans was excellent.

PNC's borrower distribution of home mortgage loans in the Springfield, IL MSA was good. PNC's borrower distribution of home purchase loans was adequate and home improvement and home refinance loans were good.

Peoria, IL MSA

Home Purchase

PNC's borrower distribution of home purchase loans was good. The percentage of home purchase loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home purchase loans originated or purchased to low-income borrowers was near to, and to moderate-income borrowers exceeded, the aggregate percentage of all reporting lenders.

Home Improvement

PNC's borrower distribution of home improvement loans was excellent. The percentage of home improvement loans originated or purchased to low-income borrowers was near to, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home improvement loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Refinance

PNC's borrower distribution of home refinance loans was good. The percentage of home refinance loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Springfield, IL MSA

Home Purchase

PNC's borrower distribution of home purchase loans was adequate. The percentage of home purchase loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home purchase loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers exceeded, the aggregate percentage of all reporting lenders.

Home Improvement

PNC's borrower distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home improvement loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Refinance

PNC's borrower distribution of home refinance loans was good. The percentage of home refinance loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 11 in the state of Illinois section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

Peoria, IL MSA

The borrower distribution of small loans to businesses was good. The percentage of small loans to businesses originated or purchased was below the percentage of small businesses in the AA and exceeded the aggregate percentage of all reporting lenders.

Springfield, IL MSA

The borrower distribution of small loans to businesses was good. The percentage of small loans to businesses originated or purchased was near to the percentage of small businesses in the AA and exceeded the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table 12 in the state of Illinois section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to farms.

Peoria, IL MSA

The borrower distribution of small loans to farms was good. The percentage of small loans to farms originated or purchased was near to the percentage of small farms in the AA and exceeded the aggregate percentage of all reporting lenders.

Community Development Lending

Refer to Table 1 Lending Volume in the state of Illinois section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a positive effect on the lending test conclusion for both the Peoria, IL MSA and Springfield, IL MSA. PNC was a leader in making CD loans in both these AAs based on the combination of volume, responsiveness, and complexity.

Peoria, IL MSA

PNC made four loans, totaling $9.8 million, which represented 9.64 percent of allocated tier 1 capital. By dollar volume, 50.89 percent funded affordable housing, and 49.11 percent funded community services.

Examples of CD Loans in the AA include:

- PNC originated a $2 million loan to finance an 80-unit income-restricted residential property located in a low-income geography.

- PNC originated a $300,000 line of credit for a community action agency that provided affordable housing development, housing counseling, services for LMI individuals, micro-enterprise training, and economic development.

Springfield, IL MSA

PNC made one loan, totaling $2.9 million, which represented 6.08 percent of allocated tier 1 capital, which supported affordable housing. The CD supported the development of a 92-unit apartment complex offering 82 one-bedroom units and 10 two-bedroom units targeted to seniors age 55 or older earning between 30 percent and 60 percent of the area median income.

In addition, PNC made one loan totaling almost $500,000 in the broader statewide and regional area whose purpose, mandate, or function included serving PNCs AAs. The loan helped provide community services to LMI individuals.

Product Innovation and Flexibility

Peoria, IL MSA

PNC used innovative or flexible lending programs in order to serve AA credit needs. During the evaluation period, PNC made 31 PNC Community Mortgage loans totaling $2.5 million and 81 closing cost assistance grants totaling over $109,000 in the Peoria, IL MSA.

Springfield, IL MSA

PNC made no use of innovative or flexible lending programs in the Springfield, IL MSA during the evaluation period.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Champaign-Urbana, IL MSA; Decatur, IL MSA; Kankakee, IL MSA; and Rockford, IL MSA was not inconsistent with the bank's overall outstanding performance in Illinois. In the Bloomington, IL MSA and Illinois non-metropolitan areas, the bank's performance was weaker than the bank's overall performance in the state. The weaker performance in the Bloomington, IL MSA was due to a lack of CD lending. The weaker performance in the Illinois non-metropolitan areas was due to poorer geographic and borrower distribution of both home mortgage loans and small loans to businesses and no CD lending. PNC's performance in the limited-scope areas did not have an effect on the bank's overall lending test performance for the state of Illinois.

Refer to the Tables 1 through 13 in the state of Illinois section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in the state of Illinois is rated high satisfactory. Based on a full-scope review, the bank's performance in the Peoria, IL MSA was good and in the Springfield, IL MSA was excellent. The combined investment test performance in the limited-scope areas support the bank's overall investment test rating for the state of Illinois.

Refer to Table 14 in the state of Illinois section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

Peoria, IL MSA

PNC had a significant level of qualified investments and grants. The dollar amount of the investments in the Peoria, IL MSA represented 6.28 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited good responsiveness to the credit and CD needs in the Peoria, IL MSA. PNC made one current-period investment totaling $250,000 and had one remaining prior-period investment totaling almost $14,000. PNC made seven statewide and regional investments totaling $5.0 million that directly benefited the AA. These investments met community needs through mortgage-backed securities, a CDFI, and other investments. PNC provided 95 grants and donations of more than $1.1 million to local nonprofit organizations that promoted community services for LMI individuals and families. PNC also had an unfunded commitment of $250,000 that benefited the Peoria, IL MSA.

Examples of qualified investments in this AA include:

- A $250,000 investment to a community capital organization created to expand the financial products offered by a housing preservation organization. The housing organization assisted LMI people to achieve home ownership, higher education, and business development opportunities by developing basic financial literacy competencies. Expanded financial products include consumer loans, first- and second-mortgage loans, and micro-enterprise loans.

- Six grants totaling $45,000 to a community based organization with a mission to support individuals and families who were working to better their lives. PNC proceeds funded supportive services for homeless veterans including medical care, psychological counseling, budgeting, job training, legal assistance, telephone services, entitlement benefits, and education.

Springfield, IL MSA

PNC had an excellent level of qualified investments and grants, at times in leadership positions. The dollar amount of investments in the Springfield, IL MSA represented 24.50 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited good responsiveness to the credit and CD needs in the Springfield, IL MSA. PNC made one current-period investment totaling $11.4 million in this AA. PNC also made 20 grants and donations totaling $236,000 to local nonprofit organizations that promote community services for LMI individuals and families.

Examples of qualified investments in this AA include:

- An $11.4 million LIHTC investment to develop a 92-unit affordable housing apartment complex for low-income seniors.

- Two grants totaling $15,000 to a county department that provided services to improve the quality of life for people with low-incomes. Services include home energy assistance, weatherization, block grant programming, sewer assistance, and housing counseling.

In addition, PNC made one current-period investment of $1.0 million and two grants totaling $35,000 to organizations in the broader statewide and regional area whose purpose, mandate, or function included serving PNCs AAs.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in the Champaign-Urbana, IL MSA; Decatur, IL MSA; Kankakee, IL MSA; and the Rockford, IL MSA AAs was stronger that the bank's overall high satisfactory performance under the investment test in the state of Illinois. PNC had a higher volume of qualified investments in those AAs. In the Bloomington, IL MSA and the Illinois non-metropolitan areas, the bank's performance was weaker than the bank's overall performance in the state of Illinois as the bank had a lower volume of qualified investments in those AAs. The combined investment test performance in the limited-scope areas support the bank's overall investment test rating for the state of Illinois. Refer to Table 14 in the state of Illinois section of appendix D for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in the state of Illinois is rated high satisfactory. Based on full-scope reviews, the bank's performance in the both the Peoria, IL MSA and Springfield IL, MSA was good. The combined service test performance in the limited-scope areas support the bank's overall service test rating for the state of Illinois.

Retail Banking Services

Refer to Table 15 in the state of Illinois section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Peoria, IL MSA

PNC's delivery systems were accessible to geographies and individuals of different income levels throughout the AA. The bank operated 10 branches in the Peoria, IL MSA. The bank's distribution of branches in low-income geographies exceeded the percentage of the population living within those geographies. The bank had no branches in moderate-income geographies but they did have one deposit-taking ATM. When considering two adjacent-serving branches serving moderate-income geographies, the distribution exceeded the percentage of the population in moderate-income geographies.

PNC made effective use of alternative delivery systems through debit cards and ATMs, telephone and online banking, electronic bill pay, and mobile banking options as indicated by the level of usage by LMI households. These systems provided additional delivery availability and access to banking services to both retail and business customers in LMI geographies. PNC had 26 ATMs in the AA, of which 18 were deposit taking. PNC provided data that indicated 53.4 percent of households in LMI geographies used an alternative delivery system in the fourth quarter of 2016. This was an increase of 14.3 percent from the start of the evaluation period.

PNC's record of opening and closing branches had generally not affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI. PNC opened no branches and closed two branches in the AA during the evaluation period. The closed branches were located in middle- and upper-income geographies.

The bank's hours and services varied in a way that affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. The branch located in a low-income geography was in the central business district of Peoria and as such, does not offer extended hours on Fridays nor was it open on Saturdays.

Springfield, IL MSA

PNC's delivery systems were accessible throughout the AA. The bank operated six branches in the Springfield, IL MSA. The bank distribution of branches in low-income geographies exceeded the percentage of the population living within those geographies. The bank had no branches nor any deposit-taking ATMs in moderate-income geographies. When considering four adjacent-serving branches serving moderate-income geographies, the distribution exceeded the percentage of the population in moderate-income geographies.

PNC made effective use of alternative delivery systems through debit cards and ATMs, telephone and online banking, electronic bill pay, and mobile banking options as indicated by the level of usage by LMI households. These systems provide additional delivery availability and access to banking services to both retail and business customers in LMI geographies. PNC had 23 ATMs in the AA, of which 12 were deposit taking. PNC provided data that indicated 61.3 percent of LMI households used an alternative delivery system in the fourth quarter of 2016. This was an increase of 7.8 percent from the start of the evaluation period.

PNC's record of opening and closing branches had not affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. PNC did not open any branches and closed one branch in a geography without an income designation.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly LMI individuals or LMI geographies. PNC maintained standard business hours and offered traditional banking products and services at all branch locations in the AA.

Community Development Services

Peoria, IL MSA

PNC provided a high level of CD services in the Peoria, IL MSA. PNC conducted 58 financial education events with predominantly LMI participants. These events focused on basic financial education, and homebuyer education to LMI individuals and families, and general business education and financial education to small business entrepreneurs and nonprofit organizations.

Employees were actively involved during the evaluation period, including 24 employees who participated on boards or committees of 24 different CD organizations. Notable examples of CD services include:

- A PNC employee served on the board of a subsidiary of a local HUD Counseling Agency whose mission was to create a stronger process for LMI borrowers to become homeowners and develop new down payment assistance programs.

- A PNC employee served on the board for an organization that provided job skill training and provided support services for LMI, unemployed, and under-employed individuals with a focus on the developmentally disabled.

Springfield, IL MSA

PNC was a leader in providing CD services in the Springfield, IL MSA. PNC conducted 65 financial education events to over 1,200 predominantly LMI participants These events focused on basic financial education, tax education, and homebuyer education to LMI individuals and families, and general business education and financial education to small business entrepreneurs and nonprofit organizations.

Employees were actively involved during the evaluation period, including five employees who served the board or committee of seven CD organizations. Notable examples of CD services include:

- A PNC employee served on the board for an organization that provided centralized opportunities to develop affordable housing for LMI individuals in conjunction with local community action program agencies.

- A PNC employee served on the board for an organization that provided transitional housing for families headed by single women head of LMI households. The organization also provided support services, life skills training, and job training.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank’s performance under the service test in the Champaign-Urbana, IL MSA, and Kankakee, IL MSA performance was stronger than the bank’s overall performance due to excellent branch distributions. In the Bloomington, IL MSA; Decatur, IL MSA; Rockford, IL MSA; and Illinois non-metropolitan areas, the bank’s performance was weaker than the bank’s overall performance due to poorer branch distributions. The service test performance in the limited-scope areas support the bank’s overall service test rating for the state of Illinois. Refer to Table 15 in appendix D for the facts and data that support these conclusions.

State of Indiana

CRA Rating for Indiana[18]: Outstanding

The lending test is rated: Outstanding
The investment test is rated: Outstanding
The service test is rated: Outstanding

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the geographic distribution of the bank's home mortgage and small business loan originations and purchases was excellent and borrower distribution was good.

- CD loans were effective in addressing community credit needs. The bank was a leader in originating CD loans, which had a positive effect on the lending test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made an excellent level of qualified investments, grants, and donations.

- The bank's branches and alternative delivery systems were readily accessible to geographies and individuals responsive in helping the bank provide services across the community.

- CD services were effective and responsive in addressing community needs. The bank conducted or supported a relatively high number of CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in Indiana

PNC delineated 10 AAs in the state of Indiana. These included the Bloomington, IN MSA; Columbus, IN MSA; Elkhart-Goshen, IN MSA; Fort Wayne, IN MSA; Indianapolis-Carmel-Anderson, IN MSA; Kokomo, IN MSA; Lafayette-West Lafayette, IN MSA; Michigan City-La Porte, IN MSA; South Bend-Mishawaka, IN MSA and the Indiana non-metropolitan counties of Cass, De Kalb, Huntington, Jackson, Jennings, Kosciusko, Marshall, Miami, Montgomery, Ripley, and Tipon.

Based on June 30, 2016 FDIC summary of deposit information, PNC had over $9.5 billion in deposits in these AAs, which represented 3.84 percent of the bank's total deposits. The bank made 4.5 percent of its evaluation period lending in these AAs.

PNC had 109 office locations and 254 ATMs, of which 208 were deposit taking, within the AAs. The bank ranked second in deposit market share with 12.87 percent. The top four competitors

[18] For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

included JPMorgan Chase Bank, N.A. with 117 branches and 19.36 percent market share; Fifth Third Bank with 65 branches and 6.93 percent market share; Wells Fargo Bank, N.A. with 28 branches and 4.90 percent market share; and 1st Source Bank with 60 branches and 4.61 percent market share. There were 87 additional FDIC-insured depository institutions with 750 offices within the bank's AAs.

Refer to the market profile for the state of Indiana in appendix C for detailed demographic and other performance context information, including identified AA needs and opportunities, for the AA that received a full-scope review.

Scope of Evaluation in Indiana

We completed a full-scope review for the Indianapolis-Carmel-Anderson, IN MSA. This AA had the largest percentage of deposits, 77.76 percent, the largest number of branches, and the largest deposit market share percentage with 16.83 percent.

Under the lending test, we placed more emphasis on small loans to businesses versus home mortgage loans. We also placed more emphasis on the bank's performance in moderate-income geographies as these areas had a higher percentage of owner-occupied housing units and small businesses. Among home mortgage loans, we placed the most emphasis on home refinance loans. We also considered housing costs in relation to the median family incomes in the full scope AA, which limited the affordability for LMI families. PNC did not originate or purchase enough multifamily loans in this rating area to conduct a meaningful analysis. Refer to the market profile for the Indianapolis-Carmel-Anderson, IN MSA in appendix C for additional information on housing costs and median income. Refer to the Scope of Evaluation section for details on how weightings were determined.

We completed limited-scope reviews for the Anderson, IN, MSA; Bloomington, IN MSA; Columbus, IN MSA; Elkhart-Goshen, IN MSA; Fort Wayne, IN MSA; Kokomo, IN MSA; Lafayette-West Lafayette, IN MSA; Michigan City-Laporte, IN MSA; South Bend-Mishawaka, IN MSA; and the Indiana non-metropolitan counties.

PNC did not have any branch locations in the Bloomington, IN MSA, Lafayette-West Lafayette, IN MSA, or the non-metropolitan county of Tipon. They did have at least one deposit-taking ATM in each of these AAs, which required their inclusion in our analysis.

The 2014 OMB changes affected the full-scope area of Indianapolis-Carmel-Anderson, IN MSA and the limited-scope areas of Anderson, IN MSA; Kokomo, IN MSA; and the non-metropolitan counties. OMB merged the Anderson, IN MSA into the Indianapolis-Carmel, IN MSA. As a result, analysis for Indianapolis-Carmel-Anderson, IN MSA included 2014 through 2016 data from the Anderson, IN MSA. We analyzed data from the Indianapolis-Carmel, IN MSA and the Anderson, IN MSA for 2012 through 2013 separately. OMB also removed Tipton County from the Kokomo, IN MSA and reclassified the county as non-metropolitan. The Kokomo, IN MSA analysis included Tipton County data from 2012 through 2013. Tipton County data from 2014 through 2016 was included in the Indiana non-metropolitan area analysis.

We based our ratings on the results of the area that received the full-scope review and the bank's performance in the limited-scope areas, as applicable. Refer to the table in appendix A and the market profiles for more information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN INDIANA

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in the state of Indiana was outstanding. Based on a full-scope review, the bank's performance in the Indianapolis-Carmel-Anderson, IN MSA was excellent considering competition, economic factors, housing costs, and performance against the demographic and aggregate peer. Performance in the limited scope AAs, in aggregate, was consistent with the performance in the full scope AAs. CD lending had a positive effect on the lending test rating.

Lending Activity

Refer to Table 1 Lending Volume in the state of Indiana section of appendix D for the facts and data used to evaluate the bank's lending activity.

PNC's lending activity reflected excellent responsiveness to area credit needs in the Indianapolis-Carmel-Anderson, IN MSA when considering the bank's deposits and competition. PNC ranked second out of 49 depository institutions (top 4 percent) with a deposit market share of 16.83 percent. For home purchase loans, PNC's market share of 0.80 percent ranked 29th out of 467 lenders (top 6 percent). For home improvement loans, PNC's market share of 9.38 percent ranked second out of 178 lenders (top 1 percent). For home refinance loans, PNC's market share of 2.22 percent ranked 11th out of 435 lenders (top 3 percent). For small loans to businesses, PNC's market share of 10.28 percent ranked fourth out of 133 lenders (top 3 percent). For small loans to farms, PNC's market share of 9.04 percent ranked fourth out of 35 lenders (top 11 percent).

Distribution of Loans by Income Level of the Geography

PNC's overall distribution of loans by income level of geography in the Indianapolis-Carmel-Anderson, IN MSA was excellent. The geographic distribution of home mortgage loans was good, small loans to businesses was excellent, and small loans to farms was adequate.

Home Mortgage Loans

Refer to Tables 2, 3, and 4 in the state of Indiana section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

PNC's geographic distribution of home purchase loans and home refinance loans in the Indianapolis-Carmel-Anderson, IN MSA was good, and home improvement loans was excellent.

Home Purchase

PNC's geographic distribution of home purchase loans was good. For 2014 through 2016, the percentage of home purchase loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies was near to, the percentage of owner-occupied housing units located in these geographies. PNC's percentage of home purchase loans originated or purchased in low-income geographies was near to, and in moderate-income geographies exceeded, the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 in both the Indianapolis-Carmel, IN MSA and the Anderson, IN MSA was weaker than the performance for 2014 through 2016 due to poorer performance in both low- and moderate-income geographies but was not enough to effect the combined conclusion.

Home Improvement

PNC's geographic distribution of home improvement loans was excellent. For 2014 through 2016, the percentage of home improvement loans originated or purchased in both low- and moderate-income geographies exceeded the percentage of owner-occupied housing units located in these geographies and the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 in the Anderson, IN MSA was not inconsistent with the performance for 2014 through 2016. Performance for 2012 through 2013 in the Indianapolis-Carmel, IN MSA was weaker than the performance for 2014 through 2016 due to poorer performance in moderate-income geographies but was not enough to effect the combined conclusion.

Home Refinance

PNC's geographic distribution of home refinance loans was good. For 2014 through 2016, the percentage of home refinance loans originated or purchased in low-income geographies was well below, and in moderate-income geographies was near to, the percentage of owner-occupied housing units located in these geographies. PNC's percentage of home refinance loans originated or purchased in both low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 in both the Indianapolis-Carmel, IN MSA and the Anderson, IN MSA was not inconsistent with the performance for 2014 through 2016.

Small Loans to Businesses

Refer to Table 6 in the state of Indiana section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

PNC's geographic distribution of small loans to businesses in the Indianapolis-Carmel-Anderson, IN MSA was excellent. For 2014 through 2016, the percentage of small loans to businesses originated or purchased in both low- and moderate-income geographies exceeded the percentage of businesses located in these geographies and the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 in the Indianapolis-Carmel, IN MSA was not inconsistent with the performance for 2014 through 2016. The performance for 2012 through 2013 in the Anderson, IN MSA was weaker than the performance for 2014 through 2016 due to poorer performance in moderate-income geographies but was not enough to effect the combined conclusion.

Small Loans to Farms

Refer to Table 7 in the state of Indiana section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to farms.

PNC's geographic distribution of small loans to farms in the Indianapolis-Carmel-Anderson, IN was adequate considering the low percentage of small farms in low-income geographies and that small farm lending was not a primary focus for the bank. For 2014 through 2016, PNC did not originate or purchase any small loans to farms in low-income geographies. The percentage of small loans to farms originated or purchased in moderate-income geographies was significantly below the percentage of farms located in these geographies but exceeded the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 in the Indianapolis-Carmel, IN MSA and Anderson, IN MSA was weaker than the performance for 2014 through 2016. PNC did not originate or purchase any small loans to farms in both low- and moderate-income geographies during this period. The weaker performance was not enough to effect the combined conclusion.

Lending Gap Analysis

We analyzed PNC's geographic lending patterns throughout the AA and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC's overall distribution of loans to borrowers of different income levels in the Indianapolis-Carmel-Anderson, IN MSA was good. The borrower distribution of home mortgage loans, small loans to businesses, and small loans to farms was good.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the state of Indiana section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

PNC's borrower distribution of home purchase loans, home improvement loans, and home refinance loans in the Indianapolis-Carmel-Anderson, IN MSA was good.

<u>Home Purchase</u>

PNC’s borrower distribution of home purchase loans in the Indianapolis-Carmel-Anderson, IN MSA was good. For 2014 through 2016, the percentage of home purchase loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC’s percentage of home purchase loans originated or purchased to both LMI borrowers exceeded the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 in the Indianapolis-Carmel, IN MSA was not inconsistent with the performance for 2014 through 2016. Performance for the Anderson, IN MSA was stronger, due to better distribution to low-income borrowers but was not enough to effect the combined conclusion.

<u>Home Improvement</u>

PNC’s borrower distribution of home improvement loans in the Indianapolis-Carmel-Anderson, IN MSA was good. For 2014 through 2016, the percentage of home improvement loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC’s percentage of home improvement loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 for both the Indianapolis-Carmel, IN MSA and the Anderson, IN MSA was not inconsistent with the performance for 2014 through 2016.

<u>Home Refinance</u>

PNC’s borrower distribution of home refinance loans in the Indianapolis-Carmel-Anderson, IN MSA was good. For 2014 through 2016, the percentage of home refinance loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC’s percentage of home refinance loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 for both the Indianapolis-Carmel, IN MSA and the Anderson, IN MSA was not inconsistent with the performance for 2014 through 2016.

Small Loans to Businesses

Refer to Table 11 in the state of Indiana section of appendix D for the facts and data used to evaluate the borrower distribution of the bank’s origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses in the Indianapolis-Carmel-Anderson, IN MSA was good. For 2014 through 2016, the percentage of small loans to businesses originated or purchased was below the percentage of small businesses in the AA but exceeded the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 for both the Indianapolis-Carmel, IN MSA and the Anderson, IN MSA was not inconsistent with the performance for 2014 through 2016.

Small Loans to Farms

Refer to Table 12 in the state of Indiana section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to farms.

The borrower distribution of small loans to farms in the Indianapolis-Carmel-Anderson, IN MSA was good. For 2014 through 2016, the percentage of small loans to farms originated or purchased was below the percentage of small farms in the AA but exceeded the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 for the Indianapolis-Carmel, IN MSA was not inconsistent with the performance for 2014 through 2016. PNC did not purchase or originate enough small loans to farms in the Anderson, IN MSA for 2012 through 2013 to conduct a meaningful analysis.

Community Development Lending

Refer to Table 1 Lending Volume in the state of Indiana section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a positive effect on the lending test conclusion for the Indianapolis-Carmel-Anderson, IN MSA. PNC was a leader in making CD loans based on the combination of volume, responsiveness, and complexity. PNC made 35 CD loans totaling almost $97.9 million, which represented 11.94 percent of allocated tier 1 capital. By dollar volume, 42.76 percent of these loans funded community services, 35.19 percent funded revitalization and stabilization efforts, 14.10 percent funded affordable housing, and 7.95 percent funded economic development activities.

Examples of CD loans in the AA include:

- PNC provided $15 million to support the expansion of a national fresh food manufacturer located in a low-income geography. The expansion created 342 jobs and retained 381 existing ones.

- PNC provided $19 million to finance a nonprofit school located in a low-income neighborhood, whose purpose was to transform the lives of impoverished children, break the cycle of poverty, and build self-sufficiency. The nonprofit was a recognized provider of outstanding education to underserved populations.

In addition, PNC made two loans totaling almost $213,000 in the broader statewide and regional area whose purpose, mandate, or function included serving PNCs AAs. The loans were to an organization that provided funding to small businesses.

Product Innovation and Flexibility

PNC made use of innovative or flexible lending programs in order to serve the AA credit needs. During the evaluation period, PNC made 48 PNC Community Mortgage loans totaling

$5.1 million and 154 closing assistance grants totaling $216,000 in the Indianapolis-Carmel-Anderson, IN MSA.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Columbus, IN MSA; Elkhart-Goshen, IN MSA; Fort Wayne, IN MSA; Kokomo, IN MSA; Michigan City-La Porte, IN MSA; South Bend-Mishawaka, IN MSA; and Indiana non-metropolitan areas was not inconsistent with the bank's overall outstanding performance under the lending test in the state of Indiana.

Performance in the Bloomington, IN MSA and Lafayette-West Lafayette, IN MSA was weaker than the bank's overall performance in the state of Indiana, due to poorer geographic and borrower distribution. The lending test performance in the limited-scope AAs did not have an effect on the bank's overall lending test rating for the state of Indiana. Refer to the Tables 1 through 13 in the state of Indiana section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in the state of Indiana is rated outstanding. Based on a full-scope review, the bank's performance in the Indianapolis-Carmel-Anderson, IN MSA was excellent. The combined performance under the service test in the limited-scope areas supported the bank's overall investment test rating for the state of Indiana.

Refer to Table 14 in the state of Indiana section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

PNC had an excellent level of qualified CD investment and grants in this AA. The dollar amount of the qualified investments in the Indianapolis-Carmel-Anderson, IN MSA represented 8.64 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited an excellent level of responsiveness to the credit and CD needs in the Indianapolis-Carmel-Anderson, IN MSA. PNC made seven current-period investments totaling $46.0 million and had six remaining prior-period investments valued at almost $6.8 million. PNC made 34 statewide and regional investments totaling $39.0 million that directly benefited the AA. PNC provided 246 grants and donations totaling $3.5 million that promoted economic development in LMI communities, supported affordable housing development, and provided community services to LMI individuals and families.

Examples of qualified investments in this AA include:

- PNC invested in a LIHTC project that consisted of a full rehabilitation and new construction addition of an aging school building located in Indianapolis. The complex had 65 affordable apartments for seniors with incomes ranging from 30 percent to 60 percent of the area median family income.

- PNC made a $2.0 million investment to an organization that supported micro lending activities in the Indianapolis Assessment Area. The organization was a nonprofit microfinance institution that provided loans, savings programs, credit establishment, financial education, and other services to people living below the poverty line.

Conclusions for Areas receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in the Fort Wayne, IN MSA; Lafayette IN MSA; South Bend-Mishawaka, IN MSA; and the Indiana non-metropolitan areas was not inconsistent with bank's overall outstanding performance under the investment test in the state of Indiana. In the Bloomington IN, MSA; Columbus, IN MSA; Elkhart-Goshen, IN MSA; Kokomo, IN MSA; and Michigan City-La Porte, IN MSA; the bank's performance was weaker than the bank's overall outstanding performance under the investment test in the state due to lower volumes of qualified investments. The investment test performance in the limited-scope areas supported the bank's overall investment test rating for the state of Indiana. Refer to Table 14 in the state of Indiana section of appendix D for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in the state of Indiana is rated outstanding. Based on a full-scope review, the bank's performance in the Indianapolis-Carmel-Anderson, IN MSA was excellent. The performance in the combined limited-scope areas supported the bank's overall service test performance.

Retail Banking Services

Refer to Table 15 in the state of Indiana section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

PNC's delivery systems were readily accessible to geographies and individuals of different income levels throughout the AA. The bank operated 66 branch offices in the Indianapolis-Carmel-Anderson, IN MSA. The bank's distribution of branches in low-income geographies was near to, and in moderate-income geographies exceeded, the percentage of the population living within those geographies.

PNC made effective use of alternative delivery systems through ATMs, online banking, electronic bill pay, and mobile banking options. These systems provided additional delivery availability and access to banking services to both retail and business customers in LMI geographies. PNC had 162 ATMs in the AA, of which 133 were deposit taking.

PNC's record of opening and closing of branches had generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. PNC did not open any branches in LMI geographies during the evaluation period. The bank closed one branch in a low-income geography and six branches in a moderate-income geography. The closures were the result of branch redundancies and reduced usage due to the high level of alternate delivery system usage. Despite the closings, branch distribution remained readily accessible.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly LMI individuals or LMI geographies. PNC maintained standard business hours and offered traditional banking products and services at all branch locations in the AA.

Community Development Services

PNC provided a high level of CD services in the Indianapolis-Carmel-Anderson, IN MSA. During the evaluation period, bank employees conducted 250 financial education events attended by approximately 2,600 participants. These events focused on basic financial education, tax education, and homebuyer education to LMI individuals and families, and general business education and financial education to small business entrepreneurs and nonprofit organizations.

In addition, 21 bank employees served in leadership roles by participating on boards and committees for 34 different organizations. Notable examples of CD services include:

- A bank employee served as a board member for an organization that preserved and revitalized houses and communities with a focus on LMI individuals and families.

- Two bank employees served as a board or committee member for an organization that provided technical assistance and financial support to LMI individuals and families, nonprofit organizations, and profit developers.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the service test in the Columbus, IN MSA; Elkhart-Goshen, IN MSA; Fort Wayne, IN MSA; Kokomo, IN MSA; South Bend-Mishawaka, IN MSA; and Indiana non-metropolitan area was not inconsistent with the bank's overall outstanding performance under the service test in Indiana. Performance in the Bloomington, IN MSA; Lafayette-West Lafayette, IN MSA; and Michigan City-La Porte, IN MSA was weaker than the overall performance for the state due to poorer branch or deposit-taking ATM distributions in LMI geographies. The service test performance in the limited-scope areas did not have an effect on the bank's overall service test rating for the state of Indiana. Refer to Table 15 in appendix D for the facts and data that support these conclusions.

State of Kentucky

CRA Rating for Kentucky[19]: Outstanding

The lending test is rated: Outstanding
The investment test is rated: High Satisfactory
The service test is rated: High Satisfactory

The major factors that support the rating include:

- Based on the data in the tables and performance context considerations discussed below, the geographic distribution of the bank's home mortgage and small business loan originations and purchases was excellent and borrower distribution was good.

- CD loans were effective in addressing community credit needs. The bank was a leader in making CD loans, which had a positive effect on the lending test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made a significant level of qualified investments, grants, and donations.

- The bank's branches and alternative delivery systems were accessible to geographies and individuals of different income levels and responsive in helping the bank provide services across the community.

Description of Institution's Operations in Kentucky

PNC delineated five AAs in the state of Kentucky, which included portions of the Lexington-Fayette, KY MSA; Bowling Green, KY MSA; Elizabethtown-Fort Knox, KY MSA; and the Kentucky non-metropolitan counties of Boyle, Clay, Franklin, Knox, Laurel, Madison, and Nelson.

Based on June 30, 2016 FDIC summary of deposit information, PNC had over $1.5 billion in deposits in these AAs, which represented 0.62 percent of the bank's total deposits. The bank made 1.23 percent of its evaluation period lending in these AAs.

PNC had 33 office locations and 97 ATMs, of which 63 were deposit taking, within the AAs. The bank ranked fourth in deposit market share with 7.46 percent. The top four competitors included Branch Banking and Trust Company with 24 branches and 10.27 percent market share; JPMorgan Chase Bank, N.A. with 28 branches and 9.56 percent market share; Central Bank and Trust with 20 branches and 7.96 percent market share; and Fifth Third Bank with 17 branches and 5.83 percent market share. There were 63 additional FDIC-insured depository institutions with 330 offices within the bank's AAs.

[19] For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Refer to the market profile for the state of Kentucky in appendix C for detailed demographics and other performance context information, including identified AA needs and opportunities, for the AA that received a full-scope review.

Scope of Evaluation in Kentucky

We conducted a full-scope review of the Lexington-Fayette, KY MSA. This AA had the largest percentage of deposits, 47.63 percent, the largest number of branches, and the second largest percentage of deposit market share in the state, 8.10 percent. We completed limited-scope reviews in the Fayette, KY MSA; Bowling Green, KY MSA; Elizabethtown-Fort Knox, KY MSA; and the Kentucky non-metropolitan areas.

Under the lending test, we placed more emphasis on small loans to businesses versus home mortgage loans. We also placed more emphasis on the bank's performance in moderate-income geographies as these areas had a higher percentage of owner-occupied housing units and small businesses. Among home mortgage loans, we placed the most emphasis on home refinance loans. We also considered housing costs in relation to the median family incomes in the full scope AA, which limited affordability for LMI families. PNC originated too few multifamily loans and small loans to farms in the full scope AA to conduct a meaningful analysis. Refer to the market profile for the Lexington-Fayette, KY MSA in appendix C for additional information on housing costs and median income. Refer to the Scope of Evaluation section for details on how weightings were determined.

The 2014 OMB changes affected AAs in this state. OMB removed Nelson County, KY from the Louisville-Jefferson County, KY-IN MMA and classified it as a Kentucky non-metropolitan area. As a result, data from Nelson County, KY for 2014 through 2016 was included in the Kentucky non-metropolitan area analysis in the state of Kentucky. Data from Nelson County, KY for 2012 through 2013 was included in the analysis for the Louisville-Jefferson County, KY-IN MMA.

We based our ratings on the results of the area that received the full-scope review and the bank's performance in the limited-scope areas, as applicable. Refer to the table in appendix A and the market profiles for more information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN KENTUCKY

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in the state of Kentucky is rated outstanding. Based on a full-scope review, the bank's performance in the Lexington-Fayette, KY MSA was excellent considering competition, economic factors, housing costs, and performance against the demographic and aggregate peer. Performance in the limited scope AAs, in aggregate, was consistent with the performance in the full scope AAs. CD lending had a positive effect on the lending test rating.

Lending Activity

Refer to Table 1 Lending Volume in the state of Kentucky section of appendix D for the facts and data used to evaluate the bank's lending activity.

PNC's lending activity reflected excellent responsiveness to area credit needs in the Lexington-Fayette, KY MSA when considering the bank's deposits and competition. PNC ranked fourth out of 35 depository institutions (top 11 percent) with a deposit market share of 8.10 percent. For home purchase loans, PNC's market share of 0.86 percent ranked 29th out of 258 lenders (top 11 percent). For home improvement loans, PNC's market share of 7.38 percent ranked second out of 84 lenders (top 2 percent). For home refinance loans, PNC's market share of 1.76 percent ranked 13th out of 256 lenders (top 5 percent). For small loans to businesses, PNC's market share of 8.39 percent ranked fourth out of 80 lenders (top 5 percent).

Distribution of Loans by Income Level of the Geography

PNC's overall distribution of loans by income level of geography in the Lexington-Fayette, KY MSA was excellent. The geographic distribution of home mortgage loans was good and small loans to businesses was excellent.

Home Mortgage Loans

Refer to Tables 2, 3, and 4 in the state of Kentucky section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

PNC's geographic distribution of home purchase loans in the Lexington-Fayette, KY MSA was adequate, and home improvement and home refinance loans was good.

<u>Home Purchase</u>

PNC's geographic distribution of home purchase loans was adequate. The percentage of home purchase loans originated or purchased in low-income geographies was well below, and in moderate-income geographies was below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home purchase loans originated or purchased in low-income geographies was below, and in moderate-income geographies near to, the aggregate percentage of all reporting lenders.

<u>Home Improvement</u>

PNC's geographic distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased in low-income geographies was below, and in moderate-income geographies exceeded, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home improvement loans originated or purchased in low-income geographies was below, and in moderate-income geographies exceeded, the aggregate percentage of all reporting lenders.

Home Refinance

PNC's geographic distribution of home refinance loans was good. The percentage of home refinance loans originated or purchased in low-income geographies was below, and in moderate-income geographies was near to, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home refinance loans originated or purchased in low-income geographies was near to, and in moderate-income geographies exceeded, the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 6 in the state of Kentucky section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

PNC's geographic distribution of small loans to businesses was excellent. The percentage of small loans to businesses originated or purchased in low- income geographies exceeded, and in moderate-income geographies approximated, the percentage of businesses located in those geographies. PNC's percentage of small loans to business originated or purchased in both low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

Lending Gap Analysis

We analyzed PNC's geographic lending patterns throughout the AA and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC's overall distribution of loans to borrowers of different income levels in the Lexington-Fayette, KY MSA was good. The borrower distribution of home mortgage loans and small loans to businesses was good.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the state of Kentucky section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

PNC's borrower distribution of home purchase and home refinance loans in the Lexington-Fayette, KY MSA AA was good. The borrower distribution of home improvement loans was adequate.

Home Purchase

PNC's borrower distribution of home purchase loans was good. The percentage of home purchase loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of

home purchase loans originated or purchased to low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Improvement

PNC's borrower distribution of home improvement loans was adequate. The percentage of home improvement loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home improvement loans originated or purchased to both low- and moderate-income borrowers was near to the aggregate percentage of all reporting lenders.

Home Refinance

PNC's borrower distribution of home refinance loans was good. The percentage of home refinance loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 11 in the state of Kentucky section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses in the Lexington-Fayette, KY MSA was good. The percentage of small loans to businesses originated or purchased was below the percentage of small businesses in the AA but exceeded the aggregate percentage of all reporting lenders.

Community Development Lending

Refer to Table 1 Lending Volume in the state of Kentucky section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a positive effect on the lending test conclusion in the Lexington-Fayette, KY MSA. The level of CD lending was excellent. PNC was a leader in making CD loans based on the combination of volume, responsiveness, and complexity. PNC made seven CD loans totaling approximately $12.8 million, which represented 15.06 percent of allocated tier 1 capital. By dollar volume, 5.88 percent of these loans funded community services and 94.12 percent funded affordable housing.

Examples of CD lending activity in the AA include:

- PNC provided over $100.0 million in loans to a state housing corporation of which $12.0 million directly benefited the Lexington-Fayette, KY MSA. The corporation invests in affordable housing solutions by offering programs and services designed to develop, preserve, and sustain affordable housing throughout the state.

- PNC provided a $350,000 line of credit to a nonprofit organization that helps people with disabilities or other disadvantages become more successful, productive, and independent. Some of the programs funded included job placement, skills evaluations, adult education, and employment for people with disabilities.

In addition, PNC made 10 loans totaling almost $95.8 million in the broader statewide and regional area whose purpose, mandate, or function included serving PNCs AAs. Five loans went to organizations that promote affordable housing, three loans to organizations that promote economic development, and two loans to entities that provide community services to LMI persons.

Product Innovation and Flexibility

PNC used innovative or flexible lending programs in order to serve AA credit needs. During the evaluation period, PNC made 31 PNC Community Mortgage loans totaling $3.6 million and 37 closing cost assistance grants totaling over $49,900 in the Lexington-Fayette, KY MSA.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank’s performance under the lending test in the Elizabethtown-Fort Knox, KY MSA; Owensboro, KY MSA; and the Kentucky non-metropolitan areas was not inconsistent with the bank’s overall outstanding performance under the lending test in Kentucky. In the Bowling Green, KY MSA, the bank’s performance was weaker than the bank’s overall performance in the state due to a lower level of CD lending and a weaker geographic distribution of home mortgage loans. Refer to the Tables 1 through 13 in the state of Kentucky section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank’s performance under the investment test in the state of Kentucky is rated high satisfactory. Based on a full-scope review, the bank’s performance in the Lexington-Fayette, KY MSA was adequate. The stronger investment test performance in the limited-scope areas affected the overall investment test rating.

Refer to Table 14 in the state of Kentucky section of appendix D for the facts and data used to evaluate the bank’s level of qualified investments.

PNC had an adequate level of qualified investments and grants in the Lexington-Fayette, KY MSA. The dollar amount of the investments represented 5.97 percent of the allocated portion of the bank’s tier 1 capital.

PNC exhibited an adequate level of responsiveness to the credit and CD needs in the Lexington-Fayette, KY MSA. PNC made two current-period investment totaling $2.2 million and had one remaining prior-period investment totaling $160,000. PNC made seven statewide and regional investments totaling $1.8 million that directly benefited the AA. These investments met community needs through mortgage-backed securities, a CDFI, and other investments. PNC also provided 105 grants and donations totaling over $913,000 to local nonprofit organizations that promote community services for LMI individuals and families.

Examples of qualified investments in this AA include:

- Two investments in a CDFI totaling over $2.1 million. The CDFI's mission was to provide individuals and families with the skills, income, and assets they need to achieve financial independence; including financing for homeownership, microenterprises, and small businesses.

- Six grants totaling $60,000 to a nonprofit organization that provided needed programs in affordable housing, youth education, and workforce development to area residents.

In addition, PNC made one current-period investment of $2.1 million, had one remaining prior-period investment valued at $421,000, and made one grant totaling $20,000 to organizations in the broader statewide and regional area whose purpose, mandate, or function included serving PNCs AAs.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in the Bowling Green, KY MSA; Elizabethtown, KY MSA; Owensboro, KY MSA; and the Kentucky non-metropolitan areas was stronger than the bank's overall high satisfactory performance in the state of Kentucky as the bank made more qualified investments in those AAs when compared to the full-scope AA. The stronger investment test performance in the limited-scope areas affected the overall investment test rating for the state of Kentucky. Refer to Table 14 in the state of Kentucky section of appendix D for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in Kentucky is rated high satisfactory. Based on a full-scope review, the bank's performance in the Lexington-Fayette, KY MSA was excellent. The weaker service test performance in the limited-scope areas affected the bank's overall service test rating for the state of Kentucky.

Retail Banking Services

Refer to Table 15 in the state of Kentucky section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

PNC's delivery systems were readily accessible to geographies and individuals of different income levels throughout the AA. The bank operated 14 branch offices in the Lexington-Fayette, KY MSA. The bank's distribution of branches in low-income geographies was near to, and in moderate-income geographies exceeded, the percentage of the population living within those geographies.

PNC made effective use of alternative delivery systems through debit cards and ATMs, telephone and online banking, electronic bill pay, and mobile banking options as indicated by the level of usage by LMI households. These systems provided additional delivery availability and access to banking services to both retail and business customers in LMI geographies. PNC had 47 ATMs in the AA, of which 29 were deposit taking.

PNC's record of opening and closing branches had generally not affected the accessibility of its delivery systems, particularly in LMI geographies or to low- or moderate-income individuals. PNC opened one branch and closed five branches that resulted in net reductions of one branch in low-income geographies and three branches in moderate-income geographies. The closures were the result of branch redundancies and reduced usage due to the high level of alternate delivery system usage. Despite the closings, branch distribution remained readily accessible.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly LMI individuals or low- or moderate-income geographies. PNC maintained standard business hours and offered traditional banking products and services at all branch locations in the AA.

Community Development Services

PNC provided a high level of CD services in the Lexington-Fayette, KY MSA. PNC conducted 66 financial education events with 790 predominantly LMI participants. These events focused on basic financial education, tax education, and homebuyer education to LMI individuals and families, and general business education and financial education to small business entrepreneurs and nonprofit organizations.

Employees were actively involved during the evaluation period, including 13 employees who participated on boards or committees of 15 different CD organizations. Notable examples of CD services include:

- A PNC employee served on the board of directors for a program that helps the unbanked and underbanked obtain access to financial institutions. The majorities of the participants targeted for the program were from LMI families or live in LMI geographies.

- A PNC employee served on the board of directors for an organization that provided affordable housing, job training, and other supportive services for LMI families while also providing housing for the homeless.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the service test in the Elizabethtown, KY MSA was stronger than the bank's overall performance under the service test due to better branch distribution. In the Bowling Green, KY MSA, Owensboro, KY MSA, and Kentucky non-metropolitan areas, the bank's performance was weaker than the bank's overall performance due to poorer branch distribution in LMI geographies. The weaker service test performance in the limited-scope areas affected the bank's overall service test rating for the state of Kentucky. Refer to Table 15 in appendix D for the facts and data that support these conclusions.

State of Maryland

CRA Rating for Maryland[20]: Satisfactory

The lending test is rated: High Satisfactory
The investment test is rated: Outstanding
The service test is rated: High Satisfactory

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the geographic distribution of the bank's home mortgage and small business loan originations and purchases was good and borrower distribution was adequate.

- CD loans were effective in addressing community credit needs. The bank was a leader in originating CD loans, which had a positive effect on the lending test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made an excellent level of qualified investments, grants, and donations.

- The bank's branches and alternative delivery systems were accessible to geographies and individuals of different income and responsive in helping the bank provide services across the community.

- CD services were effective and responsive in addressing community needs. The bank conducted or supported a relatively high number of CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in Maryland

PNC delineated four AAs in the state of Maryland, which included the entirety of the Baltimore-Columbia-Towson, MD MSA and the California-Lexington Park, MD MSA, a portion of the Hagerstown-Martinsburg, MD MSA and the Maryland non-metropolitan counties of Caroline, Kent, and Talbot.

Based on June 30, 2016 FDIC summary of deposit information, PNC had over $8.4 billion in deposits in these AAs, which represented 3.38 percent of the bank's total deposits. The bank made 3.34 percent of its evaluation period lending in these AAs.

PNC had 113 office locations and 282 ATMs, of which 178 were deposit taking, within the AAs. The bank ranked third in deposit market share with 11.10 percent. The top four competitors included Bank of America, N.A. with 86 branches and 25.62 percent market share; Manufacturers and Traders Trust Company with 113 branches and 21.19 percent market

[20] For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

share; Wells Fargo Bank, N.A. with 60 branches and 9.26 percent market share; and Branch Banking and Trust Company with 95 branches and 8.67 percent market share. There were 65 additional FDIC-insured depository institutions with 372 offices within the bank's AAs.

Refer to the market profile for the state of Maryland in appendix C for detailed demographics and other performance context information, including identified AA needs and opportunities, for the AA that received a full-scope review.

Scope of Evaluation in Maryland

We completed a full-scope review for the Baltimore-Columbia-Towson, MD MSA. This AA had the largest percentage of deposits, 87.16 percent, the largest number of branches, and the second largest percentage deposit market share in the state, 10.44 percent.

We placed more emphasis on small loans to businesses versus home mortgage loans. Among home mortgage loans, we placed the most emphasis on home refinance loans. We considered housing costs in relation to the median family incomes in the AA, which limited the affordability for LMI families. Refer to the market profile for the Baltimore-Columbia-Towson, MD MSA in appendix C for additional information on housing costs and median income. Refer to the Scope of Evaluation section for details on how weightings were determined.

We completed limited-scope reviews for the California-Lexington Park, MD MSA; Hagerstown-Martinsburg, MD-WV MSA; and the Maryland non-metropolitan counties.

The 2014 OMB changes affected the limited-scope areas of the California-Lexington Park, MD, MSA and the Maryland non-metropolitan areas. OMB reclassified the non-metropolitan county of St. Mary's as an MSA. As a result, analysis for the California-Lexington Park, MD, MSA included data for 2014 through 2016 only. Data from St. Mary's county for 2012 through 2013 was included in the Maryland non-metropolitan area analysis.

We based our ratings on the results of the area that received the full-scope review and the bank's performance in the limited-scope areas, as applicable. Refer to the table in appendix A for more information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MARYLAND

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in the state of Maryland is rated high satisfactory. Based on full-scope review of the Baltimore-Columbia-Towson, MD MSA the bank's performance was good considering competition, economic factors, housing costs, and performance against the demographic and aggregate peer. CD lending had a positive effect on the lending test rating.

Lending Activity

Refer to Table 1 Lending Volume in the state of Maryland section of appendix D for the facts and data used to evaluate the bank's lending activity.

PNC's lending activity reflected good responsiveness to area credit needs in the Baltimore-Columbia-Towson, MD MSA when considering the bank's deposits and competition. PNC ranked third out of 57 depository institutions (top 6 percent) with a deposit market share of 10.44 percent. For home purchase loans, PNC's market share of 0.83 percent ranked 32nd out of 486 lenders (top 7 percent). For home improvement loans, PNC's market share of 5.26 percent ranked fifth out of 222 lenders (top 3 percent). For home refinance loans, PNC's market share of 1.49 percent ranked 14th out of 510 lenders (top 3 percent). For multifamily lending, the bank ranked 42nd out of 54 lenders with a 0.55 percent market share (top 78 percent). For loans to small businesses, PNC's market share of 6.42 percent ranked sixth out of 152 lenders (top 4 percent). For small loans to farms, PNC's market share of 6.51 percent ranked fifth out of 20 lenders (top 25 percent).

Distribution of Loans by Income Level of the Geography

PNC's overall distribution of loans by income level of geography in the Baltimore-Columbia-Towson, MD MSA was good. The geographic distribution of home mortgage loans and small loans to farms was adequate and small loans to businesses was good.

Home Mortgage Loans

Refer to Tables 2, 3, 4, and 5 in the state of Maryland section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

PNC's geographic distribution of home purchase loans in the Baltimore-Columbia-Towson, MD MSA was adequate, home improvement loans was very poor, home refinance loans was good, and multifamily loans was poor.

<u>Home Purchase</u>

PNC's geographic distribution of home purchase loans was adequate. The percentage of home purchase loans originated or purchased in low-income geographies was well below, in and moderate-income geographies was below, the percentage of owner-occupied housing units located in these geographies. PNC's percentage of home purchase loans originated or purchased in both low- and moderate-income geographies was near to the aggregate percentage of all reporting lenders.

<u>Home Improvement</u>

PNC's geographic distribution of home improvement loans was very poor. The percentage of home improvement loans originated or purchased in both low- and moderate-income income geographies was significantly below the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home improvement loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies was well below, the aggregate percentage of all reporting lenders.

Home Refinance

PNC's geographic distribution of home refinance loans was good. The percentage of home refinance loans originated or purchased in low-income geographies was well below, and in moderate-income geographies was below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home refinance loans originated or purchased in low-income geographies exceeded, and in moderate-income geographies was near to, the aggregate percentage of all reporting lenders.

Multifamily

PNC's geographic distribution of multifamily loans was poor. The percentage of multifamily loans originated or purchased in low-income geographies was well below, and in moderate-income geographies was significantly below, the percentage of multifamily units in those geographies. PNC's percentage of multifamily loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies was well below, the aggregate percentage of all reporting lenders

Small Loans to Businesses

Refer to Table 6 in the state of Maryland section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

PNC's geographic distribution of small loans to businesses in the Baltimore-Columbia-Towson, MD MSA was good. The percentage of small loans to businesses originated or purchased in low-income geographies was below, and in moderate-income geographies approximated, the percentage of business located in those geographies. PNC's percentage of small loans to business originated or purchased in low-income geographies was near to, and in moderate-income geographies exceeded, the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table 7 in the state of Maryland section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to farms.

PNC's geographic distribution of small loans to farms in the Baltimore-Columbia-Towson, MD MSA was adequate. The percentage of small loans to farms in low-income geographies was significantly below, and in moderate-income geographies exceeded, the percentage of farms located in those geographies. The percentage of small loans to farms in low-income geographies was significantly below, and in moderate-income geographies exceeded, the aggregate percentage of all reporting lenders.

Lending Gap Analysis

We analyzed PNC's geographic lending patterns throughout the AA and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC's overall distribution of loans to borrowers of different income levels in the Baltimore-Columbia-Towson, MD MSA was adequate. The borrower distribution of home mortgage loans was good, and small loans to businesses and small loans to farms was adequate.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the state of Maryland section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

PNC's borrower distribution of home purchase loans, home improvement loans, and home refinance loans in the Baltimore-Columbia-Towson, MD MSA was good. We considered housing costs in relation to the median family incomes in the AA, which limited the affordability for LMI families. Refer to the market profile for the Baltimore-Columbia-Towson, MD MSA in appendix C for additional information on housing costs and median income.

<u>Home Purchase</u>

PNC's borrower distribution of home purchase loans was good. The percentage of home purchase loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home purchase loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

<u>Home Improvement</u>

PNC's borrower distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home improvement loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

<u>Home Refinance</u>

PNC's borrower distribution of home refinance loans was good. The percentage of home refinance loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 11 in the state of Maryland section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses was adequate. The percentage of small loans to businesses originated or purchased was well below the percentage of small businesses in the AA but exceeded the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table 12 in the state of Maryland section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to farms.

The borrower distribution of small loans to farms was adequate. The percentage of small loans to farms originated or purchased was well below the percentage of small farms in the AA but exceeded the aggregate percentage of all reporting lenders.

Community Development Lending

Refer to Table 1 Lending Volume in the state of Maryland section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a positive effect on the lending test conclusion in the Baltimore-Columbia-Towson, MD MSA. The level of CD lending was excellent. PNC was a leader in making CD loans based on the combination of volume, responsiveness, and complexity. PNC made 62 loans totaling $210.4 million, which represented 24.86 percent of allocated tier 1 capital. By dollar volume, 42.75 percent of these loans funded affordable housing, 34.36 percent funded community services, and 22.89 percent funded revitalization and stabilization efforts.

Examples of CD loans in the AA include:

- PNC originated a $1.2 million loan to fund the development of a 69-unit apartment complex that targeted families making 60 percent or less of area median income.

- PNC originated a $6.5 million loan to fund the acquisition and renovation of a 99-unit apartment building targeted to senior citizens eligible for section-8 housing assistance.

Product Innovation and Flexibility

PNC used innovative or flexible lending programs in order to serve AA credit needs. During the evaluation period, PNC made 83 PNC Community Mortgage loans totaling $13.8 million and 321 closing cost assistance grants totaling $529,000 in the Baltimore-Columbia-Towson, MD MSA.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Hagerstown-Martinsburg, MD MSA; California-Lexington Park, MD MSA; and the Maryland non-metropolitan areas was weaker than the bank's overall performance in the state due to lower levels of CD lending. The weaker performance in the limited-scope areas had a neutral effect on the overall lending test conclusion.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in the state of Maryland is rated outstanding. Based on a full-scope review, the bank's performance in the Baltimore-Columbia-Towson, MD MSA was excellent. The combination of the positive broader statewide and regional investments with the weaker performance in the limited-scope areas had an overall neutral effect on the bank's overall investment test rating for the state of Maryland.

Refer to Table 14 in the state of Maryland section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

PNC had an excellent level of qualified investments and grants in in the Baltimore-Columbia-Towson, MD MSA. The dollar amount of the qualified investments represented 9.55 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited excellent responsiveness to the credit and CD needs in the Baltimore-Columbia-Towson, MD MSA. PNC made 26 current-period investments totaling almost $57.1 million and had 12 remaining prior-period investment valued at $10.8 million. PNC made two statewide and regional investments totaling over $7.9 million that directly benefited the AA. PNC provided 407 grants and donations totaling over $5.0 million that promoted economic development in LMI communities, supported affordable housing development, and provided community services to LMI individuals and families.

Examples of qualified investments in this AA include:

- PNC invested $18.3 million in a LIHTC project that rehabilitated a 227-unit apartment building where units were restricted to elderly and disabled renters who make less than 60 percent of the area median family income.

- PNC provided a $2 million investment in a CDFI whose mission was to build wealth and opportunity for low-income persons and geographies through the promotion of socially and environmentally responsible development. This included making loans and investments to support community-serving developments; by directly developing affordable housing; and by providing research, data, and analysis to support community revitalization efforts.

In addition, PNC made two current-period investments of $32.8 million and two grants totaling $7,600 to organizations in the broader statewide and regional area whose purpose, mandate, or function included serving PNCs AAs. These investments had a positive effect on the bank's overall investment test performance in the state of Maryland.

Conclusions for Areas receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in the California-Lexington Park, MD MSA; Hagerstown-Martinsburg, MD MSA; and the Maryland non-metropolitan areas was weaker than the bank's overall outstanding performance under the investment test in the state due to lower volumes of qualified investments. The investment test performance in the limited-scope areas had a neutral effect on the bank's overall investment test rating for the state of Maryland. Refer to Table 14 in the state of Maryland section of appendix D for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in the state of Maryland is rated high satisfactory. Based on a full-scope review, the bank's performance in the Baltimore-Columbia-Towson, MD MSA was good. PNC's combined performance in the limited-scope areas had a neutral effect on the bank's overall service test performance for the state of Maryland.

Retail Banking Services

Refer to Table 15 in the state of Maryland section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

PNC's delivery systems were accessible to geographies and individuals of different income levels through the AA. The bank operated 97 branch offices in the Baltimore-Columbia-Towson, MD MSA. The bank's distribution of branches in both low- and moderate-income geographies was below the percentage of population living within those geographies. When considering eight adjacent-serving branches, four serving low-income geographies and four serving moderate-income geographies, the distribution exceeded the percentage of the population in low-income geographies and was near to the percentage of population in moderate-income geographies.

PNC made effective use of alternative delivery systems through debit cards and ATMs, telephone and online banking, electronic bill pay, and mobile banking options as indicated by the level of usage by LMI households. These systems provided additional delivery availability and access to banking services to both retail and business customers in LMI geographies. PNC had 230 ATMs in the AA, of which 148 were deposit taking. PNC provided data that indicated 65.5 percent of households in LMI geographies used an alternative delivery system in the fourth quarter of 2016. This was an increase of 6.8 percent from the start of the evaluation period.

PNC's record of opening and closing branches improved the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. PNC opened 11 branches and closed 14 branches during the evaluation period. This resulted in a net increase of two branches in low-income geographies and two branches in moderate-income geographies.

The bank's hours and services were tailored to the convenience and needs of its AA, particularly LMI individuals or LMI geographies. PNC maintained extended business hours at many branch offices and offered traditional banking products and services at all branch locations in the AA. Some branches located in LMI geographies offer extended hours on Sundays.

Community Development Services

PNC provided a high level of CD services in the Baltimore-Columbia-Towson, MD MSA. PNC conducted over 370 financial education events with over 6,400 predominantly LMI participants. These events focused on basic financial education, tax education, and homebuyer education to LMI individuals and families, and general business education and financial education to small business entrepreneurs and nonprofit organizations.

Employees were actively involved during the evaluation period, including 41 employees who served on boards or committees of 62 CD organizations. Notable examples of CD services include:

- A PNC employee served on the board of a public foundation that provided grants to nonprofit organizations in support of projects and initiatives that work toward better health and wealth outcomes for LMI individuals, families, and children.

- A PNC employee served on the board for a CDFI that provided CD loans for property acquisition and renovation. Their primary purpose was to provide these services to support broad economic development activity in targeted revitalization areas of Baltimore.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the service test in the Maryland non-metropolitan areas was stronger than the bank's overall performance due to better branch distribution. In the California-Lexington Park, MD MSA and Hagerstown-Martinsburg, MD MSA, the bank's performance was weaker due to poorer branch distributions. The service test performance in the limited-scope areas had a neutral effect on the bank's overall service test rating for the state of Maryland. Refer to Table 15 in appendix D for the facts and data that support these conclusions.

State of Michigan

CRA Rating for Michigan: Outstanding

The lending test is rated: Outstanding
The investment test is rated: High Satisfactory
The service test is rated: High Satisfactory

The major factors that support the rating include:

- Based on the data in the tables and performance context considerations discussed below, the geographic and borrower distribution of the bank's home mortgage and small business loan originations and purchases was good.
- CD loans were effective in addressing community credit needs. The bank was a leader in originating CD loans, which had a positive effect on the lending test rating.
- Qualified investments were effective and responsive in addressing community credit needs. The bank made a significant level of qualified investments, grants, and donations.
- The bank's branches and alternative delivery systems were accessible to geographies and individuals of different income levels and responsive in providing services across the community.
- CD services were effective and responsive in addressing community needs. The bank was a leader in conducting or supporting CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in Michigan

PNC delineated 15 AAs in the state of Michigan, which included portions of the Warren-Troy-Farmington Hills, MI MD and the Grand Rapids-Wyoming MSA; the entirety of the Detroit-Warren-Dearborn, MI MD; Ann Arbor, MI MSA; Battle Creek, MI MSA; Bay City, MI MSA; Flint, MI MSA; Jackson, MI MSA; Kalamazoo-Portage, MI MSA; Lansing-East Lansing; MI MSA; Midland, MI MSA; Monroe, MI MSA; Muskegon, MI MSA; Saginaw, MI MSA; and the non-metropolitan counties of Allegan, Alpena, Antrim, Branch, Cheboygan, Clare, Emmet, Gladwin, Grand Traverse, Gratiot, Isabella, Iosco, Manistee, Mason, Montmorency, Ogernaw, Shiawassee, and Tuscola.

Based on June 30, 2016 FDIC summary of deposit information, PNC had over $17.3 billion in deposits in these AAs, which represented 6.97 percent of the bank's total deposits. The bank made 8.32 percent of its evaluation period lending in these AAs.

PNC had 195 office locations and 718 ATMs, of which 299 were deposit taking, within the AAs. The bank ranked third in deposit market share with 9.48 percent. The top four competitors included JPMorgan Chase, N.A. with 223 branches and 22.37 percent market share; Comerica Bank with 213 branches and 14.74 percent market share; Bank of America, N.A. with 127 branches and 9.07 percent market share; and Fifth Third Bank with 181 branches and 7.84

percent market share. There were 95 additional FDIC-insured depository institutions with 1,224 offices within the bank's AAs.

Refer to the market profile for the state of Michigan in appendix C for detailed demographics and other performance context information, including identified AA needs and opportunities, for the AA that received a full-scope review.

Scope of Evaluation in Michigan

We completed a full-scope review for Detroit-Warren-Dearborn, MI MSA that consisted of the Warren-Troy-Farmington Hills, MI MD and the Detroit-Dearborn-Livonia, MI MD. We combined data from both MDs at the MSA level and conducted a full-scope review of the entire MSA. This combined AA had the largest percentage of deposits, 68.18 percent, the largest number of branches, and was in the middle of the deposit market share percentages in the state with 9.86 percent.

We placed more emphasis on small loans to businesses versus home mortgage loans. We placed more emphasis on the bank's performance in moderate-income geographies as these areas had a higher percentage of owner-occupied housing units, multifamily units, small businesses, and small farms. Among home mortgage loans, we placed the most emphasis on home refinance loans. We considered housing costs in relation to the median family incomes in the MSA, which limited the affordability for LMI families. Refer to the market profile for Detroit-Warren-Dearborn, MI MSA in appendix C for additional information on housing costs and median income. Refer to the Scope of Evaluation section for details on how weightings were determined.

We completed limited-scope reviews for the Ann Arbor, MI MSA; Battle Creek, MI MSA; Bay City, MI MSA; Flint, MI MSA; Grand Rapids-Wyoming , MI MSA; Holland-Grand Haven, MI MSA; Jackson, MI MSA; Kalamazoo-Portage, MI MSA; Lansing-East Lansing, MI MSA; Midland, MI MSA; Monroe, MI MSA; Muskegon, MI MSA; Saginaw, MI MSA; and the Michigan non-metropolitan counties.

PNC did not have any branch locations in the Michigan non-metropolitan counties of Gratiot and Tuscola. They did have at least one deposit taking ATM in each county, which required their inclusion in our analysis.

The 2014 OMB changes affected the limited-scope areas of Grand Rapids-Wyoming, MI MSA and Holland-Grand Haven, MI MSA. OMB combined these two MSAs. As a result, analysis for Grand Rapids-Wyoming, MI MSA included 2014 through 2016 data from the Holland-Grand Haven, MI MSA. We analyzed data from Holland-Grand Haven, MI MSA for 2012 through 2013 separately. The changes also affected the limited-scope areas of the Midland, MI MSA and the Michigan non-metropolitan areas. OMB reclassified the non-metropolitan county of Midland as an MSA. As a result, analysis for the Midland, MI MSA included data for 2014 through 2016 only. Data from Midland County for 2012 through 2013 was included in the Michigan non-metropolitan area analysis.

We based our ratings on the results of the area that received the full-scope review and the bank's performance in the limited-scope areas, as applicable. Refer to the table in appendix A and market profiles for more information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MICHIGAN

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in the state of Michigan is rated outstanding. Based on a full-scope review, the bank's performance in the Detroit-Warren-Dearborn, MI MSA was excellent considering competition, economic factors, housing costs, and performance against the demographic and aggregate peer. The combination of the positive broader statewide and regional CD lending activity with the weaker performance in the limited-scope areas resulted in an overall neutral effect on the bank's overall lending test rating for the state of Michigan.

Lending Activity

Refer to Table 1 Lending Volume in the state of Michigan section of appendix D for the facts and data used to evaluate the bank's lending activity.

PNC's lending activity reflected excellent responsiveness to area credit needs in the Detroit-Warren-Dearborn, MI MSA when considering the bank's deposits and competition. PNC ranked fourth out of 48 depository institutions (top 9 percent) with a deposit market share of 9.86 percent. For home purchase loans, PNC's market share of 0.94 percent ranked 27th out of 467 lenders (top 6 percent). For home improvement loans, PNC's market share of 5.12 percent ranked third out of 226 lenders (top 2 percent). For home refinance loans, PNC's market share of 2.05 percent ranked eighth out of 463 lenders (top 2 percent). For multifamily lending, the bank ranked fifth out of 104 lenders with a 3.63 percent market share (top 5 percent). For small loans to businesses, PNC's market share of 5.62 percent ranked seventh out of 151 lenders (top 5 percent). For small loans to farms, PNC's market share of 2.61 percent ranked eighth out of 18 lenders (top 45 percent).

Distribution of Loans by Income Level of the Geography

PNC's overall distribution of loans by income level of geography in the Detroit-Warren-Dearborn, MI MSA was good. The geographic distribution of home mortgage loans and small loans to farms was adequate, and small loans to businesses was excellent.

Home Mortgage Loans

Refer to Tables 2, 3, 4, and 5 in the state of Michigan section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

PNC's geographic distribution of home purchase loans, home improvement loans, and home refinance loans in the Detroit-Warren-Dearborn, MI MSA was adequate, and multifamily loans was good.

Home Purchase

PNC's geographic distribution of home purchase loans was adequate. The percentage of home purchase loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies was below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home purchase loans originated or purchased in both low- and moderate-income geographies approximated the aggregate percentage of all reporting lenders.

Home Improvement

PNC's geographic distribution of home improvement loans was adequate. The percentage of home improvement loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies was below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home improvement loans originated or purchased in low-income geographies was near to, and in moderate-income geographies exceeded, the aggregate percentage of all reporting lenders.

Home Refinance

PNC's geographic distribution of home refinance loans was adequate. The percentage of home refinance loans originated or purchased in both low- and moderate-income geographies was significantly below the percentage of owner-occupied housing units located in those geographies, but exceeded the aggregate percentage of all reporting lenders. Quicken Loans, headquartered in Detroit, dominated the market with a 19.60 percent market share in low-income geographies and a 19.04 percent market share in moderate-income geographies. Additionally, there was significant competition from other non-depository mortgage lenders in this market. Considering the competition and PNC's lending exceeded the aggregate percentage of all reporting lenders, we considered PNC's performance adequate.

Multifamily

PNC's geographic distribution of multifamily loans was good. The percentage of multifamily loans originated or purchased in low-income geographies was near to, and in moderate-income geographies was below, the percentage of multifamily units in those geographies. PNC's percentage of multifamily loans originated or purchased in low-income geographies was near to, and in moderate-income geographies exceeded, the aggregate percentage of all reporting lenders

Small Loans to Businesses

Refer to Table 6 in the state of Michigan section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

PNC’s geographic distribution of small loans to businesses in the Detroit-Warren-Dearborn, MI MSA was excellent. The percentage of small loans to businesses originated or purchased in low-income geographies was near to, and in moderate-income geographies exceeded, the percentage of businesses located in those geographies. PNC’s percentage of small loans to businesses originated or purchased in both low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table 7 in the state of Michigan section of appendix D for the facts and data used to evaluate the geographic distribution of the bank’s origination and purchase of small loans to farms.

PNC’s geographic distribution of small loans to farms in the Detroit-Warren-Dearborn, MI MSA was adequate considering the low percentage of small farms in low- and moderate-income geographies and that small farm lending was not a primary focus for the bank. PNC originated 21 small loans to farms during the evaluation period, none of which were in low- or moderate-income geographies.

Lending Gap Analysis

We analyzed PNC’s geographic lending patterns throughout the MSAs and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC’s overall distribution of loans to borrowers of different income levels in Detroit-Warren-Dearborn, MI MSA was good. The borrower distribution of home mortgage loans, small loans to businesses and small loans to farms was good.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the state of Michigan section of appendix D for the facts and data used to evaluate the borrower distribution of the bank’s home mortgage loan originations and purchases.

PNC’s borrower distribution of home purchase loans, home improvement loans, and home refinance loans in the Detroit-Warren-Dearborn, MI MSA was good. We considered housing costs in relation to the median family incomes in the MSA, which limited the affordability for LMI families. Refer to the market profile for the Detroit-Warren-Dearborn, MI MSA in appendix C for additional information on housing costs and median income.

<u>Home Purchase</u>

PNC’s borrower distribution of home purchase loans was good. The percentage of home purchase loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC’s percentage of

home purchase loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Improvement

PNC's borrower distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home improvement loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Refinance

PNC's borrower distribution of home refinance loans was good. The percentage of home refinance loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers approximated, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 11 in the state of Michigan section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses in the Detroit-Warren-Dearborn, MI MSA was good. The percentage of small loans to businesses originated or purchased was below the percentage of small businesses in the AA, but exceeded the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table 12 in the state of Michigan section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to farms.

The borrower distribution of small loans to farms in the Detroit-Warren-Dearborn, MI MSA was good. The percentage of small loans to farms originated or purchased was below the percentage of small farms in the AA, but exceeded the aggregate percentage of all reporting lenders.

Community Development Lending

Refer to Table 1 Lending Volume in the state of Michigan section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a positive effect on the lending test conclusion in the Detroit-Warren-Dearborn, MI MSA. PNC was a leader in making CD loans based on the combination of volume, responsiveness, and complexity. PNC made 33 CD loans totaling $231.2 million, which represented 20.63 percent of allocated tier 1 capital. By dollar volume, 75.80 percent of these loans funded community services, 19.48 percent funded affordable housing, and 4.72 percent funded revitalization and stabilization efforts.

Examples of CD loans in the AA include:

- PNC provided a $6.1 million bridge loan for a 120-unit affordable housing project in Westland, Michigan. The units were restricted to seniors with incomes at or below 60 percent of the area median family income.

- PNC provided a $2.5 million loan to rehabilitate a vacant apartment building located in Detroit, Michigan. The project contained 27 one-bedroom units and targeted adults who were chronically homeless, suffered from mental illness or substance abuse, and included a focus on veterans. The units were restricted to household with incomes at or below 60 percent of the area median family income.

In addition, PNC made six CD loans totaling almost $27.9 million to entities in the broader statewide and regional area whose purpose, mandate, or function included serving PNCs AAs. Four loans were to an organization that provided funding for affordable housing and two to an organization that provided funding to revitalize and stabilize LMI areas.

Product Innovation and Flexibility

PNC used innovative or flexible lending programs in order to serve AA credit needs. During the evaluation period, PNC made 11 PNC Community Mortgage loans totaling $580,000 and 87 closing cost assistance grants totaling $113,300 in the Detroit-Warren-Dearborn, MI MSA.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank’s performance under the lending test in the Grand Rapids-Wyoming, MI MSA; Jackson, MI MSA; and Muskegon, MI MSA was not inconsistent with the bank’s overall outstanding performance under the lending test in Michigan. In all remaining limited-scope areas, the bank’s performance was weaker than the bank’s overall performance in the state. In the Battle Creek, MI MSA, the weaker performance was due to poorer borrower distribution and lower levels of CD lending. In the Ann Arbor, MI MSA; Monroe, MI MSA; and Saginaw, MI MSA; the weaker performance was due to poorer geographic distribution and lower levels of CD lending. In the Flint, MI MSA, the weaker performance was due to poorer borrower distribution. And in the Bay City, MI MSA; Holland-Grand Haven, MI MSA; Kalamazoo-Portage, MI MSA; Lansing-East Lansing, MI MSA; Midland, MI MSA; and the Michigan non-metropolitan areas, the weaker performance was due to lower levels of CD lending. The weaker combined lending test performance in the limited-scope AAs affected the bank’s overall lending test rating for the state of Michigan. Refer to the Tables 1 through 13 in the state of Michigan section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in the state of Michigan is rated high satisfactory. Based on a full-scope review, the bank's performance in the Detroit-Warren-Dearborn, MI MSA was excellent. The weaker investment test performance in the limited-scope AAs affected the bank's overall investment test rating for the state of Michigan.

Refer to Table 14 in the state of Michigan section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

PNC had an excellent level of qualified investments and grants in the Detroit-Warren-Dearborn, MI MSA. The dollar amount of the qualified investments represented 16.12 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited an excellent level of responsiveness to the credit and CD needs in the Detroit-Warren-Dearborn, MI MSA. PNC made 18 current-period investments totaling almost $110.9 million and had 22 remaining prior-period investments valued at $29.0 million. PNC made 56 statewide and regional investments totaling $72.3 million that directly benefited the AA. PNC also provided 382 grants and donations totaling almost $7.8 million that promote economic development in LMI communities, support affordable housing development, and provide community services to LMI individuals and families.

Examples of qualified investments in this AA include:

- PNC invested $4.0 million in a LIHTC project that rehabilitated a building consisting of 27 one-bedroom units targeted to homeless adults, people who suffer from mental illness or substance abuse, and included a focus on veterans. The LIHTC tax credit allocation requires all of the subject's units to target households at or below 60 percent of the area median family income.

- PNC provided a $10.1 million investment to a community organization that worked to strengthen the community by connecting people to housing resources. PNCs investment went to construct an affordable housing project that targeted families with incomes from 30 percent to 60 percent of the area median family income.

In addition, PNC made three current-period investments totaling over $10.1 million, had two remaining prior-period investments valued at almost $2,000, and made one grant totaling $1,000 to organizations in the broader statewide and regional area whose purpose, mandate, or function included serving PNCs AAs.

Conclusions for Areas receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in the Grand Rapids-Wyoming, MI MSA and the Midland, MI MSA was stronger than the bank's overall high satisfactory performance under the investment test in the state of Michigan due to higher volumes of investment activity. Performance in the Kalamazoo-Portage, MI MSA was not inconsistent with the overall investment test rating. In the Ann Arbor MI, MSA; Battle Creek, MI MSA; Bay City MI, MSA; Flint, MI MSA; Holland-Grand Haven, MI MSA; Jackson, MI MSA; Lansing-East Lansing, MI MSA; Monroe, MI MSA; Muskegon, MI MSA; Saginaw, MI MSA; and the Michigan non-metropolitan areas, the bank's performance was weaker than the bank's overall performance under the investment test in the state due to lower volumes of qualified investments. The investment test performance in the limited-scope AAs was a factor in determining the overall investment test rating for the state of Michigan. Refer to Table 14 in the state of Michigan section of appendix D for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in the state of Michigan is rated high satisfactory. Based on a full-scope review, the bank's performance in the Detroit-Warren-Dearborn, MI MSA was excellent. The weaker service test performance in the limited-scope AAs affected the bank's overall service test rating for the state of Michigan.

Retail Banking Services

Refer to Table 15 in the state of Michigan section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

PNC's delivery systems were readily accessible to geographies and individuals of different income levels throughout the AA. The bank operated 87 branch offices in the Detroit-Warren-Dearborn, MI MSA. The bank's distribution of branches in low-income geographies exceeded, and in moderate-income geographies was near to, the percentage of the population living within those geographies. When considering nine adjacent-serving branches serving moderate-income geographies, the distribution exceeded the percentage of population in moderate-income geographies.

PNC made effective use of alternative delivery systems through ATMs, online banking, electronic bill pay, and mobile banking options as indicated by the level of usage by LMI households. These systems provided additional delivery availability and access to banking services to both retail and business customers in LMI geographies. PNC had 250 ATMs in the AA, of which 138 were deposit taking. PNC provided data that indicated 58.3 percent of households in LMI geographies used an alternative delivery system in the fourth quarter of 2016. This was an increase of 12.3 percent from the start of the evaluation period.

PNC's record of opening and closing of branches had generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. PNC opened three branches during the evaluation period, one of which was located in a low-income geography and one located in a moderate-income geography. The bank closed 18 branches, four of which were located in moderate-income geographies. The closures were the result of branch redundancies and reduced usage due to the high level of alternate delivery system usage. Despite the closings, branch distribution remained readily accessible.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly LMI individuals or LMI geographies. PNC maintained standard business hours and offered traditional banking products and services at all branch locations in the AA.

Community Development Services

PNC was a leader in providing CD services in the Detroit-Warren-Dearborn, MI MSA. During the evaluation period, bank employees conducted over 800 financial education events attended by over 13,450 participants. These events focused on basic financial education, tax education, and homebuyer education to LMI individuals and families, and general business education and financial education to small business entrepreneurs and nonprofit organizations.

In addition, 71 bank employees served in leadership roles for 93 different CD organizations by participating in boards and committees. Notable examples of CD services include:

- A bank employee served as a board or committee member for an organization that provided social services targeted to LMI individuals and focused on maintaining and supporting traditional family units and improving quality of life.

- Five bank employees served as a board or committee member for an organization that supported a hunger-free community by providing LMI individuals and families with access to sufficient, nutritious food, and related resources.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the service test in the Bay City, MI MSA; Grand Rapids-Wyoming, MI MSA; Lansing-East Lansing, MI MSA; Monroe, MI MSA; Muskegon, MI MSA; and Michigan non-metropolitan areas was not inconsistent with the bank's overall high satisfactory performance under the service test in the state of Michigan. The bank's performance in the Kalamazoo-Portage, MI MSA was stronger than the bank's overall performance due to better branch distribution in LMI geographies. Performance in the Ann Arbor, MI MSA; Battle Creek, MI MSA; Flint, MI MSA; Jackson, MI MSA; Midland, MI MSA; Saginaw, MI MSA; areas was weaker than the overall performance for the state due to poorer branch or deposit-taking ATM distribution or branch closures. PNC's combined performance in the limited-scope areas had an effect on the bank's overall service test and support the overall high satisfactory rating for the state of Michigan.

State of New Jersey

CRA Rating for New Jersey[21]: Satisfactory

The lending test is rated: High Satisfactory
The investment test is rated: High Satisfactory
The service test is rated: High Satisfactory

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the geographic distribution of the bank's home mortgage and small business loan originations and purchases was adequate and borrower distribution was good.

- CD loans were effective in addressing community credit needs. The bank was a leader in making CD loans, which had a positive effect on the lending test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made a significant level of qualified investments, grants, and donations.

- The bank's branches and alternative delivery systems were accessible to geographies and individuals of different income levels and responsive in helping the bank provide services across the community.

- CD services were effective and responsive in addressing community needs. The bank conducted or supported a relatively high number of CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in New Jersey

PNC delineated four AAs in the state of New Jersey, which included the entirety of the Atlantic City-Hammonton, NJ MSA; Ocean City, NJ MSA; Trenton-Ewing, NJ MSA; and Vineland-Bridgeton, NJ MSA.

Based on June 30, 2016 FDIC summary of deposit information, PNC had almost $2.9 billion in deposits in these AAs, which represented 1.15 percent of the bank's total deposits. The bank made 1.10 percent of its evaluation period lending in these AAs.

PNC had 37 office locations and 191 ATMs, of which 60 were deposit taking, within the AAs. The bank ranked fourth in deposit market share with 10.73 percent. The top four competitors included Bank of America, N.A. with 35 branches and 17.29 percent market share; Wells Fargo Bank, N.A. with 29 branches and 11.43 percent market share; TD Bank, N.A. with 26

[21] For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

branches and 11.40 percent market share; and Branch Banking and Trust Company with 13 branches and 5.12 percent market share. There were 37 additional FDIC-insured depository institutions with 169 offices within the bank's AAs.

Refer to the market profile for the state of New Jersey in appendix C for detailed demographics and other performance context information, including identified AA needs and opportunities, for the AA that received a full-scope review.

Scope of Evaluation in New Jersey

We completed a full-scope review for the Trenton-Ewing, NJ MSA. This AA had the largest percentage of deposits, 75.32 percent, the largest number of branches, and the largest percentage of market share in the state.

We placed more emphasis on small loans to businesses versus home mortgage loans. PNC did not originate or purchase enough multifamily loans or small loans to farms in the full-scope area to conduct a meaningful analysis. We placed more emphasis on the bank's performance in moderate-income geographies as these areas had a higher percentage of owner-occupied housing units and small businesses. Among home mortgage loans, we placed the most emphasis on home refinance loans. We considered housing costs in relation to the median family incomes in the MSA, which limited the affordability for LMI families. Refer to the market profile for Trenton-Ewing, NJ MSA in appendix C for additional information on housing costs and median income. Refer to the scope of Evaluation section for details on how weightings were determined.

We completed limited-scope reviews for the Atlantic City-Hammonton, NJ MSA; Ocean City, NJ MSA; and the Vineland-Bridgeton, MJ MSA. The 2014 OMB changes did not affect any of the AAs in the state.

We based our ratings on the results of the area that received the full-scope review and the bank's performance in the limited-scope areas, as applicable. Refer to the table in appendix A and the market profiles for more information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NEW JERSEY

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in the state of New Jersey is rated high satisfactory. Based on full-scope review of the Trenton-Ewing, NJ MSA the bank's performance was good considering competition, economic factors, housing costs, and performance against the demographic and aggregate peer. CD lending had a positive effect on the lending test conclusion.

Lending Activity

Refer to Table 1 Lending Volume in the state of New Jersey section of appendix D for the facts and data used to evaluate the bank's lending activity.

PNC's lending activity reflected excellent responsiveness to area credit needs in the Trenton-Ewing, NJ MSA when considering the bank's deposits and competition. PNC ranked third out of 27 depository institutions (top 11 percent) with a deposit market share of 13.94 percent. For home purchase loans, PNC's market share of 2.54 percent ranked sixth out of 282 lenders (top 2 percent). For home improvement loans, PNC's market share of 12.37 percent ranked second out of 87 lenders (top 2 percent). For home refinance loans, PNC's market share of 4.69 percent ranked third out of 298 lenders (top 1 percent). For small loans to businesses, PNC's market share of 9.35 percent ranked second out of 94 lenders (top 2 percent).

Distribution of Loans by Income Level of the Geography

PNC's overall distribution of loans by income level of geography in the Trenton-Ewing, NJ MSA was adequate. The geographic distribution of home mortgage loans was poor and small loans to businesses was adequate.

Home Mortgage Loans

Refer to Tables 2, 3, and 4 in the state of New Jersey section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

PNC's geographic distribution of home mortgage loans in the Trenton-Ewing, NJ MSA was poor. PNC's geographic distribution of home purchase loans and home refinance loans was poor, and home improvement loans was adequate.

Home Purchase

PNC's geographic distribution of home purchase loans was poor. The percentage of home purchase loans originated or purchased in both low- and moderate-income geographies was significantly below the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home purchase loans originated or purchased in low-income geographies was near to, and in moderate-income geographies well below, the aggregate percentage of all reporting lenders.

Home Improvement

PNC's geographic distribution of home improvement loans was adequate. The percentage of home improvement loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies was below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home improvement loans originated or purchased in low-income geographies was well below, and in moderate-income geographies exceeded, the aggregate percentage of all reporting lenders.

Home Refinance

PNC's geographic distribution of home refinance loans was poor. The percentage of home refinance loans originated or purchased in both low- and moderate-income geographies was significantly below the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home refinance loans originated or purchased in low-income geographies was well below, and in moderate-income geographies was below, the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 6 in the state of New Jersey section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

PNC's geographic distribution of small loans to businesses in the Trenton-Ewing, NJ MSA was adequate. The percentage of small loans to businesses originated or purchased in low-income geographies was well below, and in moderate-income geographies approximated, the percentage of businesses located in those geographies. PNC's percentage of small loans to businesses originated or purchased in low-income geographies was below, and in moderate-income geographies exceeded, the aggregate percentage of all reporting lenders.

Lending Gap Analysis

We analyzed PNC's geographic lending patterns throughout the AA and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC's overall distribution of loans to borrowers of different income levels in the Trenton-Ewing, NJ MSA was good. The borrower distribution of home mortgage loans was adequate and small loans to businesses was good.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the state of New Jersey section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

PNC's borrower distribution of home mortgage loans in the Trenton-Ewing, NJ MSA was adequate. PNC's borrower distribution of home purchase and home improvement loans was good, and home refinance loans was adequate. We considered housing costs in relation to the median family incomes in the MSA, which limited the affordability for low- and moderate-income families. Refer to the market profile for the Trenton-Ewing, NJ MSA in appendix C for additional information on housing costs and median income.

<u>Home Purchase</u>

PNC's borrower distribution of home purchase loans was good. The percentage of home purchase loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home purchase loans originated or purchased to low-income borrowers exceeded, and to moderate-income borrowers was near to, the aggregate percentage of all reporting lenders.

Home Improvement

PNC's borrower distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home improvement loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Refinance

PNC's borrower distribution of home refinance loans was adequate. The percentage of home refinance loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers was near to, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 11 in the state of New Jersey section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses in the Trenton-Ewing, NJ MSA was good. The percentage of small loans to businesses originated or purchased was below the percentage of small businesses in the AA, but exceeded the aggregate percentage of all reporting lenders.

Community Development Lending

Refer to Table 1 Lending Volume in the state of New Jersey section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a positive effect on the lending test conclusion in the Trenton-Ewing, NJ MSA. PNC was a leader in making CD loans based on the combination of volume, responsiveness, and complexity. PNC made 15 loans totaling $26.5 million, which represented 10.63 percent of allocated tier 1 capital. By dollar volume, 35.46 percent of these loans funded revitalization and stabilization efforts, 34.89 percent funded affordable housing, 22.11 percent funded community services, and 7.54 percent funded economic development activities.

Examples of loans in the AA include:

- PNC provided a $9.3 million loan for a LIHTC project that preserved 355 affordable housing units for seniors. All the units were restricted to low-income households with income at or below 60 percent of the median family income.

- PNC provided a $7.0 million loan to finance the construction of a nursing education center within a public institution of higher education, which was part of a redevelopment plan. The project benefited a low-income geography by creating economic vitality and serving as a gateway to further revitalization efforts.

Product Innovation and Flexibility

PNC used innovative or flexible lending programs in order to serve AA credit needs. During the evaluation period, PNC made 45 PNC Community Mortgage loans totaling approximately $7.0 million and 56 closing cost assistance grants totaling almost $78,400 in the Trenton-Ewing, NJ MSA.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Atlantic City-Hammonton, NJ MSA; Ocean City, NJ MSA; and Vineland-Bridgeton, NJ MSA was not inconsistent with the bank's overall high satisfactory performance under the lending test in New Jersey.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in the state of New Jersey is rated high satisfactory. Based on a full-scope review, the bank's performance in the Trenton-Ewing, NJ MSA was excellent. The weaker combined investment test performance in the limited-scope AAs affected the bank's overall investment test rating for the state of New Jersey.

Refer to Table 14 in the state of New Jersey section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

PNC had an excellent level of qualified investments and grants, at times in leadership positions. The dollar amount of the investments in the Trenton-Ewing, NJ MSA represented 8.10 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited an excellent level of responsiveness to the credit and CD needs in the Trenton-Ewing, NJ MSA. PNC made one current-period investment totaling $17.6 million. PNC made two statewide and regional investments totaling $318,000 that directly benefited the AA. These investments met community needs through a LIHTC and other investments. PNC also provided 149 grants and donations totaling almost $2.3 million to local nonprofit organizations that promote community services for LMI individuals and families.

Examples of qualified investments in this AA include:

- A $17.6 million LIHTC investment in an affordable housing project that consisted of 538 units for persons making less than 60 percent of the area median family income that were over 62 years of age or disabled.

- Six grants totaling $25,500 to a nonprofit organization with a mission to end homelessness. The organization worked to provide the skills and opportunities to ensure adequate incomes, and to increase the availability of adequate, affordable housing.

PNC also made ten grants or donations totaling $256,000 to organizations in the broader statewide and regional area whose purpose, mandate, or function included serving PNCs AAs.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in the Atlantic City, NJ MSA; Ocean City, NJ MSA; and Vineland-Bridgetown, NJ MSA was weaker than the bank's overall high satisfactory performance in the state of New Jersey as the bank made fewer qualified investments in these AAs. The investment test performance in the limited-scope AAs was a factor in determining the overall investment test rating for the state of New Jersey. Refer to Table 14 in the state of New Jersey section of appendix D for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in the state of New Jersey is rated high satisfactory. Based on a full-scope review, the bank's performance in the Trenton-Ewing, NJ MSA was good. PNC's performance in the limited-scope areas support the bank's overall service test performance rating for the state of New Jersey.

Retail Banking Services

Refer to Table 15 in the state of New Jersey section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

PNC's delivery systems were accessible to all portions of the AA. The bank operated 24 branch offices in the Trenton-Ewing, NJ MSA. The bank's distribution of branches in low-income geographies was below, and in moderate-income geographies was near to, the percentage of the population living within those geographies. When considering the one branch serving an adjacent moderate-income geography, the distribution exceeded the percentage of the population in moderate-income geographies.

PNC made effective use of alternative delivery systems through ATMs, online banking, electronic bill pay, and mobile banking options as indicated by the level of usage by LMI households. These systems provided additional delivery availability and access to banking services to both retail and business customers in LMI geographies. PNC had 81 ATMs in the AA, of which 41 were deposit taking. PNC provided data that indicated 66.9 percent of households in LMI geographies used an alternative delivery system in the fourth quarter of 2016. This was an increase of 12.8 percent from the start of the evaluation period.

PNC's record of opening and closing of branches improved the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. PNC did not close any branches in LMI geographies and opened one branch in a low-income geography during the evaluation period.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly LMI individuals or LMI geographies. PNC maintained standard business hours and offered traditional banking products and services at all branch locations in the AA.

Community Development Services

PNC provided a high level of CD services in the Trenton-Ewing, NJ MSA. During the evaluation period, bank employees conducted 140 financial education events attended by approximately 1,250 participants. These events focused on basic financial education, tax education, and homebuyer education to LMI individuals and families, and general business education and financial education to small business entrepreneurs and nonprofit organizations.

In addition, 12 bank employees served in leadership roles for 19 different CD organizations by participating on boards and committees. Notable examples of CD services include:

- A bank employee served as a board member for a school whose mission was to provide quality preschool education and childcare to LMI families in need.

- A bank employee served as a board member for an organization that provided affordable housing and housing assistance to LMI individuals and families.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the service test in the Atlantic City-Hammonton, NJ MSA and Vineland-Bridgeton, NJ MSA was not inconsistent with the bank's overall high satisfactory performance under the service test in New Jersey. In the Ocean City, NJ MSA the bank's performance was weaker than the overall performance for the state due to poorer branch distribution. PNC's performance in the limited-scope areas support the bank's overall service test performance rating for the state of New Jersey.

State of North Carolina

CRA Rating for North Carolina[22]: Satisfactory

The lending test is rated: High Satisfactory
The investment test is rated: High Satisfactory
The service test is rated: Outstanding

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the geographic distribution of the bank's home mortgage and small business loan originations and purchases was excellent and borrower distribution was adequate.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made a significant level of qualified investments, grants, and donations.

- The bank's branches and alternative delivery systems were readily accessible to geographies and individuals of different income levels and responsive in helping the bank provide services across the community.

- CD services were effective and responsive in addressing community needs. The bank was a leader in conducting or supporting CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in North Carolina

PNC delineated 15 AAs in the state of North Carolina. This included the entirety of the Burlington, NC MSA; Fayetteville, NC MSA; Goldsboro, NC MSA; Greenville, NC MSA; Jacksonville, NC MSA; Rocky Mount, NC MSA; and Wilmington, NC MSA; portions of the Asheville, NC MSA; Durham-Chapel Hill, NC MSA; Greensboro-High Point, NC MDA; Hickory-Lenoir-Morganton, NC MSA; New Bern, NC MSA; Raleigh, NC MSA, and Winston-Salem, NC MSA. This also included the North Carolina non-metropolitan counties of Anson, Carteret, Cherokee, Chowan, Cleveland, Columbus, Dare, Granville, Halifax, Harnett, Hertford, Lee, Lenoir, Macon, Martin, Moore, Northampton, Pasquotank, Perquimans, Richmond, Robeson, Rutherford, Sampson, Scotland, Surry, Transylvania, Vance, Washington, Watauga, Wilson, and Yancey.

Based on June 30, 2016 FDIC summary of deposit information, PNC had over $7.2 billion in deposits in these AAs, which represented 2.90 percent of the bank's total deposits. The bank made 3.75 percent of its evaluation period lending in these AAs.

[22] For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

PNC had 127 office locations and 384 ATMs, of which 181 were deposit taking, within the AAs. The bank ranked fifth in deposit market share with 5.44 percent. The top four competitors included Branch Banking and Trust Company with 243 branches and 34.44 percent market share; Wells Fargo Bank, N.A. with 220 branches and 16.13 percent market share; First Citizens Bank and Trust Company with 163 branches and 8.15 percent market share; and Bank of America, N.A. with 99 branches and 6.59 percent market share. There were 75 additional FDIC-insured depository institutions with 794 offices within the bank's AAs.

Refer to the market profile for the state of North Carolina in appendix C for detailed demographics and other performance context information, including identified AA needs and opportunities, for the AA that received a full-scope review.

Scope of Evaluation in North Carolina

We completed a full-scope review for the Raleigh, NC MSA. This AA had the largest percentage of deposits, 32.59 percent, the second largest number of branches, and the fourth largest deposit market share percentage with 8.62 percent.

We placed more emphasis on small loans to businesses versus home mortgage loans. PNC did not originate or purchase enough multifamily loans in the full-scope area to conduct a meaningful analysis. We placed more emphasis on the bank's performance in moderate-income geographies as these areas had a higher percentage of owner-occupied housing units, small businesses, and small farms. Among home mortgage loans, we placed the most emphasis on home refinance loans. We considered housing costs in relation to the median family incomes in the AA, which limited the affordability for LMI families. Refer to the market profile for the Raleigh, NC MSA in appendix C for additional information on housing costs and median income. Refer to the Scope of Evaluation section for details on how weightings were determined.

We completed limited-scope reviews for the Asheville, NC MSA; Burlington, NC MSA; Durham-Chapel Hill, NC MSA; Fayetteville, NC MSA; Goldsboro, NC MSA; Greensboro-High Point, NC MDA; Greenville, NC MSA; Hickory-Lenoir-Morganton, NC MSA; Jacksonville, NC MSA; New Bern, NC MSA; Rocky Mount, NC MSA; Wilmington, NC MSA; Winston-Salem, NC MSA; and the North Carolina non-metropolitan counties of Anson, Carteret, Cherokee, Chowan, Cleveland, Columbus, Dare, Granville, Halifax, Harnett, Hertford, Lee, Lenoir, Macon, Martin, Moore, Northampton, Pasquotank, Perquimans, Richmond, Robeson, Rutherford, Sampson, Scotland, Surry, Transylvania, Vance, Washington, Watauga, Wilson and Yancey.

PNC did not have any branch locations in Madison County in the Asheville, NC MSA or the non-metropolitan county of Washington. They did have at least one deposit-taking ATM in these areas, which required their inclusion in our analysis.

The 2014 OMB changes affected the limited-scope areas of New Bern, NC MSA; Wilmington, NC MSA; and the North Carolina non-metropolitan areas. OMB reclassified the non-metropolitan county of Craven as the New Bern, NC MSA. As a result, analysis for the New Bern, NC MSA included data for 2014 through 2016 only. Data from Craven County for 2012 through 2013 was included in the non-metropolitan area analysis. OMB added Brunswick County, NC from the Wilmington, NC MSA to the former Myrtle Beach-North Myrtle Beach-

Conway, SC MSA to create a new MMA. As a result, Wilmington, NC MSA analysis included Brunswick County data from 2012 through 2013. Brunswick County data from 2014 through 2016 was included in the Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA analysis. OMB removed Anson County, NC from the Charlotte-Concord-Gastonia, NC-SC MMA and classified it as a non-metropolitan area. OMB added non-metropolitan Iredell County, NC to the Charlotte-Concord-Gastonia, NC-SC MMA. As a result, data from Anson County for 2014 through 2016 and Iredell County for 2012 through 2013 was included in the North Carolina non-metropolitan area analysis. The analysis for Charlotte-Concord-Gastonia, NC-SC MMA included 2012 through 2013 data for Anson County and 2014 through 2016 data for Iredell County. Finally, OMB removed the North Carolina non-metropolitan county of Gates and added it to the Virginia Beach-Norfolk-Newport News, VA-NC MMA. As a result, the Virginia Beach-Norfolk-Newport News, VA-NC MMA analysis included data from Gates County for 2014 through 2016 data. Data from Gates County from 2012 through 2013 was included in the North Carolina non-metropolitan AA analysis.

We based our ratings on the results of the area that received the full-scope review and the bank's performance in the limited-scope areas, as applicable. Refer to the table in appendix A and the market profiles for more information.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in the state of North Carolina is rated high satisfactory. Based on full-scope review of the Raleigh, NC MSA the bank's performance was excellent considering competition, economic factors, housing costs, and performance against the demographic and aggregate peer. CD lending had a positive effect on the lending test rating. The weaker combined lending test performance in the limited-scope AAs affected the bank's overall lending test rating for the state of North Carolina.

Lending Activity

Refer to Table 1 Lending Volume in the state of North Carolina section of appendix D for the facts and data used to evaluate the bank's lending activity.

PNC's lending activity reflected excellent responsiveness to area credit needs in the Raleigh, NC MSA when considering the bank's deposits and competition. PNC ranked fifth out of 31 depository institutions (top 17 percent) with a deposit market share of 8.62 percent. For home purchase loans, PNC's market share of 0.75 percent ranked 35th out of 453 lenders (top 8 percent). For home improvement loans, PNC's market share of 4.20 percent ranked fifth out of 148 lenders (top 4 percent). For home refinance loans, PNC's market share of 1.11 percent ranked 18th out of 411 lenders (top 5 percent). For loans to small businesses, PNC's market share of 3.25 percent ranked 10th out of 115 lenders (top 9 percent). For small loans to farms, PNC's market share of 3.80 percent ranked sixth out of 20 lenders (top 30 percent).

Distribution of Loans by Income Level of the Geography

PNC's overall distribution of loans by income level of geography in the Raleigh, NC MSA was excellent. The geographic distribution of home mortgage loans was good, and small loans to businesses and small loans to farms was excellent.

Home Mortgage Loans

Refer to Tables 2, 3, and 4 in the state of North Carolina section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

PNC's geographic distribution of home purchase loans and home improvement loans in the Raleigh, NC MSA was adequate, and home refinance loans was good.

<u>Home Purchase</u>

PNC's geographic distribution of home purchase loans was adequate. The percentage of home purchase loans originated or purchased in both low- and moderate-income geographies was below the percentage of owner-occupied housing units located in these geographies. PNC's percentage of home purchase loans originated or purchased in low-income geographies exceeded, and in moderate-income geographies was near to, the aggregate percentage of all reporting lenders.

<u>Home Improvement</u>

PNC's geographic distribution of home improvement loans was adequate. The percentage of home improvement loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies was below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home improvement loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies exceeded, the aggregate percentage of all reporting lenders.

<u>Home Refinance</u>

PNC's geographic distribution of home refinance loans was good. The percentage of home refinance loans originated or purchased in both low- and moderate-income geographies was below the percentage of owner-occupied housing units located in those geographies but exceeded the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 6 in the state of North Carolina section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

PNC's geographic distribution of small loans to businesses in the Raleigh, NC MSA was excellent. The percentage of small loans to businesses originated or purchased in both low- and moderate-income geographies exceeded both the percentage of business located in those geographies and the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table 7 in the state of North Carolina section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to farms.

PNC's geographic distribution of small loans to farms in the Raleigh, NC MSA was excellent. The percentage of small loans to farms in both low- and moderate-income geographies exceeded both the percentage of farms located in those geographies and the aggregate percentage of all reporting lenders.

Lending Gap Analysis

We analyzed PNC's geographic lending patterns throughout the AA and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC's overall distribution of loans to borrowers of different income levels in the Raleigh, NC MSA was adequate. The borrower distribution of home mortgage loans and small loans to farms was good. The borrower distribution of small loans to businesses was poor.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the state of North Carolina section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

PNC's borrower distribution of home purchase loans, home improvement loans, and home refinance loans in the Raleigh, NC MSA was good. We considered housing costs in relation to the median family incomes in the AA, which limited the affordability for low- and moderate-income families. Refer to the market profile for the Raleigh, NC MSA in appendix C for additional information on housing costs and median income.

<u>Home Purchase</u>

PNC's borrower distribution of home purchase loans was good. The percentage of home purchase loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers was exceeded, the percentage of those families in the AA. PNC's percentage of home purchase loans originated or purchased to low-income borrowers exceeded, and to moderate-income borrowers was below, the aggregate percentage of all reporting lenders.

<u>Home Improvement</u>

PNC's borrower distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home improvement loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Refinance

PNC's borrower distribution of home refinance loans was good. The percentage of home refinance loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 11 in the state of North Carolina section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses in the Raleigh, NC MSA was poor. The percentage of small loans to businesses originated or purchased was well below the percentage of small businesses in the MSA and below the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table 12 in the state of North Carolina section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to farms.

The borrower distribution of small loans to farms in the Raleigh, NC MSA was good. The percentage of small loans to farms originated or purchased was below the percentage of small farms in the MSA and exceeded the aggregate percentage of all reporting lenders.

Community Development Lending

Refer to Table 1 Lending Volume in the state of North Carolina section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a positive effect on the lending test conclusion in the Raleigh, NC MSA. The level of CD lending was excellent. PNC was a leader in making CD loans based on the combination of volume, responsiveness, and complexity. PNC made seven loans totaling $34 million, which represented 12.54 percent of allocated tier 1 capital. By dollar volume, 66.72 percent of these loans funded revitalization and stabilization efforts, 23.72 percent funded affordable housing, 5.88 percent funded economic development activities, and 3.68 percent funded community services.

Examples of CD loans in the MSA include:

- PNC originated a $4.3 million loan to support the redevelopment of a public housing development. The development will include 160 public-housing units and 132 affordable market-rate units.

- PNC originated a $3.8 million loan to support the construction of a 64-unit housing development that targeted families with incomes of 60 percent or less of the area median income.

In addition, PNC made four CD loans totaling over $13.7 million to entities in the broader statewide and regional area whose purpose, mandate, or function included servicing PNCs AAs. Two of these loans went to a CDFI to promote small businesses and farms, one helped provide affordable housing, and one went to an organization that provided community services to LMI persons.

Product Innovation and Flexibility

PNC used innovative or flexible lending programs in order to serve AA credit needs. During the evaluation period, PNC made 21 PNC Community Mortgage loans totaling almost $3.0 million and 116 closing cost assistance grants totaling over $176,000 in the Raleigh, NC MSA.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Asheville, NC MSA; Fayetteville, NC MSA; Greensboro-High Point, NC MSA; Greenville, NC MSA; New Bern, NC MSA; Rocky Mount, NC MSA; Winston-Salem, NC MSA; Wilmington, NC MSA; and the North Carolina non-metropolitan areas was not inconsistent with the bank's overall high satisfactory performance under the lending test in North Carolina.

In the Durham-Chapel Hill, NC MSA and Hickory-Lenoir-Morganton, NC MSA, the bank's performance was stronger than the bank's overall performance in the state. The stronger performance was due to a stronger geographic distribution of loans and high level of CD lending.

In the Burlington, NC MSA; Goldsboro, NC MSA; Greenville, NC MSA; and Jacksonville, NC MSA, the bank's performance was weaker than the bank's overall performance in the state. The weaker performance in the Burlington, NC MSA; Goldsboro, NC MSA; and Jacksonville, NC MSA was due to weaker geographic distribution and a limited level of CD lending. The weaker performance in the North Carolina non-metropolitan areas was due to a lower level of CD lending.

The lending test performance in the limited-scope AAs was a factor in determining the overall lending test rating for the state of North Carolina. Refer to the Tables 1 through 13 in the state of North Carolina section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in the state of North Carolina is rated high satisfactory. Based on a full-scope review, the bank's performance in the Raleigh, NC MSA was excellent. The weaker combined investment test performance in the limited-scope AAs affected the bank's overall investment test rating for the state of North Carolina.

Refer to Table 14 in the state of North Carolina section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

PNC had an excellent level of qualified CD investment and grants in the Raleigh, NC MSA. The dollar amount of the qualified investments represented 9.26 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited excellent responsiveness to the CD needs in the Raleigh, NC MSA. PNC made 17 current-period investment totaling over $17.8 million. PNC made nine statewide and regional investments totaling over $4.1 million that directly benefited the AA. PNC also provided 130 grants and donations totaling over $3.1 million that promoted economic development in LMI communities, supported affordable housing development, and provided community services to LMI individuals and families.

Examples of qualified investments in this AA include:

- PNC invested $10.0 million in a CD entity that acquired, renovated, and redeveloped commercial retail real estate primarily in LMI geographies. The entity used significant capital to renovate and rehabilitate properties that focused on grocery store anchored neighborhood shopping centers.

- PNC invested $5.3 million in a LIHTC construction project that built 64 units of affordable housing targeted at families with household incomes from 30 percent to 60 percent of area median family income.

Conclusions for Areas receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in the Asheville, NC MSA; the New Bern, NC MSA; and the Winston-Salem, NC MSA was stronger than the bank's overall high satisfactory performance under the investment test in the state of North Carolina. This was due to a higher volume of investment activity in these areas. Performance in the Durham-chapel Hill, NC MSA and Greensboro-High Point, NC MSA was not inconsistent with the overall investment test rating. In the Burlington, NC MSA; Fayetteville, NC MSA; Goldsboro, NC MSA; Greenville, NC MSA; Hickory-Lenoir-Morganton, NC MSA; Jacksonville, NC MSA; Rocky Mount, NC MSA; Wilmington, NC MSA; and the North Carolina non-metropolitan areas, the bank's performance was weaker than the bank's overall performance due to lower volumes of qualified investments. The investment test performance in the limited-scope AAs was a factor in determining the overall investment test rating for the state of North Carolina. Refer to Table 14 in the state of North Carolina section of appendix D for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in North Carolina is rated outstanding. Based on a full-scope review the bank's performance in the Raleigh, NC MSA was excellent. The service test performance in the combined limited-scope areas support the bank's overall service test rating for the state of North Carolina.

Retail Banking Services

Refer to Table 15 in the state of North Carolina section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

PNC's delivery systems were readily accessible to geographies and individuals of different income levels throughout the AA. The bank operated 21 branch offices in the Raleigh, NC MSA. The bank's distribution of branches in low-income geographies was near to, and in moderate-income geographies exceeded, the percentage of the population living within those geographies.

PNC made effective use of alternative delivery systems through debit cards and ATMs, telephone and online banking, electronic bill pay, and mobile banking options as indicated by the level of usage by LMI households. These systems provided additional delivery availability and access to banking services to both retail and business customers in LMI geographies. PNC had 91 ATMs in the AA, of which 32 were deposit taking. PNC provided data that indicated 59.7 percent of households in LMI geographies used an alternative delivery system in the fourth quarter of 2016. This was an increase of 20.0 percent from the start of the evaluation period.

PNC's record of opening and closing of branches did not adversely affect the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. PNC opened no branches in the AA during the evaluation period. The bank closed two branches, neither of which was located in low- or moderate-income geographies.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly low- or moderate-income individuals or low- or moderate-income geographies. PNC maintained standard business hours and offered traditional banking products and services at all branch locations in the AA.

Community Development Services

PNC was a leader in providing CD services in the Raleigh, NC MSA. PNC conducted over 200 financial education events with over 3,300 predominantly LMI participants. These events focused on basic financial education, tax education, and homebuyer education to LMI individuals and families, and general business education and financial education to small business entrepreneurs and nonprofit organizations

Employees were actively involved during the evaluation period, including 21 employees service on boards or committees of 21 CD organizations. Notable examples of CD services include:

- A PNC employee served on the board of directors for an organization that strengthened LMI neighborhoods and LMI families by offering expanded homeownership opportunities and providing quality affordable rental housing for families, seniors, and other individuals with limited incomes.

- A PNC employee served on the board of directors for an organization whose mission was to strengthen LMI families and neighborhoods using a community economic development strategy that helps families by providing economic opportunities such as home ownership, job creation, and business development.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the service test in the Asheville, NC MSA; Durham-Chapel Hill, NC MSA; Fayetteville, NC MSA; Hickory-Lenoir-Morganton, NC MSA; Rocky Mount, NC MSA; and Wilmington, NC MSA was not inconsistent with the bank's overall outstanding performance under the service test in the state of North Carolina. In the Burlington, NC MSA; Goldsboro, NC MSA; Greensboro-High Point, NC MSA; Greenville, NC MSA; Jacksonville, NC MSA; New Bern, NC MSA; Winston-Salem, NC MSA; and North Carolina non-metropolitan areas, PNC's performance was weaker than the bank's overall performance due to poorer branch distribution in LMI geographies. The service test performance in the combined limited-scope areas support the bank's overall service test rating for the state of North Carolina. Refer to Table 15 in appendix D for the facts and data that support these conclusions.

State of Ohio

CRA Rating for Ohio[23]: Outstanding

The lending test is rated: High Satisfactory
The investment test is rated: Outstanding
The service test is rated: Outstanding

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the geographic distribution of the bank's home mortgage and small business loan originations and purchases was good and borrower distribution was adequate.

- CD loans were effective in addressing community credit needs. The bank was a leader in originating CD loans, which had a positive effect on the lending test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made an excellent level of qualified investments, grants, and donations.

- The bank's branches and alternative delivery systems were readily accessible to geographies and individuals of different income levels and responsive in helping the bank provide services across the community.

- CD services were effective and responsive in addressing community needs. The bank was a leader in conducting or supporting CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in Ohio

PNC delineated 11 AAs in the state of Ohio. They included the entirety of the Akron, OH MSA; Canton-Massillon, OH MSA; Cleveland-Elyria, OH MSA; Dayton, OH MSA; Mansfield, OH MSA; Springfield, OH MSA; Toledo, OH MSA; and portions of the Columbus, OH MSA; Weirton-Steubenville, WV-OH MSA; and Wheeling, WV-OH MSA. They also included the Ohio non-metropolitan counties of Ashland, Clinton, Columbiana, Coshocton, Erie, Fayette, Guernsey, Harrison, Henry, Holmes, Huron, Jackson, Knox, Logan, Marion, Muskingum, Ross, Sandusky, Scioto, Seneca, Shelby, Tuscarawas, Wayne, and Williams.

Based on June 30, 2016 FDIC summary of deposit information, PNC had almost $22.5 billion in deposits in these AAs, which represented 9.05 percent of the bank's total deposits. The bank made 13.67 percent of its evaluation period lending in these AAs.

[23] For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

PNC had 257 office locations and 785 ATMs, of which 530 were deposit taking, within the AAs. The bank ranked third in deposit market share with 11.48 percent. The top four competitors included The Huntington National Bank, N.A. with 339 branches and 16.88 percent market share; JPMorgan Chase Bank, N.A. with 215 branches and 12.20 percent market share; KeyBank N.A. with 185 branches and 10.61 percent market share; and Fifth Third Bank with 218 branches and 8.46 percent market share. There were 155 additional FDIC-insured depository institutions with 1,390 offices within the bank's AAs.

Refer to the market profile for the state of Ohio in appendix C for detailed demographics and other performance context information, including identified AA needs and opportunities, for the AAs that received full-scope reviews.

Scope of Evaluation in Ohio

We completed full-scope reviews for three AAs in the state of Ohio. The first was the Cleveland-Elyria, OH MSA, which had the largest percentage of deposits, 39.16 percent, the largest number of branches, and the fourth largest deposit market share in the state, 13.62 percent. The second was the Columbus, OH MSA, which had 27.74 percent of the statewide deposits, the second largest number of branches, and a deposit market share of 9.83 percent. The final area was the Dayton, OH MSA, which had 6.91 percent of PNC's statewide deposits and a deposit market share of 14.14 percent.

Under the lending test, we placed more emphasis on small loans to businesses versus home mortgage loans. We also placed more emphasis on the bank's performance in moderate-income geographies as these areas had a higher percentage of owner-occupied housing units, multifamily units, small businesses, and small farms. Among home mortgage loans, we placed the most emphasis on home refinance loans. We also considered housing costs in relation to the median family incomes of the full scope AA, which limited the affordability for LMI families. Only the Cleveland-Elyria, OH MSA had enough multifamily loans to conduct a meaningful analysis. Refer to the market profiles in appendix C for additional information on housing costs and median income and to the Scope of Evaluation section for details on how weightings were determined.

We completed limited-scope reviews for the Akron, OH MSA; Canton-Massillon, OH MSA; Mansfield, OH MSA; Springfield, OH MSA; Toledo, OH MSA; Weirton-Steubenville WV-OH MSA; Wheeling, WV-OH MSA; and the Ohio non-metropolitan counties.

PNC did not have any branch locations in the non-metropolitan county of Sandusky. They did have at least one deposit-taking ATM in this AA, which required its inclusion in our analysis.

The 2014 OMB changes affected the full-scope area of Columbus, OH MSA and the limited-scope areas of Sandusky, OH MSA and the Ohio non-metropolitan areas. OMB added the non-metropolitan counties of Hocking and Perry to the Columbus, OH MSA. As a result, data from Hocking and Perry counties for 2012 through 2013 was included in the non-metropolitan area analysis and data from 2014 through 2016 was included in the Columbus OH, MSA analysis. OMB also reclassified Erie County, which was formerly the Sandusky, OH MSA, as a non-metropolitan area. As a result, we analyzed 2012 through 2013 data as the Sandusky, OH MSA and data from 2014 through 2016 was included in the Ohio non-metropolitan area analysis.

We based our ratings on the results of the areas that received the full-scope reviews and the bank's performance in the limited-scope areas, as applicable. Refer to the table in appendix A for more information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN OHIO

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

PNC's performance under the lending test in the state of Ohio is rated high satisfactory. Based on full-scope reviews, the bank's performance in the Cleveland-Elyria, OH MSA; Columbus, OH MSA; and Dayton, OH MSA was excellent. PNC effectively competed against nationwide banks and non-bank lenders to maintain relatively high market shares and ranks, with good overall loan distributions. The distribution of small business loans was good to excellent considering the substantial competition and slow economic recovery in some AAs. Although below the demographic in several areas, PNC generally exceeded the peer average for small business lending. Home mortgage lending also showed a commitment to the community considering the competition and income to housing costs, which particularly effected lending in LMI geographies. Mortgage lending performance was generally near to or above the average peer performance. The weaker combined lending test performance in the limited-scope AAs affected the bank's overall lending test rating for the state of Ohio. CD lending had a positive effect on the lending test conclusion.

Lending Activity

Refer to Table 1 Lending Volume in the state of Ohio section of appendix D for the facts and data used to evaluate the bank's lending activity.

Cleveland-Elyria, OH MSA

PNC's lending activity reflected excellent responsiveness to area credit needs in the Cleveland-Elyria, OH MSA when considering the bank's deposits and competition. PNC ranked second out of 36 depository institutions (top 6 percent) with a deposit market share of 13.62 percent. For home purchase loans, PNC's market share of 1.70 percent ranked 15th out of 373 lenders (top 4 percent). For home improvement loans, PNC's market share of 10.57 percent ranked third out of 138 lenders (top 2 percent). For home refinance loans, PNC's market share of 3.44 percent ranked seventh out of 355 lenders (top 2 percent). For multifamily loans, PNC ranked seventh out of 50 lenders with a market share of 3.85 percent (top 14 percent). For small loans to businesses, PNC ranked third out of 120 lenders (top 3 percent) with a market share of 12.87 percent. For small loans to farms, PNC's market share of 5.77 percent ranked sixth out 18 lenders (top 34 percent).

Columbus, OH MSA

PNC's lending activity reflected excellent responsiveness to area credit needs in the Columbus, OH MSA when considering the bank's deposits and competition. PNC ranked third out of 57 depository institutions (top 5 percent) with a deposit market share of 9.83 percent. For home purchase loans, PNC's market share of 2.13 percent-ranked ninth out of 429 lenders (top 2 percent). For home improvement loans, PNC's market share of 7.44 percent ranked fifth out of 168 lenders (top 3 percent). For home refinance loans, PNC's market share of 2.71 percent ranked ninth out of 396 lenders (top 2 percent). For small loans to businesses, PNC ranked first out of 131 lenders (top 1 percent) with a market share of 16.32 percent. For small loans to farms, PNC's market share of 1.43 percent ranked 12th out 29 lenders (top 42 percent).

Dayton, OH MSA

PNC's lending activity reflected excellent responsiveness to area credit needs in the Dayton, OH MSA when considering the bank's deposits and competition. PNC ranked third out of 26 depository institutions (top 12 percent) with a deposit market share of 14.14 percent. For home purchase loans, PNC's market share of 1.10 percent-ranked 18th out of 285 lenders (top 6 percent). For home improvement loans, PNC's market share of 8.47 percent-ranked second out of 89 lenders (top 2 percent). For home refinance loans, PNC's market share of 3.21 percent-ranked eighth out of 247 lenders (top 3 percent). For small loans to businesses, PNC ranked third out of 93 lenders (top 3 percent) with a market share of 12.23 percent. For small loans to farms, PNC's market share of 0.99 percent ranked 15th out 23 lenders (top 65 percent).

Distribution of Loans by Income Level of the Geography

PNC's overall distribution of loans by income level of geography in the full-scope areas was good. The geographic distribution of home mortgage loans in both the Cleveland-Elyria, OH MSA and the Columbus, OH MSA was adequate, and Dayton, OH MSA was good. The geographic distribution of small loans to businesses in the Cleveland-Elyria, OH MSA and Dayton, OH MSA was excellent, and the Columbus, OH MSA was good. The geographic distribution of small loans to farms in the Cleveland-Elyria, OH MSA was poor, and in the Columbus, OH MSA and Dayton, OH MSA was adequate.

Home Mortgage Loans

Refer to Tables 2, 3, 4, and 5 in the state of Ohio section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

PNC's geographic distribution of home purchase loans in both Cleveland-Elyria, OH MSA and Columbus, OH MSA was adequate and in the Dayton, OH MSA was poor. The geographic distribution of home improvement loans in the Cleveland-Elyria, OH MSA was good, and in the Columbus, OH MSA and Dayton, OH MSA was excellent. The geographic distribution of home refinance loans in both the Cleveland-Elyria, OH MSA and Columbus, OH MSA was adequate, and in the Dayton, OH MSA was good. The geographic distribution of multifamily loans in the Cleveland-Elyria, OH MSA was good.

Cleveland-Elyria, OH MSA

Home Purchase

PNC's geographic distribution of home purchase loans was adequate. The percentage of home purchase loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home purchase loans originated or purchased in low-income geographies exceeded, and in moderate-income geographies was near to, the aggregate percentage of all reporting lenders.

Home Improvement

PNC's geographic distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased in low-income geographies was well below, and in moderate-income geographies approximated, the percentage of owner-occupied housing units located in those geographies. The percentage of home improvement loans originated or purchased in low-income geographies was below, and in moderate-income geographies approximated, the aggregate percentage of all reporting lenders.

Home Refinance

PNC's geographic distribution of home refinance loans was adequate. The percentage of home refinance loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies well below, the percentages of owner-occupied housing units located in those geographies. The percentage of home refinance loans originated or purchased in low-income geographies exceeded, and in moderate-income geographies was near to, the aggregate percentage of all reporting lenders.

Multifamily

PNC's geographic distribution of multifamily loans was good. The percentage of multifamily loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies exceeded, the percentages of multifamily housing units located in those geographies. The percentage of multifamily loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies exceeded, the aggregate percentage of all reporting lenders.

Columbus, OH MSA

Home Purchase

PNC's geographic distribution of home purchase loans in the Columbus, OH MSA was adequate. For 2014 through 2016, the percentage of home purchase loans originated or purchased in both low- and moderate-income geographies was well below the percentages of owner-occupied housing units located in those geographies. PNC's percentage of home purchase loans originated or purchased in low-income geographies was near to, and in moderate-income geographies below, the aggregate percentage of all reporting lenders.

Performance for 2012 through 2013 was stronger than the performance for 2014 through 2016 due to better aggregate performance but was not enough to effect the combined conclusion.

Home Improvement

PNC's geographic distribution of home improvement loans in the Columbus, OH MSA was excellent. For 2014 through 2016, the percentage of home improvement loans originated or purchased in both low- and moderate-income geographies exceeded the percentage of owner-occupied housing units located in those geographies and the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 was weaker than the performance for 2014 through 2016 due to poorer performance in moderate-income geographies but was not enough to effect the combined conclusion.

Home Refinance

PNC's geographic distribution of home refinance loans in the Columbus, OH MSA was adequate. For 2014 through 2016, the percentage of home refinance loans originated or purchased in low-income geographies was well below, and in moderate-income geographies below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home refinance loans originated or purchased in both low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 was not inconsistent with the performance for 2014 through 2016.

Dayton, OH MSA

Home Purchase

PNC's geographic distribution of home purchase loans was poor. The percentage of home purchase loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home purchase loans originated or purchased in low-income geographies was well below, and in moderate-income geographies was near to, the aggregate percentage of all reporting lenders.

Home Improvement

PNC's geographic distribution of home improvement loans was excellent. The percentage of home improvement loans originated or purchased in both low- and moderate-income geographies exceeded both the percentage of owner-occupied housing units located in those geographies and the aggregate percentage of all reporting lenders.

Home Refinance

PNC's geographic distribution of home refinance loans was good. The percentage of home refinance loans originated or purchased in low-income geographies was well below, and in moderate-income geographies below, the percentages of owner-occupied housing units located in those geographies. PNC's percentage of home refinance loans originated or purchased in low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 6 in the state of Ohio section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

Cleveland-Elyria, OH MSA

PNC's geographic distribution of small loans to businesses in the Cleveland-Elyria, OH MSA was excellent. The percentage of small loans to businesses originated or purchased in both low- and moderate-income geographies exceeded both the percentage of businesses located in those geographies and the aggregate percentage of all reporting lenders.

Columbus, OH MSA

PNC's geographic distribution of small loans to businesses in the Columbus, OH MSA was good. For 2014 through 2016, the percentage of small loans to businesses originated or purchased in low-income geographies was below, and in moderate-income geographies exceeded, the percentage of businesses located in those geographies. The percentage of small loans to businesses originated or purchased in low-income geographies was below, and in moderate-income geographies exceeded, the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 was weaker than the performance for 2014 through 2016 due to poorer distribution and aggregate performance in moderate-income geographies.

Dayton, OH MSA

PNC's geographic distribution of small loans to businesses in the Dayton, OH MSA was excellent. The percentage of small loans to businesses originated or purchased in both low- and moderate-income geographies exceeded both the percentage of businesses located in those geographies and the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table 7 in the state of Ohio section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to farms.

Cleveland-Elyria, OH MSA

PNC's geographic distribution of small loans to farms in the Cleveland-Elyria, OH MSA was poor. While PNC did not originate or purchase any small loans to farms in both low- or moderate-income geographies, small farm lending was not a primary focus for the bank.

Columbus, OH MSA

PNC's geographic distribution of small loans to farms in the Columbus, OH MSA was adequate. For 2014 through 2016, PNC did not originate or purchase any small loans to farms in low-income geographies. The percentage of small loans to farms originated or purchased in moderate-income geographies exceeded the percentage of farms located in those geographies and the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 was not inconsistent with the performance for 2014 through 2016.

Dayton, OH MSA

PNC's geographic distribution of small loans to farms in the Dayton, OH MSA was adequate. The bank did not originate or purchase any small loans to farms in low-income geographies. The percentage of small loans to farms originated or purchased in moderate-income geographies exceeded both the percentage of farms located in those geographies and the aggregate percentage of all reporting lenders.

Lending Gap Analysis

We analyzed PNC's geographic lending patterns throughout the AAs and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC's overall distribution of loans to borrowers of different income levels in the state of Ohio was adequate. The borrower distribution of home mortgage loans in the Cleveland-Elyria, OH MSA was adequate, and in the Columbus, OH MSA and Dayton, OH MSA was good. The borrower distribution of small loans to businesses in the Cleveland-Elyria, OH MSA; Columbus, OH MSA; and Dayton, OH MSA was adequate. The borrower distribution of small loans to farms in the Cleveland-Elyria, OH MSA; Columbus, OH MSA; and Dayton, MSA was adequate.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the state of Ohio section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

PNC's borrower distribution of home purchase loans in the Cleveland-Elyria, OH MSA, Columbus, OH MSA and Dayton, OH MSA was good. The borrower distribution of home improvement loans in the Cleveland-Elyria, OH MSA; Dayton, OH MSA; and Columbus, OH MSA was good. The borrower distribution of home refinance loans in the Cleveland-Elyria, OH MSA was adequate, and in both the Columbus, OH MSA and Dayton, OH MSA was good. We considered housing costs in relation to the median family incomes in the AAs, which limited the affordability for LMI families. Refer to the market profiles for the Cleveland-Elyria, OH MSA, Columbus, OH MSA and Dayton, OH MSA in appendix C for additional information on housing costs and median income.

Cleveland-Elyria, OH MSA

Home Purchase

PNC’s borrower distribution of home purchase loans was good. The percentage of home purchase loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC’s percentage of home purchase loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Improvement

PNC’s borrower distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC’s percentage of home improvement loans originated or purchased to low-income borrowers approximated, and to moderate-income borrowers exceeded, the aggregate percentage of all reporting lenders.

Home Refinance

PNC’s borrower distribution of home refinance loans was adequate. The percentage of home refinance loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers near to, the percentage of those families in the AA. PNC’s percentage of home refinance loans originated or purchased to low-income borrowers exceeded, and to moderate-income borrowers was near to, the aggregate percentage of all reporting lenders.

Columbus, OH MSA

Home Purchase

PNC’s borrower distribution of home purchase loans was good. For 2014 through 2016, the percentage of home purchase loans originated or purchased to low-income borrowers was significantly below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC’s percentage of home purchase loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 was not inconsistent with the performance for 2014 through 2016.

Home Improvement

PNC’s borrower distribution of home improvement loans was good. For 2014 through 2016, the percentage of home improvement loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC’s percentage of home improvement loans originated or purchased to both LMI borrowers exceeded the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 was weaker than the performance for 2014 through 2016 due to poorer distribution and aggregate distribution to low-income borrowers but was not enough to effect the combined conclusion.

Home Refinance

PNC's borrower distribution of home refinance loans was good. For 2014 through 2016, the percentage of home refinance loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 was not inconsistent with the performance for 2014 through 2016.

Dayton, OH MSA

Home Purchase

PNC's borrower distribution of home purchase loans was good. The percentage of home purchase loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home purchase loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Improvement

PNC's borrower distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home improvement loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Refinance

PNC's borrower distribution of home refinance loans was good. The percentage of home refinance loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers approximated, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 11 in the state of Ohio section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

Cleveland-Elyria, OH MSA

The borrower distribution of small loans to businesses in the Cleveland-Elyria, OH MSA was adequate. The percentage of small loans to businesses originated or purchased was below the percentage of small businesses in the AA and exceeded the aggregate percentage of all reporting lenders.

Columbus, OH MSA

The borrower distribution of small loans to businesses in the Columbus, OH MSA was adequate. The percentage of small loans to businesses originated or purchased was well below the percentage of small businesses in the AA and below the aggregate percentage of all reporting lenders. PNC has a unique relationship with one large big-box retailer headquartered in Columbus, OH that skewed the bank's percentage of lending to businesses with revenue of $1 million or less. We considered this impact when finalizing our conclusion in this AA. Performance for 2012 through 2013 was not inconsistent with the performance for 2014 through 2016.

Dayton, OH MSA

The borrower distribution of small loans to businesses in the Dayton, OH MSA was adequate. The percentage of small loans to businesses originated or purchased was well below the percentage of small businesses in the AA but exceeded the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table 12 in the state of Ohio section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to farms.

Cleveland-Elyria, OH MSA

PNC's borrower distribution of small loans to farms in the Cleveland-Elyria, OH MSA was adequate considering farm lending was not a primary focus for the bank. The percentage of small loans to farms originated or purchased was well below the percentage of small loans to farms in the AA and exceeded the aggregate percentage of all reporting lenders.

Columbus, OH MSA

The borrower distribution of small loans to farms was adequate in the Columbus, OH MSA considering farm lending was not a primary focus for the bank. For 2014 through 2016, the percentage of small loans to farms originated or purchased was well below the percentage of small farms in the AA but near to the aggregate percentage of all reporting lenders. Performance for 2012 through 2013 was weaker than the performance for 2014 through 2016 due to poorer aggregate performance but was not enough to effect the combined conclusion.

Dayton, OH MSA

PNC's borrower distribution of small loans to farms in the Dayton, OH MSA was adequate considering farm lending was not a primary focus for the bank. The percentage of small loans to farms originated or purchased was well-below the percentage of small loans to farms in the AA but exceeded the aggregate percentage of all reporting lenders.

Community Development Lending

Refer to Table 1 Lending Volume in the state of Ohio section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a positive effect on the lending test conclusion for all three full-scope areas. PNC was a leader in making CD loans based on the combination of volume, responsiveness, and complexity.

Cleveland-Elyria, OH MSA

PNC made 26 CD loans totaling almost $140.2 million, which represented 13.79 percent of allocated tier 1 capital. By dollar volume, 71.1 percent of these loans funded revitalization and stabilization efforts, 23.4 percent funded community services, and 5.5 percent funded affordable housing.

Examples of CD loans in the AA include:

- PNC provided a loan for almost $6.2 million to a LIHTC-eligible project that converted a former factory into 36 loft-style apartments. The project targeted families with incomes less than 60 percent of the area median family income.

- PNC provided $7.9 million in funding to a school whose students were predominately from LMI families. The loan allowed the school to expand its capacity and provide new classrooms, meeting spaces, and a student center.

Columbus, OH MSA

PNC made 16 CD loans totaling over $52.9 million, which represented 7.35 percent of allocated tier 1 capital. By dollar volume, 61.4 percent of these loans funded affordable housing, 36.0 percent funded community services, and 2.6 percent funded revitalization and stabilization efforts.

Examples of CD loans in the AA include:

- PNC provided two loans totaling almost $7.4 million to a LIHTC-eligible project targeted to housing seniors who make less than 60 percent of the area median family income.

- PNC provided a loan for almost $1.4 million to a local CD corporation (CDC). The CDC provided loans for CD projects in low-income communities in the AA.

Dayton, OH MSA

PNC made 12 CD loans totaling over $29.1 million, which represented 16.22 percent of allocated tier 1 capital. By dollar volume, 88.7 percent of these loans funded community services, 6.9 percent funded revitalization and stabilization efforts, and 4.4 percent funded affordable housing.

Examples of CD loans in the AA include:

- PNC provided two loans totaling $12.5 million to an organization that provided community programs and services to persons living in poverty or were homeless. The organization used the funds to rehabilitate their facilities.

- PNC provided a $2.0 million loan to a CD services organization to help finance the expansion and revitalization of their facilities. The organization provided childcare, nursing services, physical and occupational therapy, hearing, and speech services, vocational rehabilitation, transitional employment, and social and recreational interaction to predominately LMI children and adults with disabilities or other special needs.

In addition, PNC made three CD loans totaling almost $6.0 million to entities in the broader statewide and regional area whose purpose, mandate, or function included servicing PNCs AAs. Two of these loans went to an organization that provided financing for CD projects in LMI geographies and one went to an organization that promoted affordable housing.

Product Innovation and Flexibility

PNC's overall use of innovative or flexible lending programs in full-scope areas was good.

Cleveland-Elyria, OH MSA

PNC made extensive use of innovative or flexible lending programs in order to serve MSA credit needs. During the evaluation period, PNC made 102 PNC Community Mortgage loans totaling almost $9.2 million and 391 closing cost assistance grants totaling over $521,000 in the Cleveland-Elyria, OH MSA.

Columbus, OH MSA

PNC made extensive use of innovative or flexible lending programs in order to serve MSA credit needs. During the evaluation period, PNC made 138 PNC Community Mortgage loans totaling almost $15.4 million and 528 closing cost assistance grants totaling over $725,000 million in the Columbus, OH MSA.

Dayton, OH MSA

PNC made no use of innovative or flexible lending programs in the Dayton, OH MSA during this evaluation period.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Akron, OH MSA; Canton-Massillon, OH MSA; Springfield, OH MSA; Toledo, OH MSA; and Ohio non-metropolitan areas was not inconsistent with the bank's overall high satisfactory performance under the lending test in Ohio. Performance in the Mansfield, OH MSA; Weirton-Steubenville, OH MSA; and Wheeling, WV-OH MSA was weaker was due to poorer geographic and borrower distributions and lower levels of CD lending. Refer to Tables 1 through 13 in the state of Ohio section of appendix D for the facts and data that support these conclusions. The weaker combined lending test performance in the limited-scope AAs affected the bank's overall lending test rating for the state of Ohio.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in the state of Ohio is rated outstanding. Based on full-scope reviews, the bank's performance in the Cleveland-Elyria, OH MSA; Columbus, OH MSA; and Dayton, OH MSA was excellent. The combination of the positive broader statewide and regional investments with the negative performance in the limited-scope areas resulted in an overall neutral effect on the bank's overall investment test rating for the state of Ohio.

Refer to Table 14 in the state of Ohio section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

Cleveland-Elyria, OH MSA

PNC had an excellent level of qualified investments and grants in the Cleveland-Elyria, OH MSA. The dollar amount of the investments represented 12.64 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited excellent responsiveness to the credit and CD needs in the Cleveland-Elyria, OH MSA. PNC made 21 current-period investments totaling almost $94.7 million and had 16 remaining prior-period investments valued at almost $19.5 million. PNC made one statewide and regional investment totaling $4.5 million that directly benefited the AA. PNC also provided 487 grants and donations of more than $9.8 million to local nonprofit organizations that promote community services for LMI individuals and families.

Examples of qualified investments in this AA include:

- PNC made HTC and LIHTC investments totaling $8.6 million in a project to extensively renovate a former industrial building and adapt it for re-use as a 36-unit affordable housing complex. The project targeted families with incomes from 30 percent to 60 percent of the area median family income.

- A complex $5.1 NMTC investment to construct a new school in a low-income geography to provide local children with an educational experience including work study, service, leadership training, and spirituality. The school provided quality education and relevant job school training through a unique corporate work-study program for students mostly from low-income communities.

Columbus, OH MSA

PNC had an excellent level of qualified investments and grants in the Columbus, OH MSA, often in leadership positions. The dollar amount of the investments represented 9.71 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited excellent responsiveness to the CD needs in the Columbus, OH MSA. PNC made six current-period investments totaling over $50.5 million and had 12 remaining prior-period investments valued at almost $7.0 million. PNC made 11 statewide and regional investments totaling $7.9 million that directly benefited the AA. PNC also provided 238 grants and donations of more than $4.5 million to local nonprofit organizations that promote community services for LMI individuals and families.

Examples of qualified investments in this AA include:

- A $12.0 million investment in an independent, not-for-profit lender that creates affordable home ownership and rental housing for working households and seniors. The proceeds facilitated LIHTC loans in LMI communities and supported housing for residents at or below 80 percent of the area median family income.

- An $8.1 million investment in a LIHTC affordable housing project for seniors making from 30 percent to 60 percent of the area median family income. The project consisted of 50 single-story two bedroom, one-bath units in ten buildings.

Dayton, OH MSA

PNC had an excellent level of qualified investments and grants, often in leadership positions in the Dayton, OH MSA. The dollar amount of investments represented 9.69 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited excellent responsiveness to the credit and CD needs in the Dayton, OH MSA. PNC made four current-period investments totaling over $13.4 million and had three remaining prior-period investments valued at over $2.1 million. PNC also provided 170 grants and donations of more than $1.8 million to local nonprofit organizations that promote community services for LMI individuals and families.

Examples of qualified investments in this AA include:

- A $2.3 million NMTC investment to an organization that provided rehabilitation services for low-income children and adults with disabilities and special needs. Those served were primarily low-income with limited academic skills, developmental or intellectual challenges, and behavioral issues.

- Two NMTC investments totaling $9.2 million to an organization that serves LMI individuals and families with disabilities. They also focus on assisting people to live independently through job training and job placement services.

In addition, PNC made three current-period investments totaling $11.0 million and had three remaining prior-period investments valued at almost $9.9 million to organizations in the broader statewide and regional area whose purpose, mandate, or function included serving PNCs AAs. These investments had a positive effect on the bank's overall investment test rating.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the investment test in the Toledo, OH MSA was not inconsistent with the bank's overall outstanding performance under the investment test in the state of Ohio. In the Akron, OH MSA; Canton-Massillon, OH MSA; Mansfield, OH MSA; Springfield, OH MSA; Weirton-Steubenville, OH MSA; Wheeling, WV-OH MSA; and the Ohio non-metropolitan areas, the bank's performance was weaker than the bank's overall performance in state of Ohio as the bank made fewer qualified investments in those AAs when compared to the full-scope AAs. The investment test performance in the limited-scope AAs was a factor in determining the overall investment test rating for the state of Ohio. Refer to Table 14 in the state of Ohio section of appendix D for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in the state of Ohio is rated outstanding. Based on full-scope reviews, the bank's performance in the Cleveland, OH MSA; Columbus, OH MSA; and Dayton, OH MSA was excellent. PNC's combined performance in the limited-scope areas supported the bank's overall service test performance rating for the state of Ohio.

Retail Banking Services

Refer to Table 15 in the state of Ohio section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Cleveland, OH MSA

PNC's delivery systems were readily accessible to geographies and individuals of different income levels throughout the AA. The bank operated 71 branch offices in the Cleveland, OH MSA. The bank's distribution of branches in low-income geographies was below, and in moderate-income geographies approximated, the percentage of the population living within those geographies. When considering two branches serving adjacent low-income geographies, the distribution was near-to the percentage of the population in those geographies.

PNC made effective use of alternative delivery systems through debit cards and ATMs, telephone and online banking, electronic bill pay, and mobile banking options as indicated by the level of usage by LMI households. These systems provided additional delivery availability and access to banking services to both retail and business customers in LMI geographies. PNC had 221 ATMs in the AA, 167 of which were deposit taking. PNC provided data that indicated 68.3 percent of households in LMI geographies used an alternative delivery system in the fourth quarter of 2016. This was an increase of 2.6 percent from the start of the evaluation period.

PNC's record of opening and closing branches in the Cleveland, OH MSA had generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. PNC opened one branch, which was not in a low- or moderate-income geography. The bank closed 11 branches, one of which was in a low-income geography and one in a moderate-income geography. The closures were the result of branch redundancies and reduced usage due to the high level of alternate delivery system usage.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly LMI individuals or LMI geographies. PNC maintained standard business hours and offered traditional banking products and services at all branch locations in the AA.

Columbus, OH MSA

PNC's delivery systems were readily accessible to geographies and individuals of different income levels throughout the AA. The bank operated 58 branch offices in the Columbus, OH MSA. The bank's distribution of branches in both low- and moderate-income geographies exceeded the percentage of the population living within those geographies.

PNC made effective use of alternative delivery systems through debit cards and ATMs, telephone and online banking, electronic bill pay, and mobile banking options as indicated by the level of usage by LMI households. These systems provided additional delivery availability and access to banking services to both retail and business customers in LMI areas. PNC had 209 ATMs in the AA, 126 of which were deposit taking. PNC provided data that indicated 67.8 percent of LMI households used an alternative delivery system in the fourth quarter of 2016. This was an increase of 5.4 percent from the start of the evaluation period.

PNC's record of opening and closing branches in the Columbus, OH MSA had generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. PNC opened one new branch, which was not in a low- or moderate-income geography. The bank closed eight branches, of which two were in moderate-income geographies. The closures were the result of branch redundancies and reduced usage due to the high level of alternate delivery system usage.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly LMI individuals or LMI geographies. PNC maintained standard business hours and offered traditional banking products and services at all branch locations in the AA.

Dayton, OH MSA

PNC's delivery systems were readily accessible to geographies and individuals of different income levels throughout the AA. The bank operated 25 branch offices in the Dayton, OH MSA. The bank's distribution of branches in low-income geographies exceeded, and in moderate-income geographies was near to, the percentage of the population living within those geographies. When considering three branches serving adjacent moderate-income geographies, the distribution exceeded the percentage of the population in those geographies.

PNC made effective use of alternative delivery systems through debit cards and ATMs, telephone and online banking, electronic bill pay, and mobile banking options as indicated by the level of usage by LMI households. These systems provide additional delivery availability and access to banking services to both retail and business customers in LMI areas. PNC had 88 ATMs in the AA, 53 of which were deposit taking. PNC provided data that indicated 60.7 percent of LMI households used an alternative delivery system in the fourth quarter of 2016. This was an increase of 7.8 percent from the start of the evaluation period.

PNC's record of opening and closing branches in the Dayton, OH MSA had generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. PNC opened one branch, which was not in a low- or moderate-income geography. The bank closed seven branches, only one of which was in a moderate-income geography. The closures were the result of branch redundancies and reduced usage due to the high level of alternate delivery system usage.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly LMI individuals or LMI geographies. PNC maintained standard business hours and offered traditional banking products and services at all branch locations in the AA.

Community Development Services

Cleveland, OH MSA

PNC was a leader in providing CD services in the Cleveland, OH MSA. Thirty-seven PNC employees conducted almost 170 financial education events with over 2,060 predominantly LMI participants of all ages. PNC employees also presented sessions covering first time homebuyer education, banking basics, financial wellness, identity theft, budgeting, money management, and achieving financial goals.

Employees were actively involved during the evaluation period, including 26 employees who served on boards or committees at 60 different CD organizations. Notable examples of CD services include:

- Two employees were on the board of a CD organization whose mission was to build strong families and vibrant neighborhoods through quality affordable housing and strengthened financial stability. The organization served over 30,000 low-income households annually through an array of affordable-housing related services.

- Twenty-four employees were involved with a free-of-charge, community resource center designed in partnership with a local community that had long faced severe economic hardships. The center serves as a civic hub connecting residents to all areas of CD, including education and workforce development, health services, affordable housing, small business development, access to financial services and cultural engagement opportunities through its collaboratively developed programming and partnerships.

Columbus, OH

PNC was a leader in providing CD services in the Columbus, OH MSA. Twenty-nine PNC employees conducted over 130 separate financial education events attended by over 2,400 predominantly LMI participants of all ages. PNC presented first time homebuyer education, banking basics and budgeting workshops.

Employees were actively involved during the evaluation period, including 27 employees who served on the boards or committees at 41 different CD organizations. Notable examples of CD services include:

- One employee was a committee member of a community housing and economic development entity whose mission was to support quality affordable housing, safe and healthy communities, and economic development. The employee also facilitated several financial education workshops at this organization that assisted LMI individuals to achieve financial stability through asset development and life skills programming.

- Three employees were on the board or committee of, or provided financial education programs to, a community based organization that helped LMI new arrivals from all countries establish roots and gain self-sufficiency. They offered programs and services that encouraged community integration, sustained employment, education, health, and strong families.

Dayton, OH MSA

PNC was a leader in providing CD services in the Dayton, OH MSA. PNC employees conducted over 60 separate financial education events attended by over 870 predominantly LMI participants of all ages. These events included home ownership classes for LMI families and financial education to students from kindergarten through high school in schools where the majority of the students were eligible for free or reduced lunch programs. PNC presented first time homebuyer education, money management, and financial fitness sessions.

Employees were actively involved during the evaluation period, including 22 of employees who served on boards or committees at 40 different organizations. Notable examples of CD services include:

- Seven employees were involved with an organization that provided person-to-person emergency assistance and supportive services to adults and families on the brink of becoming homeless or those who were already homeless. This included providing emergency shelter as well as giving emergency assistance with utilities, food, and clothing.

- One employee was on the board of a nonprofit housing organization whose vision was to build strength, stability, and self-reliance in partnership with people and families in need of a decent and affordable home. The organization also helped LMI people repair and improve their own homes and assisted with housing needs after a natural disaster.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank’s performance under the service test in the Springfield, OH MSA and Ohio non-metropolitan areas was not inconsistent with the overall outstanding rating for the state of Ohio. The bank's performance in the Akron, OH MSA; Canton-Massillon, OH MSA; Mansfield, OH MSA; Toledo, OH MSA; Weirton-Steubenville, OH MSA; and Wheeling, WV-OH MSA was weaker than the bank's overall performance in the state of Ohio due to poorer branch distribution in LMI geographies. PNC's combined performance in the limited-scope areas did not affect the bank's overall service test performance rating for the state of Ohio.

State of Pennsylvania

CRA Rating for Pennsylvania[24]: Outstanding

The lending test is rated: Outstanding
The investment test is rated: Outstanding
The service test is rated: Outstanding

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, both the geographic and borrower distribution of the bank's home mortgage and small business loan originations was good.

- CD loans were effective in addressing community credit needs. The bank was a leader in originating CD loans, which had a positive effect on the lending test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made an excellent level of qualified investments, grants, and donations.

- The bank's branches and alternative delivery systems were readily accessible to geographies and individuals of different income levels and responsive in helping the bank provide services across the community.

- CD services were effective and responsive in addressing community needs. The bank was a leader in providing CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in Pennsylvania

PNC delineated 15 AAs in the state of Pennsylvania. This included portions of the Pittsburgh, PA MSA; Bloomsburg-Berwick, PA MSA; and Scranton-Wilkes Barre-Hazleton, PA MSA; the entirety of the Altoona, PA MSA; East Stroudsburg, PA MSA; Erie, PA MSA; Gettysburg, PA MSA; Harrisburg-Carlisle, PA MSA; Lancaster, PA MSA; Lebanon, PA MSA; Reading, PA MSA; State College, PA MSA; Williamsport, PA MSA; and York-Hanover, PA MSA; and 14 non-metropolitan counties consisting of Clarion, Clearfield, Crawford, Elk, Greene, Huntingdon, Indiana, Jefferson, Lawrence, McKean, Somerset, Venango, Warren, and Wayne.

Based on June 30, 2016 FDIC summary of deposit information, PNC had almost $69.8 billion in deposits in these AAs, which represented 28.09 percent of the bank's total deposits. The bank made 15.49 percent of its evaluation period lending in these AAs.

[24] For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

PNC had 293 office locations and 797 ATMs, of which 305 were deposit taking, within the AAs. The bank ranked first in deposit market share with 33.32 percent. The top four competitors included Citizens Bank of Pennsylvania with 181 branches and 5.93 percent market share; the Bank of New York Mellon with two branches and 5.20 percent market share; First National Bank of Pennsylvania with 203 branches and 4.97 percent market share; and BNY Mellon, N.A. with four branches and 4.25 percent market share. There were 121 additional FDIC-insured depository institutions with 1,594 offices within the bank's AAs.

Refer to the market profile for the state of Pennsylvania in appendix C for detailed demographics and other performance context information, including identified AA needs and opportunities, for AAs that received full-scope reviews.

Scope of Evaluation in Pennsylvania

We completed full-scope reviews for two AAs in the state of Pennsylvania. The first was the Pittsburgh, PA MSA. This AA had the largest percentage of deposits, 83.10 percent, the largest number of branches, and the largest percentage deposit market share in the state, 49.01 percent. The dollar volume of PNC's deposits within this MSA included approximately $25 billion in corporate and municipal deposits. We considered this for any analysis that included a comparison to allocated tier 1 capital, which we calculated based on percentage of deposits. The second was Scranton-Wilkes Barre-Hazelton, PA MSA. This AA had the second largest percentage of deposits, 4.07 percent, the third largest number of branches, and the fourth largest percentage deposit market share in the state, 25.66 percent.

Under the lending test for both full scope MSAs, we placed more emphasis on small loans to businesses versus home mortgage loans. Among home mortgage loans, we placed the most emphasis on home refinance loans. PNC originated too few multifamily loans in either full-scope areas and too few small loans to farms in Scranton-Wilkes Barre-Hazelton, PA MSA to conduct a meaningful analysis. Refer to the Scope of Evaluation section for details on how weightings were determined.

We completed limited-scope reviews for the Altoona, PA MSA; Bloomsburg-Berwick, PA MSA; East Stroudsburg, PA MSA; Erie, PA MSA; Gettysburg, PA MSA; Harrisburg-Carlisle, PA MSA; Lancaster, PA MSA; Lebanon, PA MSA; Reading, PA MSA; State College, PA MSA; Williamsport, PA MSA; York-Hanover, PA MSA and the Pennsylvania non-metropolitan counties.

PNC did not have any branch locations in the Reading, PA MSA or the non-metropolitan county of Huntingdon. They did have at least one deposit-taking ATM in these areas, which required their inclusion in our analysis.

The 2014 OMB changes affected the limited-scope areas of Bloomsburg-Berwick, PA MSA; East Stroudsburg, PA MSA; Gettysburg, PA MSA; and the Pennsylvania non-metropolitan areas. OMB reclassified the non-metropolitan counties of Columbia, Monroe, and Adams as Bloomsburg-Berwick, PA MSA; East Stroudsburg, PA MSA; and Gettysburg, PA MSA, respectively. As a result, the analysis for these three new MSAs included data for 2014 through 2016 only. Data from the counties of Columbia, Monroe, and Adams for 2012 through 2013 was included in the Pennsylvania non-metropolitan area analysis.

We based our ratings on the results of the areas that received the full-scope reviews and the bank's performance in the limited-scope areas, as applicable. Refer to the table in appendix A for more information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN PENNSYLVANIA

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

PNC's performance under the lending test in the state of Pennsylvania is rated outstanding. Based on full-scope reviews, PNC's performance in both the Pittsburgh, PA MSA and the Scranton-Wilkes Barre-Hazleton, PA MSA was excellent. PNC effectively competed against nationwide banks and non-bank lenders to maintain relatively high market shares and ranks, with excellent loan distributions. Distributions of small business loans, a primary offering in the state, were excellent considering the substantial competition and slow economic recovery in some AAs. PNC's performance was generally consistent with or above the peer average for small business lending. Home mortgage lending also showed a significant commitment to the community considering the competition, unemployment levels and income to housing costs. Although mortgage lending was below the demographic in some areas, PNC generally performed consistently with peer average. Performance in the limited scope AAs, in aggregate, was consistent with the performance in the full scope AAs. CD lending had a positive effect on the lending test rating.

Lending Activity

Refer to Table 1 Lending Volume in the state of Pennsylvania section of appendix D for the facts and data used to evaluate the bank's lending activity.

<u>Pittsburgh, PA MSA</u>

PNC's lending activity reflected excellent responsiveness to area credit needs in the Pittsburgh, PA MSA when considering the bank's deposits and competition. PNC ranked first out of 49 depository institutions with a deposit market share of 49.01 percent. For home purchase loans, PNC's market share of 3.54 percent ranked third out of 401 lenders (top 1 percent). For home improvement loans, PNC's market share of 15.72 percent ranked second out of 188 lenders (top 2 percent). For home refinance loans, PNC's market share of 9.35 percent ranked second out of 410 lenders (top 1 percent). For small loans to businesses, PNC's market share of 25.81 percent ranked first out of 127 lenders. For small loans to farms, PNC's market share of 2.96 percent ranked 12th out of 22 lenders (top 55 percent).

<u>Scranton-Wilkes Barre-Hazleton, PA MSA</u>

PNC's lending activity reflected good responsiveness to area credit needs in the Scranton-Wilkes Barre-Hazleton, PA MSA when considering the bank's deposits and competition. PNC ranked first out of 22 depository institutions with a deposit market share of 25.66 percent. For home purchase loans, PNC's market share of 1.95 percent ranked 12^{th} out of 228 lenders (top 6 percent). For home improvement loans, PNC's market share of 11.83 percent ranked second out of 88 lenders (top 3 percent). For home refinance loans, PNC's market share of 4.13 percent ranked third out of 230 lenders (top 2 percent). For small loans to businesses, PNC's market share of 11.95 percent ranked second out of 90 lenders (top 3 percent).

Distribution of Loans by Income Level of the Geography

PNC's overall distribution of loans by income level of geography in the full-scope areas was good. The geographic distribution of home mortgage loans in the Pittsburgh, PA MSA was adequate and in the Scranton-Wilkes Barre-Hazleton, PA MSA was good. The geographic distribution of small loans to businesses in the Pittsburgh, PA MSA was excellent and in the Scranton-Wilkes Barre-Hazleton, PA MSA was good. The geographic distribution of small loans to farms in the Pittsburgh, PA MSA was good. We placed more emphasis on the bank's performance in moderate-income geographies as these areas had a higher percentage of owner-occupied housing units, small businesses, and small farms.

Home Mortgage Loans

Refer to Tables 2, 3, and 4 in the state of Pennsylvania section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

PNC's geographic distribution of home purchase loans and home improvement loans in the Pittsburgh, PA MSA was good, and home refinance loans was adequate. PNC's geographic distribution of home purchase loans, home improvement loans, and home refinance loans in the Scranton-Wilkes Barre-Hazleton, PA MSA was good.

Pittsburgh, PA MSA

Home Purchase

PNC's geographic distribution of home purchase loans was good. The percentage of home purchase loans originated or purchased in low-income geographies was well below, and in moderate-income geographies was below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home purchase loans originated or purchased in both low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

Home Improvement

PNC's geographic distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased in low-income geographies was below, and in moderate-income geographies was near to, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home improvement loans originated or purchased in low-income geographies was near to, and in moderate-income geographies exceeded, the aggregate percentage of all reporting lenders.

Home Refinance

PNC's geographic distribution of home refinance loans was adequate. The percentage of home refinance loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies was well below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home refinance loans originated or purchased in both low- and moderate-income geographies was near to the aggregate percentage of all reporting lenders.

Scranton-Wilkes Barre-Hazleton, PA MSA

Home Purchase

PNC's geographic distribution of home purchase loans was good. The percentage of home purchase loans originated or purchased in low-income geographies exceeded, and in moderate-income geographies was near to, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home purchase loans originated or purchased in both low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

Home Improvement

PNC's geographic distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased in low-income geographies exceeded, and in moderate-income geographies was below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home improvement loans originated or purchased in both low-income geographies equaled, and moderate-income geographies exceeded, the aggregate percentage of all reporting lenders.

Home Refinance

PNC's geographic distribution of home refinance loans was good. The percentage of home refinance loans originated or purchased in low-income geographies exceeded, and in moderate-income geographies was below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home refinance loans originated or purchased in low-income geographies exceeded, and in moderate-income geographies was near to, the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 6 in the state of Pennsylvania section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

Pittsburgh, PA MSA

PNC's geographic distribution of small loans to businesses in the Pittsburgh, PA MSA was excellent. The percentage of small loans to businesses originated or purchased in both low-and moderate-income geographies exceeded the percentage of businesses located in those geographies and the aggregate percentage of all reporting lenders.

Scranton-Wilkes Barre-Hazleton, PA MSA

PNC's geographic distribution of small loans to businesses in the Scranton-Wilkes Barre-Hazleton, PA MSA was good. The percentage of small loans to businesses originated or purchased in both low- and moderate-income geographies was near to the percentage of businesses located in those geographies and exceeded the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table 7 in the state of Pennsylvania section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to farms.

Pittsburgh, PA MSA

PNC's geographic distribution of small loans to farms in the Pittsburgh, PA MSA was good considering the low percentage of small farms in low-income geographies and small farm lending was not a primary focus for the bank. PNC did not originate or purchase any small loans to farms in low-income geographies and the aggregate of all reporting lenders was zero. The percentage of small loans to farms originated or purchased in moderate-income geographies exceeded the percentage of farms located in those geographies but was well below the aggregate percentage of all reporting lenders.

Lending Gap Analysis

We analyzed PNC's geographic lending patterns throughout the AAs and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC's overall distribution of loans to borrowers of different income levels in the full-scope areas was good. The borrower distribution of home mortgage loans in the Pittsburgh, PA MSA was adequate and in the Scranton-Wilkes Barre-Hazleton, PA MSA was good. The borrower distribution of small loans to businesses in both the Pittsburgh, PA MSA and in the Scranton-Wilkes Barre-Hazleton, PA MSA was good. The borrower distribution of small loans to farms in the Pittsburgh, PA MSA was adequate.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the state of Pennsylvania section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

PNC's borrower distribution of home purchase loans and home improvement loans in the Pittsburgh, PA MSA was good, and home refinance loans was adequate. PNC's borrower distribution of home purchase loans, home improvement loans, and home refinance loans in the Scranton-Wilkes Barre-Hazleton, PA MSA was good.

In both full-scope areas, we considered housing costs in relation to the median family incomes in the MSAs, which limited the affordability for LMI families. Refer to the market profiles for the Pittsburgh, PA MSA and Scranton-Wilkes Barre-Hazleton, PA MSA in appendix C for additional information on housing costs and median income.

Pittsburgh, PA MSA

Home Purchase

PNC's borrower distribution of home purchase loans was good. The percentage of home purchase loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home purchase loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Improvement

PNC's borrower distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home improvement loans originated or purchased to low-income borrowers was near to, and to moderate-income borrowers exceeded, the aggregate percentage of all reporting lenders.

Home Refinance

PNC's borrower distribution of home refinance loans was adequate. The percentage of home refinance loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers was below, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers was near to, the aggregate percentage of all reporting lenders.

Scranton-Wilkes Barre-Hazleton, PA MSA

Home Purchase

PNC's borrower distribution of home purchase loans was good. The percentage of home purchase loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home purchase loans originated or purchased to low-income borrowers exceeded, and to moderate-income borrowers was near to, the aggregate percentage of all reporting lenders.

Home Improvement

PNC's borrower distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home improvement loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Refinance

PNC's borrower distribution of home refinance loans was good. The percentage of home refinance loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers approximated, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to low-income borrowers was near to, and to moderate-income borrowers exceeded, the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 11 in the state of Pennsylvania section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

Pittsburgh, PA MSA

The borrower distribution of small loans to businesses in the Pittsburgh, PA MSA was good. The percentage of small loans to businesses originated or purchased was below the percentage of small businesses in the AA but exceeded the aggregate percentage of all reporting lenders.

Scranton-Wilkes Barre-Hazleton, PA MSA

The borrower distribution of small loans to businesses in the Scranton-Wilkes Barre-Hazleton, PA MSA was good. The percentage of small loans to businesses originated or purchased was below the percentage of small businesses in the AA but exceeded the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table 12 in the state of Pennsylvania section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to farms.

Pittsburgh, PA MSA

The borrower distribution of small loans to farms in the Pittsburgh, PA MSA was adequate. The percentage of small loans to farms originated or purchased was well below the percentage of small farms in the AA but was near to the aggregate percentage of all reporting lenders.

Community Development Lending

Refer to Table 1 Lending Volume in the state of Pennsylvania section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a positive effect on the lending test conclusion for both the Pittsburgh, PA MSA and the Scranton-Wilkes Barre-Hazleton, PA MSA. PNC was a leader in making CD loans in both full-scope areas based on the combination of volume, responsiveness, and complexity.

Pittsburgh, PA MSA

PNC made 139 CD loans totaling $452.5 million, which represented 11.87 percent of adjusted allocated tier 1 capital. By dollar volume, 50.76 percent of these loans funded community services, 31.31 percent funded affordable housing, 4.53 percent funded economic development activities, and 13.40 percent funded revitalization and stabilization efforts.

Examples of CD loans in this MSA include:

- PNC provided $13 million in loans for a LIHTC project in a low-income neighborhood adjacent to downtown Pittsburgh. The project was a 348-unit affordable housing apartment community, of which, 194 units were restricted to low-income households with income at or below 60 percent of area median family income.

- PNC provided almost $5.7 million in loans for an affordable housing project that consists of 23 LIHTC apartment units in eight, two-story townhouse structures located on scattered sites within a LMI neighborhood just east of downtown Pittsburgh.

Scranton-Wilkes Barre-Hazleton, PA MSA

PNC made 40 CD loans totaling $28.3 million, which represented 8.63 percent of allocated tier 1 capital. By dollar volume, 65.77 percent of these loans funded community services, 18.39 percent funded affordable housing, 0.35 percent funded economic development activities, and 15.49 percent funded revitalization and stabilization efforts.

Examples of CD loans in this MSA include:

- PNC provided four loans totaling $2 million to a community action agency dedicated to serving the needs of economically disadvantaged individuals through a variety of programs, such as Head Start, surplus food distribution, crisis assistance, welfare-to-work activities, weatherization programs, and heating assistance through Pennsylvania's Low-Income Home Energy Assistance Program.

- PNC provided seven loans totaling almost $2.6 million to a nonprofit organization dedicated to meeting the needs of low-income families, youth, and senior citizens. The organization provided people with the tools needed to integrate into the community and attain self-sufficiency. Some of the programs and services provided included childcare, housing counseling, homelessness prevention, senior centers, and basic needs such as food and clothing.

In addition, PNC made two CD loans totaling $410,000 to entities in the broader statewide and regional area whose purpose, mandate, or function included serving PNCs AAs. Both loans went to entities that provided community services to LMI persons.

Product Innovation and Flexibility

PNC's overall use of innovative or flexible lending programs in full-scope areas was good.

Pittsburgh, PA MSA

PNC made extensive use of innovative or flexible lending programs in order to serve AA credit needs. During the evaluation period, PNC made 178 PNC Community Mortgage loans totaling $15.6 million and 1,014 closing cost assistance grants totaling over $1.4 million in the Pittsburgh, PA MSA.

Scranton-Wilkes Barre-Hazleton, PA MSA

PNC made no use of innovative or flexible lending programs in the Scranton-Wilkes Barre-Hazleton, PA MSA during this evaluation period.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Altoona, PA MSA; Bloomsburg-Berwick, PA MSA; Gettysburg, PA MSA; Harrisburg-Carlisle, PA MSA; Williamsport, PA MSA; York-Hanover, PA MSA; and the Pennsylvania non-metropolitan areas was not inconsistent with the bank's overall outstanding performance under the lending test in Pennsylvania.

Performance in the East Stroudsburg, PA MSA; Erie, PA MSA; Lancaster, PA MSA; Lebanon, PA MSA; Reading, PA MSA; and State College, PA MSA was weaker than the bank's overall performance in the state of Pennsylvania. The weaker performance in the East Stroudsburg, PA MSA and Lebanon, PA MSA was due to poorer performance in both geographic and borrower distribution. The weaker performance in the Erie, PA MSA was due to poorer geographic distribution. In the Lancaster, PA MSA, the weaker performance was due to poorer performance in both geographic and borrower distribution and a lower level of CD lending. The weaker performance in the Reading, PA MSA was due to poorer performance in both the geographic and borrower distribution and no CD lending. In the State College, PA MSA, the weaker performance was due to poorer geographic distribution and no CD lending. The lending test performance in the limited-scope MSAs did not have an effect on the bank's overall lending test rating for the state of Pennsylvania. Refer to the Tables 1 through 13 in the state of Pennsylvania section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in the state of Pennsylvania is outstanding. Based on a full-scope review, the bank's performance in the Pittsburgh, PA MSA was excellent and in the Scranton-Wilkes Barrie-Hazelton, PA MSA was adequate. Performance in the limited-scope areas had a neutral effect on the overall investment test rating for the state of Pennsylvania.

Refer to Table 14 in the state of Pennsylvania section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

Pittsburgh, PA MSA

PNC had an excellent level of qualified investment and grants in the Pittsburgh, PA MSA, often in leadership positions. We took into consideration that the headquarters location in downtown Pittsburgh had over $25 billion in municipal and internet deposits assigned there. After adjusting for these deposits, investments represented 10.66 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited an excellent level of responsiveness to the credit and CD needs in the Pittsburgh, PA MSA. PNC made 79 current-period investments totaling almost $274 million and had 29 remaining prior-period investments valued at $45.9 million. PNC made 79 statewide and regional investments totaling $69.5 million that directly benefited the AA. These investments met community needs through LIHTCs, NMTCs, HTCs, mortgage-backed securities, and other investments. PNC also provided 582 grants and donations of more than $16.3 million to local nonprofit organizations that promote community services for LMI individuals and families. In addition, PNC had $1.1 million in unfunded commitments that benefited the Pittsburgh, PA MSA.

Examples of qualified investments in this AA include:

- An $18.5 million investment in a NMTC benefitting an economically disenfranchised, highly distressed neighborhood through adaptive re-use of a former historic trade school redeveloped into an educational and research facility. The facility housed companies that focused on energy related, research, development, and job training and was intended to contribute to socially responsible workforce development, job creation, and sustainable technology advancement.

- A $14.6 million equity investment in a multi-phase affordable housing development in a low-income geography. The townhome development was a mixture of new construction and historic renovations within walking distance to downtown, uptown, a local shopping corridor, and Duquesne University.

Scranton-Wilkes Barre-Hazelton, PA-MSA

PNC had a poor level of qualified investments and grants in the Scranton-Wilkes Barre-Hazelton, PA MSA. The dollar amount of the investments represented 3.05 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited good responsiveness to the credit and CD needs in the Scranton-Wilkes Barre-Hazelton, PA MSA. PNC made one current-period investment of $50,000 and had one remaining prior-period investments valued at $419,000. PNC made 35 statewide and regional investments totaling $8.7 million that directly benefited the AA. PNC also provided 108 grants and donations of $790,290 to local nonprofit organizations that promote community services for LMI individuals and families.

Examples of qualified investments in this AA include:

- Eight CD grants totaling $65,000 to a community based organization dedicated to assessing and meeting low-income families, youth, and senior citizen needs and providing tools for community integration and self-sufficiency. PNC proceeds supported the organization's first time homebuyer's programs and after school programs

- Four grants totaling $20,000 to an organization that worked to create employment for LMI disabled persons. PNC proceeds support the organization's job development, training, and placement efforts through local employers, to create or locate jobs tailored to student's interests and abilities.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the investment test in the Altoona, PA MSA; Gettysburg, PA MSA; Lebanon, PA MSA; and Williamsport, PA MSA was not inconsistent with the bank's overall outstanding performance under the investment test in the state of Pennsylvania. In the Bloomsburg-Berwick, PA MSA, East Stroudsburg, PA MSA; Erie, PA MSA; Harrisburg-Carlisle, PA MSA; Lancaster, PA MSA; Reading, PA MSA; State College, PA MSA; York-Hanover, PA MSA; and Pennsylvania non-metropolitan areas, the bank's performance was weaker than the bank's overall performance in the state of Pennsylvania as the bank made lower levels of qualified investments in those AAs. The investment test performance in the limited-scope areas had a neutral effect on bank's overall investment test rating for the state of Pennsylvania. Refer to Table 14 in the state of Pennsylvania section of appendix D for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in state of Pennsylvania is rated outstanding. Based on full-scope reviews, the bank's performance in the Pittsburgh, PA MSA and the Scranton-Wilkes Barre-Hazleton, PA MSA was excellent. The service test performance in the limited-scope areas did not have an effect on the bank's overall service test rating for state of Pennsylvania.

Retail Banking Services

Refer to Table 15 in the state of Pennsylvania section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Pittsburgh, PA MSA

PNC's delivery systems were readily accessible to geographies and individuals of different income levels throughout the AA. The bank operated 141 branch offices in the Pittsburgh, PA MSA. The bank's distribution of branches in low-income geographies exceeded, and in moderate-income geographies was near to, the percentage of the population living within those geographies. When considering fourteen branches serving adjacent moderate-income geographies, the distribution exceeded the percentage of the population in moderate-income geographies.

PNC made effective use of alternative delivery systems through ATMs, online banking, electronic bill pay, and mobile banking options. These systems provided additional delivery availability and access to banking services to both retail and business customers in LMI geographies. PNC had 641 ATMs in the AA, of which 356 were deposit taking. PNC provided data that indicated 71.4 percent of households in LMI geographies used an alternative delivery system in the fourth quarter of 2016. This was an increase of 6.8 percent from the start of the evaluation period.

PNC's record of opening and closing of branches had generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. PNC opened eight branches during the evaluation period, one of which was located in a moderate-income geography. The bank closed 38 branches, one of which was located in a low-income geography and nine of which were located in moderate-income geographies. The closures were the result of branch redundancies and reduced usage due to the high level of alternate delivery system usage. Despite the closings, branch distribution remained readily accessible.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly LMI individuals or LMI geographies. PNC maintained standard business hours and offered traditional banking products and services at all branch locations in the AA.

Scranton-Wilkes Barre-Hazleton, PA MSA

PNC's delivery systems were readily accessible to geographies and individuals of different income levels throughout the AA. The bank operated 27 branch offices in the Scranton-Wilkes Barre-Hazleton, PA MSA. The bank's distribution of branches in low-income geographies exceeded, and in moderate-income geographies approximated, the percentage of the population living within those geographies. When considering three branches serving adjacent moderate-income geographies, the distribution exceeded the percentage of the population in moderate-income geographies.

PNC made effective use of alternative delivery systems through ATMs, online banking, electronic bill pay, and mobile banking options indicated by the level of usage by LMI households. These systems provided additional delivery availability and access to banking services to both retail and business customers in LMI geographies. PNC had 118 ATMs in the AA, of which 59 were deposit taking. PNC provided data that indicated 66.5 percent of LMI households used an alternative delivery system in the fourth quarter of 2016. This was an increase of 18.7 percent from the start of the evaluation period.

PNC's record of opening and closing of branches had generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. PNC closed five branches during the evaluation period, none of which was located in low- or moderate-income geographies.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly LMI individuals or LMI geographies. PNC maintained standard business hours and offered traditional banking products and services at all branch locations in the AA.

Community Development Services

Pittsburgh, PA MSA

PNC was a leader in providing CD services in the Pittsburgh, PA MSA. During the evaluation period, bank employees conducted 291 financial education events attended by approximately 2,600 participants. These events focused on basic financial education and homebuyer education to LMI individuals and families.

In addition, 83 bank employees served in leadership roles for 75 different organizations by participating in boards and committees. Notable examples of CD services include:

- Six Bank employees taught financial education classes at an organization that provided outreach and referral services to low-income and unemployed Beaver County residents. This included a series of summer program sessions to LMI youth in coordination with another local organization.

- Four bank employees served as board or committee members for a CDFI that was dedicated to delivering responsible, affordable lending products to low-income, low-wealth, and other disadvantaged people and communities. The CDFI assisted under-served populations by providing capital and education to ignite business and job growth, develop communities, support entrepreneurs, and expand vital services that strengthen the region.

Scranton-Wilkes Barre-Hazleton, PA MSA

PNC was a leader in providing CD services in the Scranton-Wilkes Barre-Hazleton, PA MSA. During the evaluation period, bank employees conducted 20 financial education events attended by approximately 156 participants. These events focused on basic financial education and homebuyer education to LMI individuals and families.

In addition, eight bank employees served in leadership roles for 15 different organizations by participating on boards and committees. Notable examples of CD services include:

- A bank employee served as a board member for a CD organization that worked to create employment opportunities for LMI individuals with disabilities. The organization provided the necessary education, training, and socialization skills to function independently in society. The organization helped special education students obtain job training and placement, and managed 12 group homes for these individuals.

- A bank employee taught financial education classes to participants of an organization dedicated to serving the needs of economically disadvantaged individuals within the AA. Services included a variety of programs, such as Head Start/Early Head Start services, employment and training relationships, surplus food distributions, crisis assistance, welfare-to-work activities, home weatherization programs, and heating assistance through the Pennsylvania's Low-Income Home Energy Assistance Program.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the service test in the Bloomsburg-Berwick, PA MSA; East Stroudsburg, PA MSA; Erie, PA MSA; Harrisburg-Carlisle, PA MSA; York-Hanover, PA MSA; and the Pennsylvania non-metropolitan areas was not inconsistent with the bank's overall outstanding performance under the service test in the state of Pennsylvania. In the Altoona, PA; Gettysburg, PA MSA; Lancaster, PA MSA; Lebanon, PA MSA; Reading, PA MSA; State College, PA MSA; and the Williamsport, PA MSA the bank's performance was weaker than the bank's overall performance in the state of Pennsylvania due to poorer branch distribution in LMI geographies. The service test performance in the limited-scope areas did not have an effect on the bank's overall service test rating for state of Pennsylvania. Refer to Table 15 in the state of Pennsylvania section of appendix D for the facts and data that support these conclusions.

State of South Carolina

CRA Rating for South Carolina[25]: Satisfactory

The lending test is rated: High Satisfactory
The investment test is rated: High Satisfactory
The service test is rated: Low Satisfactory

The major factors that support this rating include:

- Based on the data in the tables and performance context considerations discussed below, the geographic and borrower distribution of the bank's home mortgage and small business loan originations and purchases was adequate.

- CD loans were effective in addressing community credit needs. The bank was a leader in originating CD loans, which had a positive effect on the lending test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made a significant level of qualified investments, grants, and donations.

- The bank's branches and alternative delivery systems were reasonably accessible to geographies and individuals of different income levels and responsive in helping the bank provide services across the community.

Description of Institution's Operations in South Carolina

PNC delineated six AAs in the state of South Carolina, which included portions of the Charleston-North Charleston, SC MSA; Columbia, SC MSA; Florence, SC MSA; Greenville-Anderson-Mauldin, SC MSA; Hilton Head Island-Bluffton-Beaufort, SC MSA; and the South Carolina non-metropolitan county of Georgetown.

Based on June 30, 2016 FDIC summary of deposit information, PNC had almost $187.0 million in deposits in these AAs, which represented 0.08 percent of the bank's total deposits. The bank made 0.25 percent of its evaluation period lending in these AAs.

PNC had eight office locations and 37 ATMs, of which 13 were deposit taking, within the AAs. The bank ranked 23rd in deposit market share with 0.44 percent. The top four competitors included Wells Fargo Bank, N.A. with 74 branches and 26.27 percent market share; Bank of America, N.A. with 44 branches and 20.82 percent market share; Branch Banking and Trust Company with 48 branches and 8.83 percent market share; and South State Bank with 43 branches and 7.27 percent market share. There were 55 additional FDIC-insured depository institutions with 332 offices within the bank's AAs.

[25] For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Refer to the market profile for the state of South Carolina in appendix C for detailed demographics and other performance context information, including identified AA needs and opportunities, for the AA that received a full-scope review.

Scope of Evaluation in South Carolina

We completed a full-scope review for the Charleston-North Charleston, SC MSA. This AA had the largest percentage of deposits, 36.40 percent, the largest number of branches, and the third largest deposit market share percentage with 0.69 percent.

We placed more emphasis on home mortgage loans versus small loans to businesses. PNC did not originate or purchase enough home improvement loans, multifamily loans, or small loans to farms in the full-scope area to complete a meaningful analysis. We placed more emphasis on the bank's performance in moderate-income geographies as these areas had a higher percentage of owner-occupied housing units and small businesses. Among home mortgage loans, we placed the most emphasis on home refinance loans. Refer to the Scope of Evaluation section for details on how weightings were determined.

We completed limited-scope reviews for the Columbia, SC MSA; Florence, SC MSA; Greenville-Anderson-Mauldin, SC MSA; Hilton Head Island-Bluffton-Beaufort, SC MSA; and the South Carolina non-metropolitan area.

The 2014 OMB changes affected AAs in this state. OMB reclassified Beaufort County, SC as the Hilton Head Island-Bluffton-Beaufort, SC MSA. As a result, analysis for the South Carolina non-metropolitan area included data for Beaufort County, SC from 2012 through 2013. Data from Beaufort County, SC for 2014 through 2016 was included in the Hilton Head Island-Bluffton-Beaufort, SC MSA analysis.

We based our ratings on the results of the area that received the full-scope review and the bank's performance in the limited-scope areas, as applicable. Refer to the table in appendix A and the market profiles for more information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN SOUTH CAROLINA

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in the state of South Carolina is high satisfactory. Based on a full-scope review, the bank's performance in the Charleston-North Charleston, SC MSA was good considering competition, economic factors, housing costs, and performance against the demographic and aggregate peer. CD lending had a positive effect on the lending test conclusion.

Lending Activity

Refer to Table 1 Lending Volume in the state of South Carolina section of appendix D for the facts and data used to evaluate the bank's lending activity.

PNC's lending activity reflected good responsiveness to area credit needs in the Charleston-North Charleston, SC MSA when considering the bank's deposits and competition. PNC ranked 16th out of 28 depository institutions (top 57 percent) with a deposit market share of 0.69 percent. For home purchase loans, PNC's market share of 0.25 percent ranked 70th out of 370 lenders (top 19 percent). For home, refinance loans, PNC's market share of 0.47 percent ranked 48th out of 340 lenders (top 14 percent). For small loans to businesses, PNC's market share of 0.74 percent ranked 19th out of 98 lenders (top 19 percent).

Distribution of Loans by Income Level of the Geography

PNC's overall distribution of loans by income level of geography in the Charleston-North Charleston, SC MSA was adequate. The geographic distribution of home mortgage loans in the Charleston-North Charleston, SC MSA was adequate and small loans to businesses was good.

Home Mortgage Loans

Refer to Tables 2, 3, and 4 in the state of South Carolina section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

PNC's geographic distribution of home purchase loans and home refinance loans in the Charleston-North Charleston, SC MSA was adequate.

<u>Home Purchase</u>

PNC's geographic distribution of home purchase loans was adequate. The percentage of home purchase loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies was below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home purchase loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies was below, the aggregate percentage of all reporting lenders.

<u>Home Refinance</u>

PNC's geographic distribution of home refinance loans was adequate. The percentage of home refinance loans originated or purchased in low-income geographies was well below, and in moderate-income geographies was below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home refinance loans originated or purchased in low-income geographies was below, and in moderate-income geographies exceeded, the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 6 in the state of South Carolina section of appendix D for the facts and data used to evaluate the geographic distribution of the bank’s origination and purchase of small loans to businesses.

PNC’s geographic distribution of small loans to businesses in the Charleston-North Charleston, SC MSA was good. The percentage of small loans to businesses originated or purchased in low-income geographies exceeded, and in moderate-income geographies was below, the percentage of businesses located in those geographies. PNC’s percentage of small loans to businesses originated or purchased in low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

Lending Gap Analysis

We analyzed PNC’s geographic lending patterns throughout the AAs and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC’s overall distribution of loans to borrowers of different income levels in the Charleston-North Charleston, SC MSA was adequate. The borrower distribution of home mortgage loans and small loans to businesses was adequate.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the state of South Carolina section of appendix D for the facts and data used to evaluate the borrower distribution of the bank’s home mortgage loan originations and purchases.

The borrower distribution of home purchase loans in the Charleston-North Charleston, SC MSA was poor and home refinance loans was adequate.

<u>Home Purchase</u>

PNC’s borrower distribution of home purchase loans was poor. The percentage of home purchase loans originated or purchased to both low- and moderate-income borrowers was significantly below the percentage of those families in the AA. PNC’s percentage of home purchase loans originated or purchased to low-income borrowers exceeded, and to moderate-income borrowers was significantly below, the aggregate percentage of all reporting lenders.

<u>Home Refinance</u>

PNC’s borrower distribution of home refinance loans was adequate. The percentage of home refinance loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers was below, the percentage of those families in the AA. PNC’s percentage of home refinance loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 11 in the state of South Carolina section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses in the Charleston-North-Charleston, SC MSA was adequate. The percentage of small loans to businesses originated or purchased was well below the percentage of small businesses in the AA but exceeded the aggregate percentage of all reporting lenders.

Community Development Lending

Refer to Table 1 Lending Volume in the state of South Carolina section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a positive effect on the lending test conclusion in the Charleston-North Charleston, SC MSA. PNC was a leader in making CD loans based on the combination of volume, responsiveness, and complexity. PNC made three CD loans totaling $105.5 million, which represented 1,341.59 percent of allocated tier 1 capital. By dollar volume, 72.04 percent of these loans funded community services, 27.49 percent funded revitalization or stabilization efforts, and 0.48 percent funded affordable housing.

Examples of CD loans in the AA include:

- PNC provided $76.0 million to a local school district where the majority of the students were from LMI families. The funds were used to acquire, construct, and renovate essential educational facilities.

- PNC provided a $29.0 million loan for the revitalization of an abandoned textile mill site located in a moderate-income geography that created additional office and retail space that provided additional job opportunities.

In addition, PNC made five CD loans totaling $40.8 million to entities in the broader statewide and regional area whose purpose, mandate, or function included servicing PNCs AAs. Two were to organizations providing affordable housing, two to organizations providing community services, and one to a community loan fund to support small businesses.

Product Innovation and Flexibility

PNC made limited use of innovative or flexible lending programs in order to serve AA credit needs. During the evaluation period, the bank made one PNC Community Mortgage loan totaling $184,000 and eight closing assistance grants totaling $11,800 in the Charleston-North Charleston, SC MSA.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Columbia, SC MSA and Greenville-Anderson-Mauldin, SC MSA was not inconsistent with the bank's overall high satisfactory performance under the lending test in the state of South Carolina.

Performance in the Florence, SC MSA; Hilton Head-Bluffton-Beaufort, SC MSA; and South Carolina non-metropolitan areas was weaker than the bank's overall performance in the state of South Carolina. The weaker performance was due to poorer performance in both geographic and borrower distributions. PNC's combined performance in the limited-scope areas did not affect the bank's overall lending test rating for the state of South Carolina. Refer to the Tables 1 through 13 in the state of South Carolina section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in the state of South Carolina is high satisfactory. Based on a full-scope review, the bank's performance in the Charleston-North Charleston, SC MSA was good.

Refer to Table 14 in the state of South Carolina section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

PNC had a good level of qualified investments and grants in this AA. The dollar amount of qualified investments in the Charleston-North Charleston, SC MSA represented 6.15 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited a good level of responsiveness to the credit and CD needs in the Charleston-North Charleston, SC MSA. PNC made two statewide and regional investments totaling over $218,000 that directly benefited the AA. PNC also provided 17 grants and donations totaling $266,000 that promoted economic development in LMI communities, supported affordable housing development, and provided community services to LMI individuals and families.

An example of a qualified investment in this AA was an investment in a statewide CDFI lender that pools capital from public and private investments that created a revolving loan fund to finance critically needed CD projects. Its mission was to provide loans, technical assistance, and advocacy for affordable housing, healthy food retail, community facilities, and community businesses. The portion of the investment attributed to the Charleston-North Charleston, SC MSA was $50,000.

Conclusions for Areas receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in the Columbia, SC MSA and the South Carolina non-metropolitan areas was stronger than the bank's performance in the state of South Carolina. This was due to higher relative volume of qualified investments in these areas. In the Florence, SC MSA; Greenville-Anderson-Mauldin, SC MSA; and the Hilton Head Island-Bluffton-Beaufort, SC MSA, the bank's performance was weaker than the bank's overall performance under the investment test in the state due to lower volumes of qualified investments. PNC's combined performance in the limited-scope areas did not affect the bank's overall investment test rating for the state of South Carolina. Refer to Table 14 in the state of South Carolina section of appendix D for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in South Carolina is rated low satisfactory. Based on a full-scope review, the bank's performance in the Charleston-North Charleston, SC MSA was good given its limited branch presence. The service test performance in the limited-scope AAs was a factor in determining the overall investment test rating for the state of South Carolina.

Retail Banking Services

Refer to Table 15 in the state of South Carolina section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

PNC's delivery systems were accessible to geographies and individuals of different income levels throughout the AA. The bank operated two branch offices in the Charleston-North Charleston, SC MSA. The bank had no branches in low-income geographies. PNC's distribution of branches in moderate-income geographies exceeded the percentage of the population living within those geographies.

PNC made effective use of alternative delivery systems through debit cards and ATMs, telephone and online banking, electronic bill pay, and mobile banking options as indicated by significant increase in usage by LMI households. These systems provide additional delivery availability and access to banking services to both retail and business customers in LMI geographies. PNC had 22 ATMs in the AA, two of which were deposit taking. PNC provided data that indicated 48.8 percent of households in LMI geographies used an alternative delivery system in the fourth quarter of 2016. This was an increase of 43.0 percent from the start of the evaluation period.

PNC's record of opening and closing of branches did not adversely affect the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. No branches were opened or closed within the AA during the evaluation period.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly LMI individuals or LMI geographies. PNC maintained standard business hours and offered traditional banking products and services at all branch locations in the AA.

Community Development Services

PNC provided an adequate level of CD services in the Charleston-North Charleston, SC MSA. PNC conducted four financial education events with 138 predominantly LMI participants. These events focused on basic financial education and homebuyer education to LMI individuals and families.

Employees were involved during the evaluation period, including four employees who participated on boards of directors or committees of four CD organizations. Notable examples of CD services include:

- A PNC employee served on the board of directors for an organization that supported the development of vibrant, sustainable communities through loan programs for affordable housing and the financing of healthy food retail, community facilities, and community businesses.

- A PNC employee served on the board of directors for an organization that provided financial training and educational opportunities to primarily LMI individuals.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the service test in the Columbia, SC MSA; Florence, SC MSA; Greenville-Anderson-Mauldin, SC MSA; Hilton Head Island-Bluffton-Beaufort SC MSA; and South Carolina non-metropolitan areas was weaker than the bank's overall low satisfactory performance in the Charleston-North Charleston, SC MSA due to poorer branch distribution in LMI geographies. The weaker service test performance in the limited-scope AAs affected the bank's overall service test rating for the state of South Carolina. Refer to Table 15 in appendix D for the facts and data that support these conclusions.

State of Virginia

CRA Rating for Virginia[26]: Satisfactory

The lending test is rated: High Satisfactory
The investment test is rated: High Satisfactory
The service test is rated: High Satisfactory

The major factors that support the rating include:

- Based on the data in the tables and performance context considerations discussed below, the geographic distribution of the bank's home mortgage and small business loan originations and purchases was poor and borrower distribution was adequate.

- CD loans were effective in addressing community credit needs. The bank was a leader in making CD loans, which had a positive effect on the lending test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made a significant level of qualified investments, grants, and donations.

- The bank's branches and alternative delivery systems were accessible to geographies and individuals of different income levels and responsive in helping the bank provide services across the community.

Description of Institution's Operations in Virginia

PNC delineated one AA in the state of Virginia, which included the non-metropolitan counties of Accomack and Northampton.

Based on June 30, 2016 FDIC summary of deposit information, PNC had over $216.1 million in deposits in this AA, which represented 0.09 percent of the bank's total deposits. The bank made 0.11 percent of its evaluation period lending in this AA.

PNC had four office locations and seven ATMs, all of which were deposit taking, within the AA. The bank ranked first in deposit market share with 33.73 percent. There were four competitors in this AA, which included Bank of Hampton Roads with four branches and 29.93 percent market share; Branch Banking and Trust Company with three branches and 18.36 percent market share; SunTrust Bank with two branches and 17.89 percent market share; and Woodforest National Bank with one branch and 0.10 percent market share.

Refer to the market profile for the state of Virginia in appendix C for detailed demographics and other performance context information, including identified AA needs and opportunities.

[26] For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Scope of Evaluation in Virginia

We completed a full-scope review for the Virginia non-metropolitan counties of Accomack and Northampton. The 2014 OMB changes did not affect the AA. We based our ratings on the results of the area that received the full-scope review. Refer to the table in appendix A and the market profiles for more information.

We placed more emphasis on borrower distribution than geographic distribution because there were no low-income geographies in the rating area and less than 10 percent of owner-occupied housing units, small business, and small farms were located in moderate-income geographies. We placed more emphasis on small loans to businesses versus home mortgage loans. PNC originated too few multifamily loans in the rating area to conduct a meaningful analysis. Among home mortgage loans, we placed the most emphasis on home refinance loans. We considered housing costs in relation to the median family incomes in the AAs, which limited the affordability for LMI families. Refer to the market profile for Virginia non-metropolitan areas in appendix C for additional information on housing costs and median income. Refer to the Scope of Evaluation section for details on how weightings were determined.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN VIRGINIA

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in the state of Virginia is rated high satisfactory. Based on a full-scope review, the bank's performance in the Virginia non-metropolitan areas was good considering competition, economic factors, housing costs, and performance against the demographic and aggregate peer. CD lending had a positive effect on the lending test conclusion.

Lending Activity

Refer to Table 1 Lending Volume in the state of Virginia section of appendix D for the facts and data used to evaluate the bank's lending activity.

PNC's lending activity reflected excellent responsiveness to area credit needs in the Virginia non-metropolitan areas when considering the bank's deposits and competition. PNC ranked first out of eight depository institutions (top 13 percent) with a deposit market share of 33.73 percent. For home purchase loans, PNC's market share of 2.56 percent ranked ninth out of 112 lenders (top 8 percent). For home improvement loans, PNC's market share of 20.25 percent ranked first out of 22 lenders (top 5 percent). For home refinance loans, PNC's market share of 2.93 percent ranked seventh out of 106 lenders (top 7 percent). For small loans to businesses, PNC's market share of 15.92 percent ranked first out of 39 lenders (top 3 percent). For small loans to farms, PNC's market share of 39.58 percent ranked first out of 10 lenders (top 10 percent).

Distribution of Loans by Income Level of the Geography

PNC's overall distribution of loans by income level of geography in the Virginia non-metropolitan areas was poor. The geographic distribution of home mortgage loans and small loans to farms was adequate, and small loans to businesses was poor. There were no low-income geographies in the AA; therefore, we based our analysis on moderate-income geographies only.

Home Mortgage Loans

Refer to Tables 2, 3, and 4 in the state of Virginia section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

PNC's geographic distribution of home purchase loans in the Virginia non-metropolitan areas was excellent, home improvement loans was very poor, and home refinance loans was good.

<u>Home Purchase</u>

PNC's geographic distribution of home purchase loans was excellent. The percentage of home purchase loans originated or purchased in moderate-income geographies exceeded both the percentage of owner-occupied housing units located in those geographies and the aggregate percentage of all reporting lenders.

<u>Home Improvement</u>

PNC's geographic distribution of home improvement loans was very poor. The percentage of home improvement loans originated or purchased in moderate-income geographies was significantly below both the percentage of owner-occupied housing units located in those geographies and the aggregate percentage of all reporting lenders.

<u>Home Refinance</u>

PNC's geographic distribution of home refinance loans was good. The percentage of home refinance loans originated or purchased in moderate-income geographies was below the percentage of owner-occupied housing units located in those geographies and exceeded the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 6 in the state of Virginia section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

PNC's geographic distribution of small loans to businesses in the Virginia non-metropolitan areas was poor. The percentage of small loans to businesses originated or purchased in moderate-income geographies was well below both the percentage of businesses located in those geographies and the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table 7 in the state of Virginia section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to farms.

PNC's geographic distribution of small loans to farms in the Virginia non-metropolitan areas was adequate considering small farm lending was not a primary focus for the bank. The percentage of small loans to farms in moderate-income geographies was below the percentage of farms located in those geographies and well below the aggregate percentage of all reporting lenders.

Lending Gap Analysis

We analyzed PNC's geographic lending patterns throughout the AA and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC's overall distribution of loans to borrowers of different income levels in the Virginia non-metropolitan areas was adequate. The borrower distribution of home mortgage loans was good, and small loans to businesses and small loans to farms was adequate.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the state of Virginia section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

PNC's borrower distribution of home purchase loans, home improvement loans, and home refinance loans in the Virginia non-metropolitan areas was good. We considered housing costs in relation to the median family incomes in the AAs, which limited the affordability for LMI families. Refer to the market profile for the Virginia non-metropolitan areas in appendix C for additional information on housing costs and median income.

<u>Home Purchase</u>

PNC's borrower distribution of home purchase loans was good. The percentage of home purchase loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home purchase loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

<u>Home Improvement</u>

PNC's borrower distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home improvement loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

<u>Home Refinance</u>

PNC's borrower distribution of home refinance loans was good. The percentage of home refinance loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers near to, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 11 in the state of Virginia section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses in the Virginia non-metropolitan areas was adequate. The percentage of small loans to businesses originated or purchased was well below the percentage of small businesses in the AA but exceeded the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table 12 in the state of Virginia section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to farms.

The borrower distribution of small loans to farms in the Virginia non-metropolitan areas was adequate. The percentage of small loans to farms originated or purchased was well below the percentage of small farms in the AA but exceeded the aggregate percentage of all reporting lenders.

Community Development Lending

Refer to Table 1 Lending Volume in the state of Virginia section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a positive effect on the lending test conclusion in the Virginia non-metropolitan areas. PNC was a leader in making CD loans based on the combination of volume, responsiveness, and complexity. PNC made five CD loans totaling $2.7 million, which represented 10.95 percent of allocated tier 1 capital. By dollar volume, 81.17 percent of these loans funded revitalization and stabilization efforts and 18.83 percent funded community services.

An example of CD loans include two CD loans totaling over $2.2 million to a local government entity for infrastructure improvements in a town located in a designated distressed or underserved middle-income geography.

Product Innovation and Flexibility

PNC did not make use of any innovative or flexible lending programs in the Virginia non-metropolitan areas during this evaluation period.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in the state of Virginia is high satisfactory. Based on a full-scope review, the bank's performance in the Virginia non-metropolitan areas was adequate. Statewide and regional investments had a positive effect on the bank's overall investment test performance in the state of Virginia.

Refer to Table 14 in the state of Virginia section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

PNC had an adequate level of qualified investments and grants in this AA. The dollar amount of the qualified investments in the Virginia non-metropolitan areas represented 5.84 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited good responsiveness to the credit and CD needs in the Virginia non-metropolitan areas. PNC made four current-period investments totaling $1 million and had one remaining prior-period investment totaling $250,000. PNC also provided 20 grants and donations totaling $208,000 that promoted economic development in LMI communities, supported affordable housing development, and provided community services to LMI individuals and families.

Examples of qualified investments in this AA include:

- PNC made four investments totaling $1 million to a CDFI that focused on LMI and under-served communities. It offered innovative, flexible financial products designed to support housing and CD ventures and increase employment opportunities for LMI people.

- PNC provided four grants totaling $59,000 to a nonprofit organization whose mission was to promote school readiness and well-being for LMI children from birth to age five.

PNC made three current-period investments totaling over $10.5 million in the broader statewide and regional area to organizations whose purpose, mandate, or function included serving PNCs AAs. These investments had a positive effect on the bank's overall investment test performance in the state of Virginia.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in state of Virginia is rated high satisfactory. Based on a full-scope review, the bank's performance in the Virginia non-metropolitan areas was good.

Retail Banking Services

Refer to Table 15 in the state of Virginia section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

PNC's delivery systems were reasonably accessible to geographies and individuals of different income levels throughout the AA. The bank operated four branch offices in the Virginia non-metropolitan areas. There were no low-income geographies in the AA. The bank's distribution of branches in moderate-income geographies was below the percentage of the population living within those geographies, although only 9.61 percent of the population lives in moderate-income geographies.

PNC made effective use of alternative delivery systems through ATMs, online banking, electronic bill pay, and mobile banking options as indicated by the level of usage by LMI households. These systems provided additional delivery availability and access to banking services to both retail and business customers in LMI geographies. PNC had seven ATMs in the AA, all of which were deposit taking. PNC provided data that indicated 60.3 percent of households in LMI geographies used an alternative delivery system in the fourth quarter of 2016. This was an increase of 20.4 percent from the start of the evaluation period.

PNC's record of opening and closing of branches did not adversely affect the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. PNC closed one branch during the evaluation period, which was located in a middle-income geography. The bank did not open any branches in the AA.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly LMI individuals or LMI geographies. PNC maintained standard business hours and offered traditional banking products and services at all branch locations in the AA.

Community Development Services

PNC was a leader in providing CD services in the Virginia non-metropolitan areas given its limited branch presence. During the evaluation period, five bank employees conducted 20 financial education events attended by approximately 630 participants. These events focused on basic financial education to LMI individuals and families.

In addition, four bank employees served in leadership roles for five different organizations by participating on boards and committees. Notable examples of CD services include:

- Two bank employees taught six financial education classes to more than 250 people through a local community college, the majority of whose students were LMI individuals.

- A bank employee served as a board member for a CDFI whose mission was to support housing and CD ventures, increase jobs, and build sustainable communities by offering flexible financial products and advisory services.

State of West Virginia

CRA Rating for West Virginia[27]: Outstanding

The lending test is rated: Outstanding
The investment test is rated: Outstanding
The service test is rated: High Satisfactory

The major factors that support the rating include:

- Based on the data in the tables and performance context considerations discussed below, the geographic distribution of the bank's home mortgage and small business loan originations and purchases was good and borrower distribution was adequate.

- CD loans were effective in addressing community credit needs. The bank was a leader in making CD loans, which had a positive effect on the lending test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made an excellent level of qualified investments, grants, and donations.

- The bank's branches and alternative delivery systems were accessible to geographies and individuals of different income levels and responsive in helping the bank provide services across the community.

- CD services were effective and responsive in addressing community needs. The bank conducted or supported a relatively high number of CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in West Virginia

PNC delineated one AA in the state of West Virginia, which included only a portion of the Morgantown, WV MSA.

Based on June 30, 2016 FDIC summary of deposit information, PNC had almost $63 million in deposits in this AA, which represented 0.03 percent of the bank's total deposits. The bank made 0.07 percent of its evaluation period lending in these AAs.

PNC had three office locations and 20 ATMs, of which eight were deposit taking, within the AA. The bank ranked eighth in deposit market share with 2.91 percent. The top four competitors included United Bank with six branches and 32.58 percent market share; Huntington National Bank with seven branches and 17.97 percent market share; Branch Banking and Trust Company with five branches and 17.81 percent market share; and Clear Mountain Bank with

[27] For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

six branches and 9.5 percent market share and. There were five additional FDIC-insured depository institutions with 12 branches within the bank's AA.

Refer to the market profile for the state of West Virginia in appendix C for detailed demographics and other performance context information, including identified AA needs and opportunities, for the AA that received a full-scope review.

Scope of Evaluation in West Virginia

We completed a full-scope review for the Morgantown, WV MSA. The 2014 OMB changes did not affect the AA. We based our ratings on the results of the area that received the full-scope review. Refer to the table in appendix A and the market profiles for more information.

We placed more emphasis on home mortgage loans versus small businesses. PNC originated too few multifamily loans and no small loans to farms in the rating area to conduct a meaningful analysis. We placed more emphasis on the bank's performance in moderate-income geographies as these areas had a higher percentage of owner-occupied housing units and small businesses. Among home mortgage loans, we placed the most emphasis on home purchase loans. We considered housing costs in relation to the median family incomes in the AA, which limited the affordability for LMI families. Refer to the market profile for Morgantown, WV MSA in appendix C for additional information on housing costs and median income. Refer to the Scope of Evaluation section for details on how weightings were determined.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WEST VIRGINIA

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in the state of West Virginia is rated outstanding. Based on a full-scope review, the bank's performance in the Morgantown, WV MSA was excellent considering competition, economic factors, housing costs, and performance against the demographic and aggregate peer. CD lending had a positive effect on the lending test conclusion.

Lending Activity

Refer to Table 1 Lending Volume in the state of West Virginia section of appendix D for the facts and data used to evaluate the bank's lending activity.

PNC's lending activity reflected excellent responsiveness to area credit needs in the Morgantown, WV MSA when considering the bank's deposits and competition. PNC ranked eighth out of 10 depository institutions (bottom 20 percent) with a deposit market share of 2.91 percent. For home purchase loans, PNC's market share of 4.84 percent ranked seventh out of 107 lenders (top 7 percent). For home improvement loans, PNC's market share of 2.99 percent ranked 11th out of 32 lenders (top 34 percent). For home refinance loans, PNC's market share of 2.43 percent ranked 12th out of 90 lenders (top 8 percent). For small loans to businesses, PNC's market share of 2.56 percent ranked 12th out of 62 lenders (top 19 percent).

Distribution of Loans by Income Level of the Geography

PNC's overall distribution of loans by income level of geography in the Morgantown, WV MSA was good. The geographic distribution of home mortgage loans was good and small loans to businesses was excellent.

Home Mortgage Loans

Refer to Tables 2, 3, and 4 in the state of West Virginia section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

PNC's geographic distribution of home purchase loans in the Morgantown, WV MSA was good, and home improvement loans and home refinance loans was excellent.

<u>Home Purchase</u>

PNC's geographic distribution of home purchase loans was good. The percentage of home purchase loans originated or purchased in low-income geographies exceeded, and in moderate-income geographies was below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home purchase loans originated or purchased in both low- and moderate-income geographies was below the aggregate percentage of all reporting lenders.

<u>Home Improvement</u>

PNC's geographic distribution of home improvement loans was excellent. The percentage of home improvement loans originated or purchased in both low- and moderate-income geographies exceeded both the percentage of owner-occupied housing units located in those geographies and the aggregate percentage of all reporting lenders.

<u>Home Refinance</u>

PNC's geographic distribution of home refinance loans was excellent. The percentage of home refinance loans originated or purchased in both low- and moderate-income geographies exceeded both the percentage of owner-occupied housing units located in those geographies and the aggregate percentage of all reporting lenders

Small Loans to Businesses

Refer to Table 6 in the state of West Virginia section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

PNC's geographic distribution of small loans to businesses in the Morgantown, WV MSA was excellent. The percentage of small loans to businesses originated or purchased in both low- and moderate-income geographies exceeded both the percentage of businesses located in those geographies and the aggregate percentage of all reporting lenders.

Lending Gap Analysis

We analyzed PNC's geographic lending patterns throughout the AAs and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC's overall distribution of loans to borrowers of different income levels in the Morgantown, WV MSA was adequate. The borrower distribution of home mortgage loans was adequate and small loans to businesses was good.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the state of West Virginia section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

PNC's borrower distribution of home purchase loans and home refinance loans in the Morgantown, WV MSA was adequate and of home improvement loans was poor. We considered housing costs in relation to the median family incomes in the AA, which limited the affordability for LMI families. Refer to the market profile for the Morgantown, WV MSA in appendix C for additional information on housing costs and median income.

<u>Home Purchase</u>

PNC's borrower distribution of home purchase loans was adequate. The percentage of home purchase loans originated or purchased to low-income borrowers was significantly below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home purchase loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers exceeded, the aggregate percentage of all reporting lenders.

<u>Home Improvement</u>

PNC's borrower distribution of home improvement loans was poor. PNC did not originate or purchase any home improvement loans to low-income borrowers. The percentage of home improvement loans originated or purchased to moderate-income borrowers was significantly below the percentage of those families in the AA. PNC's percentage of home improvement loans originated or purchased to low-income borrowers was significantly below, and to moderate-income borrowers was below, the aggregate percentage of all reporting lenders.

<u>Home Refinance</u>

PNC's borrower distribution of home refinance loans was adequate. The percentage of home refinance loans originated or purchased to low-income borrowers was significantly below, and to moderate-income borrowers was below, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers was near to, the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 11 in the state of West Virginia section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses in the Morgantown, WV MSA was good. The percentage of small loans to businesses originated or purchased was below the percentage of small businesses in the MSA but exceeded the aggregate percentage of all reporting lenders.

Community Development Lending

Refer to Table 1 Lending Volume in the state of West Virginia section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a positive effect on the lending test conclusion in the Morgantown, WV MSA. PNC had an adequate level of CD lending based on the combination of volume, responsiveness, and complexity. PNC made one CD loans totaling $1 million of which $250,000 directly supported activities in the Morgantown, WV MSA. This represented 3.46 percent of allocated tier 1 capital. The loan was to a CDFI that provided capital and technical assistance to underserved entrepreneurs.

In addition, PNC made two CD loans totaling over $8.2 million to entities in the broader statewide and regional area whose purpose, mandate, or function included servicing PNCs AAs. Both loans were to organizations that provided affordable housing to LMI persons.

Product Innovation and Flexibility

PNC made limited use innovative or flexible lending programs in order to serve AA credit needs. During the evaluation period, PNC made one PNC Community Mortgage loan totaling $134,000 and 15 closing cost assistance grants totaling over $20,300 in the Morgantown, WV MSA.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in the state of West Virginia is rated outstanding. Based on a full-scope review, the bank's performance in the Morgantown, WV MSA was excellent.

Refer to Table 14 in the state of West Virginia section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

PNC had an excellent level of qualified investments and grants in the Morgantown, WV MSA. The dollar amount of qualified investments represented 18.48 percent of the allocated portion of the bank's tier 1 capital.

PNC exhibited excellent responsiveness to the credit and CD needs in the Morgantown, WV MSA. PNC made four current-period investments totaling almost $1.0 million and had one remaining prior-period investment valued at $250,000 in this AA. PNC also provided six grants and donations totaling $85,000 to local nonprofit organizations that promote community services for LMI individuals and families.

Examples of qualified investments in this AA included:

- Investments totaling almost $1.0 million to a designated low-income credit union.

- Eight grants totaling $40,000 to a CDC that provided affordable housing opportunities in geographies with no public housing agency. The organization also provided pre-purchase counseling; educational sessions on mortgage delinquency, foreclosure prevention, first-time home buying and post-purchase expectations; and classes on home repair and rehabilitation.

PNC also had three current period investments totaling $12.7 million benefiting the greater statewide or regional area. These were grants to organizations promoting revitalization and stabilization of LMI geographies and affordable housing.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in the state of West Virginia is rated high satisfactory. Based on a full-scope review, the bank's performance in the Morgantown, WV MSA was good.

Retail Banking Services

Refer to Table 15 in the state of West Virginia section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

PNC's delivery systems were accessible to geographies and individuals of different income levels throughout the AA. The bank operated three branch offices in the Morgantown, WV MSA. The bank's distribution of branches in low-income geographies exceeded the percentage of the population living within those geographies. The bank did not have any branches in moderate-income geographies.

PNC made effective use of alternative delivery systems through ATMs, online banking, electronic bill pay, and mobile banking options as indicated by the level of usage by LMI households. These systems provided additional delivery availability and access to banking services to both retail and business customers in LMI geographies. PNC had 22 ATMs in the AA, of which eight were deposit taking. PNC provided data that indicated 68.0 percent of households in LMI geographies used an alternative delivery system in the fourth quarter of 2016. While was a decrease of 7.6 percent from the start of the evaluation period, it still represented excellent usage.

PNC's record of opening and closing of branches did not adversely affect the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. PNC opened one branch during the evaluation period, which was located in an upper-income geography. The bank did close any branches.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly LMI individuals or LMI geographies. PNC maintained standard business hours and offered traditional banking products and services at all branch locations in the AA.

Community Development Services

PNC provided a high level of CD services in the Morgantown, WV MSA given its limited branch network. During the evaluation period, bank employees conducted 15 financial education events attended by approximately 100 participants. These events focused on basic financial education to LMI individuals and families.

In addition, one bank employee served in leadership role for two different organizations by participating on a board or committee.

An example of CD services included two bank employees whom taught financial education classes to residents of an organization that provided emergency food, shelter, medical referrals, and one-to-one comprehensive case management to homeless individuals.

State of Wisconsin

CRA Rating for Wisconsin[28]: Outstanding

The lending test is rated: Outstanding
The investment test is rated: Outstanding
The service test is rated: High Satisfactory

The major factors that support the rating include:

- Based on the data in the tables and performance context considerations discussed below, the geographic and borrower distribution of the bank's home mortgage and small business loan originations and purchases was good.

- CD loans were effective in addressing community credit needs. The bank was a leader in CD lending, which had a positive effect on the lending test rating.

- Qualified investments were effective and responsive in addressing community credit needs. The bank made an excellent level of qualified investments, grants, and donations.

- The bank's branches and alternative delivery systems were accessible to geographies and individuals of different income levels and responsive in helping the bank provide services across the community.

- CD services were effective and responsive in addressing community needs. The bank was a leader in conducting or supporting CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in Wisconsin

PNC delineated two AAs in the state of Wisconsin, which included the Milwaukee-Waukesha-West Allis, WI MSA and the Wisconsin non-metropolitan county of Walworth.

Based on June 30, 2016 FDIC summary of deposit information, PNC had almost $1.5 billion in deposits in these AAs, which represented 0.59 percent of the bank's total deposits. The bank made 0.61 percent of its evaluation period lending in these AAs.

PNC had 33 office locations and 116 ATMs, of which 63 were deposit taking, within the AAs. The bank ranked sixth in deposit market share with 2.72 percent. The top four competitors included U.S. Bank, N.A. with 58 branches and 38.01 percent market share; BMO Harris Bank, N.A. with 73 branches and 13.60 percent market share; Associated Bank, N.A. with 49 branches and 9.52 percent market share; and

[28] For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

JPMorgan Chase Bank, N.A. with 31 branches and 9.23 percent market share. There were 53 additional FDIC-insured depository institutions with 351 branches within the bank's AAs.

Refer to the market profile for the state of Wisconsin in appendix C for detailed demographics and other performance context information, including identified AA needs and opportunities, for the AA that received a full-scope review.

Scope of Evaluation in Wisconsin

We completed a full-scope review for the Milwaukee-Waukesha-West Allis, WI MSA. This AA had the largest percentage of deposits, 96.90 percent, the largest number of branches, and a deposit market share percentage of 2.21 percent.

We placed more emphasis on small loans to businesses versus home mortgage loans. PNC originated too few multifamily loans and small farm loans in the full scope AA to conduct a meaningful analysis. We placed more emphasis on the bank's performance in moderate-income geographies as these areas had a higher percentage of owner-occupied housing units and small businesses. Among the home mortgage loans, we placed the most emphasis on home refinance loans. We considered housing costs in relation to the median family incomes in the AA, which limited the affordability for LMI families. Refer to the market profile for the Milwaukee-Waukesha-West Allis, WI MSA in appendix C for additional information on housing costs and median income. Refer to the Scope of Evaluation section for details on how weightings were determined.

We completed limited-scope reviews for the Wisconsin non-metropolitan county of Walworth. The 2014 OMB changes did not affect the AAs within the state. We based our ratings on the results of the area that received the full-scope review and the bank's performance in the limited-scope areas, as applicable. Refer to the table in appendix A and the market profiles for more information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WISCONSIN

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in the state of Wisconsin is rated outstanding. Based on a full-scope review, the bank's performance in the Milwaukee-Waukesha-West Allis, WI MSA was excellent considering competition, economic factors, housing costs, and performance against the demographic and aggregate peer. CD lending had a positive effect on the lending test conclusion in the full scope AA. Statewide and regional CD lending moderated the lack of lending in the limited-scope AA.

Lending Activity

Refer to Table 1 Lending Volume in the state of Wisconsin section of appendix D for the facts and data used to evaluate the bank's lending activity.

PNC's lending activity reflected excellent responsiveness to area credit needs in the Milwaukee-Waukesha-West Allis, WI MSA when considering the bank's deposits and competition. PNC ranked sixth out of 50 depository institutions (top 12 percent) with a deposit market share of 2.21 percent. For home purchase loans, PNC's market share of 0.31 percent ranked 65th out of 384 lenders (top 17 percent). For home improvement loans, PNC's market share of 1.92 percent ranked 11th out of 155 lenders (top 7 percent). For home refinance loans, PNC's market share of 0.63 percent ranked 40th out of 400 lenders (top 10 percent). For small loans to businesses, PNC's market share of 2.84 percent ranked eighth out of 119 lenders (top 6 percent).

Distribution of Loans by Income Level of the Geography

PNC's overall distribution of loans by income level of geography in the Milwaukee-Waukesha-West Allis, WI MSA was good. The geographic distribution of home mortgage loans was adequate and small loans to businesses was good. We placed more emphasis on the bank's performance in moderate-income geographies as these areas had a higher percentage of owner-occupied housing units and small businesses.

Home Mortgage Loans

Refer to Tables 2, 3, and 4 in the state of Wisconsin section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

PNC's geographic distribution of home purchase loans, home improvement loans, and home refinance loans in the Milwaukee-Waukesha-West Allis, WI MSA was adequate.

Home Purchase

PNC's geographic distribution of home purchase loans was adequate. The percentage of home purchase loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home purchase loans originated or purchased in low-income geographies was below, and in moderate-income geographies was near to, the aggregate percentage of all reporting lenders.

Home Improvement

PNC's geographic distribution of home improvement loans was adequate. The percentage of home improvement loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home improvement loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies exceeded, the aggregate percentage of all reporting lenders.

Home Refinance

PNC's geographic distribution of home refinance loans was adequate. The percentage of home refinance loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies below, the percentage of owner-occupied housing units located in those geographies. PNC's percentage of home refinance loans originated or purchased in both low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 6 in the state of Wisconsin section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

PNC's geographic distribution of small loans to businesses in the Milwaukee-Waukesha-West Allis, WI MSA was good. The percentage of small loans to businesses originated or purchased in low-income geographies was near to, and in moderate-income geographies below, the percentage of businesses located in those geographies. PNC's percentage of small loans to businesses originated or purchased in both low- and moderate-income geographies exceeded the aggregate percentage of all reporting lenders.

Lending Gap Analysis

We analyzed PNC's geographic lending patterns throughout the AA and did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

PNC's overall distribution of loans to borrowers of different income levels in the Milwaukee-Waukesha-West Allis, WI MSA was good. The borrower distribution of home mortgage loans and small loans to businesses was good.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the state of Wisconsin section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

PNC's borrower distribution of home purchase loans, home improvement loans, and home refinance loans in the Milwaukee-Waukesha-West Allis, WI MSA was good. We considered housing costs in relation to the median family incomes in the AA, which limited the affordability for LMI families. Refer to the market profile for the Milwaukee-Waukesha-West Allis, WI MSA in appendix C for additional information on housing costs and median income.

<u>Home Purchase</u>

PNC's borrower distribution of home purchase loans was good. The percentage of home purchase loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of

home purchase loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Home Improvement

PNC's borrower distribution of home improvement loans was good. The percentage of home improvement loans originated or purchased to low-income borrowers was well below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home improvement loans originated or purchased to low-income borrowers was near to, and to moderate-income borrowers exceeded, the aggregate percentage of all reporting lenders.

Home Refinance

PNC's borrower distribution of home refinance loans was good. The percentage of home refinance loans originated or purchased to low-income borrowers was below, and to moderate-income borrowers exceeded, the percentage of those families in the AA. PNC's percentage of home refinance loans originated or purchased to both low- and moderate-income borrowers exceeded the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table 11 in the state of Wisconsin section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses in the Milwaukee-Waukesha-West Allis, WI MSA was good. The percentage of small loans to businesses originated or purchased was below the percentage of small businesses in the MSA, but exceeded the aggregate percentage of all reporting lenders.

Community Development Lending

Refer to Table 1 Lending Volume in the state of Wisconsin section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table included all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 included geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CD lending had a positive effect on the lending test conclusion in the Milwaukee-Waukesha-West Allis, WI MSA. PNC was a leader in making CD loans based on the combination of volume, responsiveness, and complexity. PNC made 12 CD loans totaling $37.78 million, which represented 22.86 percent of allocated tier 1 capital. By dollar volume, 30.55 percent of these loans funded community services, 66.46 percent funded affordable housing in low- or moderate-income geographies, 1.32 percent funded economic development activities, and 1.67 percent funded revitalization and stabilization efforts.

Examples of CD loans in the MSA include:

- PNC made a $3.0 million loan to a CDFI that provided micro loans to small businesses that do not have access to traditional capital resources. The businesses were located in municipally designated revitalization zones within the city of Milwaukee.

- PNC provided a $630,000 loan to an organization that provided adult education, youth development, workforce readiness, and family engagement to LMI families.

In addition, PNC made eleven CD loans totaling over $33.1 million to entities in the broader statewide and regional area whose purpose, mandate, or function included servicing PNCs AAs. The loans were made to eight different organizations that provided affordable housing to LMI persons.

Product Innovation and Flexibility

PNC made limited use innovative or flexible lending programs in order to serve AA credit needs. During the evaluation period, PNC made five PNC Community Mortgage loans totaling $416,000 and 16 closing cost assistance grants totaling over $22,000 in the Milwaukee-Waukesha-West Allis, WI MSA.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank’s performance under the lending test in the WI non-metropolitan area was weaker than the bank’s overall performance in the state because of poorer borrower distribution and no CD lending activity. The lending test performance in the limited-scope area did not have a significant effect on the bank’s overall lending test rating for the state of Wisconsin. Refer to the Tables 1 through 13 in the state of Wisconsin section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank’s performance under the investment test in the state of Wisconsin is rated outstanding. Based on a full-scope review, the bank’s performance in the Milwaukee-Waukesha-West Allis, WI MSA was excellent. Statewide and regional investments moderated the lack of investments in the limited-scope AA.

Refer to Table 14 in the state of Wisconsin section of appendix D for the facts and data used to evaluate the bank’s level of qualified investments.

PNC had an excellent level of qualified investments and grants in the Milwaukee-Waukesha-West Allis, WI MSA. The dollar amount of qualified investments represented 73.54 percent of the allocated portion of the bank’s tier 1 capital.

PNC exhibited excellent responsiveness to the credit and CD needs in the Milwaukee-Waukesha-West Allis, WI MSA. PNC funded 15 current-period investments totaling $63.7 million and had eight remaining prior-period investments totaling $56.6 million. PNC made one statewide and regional investment totaling $750,000 that directly benefited the AA. PNC also provided 128 grants and donations totaling almost $1.3 million that promoted economic development in LMI communities, supported affordable housing development, and provided community services to LMI individuals and families.

Examples of qualified investments in this AA include:

- PNC invested in $6.5 million in a 53-unit residential rental community that offered a mix of studio, one-, two-, and three-bedroom units. The project included 36 units for households with incomes at or below 60 percent of area median family income.

- PNC provided three grants totaling $50,000 to a CDFI that promoted economic development. The organization was the region's largest micro-enterprise lender, providing access to capital to small and newly emerging businesses.

PNC made 14 current-period investments totaling over $51.6 million in the broader statewide and regional area to organizations whose purpose, mandate, or function included serving PNCs AAs.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the investment test in the Wisconsin non-metropolitan areas was weaker than the bank's overall outstanding performance under the investment test in the state. PNC did not make any qualified investments in the limited-scope area. The investment test performance in the limited-scope area did not have a significant effect on the bank's overall investment test rating for the state of Wisconsin. Refer to Table 14 in the state of Wisconsin section of appendix D for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in state of Wisconsin is rated high satisfactory. Based on a full-scope review, the bank's performance in the Milwaukee-Waukesha-West Allis, WI MSA was good. The service test performance in the limited-scope area did not have an effect on the bank's overall service test rating for state of Wisconsin.

Retail Banking Services

Refer to Table 15 in the state of Wisconsin section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

PNC's delivery systems were accessible to geographies and individuals of different income levels throughout the AA. The bank operated 32 branch offices in the Milwaukee-Waukesha-West Allis, WI MSA. The bank's distribution of branches in LMI geographies was below the percentage of the population living within those geographies. When considering one adjacent-serving branch serving a moderate-income geography, the distribution was near-to the percentage of the population in moderate-income geographies.

PNC made effective use of alternative delivery systems through ATMs, online banking, electronic bill pay, and mobile banking options as indicated by the level of usage by LMI households. These systems provided additional delivery availability and access to banking services to both retail and business customers in LMI geographies. PNC had 485 ATMs in the AA, of which 276 were deposit taking. PNC provided data that indicated 58.3 percent of households in LMI geographies used an alternative delivery system in the fourth quarter of 2016. This was an increase of 10.5 percent from the start of the evaluation period.

PNC's record of opening and closing of branches did not adversely affect the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. PNC opened seven branches during the evaluation period, one of which was located in a low-income geography. The bank closed four branches, none of which was located in low- or moderate-income geographies.

The bank's hours and services did not vary in a way that inconvenienced certain portions of the AA, particularly LMI individuals or LMI geographies. PNC maintained standard business hours and offered traditional banking products and services at all branch locations in the AA.

Community Development Services

PNC was a leader in providing CD services in the Milwaukee-Waukesha-West Allis, WI MSA. During the evaluation period, six bank employees conducted 51 financial education events attended by approximately 1,060 participants. These events focused on basic financial education and homebuyer education to LMI individuals and families.

In addition, 10 bank employees served in leadership roles for 30 different organizations by participating on boards and committees. Notable examples of CD services include:

- Three bank employees served as board or committee members for a CD organization that provided ongoing technical assistance and support to local nonprofit organizations and entities that assist LMI areas with resources such as micro-loans and tax credits.

- Two bank employees served as board or committee members for a CDFI that promoted economic development and addressed capital access disparities for women and under-served populations. It was the region's largest micro-enterprise lender, providing access to capital for to small and newly emerging businesses.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the service test in the Wisconsin Non-metropolitan AA was weaker than the bank's overall high satisfactory performance under the service test in the state of Wisconsin due to poorer branch distribution in LMI geographies. The service test performance in the limited-scope areas did not have an effect on the bank's overall service test rating for state of Wisconsin. Refer to Table 15 in the state of Wisconsin section of appendix D for the facts and data that support these conclusions.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term "full") and those that received a less comprehensive review (designated by the term "limited").

Time Period Reviewed	Lending Test (excludes CD loans): 01/01/2012 to 12/31/2016 CD Loans, Investment, and Service Tests: 07/09/2012 to 12/31/2016	
Financial Institution	**Products Reviewed**	
PNC Bank, National Association (PNC) Wilmington, Delaware	HMDA reported loans, CRA loans, CD loans, and qualified investments	
Affiliate(s)	**Affiliate Relationship**	**Products Reviewed**
PNC Financial Services Group Inc.	Affiliate	Qualified Investments
National City Community Development 909 LLC	Affiliate	Qualified Investments
National City Equity Partners, Inc.	Affiliate	Qualified Investments
PNC Venture LLC	Affiliate	Qualified Investments
PNC Equities LLC	Affiliate	Qualified Investments
PNC Capital Finance LLC	Affiliate	Qualified Investments
National City Community Development LLC	Affiliate	Qualified Investments
PNC Community Development Company LLC	Affiliate	Qualified Investments
PNC Foundation	Affiliate	Qualified Investments
PNC New Markets Investments Partners	Affiliate	Qualified Investments
LIHTC Investments LLC	Affiliate	Qualified Investments

List of Assessment Areas and Type of Examination

Assessment Area	Review Type	Other Information
Allentown-Bethlehem-Easton, PA-NJ MMA	Full	PA – Carbon, Lehigh, Northampton; NJ – Warren
Charlotte-Concord-Gastonia, NC-SC MMA	Full	NC – Gaston, Iredell, Mecklenburg, Union; SC – York
Chicago-Naperville-Elgin, IL-IN-WI MMA Chicago-Naperville-Arlington Heights, IL MD Elgin, IL MD Gary, IN MD Lake County-Kenosha County, IL-WI MD	Full	 IL – Cook, DuPage, McHenry, Will IL – DeKalb, Cane IN – Jasper, Lake IN – Lake; WI – Kenosha
Cincinnati, OH-KY-IN MMA	Full	KY – Boone, Campbell, Kenton; OH – Butler, Clermont, Hamilton, Warren
Cumberland, MD-WV MMA	Full	MD – Allegany; WV – Mineral

List of Assessment Areas and Type of Examination

Assessment Area	**Review Type**	**Other Information**
Huntington-Ashland, WV-KY-OH MMA	Full	KY – Boyd, Greenup; WV – Cabell; OH – Lawrence
Louisville-Jefferson County, KY-IN MMA	Full	KY – Bullitt, Jefferson, Oldham; IN – Clark, Floyd, Washington
Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA	Full	NC – Brunswick; SC – Horry
New York-Newark-Jersey City, NY-NJ-PA MMA New York-Jersey City-White Plains, NY-NJ MD Newark, NJ-PA MD	Full	NJ – Bergen, Hudson, Middlesex, Monmouth, Ocean, Passaic; NY – New York NJ – Essex, Hunterdon, Morris, Somerset, Sussex, Union
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA Philadelphia, PA MD Camden, NJ MD Montgomery County-Bucks County-Chester County, PA MD Wilmington, DE-MD-NJ MD	Full	PA- Delaware, Philadelphia NJ – Burlington, Camden, Gloucester PA – Bucks, Chester, Montgomery MD – Cecil; DE – New Castle
Salisbury, MD-DE MMA	Full	MD – Somerset, Worcester, Wicomico; DE - Sussex
St. Louis, MO–IL MMA	Full	MO – Franklin, Jefferson, St. Charles, St. Louis, St. Louis City, Warren; IL – Madison, St. Clair
Virginia Beach-Norfolk-Newport News, VA-NC MMA	Full	VA – Chesapeake City, James City, Newport News City, Norfolk City, Virginia Beach City; NC – Currituck
Washington-Arlington-Alexandria, DC-VA-MD-WV MMA Washington-Arlington-Alexandria, DC-VA-MD-WV MD Silver Spring-Frederick-Rockville, MD MD	Full	VA – Alexandria City, Arlington, Fairfax, Fairfax City, Falls Church City, Fauquier, Fredericksburg City, Loudon, Manassas City, Prince William, Spotsylvania, Stafford; MD – Calvert, Charles, Prince Georges, DC – Washington MD – Frederick, Montgomery
Youngstown-Warren-Boardman, OH-PA MMA	Full	OH – Mahoning, Trumbull; PA - Mercer

List of Assessment Areas and Type of Examination

Assessment Area	**Review Type**	**Other Information**
State of Alabama –		
Birmingham-Hoover, AL MSA	Full	Jefferson, Shelby, St. Clair
Auburn-Opelika, AL MSA	Limited	Lee
Daphne-Fairhope-Foley, AL MSA	Limited	Baldwin
Decatur, AL MSA	Limited	Morgan
Huntsville, AL MSA	Limited	Limestone, Madison
Mobile, AL MSA	Limited	Mobile
Montgomery, AL MSA	Limited	Autauga, Elmore,
Tuscaloosa, AL MSA	Limited	Montgomery
Alabama Non-Metro	Limited	Tuscaloosa
		Dallas, Macon, Talladega,
		Tallapoosa
State of Delaware –		
Dover, DE MSA	Full	Kent
State of Florida –		
Miami-Ft. Lauderdale-West Palm Beach, FL MSA	Full	
Ft. Lauderdale-Pompano Beach-Deerfield Beach FL MD		Broward
Miami-Miami Beach-Kendal, FL MD		Miami-Dade
West Palm Beach-Boca Raton-Delray Beach FL MD		Palm Beach
Cape Coral-Fort Myers, FL MSA	Limited	Lee
Deltona-Daytona Beach-Ormond Beach, FL MSA	Limited	Flagler, Volusia
Gainesville, FL MSA		
Jacksonville, FL MSA	Limited	Alachua
Naples-Immokalee-Marco Island, FL MSA	Limited	Duval, St. Johns
North Port-Sarasota-Bradenton, FL MSA	Limited	Collier
Ocala, FL MSA	Limited	Manatee, Sarasota
Orlando-Kissimmee-Sanford, FL MSA	Limited	Marion
Palm Bay-Melbourne-Titusville, FL MSA	Limited	Lake, Orange, Osceola,
Port St. Lucie, FL MSA	Limited	Seminole
Punta Gorda, FL MSA	Limited	Brevard
Sebastian-Vero Beach, FL MSA	Limited	Martin, St. Lucie
Tampa-St. Petersburg-Clearwater, FL MSA	Limited	Charlotte
Florida Non-Metro	Limited	Indian River
	Limited	Hillsborough, Pinellas, Pasco
		Okeechobee
State of Georgia –		
Atlanta-Sandy Springs-Roswell, GA MSA	Full	Cobb, Cherokee, Clayton,
		Coweta, DeKalb, Douglas,
		Fayette, Forsyth, Fulton,
Georgia Non-Metro	Limited	Gwinnett, Henry, Paulding
		Dooly, Macon, Troup
State of Illinois –		
Peoria, IL MSA	Full	Peoria, Tazewell
Springfield, IL MSA	Full	Sangamon
Bloomington, IL MSA	Limited	McLean

List of Assessment Areas and Type of Examination

Assessment Area	**Review Type**	**Other Information**
Champaign-Urbana, IL MSA	Limited	Champaign
Decatur, IL MSA	Limited	Macon
Kankakee, IL MSA	Limited	Kankakee
Rockford, IL MSA	Limited	Boone, Winnebago
Illinois Non-Metro	Limited	Knox, Morgan
State of Indiana –		
Indianapolis-Carmel-Anderson, IN MSA	Full	Boone, Brown, Hamilton,
		Hancock, Hendricks,
		Johnson, Madison, Marion,
Bloomington, IN MSA	Limited	Putnam, Shelby
Columbus, IN MSA	Limited	Monroe
Elkhart-Goshen, IN MSA	Limited	Bartholomew
Fort Wayne, IN MSA	Limited	Elkhart
Kokomo, IN MSA	Limited	Allen, Wells, Whitley
Lafayette-West Lafayette, IN MSA	Limited	Howard
Michigan City-La Porte, IN MSA	Limited	Tippecanoe
South Bend-Mishawaka, IN-MI MSA	Limited	La Porte
Indiana Non-Metro	Limited	St. Joseph
		Cass, De Kalb, Huntington,
		Jackson, Jennings,
		Kosciusko, Marshall, Miami,
		Montgomery, Ripley, Tipton
State of Kentucky –		
Lexington-Fayette, KY MSA	Full	Clark, Fayette, Jessamine,
Bowling Green, KY MSA	Limited	Scott, Woodford
Elizabethtown-Fort Knox, KY MSA	Limited	Warren
Owensboro, KY MSA	Limited	Hardin
Kentucky Non-Metro	Limited	Daviess
		Boyle, Clay, Franklin, Knox,
		Laurel, Madison, Nelson
State of Maryland –		
Baltimore-Columbia-Townson, MD MSA	Full	Anne Arundel, Baltimore,
		Baltimore City, Carroll,
California-Lexington Park, MS MSA	Limited	Hartford, Howard, Queen
Hagerstown-Martinsburg, MD-WV MSA	Limited	Anne’s
Maryland Non-Metro	Limited	St. Mary’s
		Washington
		Caroline, Kent, Talbot
State of Michigan –		
Detroit-Warren-Dearborn, MI MSA	Full	
Warren-Troy-Farmington Hills MI MD		Lapeer, Livingston, Macomb,
Detroit-Dearborn-Livonia, MI MD		Oakland
Ann Arbor, MI MSA	Limited	Wayne
Battle Creek, MI MSA	Limited	Washtenaw
Bay City, MI MSA	Limited	Calhoun
Flint, MI MSA	Limited	Bay
Grand Rapids-Wyoming, MI MSA	Limited	Genesee
Jackson, MI MSA	Limited	Barry, Kent, Ottawa
Kalamazoo-Portage, MI MSA	Limited	Jackson
Lansing-East Lansing, MI MSA	Limited	Kalamazoo, Van Buren

List of Assessment Areas and Type of Examination

Assessment Area	Review Type	Other Information
Midland, MI MSA	Limited	Clinton, Eaton, Ingham
Monroe, MI MSA	Limited	Midland
Muskegon, MI MSA	Limited	Monroe
Saginaw, MI MSA	Limited	Muskegon
Michigan Non-Metro	Limited	Saginaw
		Allegan, Alpena, Antrim, Branch, Cheboygan, Clare, Emmet, Gladwin, Grand Traverse, Gratiot, Isabella, Iosco, Manistee, Mason, Montmorency, Ogemaw, Shiawassee, Tuscola
State of New Jersey –		
Trenton-Ewing, NJ MSA	Full	Mercer
Atlantic City-Hammonton, NJ MSA	Limited	Atlantic
Ocean City NJ, MSA	Limited	Cape May
Vineland-Bridgeton, NJ MSA	Limited	Cumberland
State of North Carolina –		
Raleigh, NC MSA	Full	Johnston, Wake
Asheville, NC MSA	Limited	Buncombe, Henderson,
Burlington, NC MSA	Limited	Madison
Durham-Chapel Hill, NC MSA	Limited	Alamance
Fayetteville, NC MSA	Limited	Chatham, Durham, Orange
Goldsboro, NC MSA	Limited	Cumberland, Hoke
Greensboro-High Point, NC MSA	Limited	Wayne
Greenville, NC MSA	Limited	Guilford, Randolph
Hickory-Lenoir-Morganton, NC MSA	Limited	Pitt
Jackson, NC MSA	Limited	Caldwell, Catawba
New Bern, NC MSA	Limited	Onslow
Rocky Mount, NC MSA	Limited	Craven
Wilmington, NC MSA	Limited	Edgecombe, Nash
Winston-Salem, NC MSA	Limited	New Hanover, Pender
North Carolina Non-Metro	Limited	Forsyth
		Anson, Carteret, Cherokee, Chowan, Cleveland, Columbus, Dare, Granville, Halifax, Harnett, Hertford, Lee, Lenoir, Macon, Martin, Moore, Northampton, Pasquotank, Perquimans, Richmond, Robeson, Rutherford, Sampson, Scotland, Surry, Transylvania, Vance, Washington, Watauga, Wilson, Yancey
State of Ohio –		
Cleveland-Elyria, OH MSA	Full	Cuyahoga, Geauga, Lake,
Columbus, OH MSA	Full	Lorain, Medina
Dayton, OH MSA	Full	

List of Assessment Areas and Type of Examination

Assessment Area	Review Type	Other Information
Akron, OH MSA	Limited	Delaware, Fairfield, Franklin,
Canton-Massillon, OH MSA	Limited	Hocking, Licking, Madison,
Mansfield, OH MSA	Limited	Perry, Pickaway, Union
Springfield, OH MSA	Limited	Greene, Miami, Montgomery
Toledo, OH MSA	Limited	Portage, Summit
Weirton-Steubenville, WV-OH MSA	Limited	Carroll, Stark
Wheeling, WV-OH MSA	Limited	Richland
Ohio Non-Metro	Limited	Clark
		Fulton, Lucas, Wood
		Jefferson
		Belmont
		Ashland, Clinton, Columbiana, Coshocton, Erie, Fayette, Guernsey, Harrison, Henry, Holms, Huron, Jackson, Knox, Logan, Marion, Muskingum, Ross, Sandusky, Scioto, Seneca, Shelby, Tuscarawas, Wayne, Williams
State of Pennsylvania –		
Pittsburgh, PA, MSA	Full	Allegheny, Beaver, Butler, Fayette, Washington,
Scranton-Wilkes Barre-Hazleton, PA MSA	Full	Westmoreland
Altoona, PA MSA	Limited	Lackawanna, Luzerne
Bloomsburg-Berwick, PA MSA	Limited	Blair
East Stroudsburg, PA MSA	Limited	Columbia
Erie, PA MSA	Limited	Monroe
Gettysburg, PA MSA	Limited	Erie
Harrisburg-Carlisle, PA MSA	Limited	Adams
Lancaster, PA MSA	Limited	Cumberland, Dauphin, Perry
Lebanon, PA MSA	Limited	Lancaster
Reading, PA MSA	Limited	Lebanon
State College, PA MSA	Limited	Berks
Williamsport, PA MSA	Limited	Centre
York-Hanover, PA MSA	Limited	Lycoming
Pennsylvania Non-Metro	Limited	York
		Clarion, Clearfield, Crawford, Elk, Greene, Huntingdon, Indiana, Jefferson, Lawrence, McKean, Somerset, Venango, Warren, Wayne
State of South Carolina –		
Charleston-North Charleston, SC MSA	Full	Charleston
Columbia, SC MSA	Limited	Richland
Florence, SC MSA	Limited	Florence
Greenville-Anderson-Mauldin SC MSA	Limited	Greenville, Pickens
Hilton Head Island-Bluffton-Beaufort, SC MSA	Limited	Beaufort
South Carolina Non-Metro	Limited	Georgetown
State of Virginia –		

List of Assessment Areas and Type of Examination		
Assessment Area	**Review Type**	**Other Information**
Non-metropolitan, VA	Full	Accomack, Northampton
State of West Virginia – Morgantown, WV MSA	 Full	 Monongalia
State of Wisconsin – Milwaukee-Waukesha-West Allis, WI MSA Wisconsin Non-Metro	 Full Limited	 Milwaukee, Ozaukee, Washington, Waukesha Walworth

Appendix B: Summary of Multistate Metropolitan Area and State Ratings

RATINGS PNC Bank, National Association				
	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/ Multistate Rating
Overall Bank:				
PNC Bank, National Association	Outstanding	Outstanding	Outstanding	Outstanding
Multistate Metropolitan Area or State:				
Allentown-Bethlehem-Easton, PA-NJ MMA	Outstanding	Low Satisfactory	High Satisfactory	Satisfactory
Charlotte-Concord-Gastonia, NC-SC MMA	Outstanding	Outstanding	High Satisfactory	Outstanding
Chicago-Naperville-Elgin, IL-IN-WI MMA	Outstanding	Outstanding	High Satisfactory	Outstanding
Cincinnati, OH-KY-IN MMA	Outstanding	Outstanding	Outstanding	Outstanding
Cumberland, MD-WV MMA	High Satisfactory	Outstanding	Low Satisfactory	Satisfactory
Huntington-Ashland, WV-KY-OH MMA	Outstanding	High Satisfactory	Outstanding	Outstanding
Louisville-Jefferson County, KY-IN MMA	Outstanding	Outstanding	Outstanding	Outstanding
Myrtle Beach-Conway-North Myrtle Beach, SC-NC-NJ-PA MMA	High Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory
New York-Newark-Jersey City, NY-NJ-PA MMA	Outstanding	Outstanding	High Satisfactory	Outstanding
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA	Outstanding	High Satisfactory	High Satisfactory	Outstanding
Salisbury, MD-DE MMA	Outstanding	Low Satisfactory	Outstanding	Outstanding
St. Louis, MO–IL MMA	Outstanding	Outstanding	Outstanding	Outstanding
Virginia Beach-Norfolk-Newport News, VA-NC MMA	Outstanding	Outstanding	Outstanding	Outstanding
Washington-Arlington-Alexandria, DC-VA-MD-WV MMA	Outstanding	Outstanding	Outstanding	Outstanding
Youngstown-Warren-Boardman, OH-PA MMA	Outstanding	Outstanding	Outstanding	Outstanding
Alabama	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
Delaware	Outstanding	Outstanding	Outstanding	Outstanding
Florida	Outstanding	High Satisfactory	High Satisfactory	Outstanding

RATINGS PNC Bank, National Association				
	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/ Multistate Rating
Georgia	Outstanding	Outstanding	Outstanding	Outstanding
Illinois	Outstanding	High Satisfactory	High Satisfactory	Outstanding
Indiana	Outstanding	Outstanding	Outstanding	Outstanding
Kentucky	Outstanding	High Satisfactory	High Satisfactory	Outstanding
Maryland	High Satisfactory	Outstanding	High Satisfactory	Satisfactory
Michigan	Outstanding	High Satisfactory	High Satisfactory	Outstanding
New Jersey	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
North Carolina	High Satisfactory	High Satisfactory	Outstanding	Satisfactory
Ohio	High Satisfactory	Outstanding	Outstanding	Outstanding
Pennsylvania	Outstanding	Outstanding	Outstanding	Outstanding
South Carolina	High Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory
Virginia	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
West Virginia	Outstanding	Outstanding	High Satisfactory	Outstanding
Wisconsin	Outstanding	Outstanding	High Satisfactory	Outstanding

* The lending test is weighted more heavily than the investment and service tests in the overall rating.

Appendix C: Community Profiles for Full-Scope Areas

Allentown-Bethlehem-Easton, PA-NJ MMA

Demographic Information for Full Scope Area: Allentown-Bethlehem-Easton, PA-NJ MMA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	179	8.94	21.23	42.46	27.37	0.00
Population by Geography	821,173	7.78	20.14	40.44	31.64	0.00
Owner-Occupied Housing by Geography	228,340	3.50	16.06	45.10	35.34	0.00
Business by Geography	50,938	6.26	18.63	40.02	35.09	0.00
Farms by Geography	1,632	1.10	7.48	45.53	45.89	0.00
Family Distribution by Income Level	215,755	19.80	18.24	21.87	40.09	0.00
Distribution of LMI Families throughout AA Geographies	82,061	13.53	28.77	39.43	18.27	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$68,935 $70,900 9%	Median Housing Value Unemployment Rate			$200,000 4.6%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Allentown-Bethlehem-Easton, PA-NJ MMA AA consisted of the entire Allentown-Bethlehem-Easton, PA-NJ MMA and included Warren County in New Jersey and Carbon, Lehigh and Northampton counties in Pennsylvania. According to the FDIC's Summary of Deposits as of June 30, 2016, PNC's deposits in the AA comprised 0.75 percent of the bank's total deposits.

Competition was significant with 31 other FDIC-insured depository institutions operating 235 offices in the AA. PNC operated 25 offices in the AA and had an 11.34 percent deposit market share, which ranked third among all institutions. Major competitors included Wells Fargo Bank, N.A. with 42 branches and 20.17 percent market share, Branch Banking and Trust Company with 39 branches and 12.43 percent market share, Bank of America, N.A. with 14 branches and 9.18 percent market share, and Lafayette Ambassador Bank with 21 branches and a market share of 7.42 percent.

Data from Moody's Analytics in November 2017 indicated that the Allentown-Bethlehem-Easton, PA-NJ MMA had grown only slightly. While the jobless rate was near a decade low, a poor job mix was hurting average hourly earnings, and housing starts and house price appreciation was lower than average. Key sectors of the economy based on percentage of total employment included Education and Health Services at 20.3 percent, Professional and Business Services at 13.5 percent, Retail Trade at 11.2 percent, and Government at 10.8 percent. Major employers included Lehigh Valley Hospital Center, St. Luke's Hospital, Air Products and Chemicals, Sands Bethworks Gaming LLC, and Dorney Park/Wildwater Kingdom. The unemployment rate in the Allentown-Bethlehem-Easton, PA-NJ MMA was 9.0 percent in January 2012 compared to 4.6 percent in December 2016.

Data from 2012-2016 American Community Survey shows the median housing value of owner-occupied housing units in the Allentown-Bethlehem-Easton, PA-NJ MMA was $200,000. Based on the Federal Housing Finance Authority (FHFA) House Price Index (HPI) calculator, housing values increased approximately 11.1 percent over the evaluation period. Based on the 2016 median family income of $70,900, low-income families make less than $35,450 and moderate-income make less than $56,720. Housing values were 5.64 times the annual income of low-income families and 3.52 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the AA:

- Affordable, quality, rental units due to influx of NYC residents moving to the area for more affordable housing
- Rehab loans for aging housing stock
- Long-term transitional housing
- Credit repair counseling, financial education and credit-builder loans
- Reliable transportation
- Increase skills and education for higher wage jobs
- Homeless services
- Entrepreneurship services and capacity building for small businesses
- Small business loans under $15,000 for more established businesses
- Participation in a multi-bank loan pool

Several opportunities for participation by financial institutions include the following:

- Grants to CD organizations for financial education and operating support
- Loans and investments in LMI housing projects
- Leadership in capitalizing a multi-bank loan pool that had been defunct, but is needed
- More flexible underwriting for projects or organizations that were perceived as “riskier” due to less than optimal credit

There were various community organizations within the AA for institutions to collaborate with, including at least five HUD-approved counseling agencies, one certified CDFI and one SBA Small Business Development Center that serve the Allentown-Bethlehem-Easton, PA-NJ MMA.

Charlotte-Concord-Gastonia, NC-SC MMA

Demographic Information for Full Scope Area: Charlotte-Concord-Gastonia, NC-SC MMA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	429	9.32	22.14	34.27	33.10	1.17
Population by Geography	1,712,516	7.22	20.65	35.86	36.14	0.13
Owner-Occupied Housing by Geography	429,156	3.49	17.09	37.89	41.52	0.01
Business by Geography	121,194	8.28	15.98	30.89	43.75	1.09
Farms by Geography	2,936	4.43	17.78	45.44	31.98	0.37
Family Distribution by Income Level	424,878	20.39	16.90	20.07	42.63	0.00
Distribution of LMI Families throughout AA Geographies	158,476	12.91	32.14	37.30	17.65	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$61,974 $64,100 12%	Median Housing Value Unemployment Rate		$126,000 to $206,000 4.5%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Charlotte-Concord-Gastonia, NC-SC MMA AA consisted of a portion of the Charlotte-Concord-Gastonia, NC-SC MMA and included five counties: York County in South Carolina and Gaston, Iredell, Mecklenburg, and Union counties in North Carolina. The 2014 OMB changes effected this MMA. OMB removed Anson County from the MMA and classified it as a non-metropolitan area. OMB replaced Anson with the former non-metropolitan Iredell County. According to the FDIC's Summary of Deposits as of June 30, 2016, PNC's deposits in the AA comprised 0.24 percent of the bank's total deposits.

Competition was significant with 37 other FDIC-insured depository institutions operating 413 offices in the AA. PNC operated 17 offices in the AA and had a 0.31 percent deposit market share, which ranked ninth among all institutions. The top three competitors included Bank of America, N.A. with 56 branches and 76.28 percent market share, Wells Fargo Bank, N.A. with 77 branches and 15.12 percent market share, and Branch Banking and Trust Company with 61 branches and a market share of 2.82 percent.

Data from Moody's Analytics in November 2017 indicated that the Charlotte-Concord-Gastonia, NC-SC MMA economy was an above-average performer in the South, but job growth had softened. Key sectors of the economy based on percentage of total employment included Professional and Business Services at 16.9 percent, Government at 13.1 percent, Leisure and Hospitality Services at 11.4 percent, Educational and Health Services at 10.2 percent, and Retail Trade at 10.9 percent. Major employers included Carolinas HealthCare System, Wells Fargo, N.A., Wal-Mart Stores, Bank of America, N.A., and American Airlines. The unemployment rate in the Charlotte-Concord-Gastonia, NC-SC was 10.0 percent in January 2012 compared to 4.5 percent in December 2016.

Data from 2012-2016 American Community Survey showed the median housing value of owner-occupied housing units ranged from a low of $126,000 in Gaston County to a high of $206,000 in Union County. Based on the FHFA HPI calculator, housing values increased approximately 62.6 percent over the evaluation period. Housing price appreciation was due to low inventory of homes and robust population gains. Based on the 2016 median family income of $64,100, low-income families make less than $32,050 and moderate-income make less than $51,280. Depending on the county, housing values were 3.93 to 6.43 times the annual income of low-income families and 2.45 to 4.02 times the annual income of moderate-income families in AA.

A review of community contacts indicated the following identified needs or concerns within the AA:

- Affordable rental and for-sale housing
- Subsidized housing
- Reliable transportation

Several opportunities for participation by financial institutions include the following:

- Financial support for local housing initiatives and projects including general operating support and money for rehabilitation
- Develop affordable auto loans
- Support for financial education

There were many community organizations, within the AA, for institutions to collaborate with, including nine HUD-approved housing counseling agencies, one certified CDFI and one SBA Small Business Development Center.

Chicago-Naperville-Elgin, IL-IN-WI MMA

Demographic Information for Full Scope Area: Chicago-Naperville-Elgin, IL-IN-WI MMA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	2,119	13.07	23.50	32.47	30.63	0.33
Population by Geography	8,951,293	8.96	23.42	34.58	32.99	0.05
Owner-Occupied Housing by Geography	2,185,156	3.98	17.89	38.35	39.78	0.00
Business by Geography	484,889	4.52	15.41	33.59	46.37	0.11
Farms by Geography	8,540	2.53	12.97	43.91	40.57	0.01
Family Distribution by Income Level	2,155,281	22.39	16.93	19.70	40.99	0.00
Distribution of LMI Families throughout AA Geographies	847,283	15.65	33.85	33.79	16.72	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$72,675 $74,994 11%	Median Housing Value Unemployment Rate		$137,800 to $283,500 5.5%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Chicago-Naperville-Elgin, IL-IN-WI MMA is comprised of four metropolitan divisions (MDs). It included four of the six counties in the Chicago-Naperville-Arlington Heights, IL MD: Cook, DuPage, McHenry, and Will counties, and two of the four counties in the Gary, IN MD: Jasper and Lake counties. It also included the entirety of the Elgin, IL and Lake County-Kenosha County, IL-WI MDs. According to the FDIC's Summary of Deposits as of June 30, 2017, PNCs deposits in the AA comprised 5.36 percent of the bank's total deposits.

Competition was significant with 197 other FDIC-insured depository institutions operating 2,581 offices in the AA. PNC operated 152 offices in the AA and had a 3.46 percent deposit market share, which ranked sixth among all institutions. The top four competitors included JPMorgan Chase Bank, N.A. with 374 branches and 21.81 percent market share, BMO Harris Bank, N.A. with 206 branches and 13.54 percent market share, Bank of America, N.A. with 162 branches and 10.74 percent market share, and The Northern Trust Company with 10 branches and a market share of 7.57 percent.

Data from Moody's Analytics in November 2017 indicated that the Chicago-Naperville-Elgin, IL-IN-WI MMA economy was slightly behind the national growth level, impacted by weak job gains and increased tax burdens on residents. Key sectors of the economy based on percentage of total employment included Professional and Business Services at 18.6 percent, Education and Health Services at 15.8 percent, Government at 11.3 percent, and Leisure and Hospitality at 10.0 percent. Major employers included Advocate Health Care System, University of Chicago, Northwestern Memorial HealthCare, JPMorgan Chase and Company, United Continental Holdings, and Walgreens. The unemployment rate was 9.8 percent in January 2012 compared to 5.5 percent in December 2016.

Data from 2012-2016 American Community Survey showed the median housing value of owner-occupied housing units in the MMA was $216,000, but ranged from a low of $137,800 in Lake County, Indiana to a high of $283,500 in DuPage County, Illinois. Based on the FHFA HPI calculator, housing values increased between 23.2 percent in the Gary, IN MD to 31.1

percent in the Chicago-Naperville-Arlington Heights, IL MD over the evaluation period. Based on the 2016 median family income of $74,994, low-income families makes less than $37,497 and moderate-income families make less than $59,995. Depending on the county, housing values were 3.67 to 7.56 times the annual income of low-income families and 2.30 to 4.73 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the AA:

- Financial education, including homeownership counseling and credit building
- Increase availability of retail banking services, including affordable checking and saving products
- Lines of credit for nonprofit organizations
- Construction loans and term loans for nonprofit organizations involved in affordable housing, economic development or provision of LMI communities
- Home mortgage loans using Individual Taxpayer Identification Number
- Affordable rental and for-sale housing; gentrification is pricing out low-income and moderate-income (LMI) and long-term residents in the city of Chicago and general lack of affordable housing in the northern and western suburbs for LMI workers
- Small business lending and technical assistance
- General operating support for social service organizations

Significant opportunities for participation by financial institutions include the following:

- Secured credit cards as part of a credit builder program
- More flexible mortgage underwriting for LMI borrowers, in partnership, with housing nonprofits
- Downpayment assistance for LMI borrowers
- Loans to small for-profit owners to purchase and rehab multi-family buildings in LMI areas for LMI residents
- Investments in NMTCs, LIHTCs, and CDFIs
- Serve on board of directors and committees
- Investments in loan pools that increase commercial real estate projects in LMI areas
- Referrals to small business technical assistance organizations for loans or business planning assistance
- Utilize SBA loan program to increase small business lending
- Invest in loan pools for small businesses

The Chicago-Naperville-Elgin, IL-IN-WI MMA presented abundant opportunities to serve the identified needs. There were dozens of community and social service organizations, including 40 HUD-approved housing counseling agencies, eight certified CDFIs and 15 SBA Small Business Development Centers.

Cincinnati, OH-KY-IN MMA

Demographic Information for Full Scope Area: Cincinnati, OH-KY-IN MMA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	463	12.10	23.11	39.09	24.84	0.86
Population by Geography	1,949,427	6.79	19.27	42.14	31.20	0.60
Owner-Occupied Housing by Geography	511,549	2.99	15.68	45.69	35.64	0.00
Business by Geography	112,027	5.79	20.65	38.89	34.58	0.09
Farms by Geography	3,129	2.56	11.98	53.47	31.99	0.00
Family Distribution by Income Level	493,319	20.40	16.87	20.86	41.87	0.00
Distribution of LMI Families throughout AA Geographies	183,898	11.83	28.28	43.38	16.50	0.01
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$67,016 $68,800 12%	Median Housing Value Unemployment Rate			$143,700 to $196,200 4.0%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Cincinnati, OH-KY-IN MMA AA consisted of seven of the fifteen counties in the Cincinnati, OH-KY-IN MMA, which included Boone, Campbell and Kenton counties in Kentucky and Butler, Clermont, Hamilton, and Warren counties in Ohio. According to the FDIC's Summary of Deposits as of June 30, 2016, PNC's deposits in the AA comprised 2.62 percent of the bank's total deposits.

Competition was significant with 56 other FDIC-insured depository institutions operating 609 offices in the AA. PNC operated 75 branches in the AA and had a 6.21 percent deposit market share, which ranked third among all institutions. Major competitors included US Bank, N.A. with 110 branches and 49.71 percent market share, Fifth Third Bank with 121 branches and 28.11 percent market share, Huntington National Bank with 36 branches and 2.60 percent market share, and JPMorgan Chase Bank, N.A. with 36 branches and a market share of 2.34 percent.

Data from Moody's Analytics in November 2017 indicated that the Cincinnati, OH-KY-IN MMA economy was strong. It was the fastest growing in the state of Ohio largely due to strong gains in white-collar services and healthcare positions. Key sectors of the economy based on percentage of total employment included Professional and Business Services at 15.6 percent, Education and Health Services at 15.1 percent, Government at 12.0 percent, and Leisure and Hospitality at 11.0 percent. Major employers included Kroger Company, The University of Cincinnati, Cincinnati Children's Hospital Medical Center, UC Health, TriHealth Inc., and Proctor and Gamble Company. The unemployment rate in the Cincinnati, OH-KY-IN was 8.5 percent in January 2012 compared to 4.0 percent in December 2016,

Data from 2012-2016 American Community Survey showed the median housing value of owner-occupied housing units ranged from a low of $143,700 in Hamilton County to a high of $196,200 in Warren County. Based on the FHFA HPI calculator, housing values increased approximately 22.3 percent over the evaluation period. Based on the 2016 median family income of $68,800, low-income families make less than $34,400 and moderate-income make less than $55,040. Depending on the county, housing values were 4.18 to 5.70 times the annual income of low-income families and 2.61 to 3.56 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the AA:

- Living wage jobs
- Construction loans, for affordable housing projects, under $5 million
- Accessible mortgage products for low-income and moderate-income families
- Affordable rental housing, particularly for the working poor, but also subsidized housing
- Loan modifications for LMI borrowers
- Basic introductory checking and saving products

Significant opportunities for participation by financial institutions include the following:

- Board of directors or committee volunteers
- Lines of credit for nonprofit organizations
- Flexible underwriting for first-time homebuyers, in partnership with nonprofit housing organizations
- Small rehab loan products for emergency repair and weatherization
- General operating support for nonprofits
- Financial education
- Second chance checking accounts, saving products, small consumer loans and affordable auto loans
- Federal Home Loan Bank sponsorships for housing development grants
- Donations for the required matching funds for Individual Development Accounts

The Cincinnati, OH-KY-IN MMA AA provided abundant opportunities to serve the identified needs. There were several community and social service organizations in the MMA, including two HUD-approved housing counseling agencies, six certified CDFIs and two SBA Small Business Development Centers.

Cumberland, MD-WV MMA

Demographic Information for Full Scope Area: Cumberland, MD-WV MMA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	30	0.00	16.67	70.00	13.33	0.00
Population by Geography	103,299	0.00	17.68	68.60	13.72	0.00
Owner-Occupied Housing by Geography	29,066	0.00	16.89	66.16	16.94	0.00
Business by Geography	4,376	0.00	24.98	57.11	17.92	0.00
Farms by Geography	120	0.00	23.33	62.50	14.17	0.00
Family Distribution by Income Level	25,444	19.33	20.01	20.48	40.18	0.00
Distribution of LMI Families throughout AA Geographies	10,010	0.00	25.18	64.11	10.71	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$51,522 $55,100 16%	Median Housing Value Unemployment Rate			$116,174 5.6%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Cumberland, MD-WV MMA AA consisted of the full Cumberland, MD-WV MMA, which included Allegany County in Maryland and Mineral County in West Virginia. According to the FDIC's Summary of Deposits as of June 30, 2016, PNC's deposits in the AA comprised 0.02 percent of the bank's total deposits.

Competition was strong with six other FDIC-insured depository institutions operating 26 offices in the AA. PNC operated one office and four deposit-taking ATMs in the AA and had a 4.57 percent deposit market share, which ranked fifth among all institutions. This small market was dominated by three major competitors include Branch Banking and Trust with nine branches and 41.09 percent market share, First United Bank & Trust with five branches and 23.00 percent market share, and Manufacturers and Traders Trust Company with eight offices and a market share of 22.30 percent.

Data from Moody's Analytics in September 2017 indicated that the Cumberland, MD-WV MMA economy was at risk. Job gains had been weak and the remote location and low educational attainment limited growth opportunities. Key sectors of the economy based on percentage of total employment included Education and Health Services at 21.6 percent, Government at 20.3 percent, Retail Trade at 13.2 percent, and Leisure and Hospitality Services at 11.7 percent. Major employers included Western Maryland Health System, Orbital Techsystems, Frostburg State University, CSX Transportation, and Hunter Douglas Northeast. The unemployment rate in the Cumberland, MD-WV was 9.9 percent in January 2012 compared to 5.6 percent in December 2016.

Data from 2012-2016 American Community Survey showed the median housing value of owner-occupied housing units was $121,100. Based on the FHFA HPI calculator, housing values decreased approximately 2.4 percent over the evaluation period. Based on the 2016 median family income of $55,100, low-income families make less than $27,550 and moderate-income make less than $44,089. Housing values were 4.40 times the annual income of low-income families and 2.75 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the AA:

- Educated, skilled workers
- Drug addiction is a growing problem
- Declining population
- Job creation
- Gap financing for small businesses
- Micro loans for startup businesses

Some opportunities for participation by financial institutions include the following:

- Investment in microloan funds
- Investment in CDFIs
- General operating support for social services and workforce development

The Cumberland, MD-WV MMA AA presented limited opportunities to serve the identified needs, due to few community and social service agencies. We noted one certified CDFI, but no SBA Small Business Center or HUD-approved housing counseling agency.

Huntington-Ashland, WV-KY-OH MMA

Demographic Information for Full Scope Area: Huntington-Ashland, WV-KY-OH MMA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	38	2.63	21.05	63.16	13.16	0.00
Population by Geography	148,902	0.93	14.55	70.41	14.12	0.00
Owner-Occupied Housing by Geography	43,105	0.15	12.28	73.01	14.56	0.00
Business by Geography	7,072	11.64	15.12	56.31	16.94	0.00
Farms by Geography	217	0.00	8.76	76.96	14.29	0.00
Family Distribution by Income Level	39,977	21.75	17.90	21.69	38.66	0.00
Distribution of LMI Families throughout AA Geographies	15,850	0.85	18.44	71.67	9.05	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$49,772 $56,900 17%	Median Housing Value Unemployment Rate			$99,700 to $114,000 6.1%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Huntington-Ashland, WV-KY-OH MMA AA consisted of four of the seven counties in the Huntington-Ashland, WV-KY-OH MMA: Cabell County in West Virginia; Boyd and Greenup counties in Kentucky; and Lawrence County in Ohio. According to the FDIC's Summary of Deposits, as of June 30, 2016 PNC's deposits in the AA comprised 0.11 percent of the bank's total deposits.

Competition was significant with 22 other FDIC-insured depository institutions operating 82 offices in the AA. PNC operated seven offices in the AA and had a 6.69 percent deposit market share, which ranked sixth among all institutions in the AA. Major competitors included Huntington Federal Savings Bank with three offices and 10.14 percent deposit market share, First Sentry Bank, Inc. with three offices and 10.06 percent deposit market share, and City National Bank of West Virginia with 12 offices and a deposit market share of 9.42 percent.

Data from Moody's Analytics in July 2017 indicated that the Huntington-Ashland, WV-KY-OH MMA economy is still at risk. At the time, indicators showed that the economy was heavily reliant on the steel and coal industries with slow growth over the next year. The area also experienced a decline in population fueled by out-migration. Key sectors of the economy included Education and Health Services at 20.2 percent, Government at 17.0 percent, and Retail Trade at 12.9 percent. Major employers include King's Daughters Medical Center, Cabell Huntington Hospital, St. Mary's Medical Center, and Marshall University. Based on data from the Bureau of Labor Statistics, the unemployment rate in the Huntington-Ashland, WV-KY-OH MMA AA was 9.4 percent in January 2012 compared to 6.1 percent in December 2016.

Data from the 2012-2016 American Community Survey showed the median housing value of owner-occupied housing units ranged from a low of $99,700 in Greenup County, Kentucky to a high of $114,000 in Cabell County, West Virginia. Based on the FHFA HPI calculator, housing values increased approximately 7.70 percent over the evaluation period. Based on the 2016 median family income of $56,900, low-income families make less than $28,450 a year and moderate-income families make less than $45,520 a year. Housing values were 3.50 to 4.01 times the annual income of low-income families and 2.19 to 2.50 times the annual income of moderate-income families in the AA.

A review of community contacts indicated the following identified needs or concerns within the AA:

- Financial education
- Financial support for local housing initiatives and projects including property donations and money for rehabilitation
- Limited employment opportunities due to shrinking steel, coal and rail industry, and hospital closure
- Quality, living wage, jobs
- Limited new home construction
- Poor housing stock
- Declining population

Some opportunities for participation by financial institutions include the following:

- Home equity and rehab loans
- Board of directors and financial counseling volunteers
- General operating support and support for financial counselors
- Rehab loans
- Mortgages under $50,000

The Huntington-Ashland, WV-KY-OH MMA offered limited opportunities to meet the identified needs. We noted one SBA Small Business Development Center, one HUD-approved housing counseling agency and no CDFIs that serve the MMA.

Louisville-Jefferson County, KY-IN MMA

Demographic Information for Full Scope Area: Louisville-Jefferson County, KY-IN MMA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	275	12.73	21.09	36.36	29.09	0.73
Population by Geography	1,088,803	9.77	17.97	41.10	31.15	0.00
Owner-Occupied Housing by Geography	293,607	4.93	15.26	43.71	36.10	0.00
Business by Geography	72,002	11.25	17.05	31.89	39.51	0.32
Farms by Geography	1,997	3.30	15.47	39.86	41.36	0.00
Family Distribution by Income Level	278,303	21.58	17.57	20.53	40.32	0.00
Distribution of LMI Families throughout AA Geographies	108,964	17.11	26.25	40.48	16.17	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$60,164 $66,800 13%	Median Housing Value Unemployment Rate		$104,600 to $250,500 3.6%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Louisville-Jefferson County, KY-IN MMA AA consisted of six of the 12 counties in the Louisville-Jefferson County, KY-IN MMA: Bullitt, Jefferson, and Oldham counties in Kentucky; and Clark, Floyd, and Washington counties in Indiana. The 2014 OMB changes effected this MMA. OMB removed Nelson County, KY from the MMA and classified it as a non-metropolitan area. According to the FDIC's Summary of Deposits, as of June 30, 2016 PNC's deposits in the AA comprised 2.33 percent of the bank's total deposits.

Competition was strong with 35 other FDIC-insured depository institutions operating 307 offices in the AA. PNC operated 55 offices in the AA and had a 24.96 percent deposit market share and ranks first among all institutions in the AA. Major competitors include JPMorgan Chase Bank, N.A with 38 offices and 16.71 percent deposit market share, Fifth Third Bank with 39 offices and 10.09 percent deposit market share, and Republic Bank & Trust Company with 22 offices and a market share of 9.48 percent.

Data from Moody's Analytics in July 2017 indicated that the Louisville-Jefferson County, KY-IN MMA economy is expanding due to strength in logistics (transportation and warehousing) and manufacturing. Key sectors of the economy included Education and Health Services at 13.6 percent, Professional and Business Services at 13.1 percent, and Manufacturing at 12.4 percent. Major employers include Fort Knox, United Parcel Service, Ford Motor Company, and Humana Inc. Based on data from the Bureau of Labor Statistics, the unemployment rate in the Louisville-Jefferson County, KY-IN MMA AA was 8.8 percent in January 2012, compared to 3.6 percent in December 2016.

Data from the 2012-2016 American Community Survey showed the median housing value of owner-occupied housing units ranged from a low of $104,600 in Washington County, Indiana to a high of $250,500 in Oldham County, Kentucky. Based on the FHFA HPI calculator, housing values increased approximately 23.53 percent over the evaluation period. Based on the 2016 median family income of $66,800, low-income families make less than $33,400 a year and moderate-income families make less than $53,440 a year. Housing values were 3.13

to 7.50 times the annual income of low-income families and 1.96 to 4.69 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the AA:

- Reliable public transportation
- Quality, affordable, childcare
- Low wage jobs
- Youth services, services for seniors and disabled individuals
- Workforce development and soft skill training
- Payday and predatory lending
- Savings and basic checking products
- Financial education, homeownership and foreclosure prevention counseling
- Affordable, quality, rental housing and for-sale homes
- High concentration of abandoned or vacant properties in some neighborhoods
- Low property values in some communities
- Rental market is tight is some neighborhoods and many landlords can afford to no accept Section 8 vouchers
- Poor housing stock
- Growing population of immigrants and refugees not being assimilated
- Growing student loans impede homeownership
- Small businesses using on-line, “alternative” predatory lenders

Significant opportunities for participation by financial institutions include the following:

- General operating support, and support for financial education, utility and rent deposit assistance
- Investment in a nonprofit administered “payday lending alternative” fund
- Second chance checking accounts and incenting saving accounts
- Board of directors volunteers or financial education instructors
- Matching funds for Bank On VISTA volunteers
- Construction lending and permanent financing
- Flexible mortgage products and down payment assistance
- Affordable rehab loans for energy and emergency improvement
- CDFI investment for housing and economic development
- Lines of credit for housing developers
- New Market Tax Credit investments
- Entrepreneurship and small business training
- Refer clients to small business technical assistance providers and for loans

The Louisville-Jefferson County, KY-IN MMA AA offered many opportunities to meet the identified needs. There were several CD and social service agencies, including three certified CDFIs, three HUD-approved housing counseling agencies, and three SBA Small Business Centers that serve the MMA.

Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA

Demographic Information for Full Scope Area: Myrtle Beach-Conway-N Myrtle Beach, NC-SC MMA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	105	1.90	15.24	57.14	22.86	2.86
Population by Geography	376,722	1.69	16.39	60.79	21.10	0.02
Owner-Occupied Housing by Geography	114,783	0.51	14.99	60.95	23.55	0.00
Business by Geography	24,529	4.37	14.53	56.23	24.44	0.42
Farms by Geography	790	0.63	17.22	64.94	17.09	0.13
Family Distribution by Income Level	104,103	20.37	17.58	21.55	40.50	0.00
Distribution of LMI Families throughout AA Geographies	39,510	2.64	24.13	58.77	14.45	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$52,253 $53,000 14%	Median Housing Value Unemployment Rate			$167,900 6.0%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA AA consisted of both counties in the Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA: Horry County in South Carolina and Brunswick County in North Carolina. The 2014 OMB changes created this new MMA. OMB added Brunswick County, NC from the former Wilmington, NC MMA to the former Myrtle Beach-North Myrtle Beach-Conway, SC MMA to create the new MMA. According to the FDIC's Summary of Deposits, as of June 30, 2016, PNC's deposits in the AA comprised 0.03 percent of the bank's total deposits.

Competition was significant with 24 other FDIC-insured depository institutions operating 156 offices in the AA. PNC operated two offices in the AA and had a 0.87 percent deposit market share and ranked 20th among all institutions in the AA. Major competitors included Branch Banking and Trust Company with 27 offices and 24.05 percent deposit market share, The Conway National Bank with 13 offices and 10.69 percent market share, and Wells Fargo Bank, N.A. with 10 offices and 9.25 percent market share.

Data from Moody's Analytics in July 2017 indicated that the Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA economy was performing well with a strong tourism market. The population grew by more than four times the national average in 2016. Key sectors of the economy include Leisure and Hospitality Services at 25.7 percent, Retail Trade at 17.5 percent, Government at 13.8 percent, and Education and Health Services at 10.5 percent. Major employers include Wal-mart Stores Inc., Coastal Carolina University, Conway Medical Center, and Grand Strand Regional Medical Center. Based on data from the Bureau of Labor Statistics, the unemployment rate in the Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA AA was 14.0 percent in January 2012 compared to 6.0 percent in December 2016.

Data from the 2012-2016 American Community Survey showed the median housing value of owner-occupied housing units in the Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA was $167,900. Based on the FHFA HPI calculator, housing values increased approximately 12.33 percent over the evaluation period. An expanding retiree population had kept housing demand steady, which had increased house prices and home building. Based on the 2016 median family income of $53,000, low-income families make less than $26,500 a year and moderate-income families make less than $42,400 a year. Housing values were 6.33 times the annual income of low-income families and 3.96 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the AA:

- Owner-occupied rehab for elderly and low-income families
- Sub-standard rental units
- Limited opportunities for homeownership
- Education and job training
- Overcrowded and insufficient homeless shelters and services
- Returning ex-offenders

Numerous opportunities for participation by financial institutions include the following:

- Financial support from grants to CD organizations for affordable housing development, social services and emergency services
- Investment in CDFIs to develop affordable rental and for-sale housing
- Grants and investments in workforce development projects
- Federal Home Loan Bank sponsorships for affordable housing projects

The Myrtle Beach-Conway-North Myrtle Beach, SC-NC MMA AA offered adequate opportunities to meet the identified needs, including one SBA Small Business Development Center, one HUD-approved housing counseling and one certified-CDFI that serves the MMA.

New York-Newark-Jersey City, NY-NJ-PA MMA

Demographic Information for Full Scope Area: New York-Newark-Jersey City, NY-NJ-PA MMA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	1,729	10.41	18.22	22.73	47.54	1.10
Population by Geography	8,057,088	9.37	18.12	21.64	50.77	0.09
Owner-Occupied Housing by Geography	1,668,986	2.07	10.18	23.93	63.81	0.00
Business by Geography	621,700	5.63	12.05	18.13	62.05	2.13
Farms by Geography	9,613	1.75	6.43	23.61	68.05	0.16
Family Distribution by Income Level	1,911,331	20.20	14.43	17.00	48.37	0.00
Distribution of LMI Families throughout AA Geographies	661,901	18.87	30.10	23.84	27.18	0.01
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$71,082 $75,729 10%	Median Housing Value Unemployment Rate			$264,200 to $871,500 3.9%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The New York-Newark-Jersey City, NY-NJ-PA MMA AA was comprised of two of the four MDs that made up the New York-Newark-Jersey City, NY-NJ-PA MMA. It included seven counties in the New York-Jersey City-White Plains, NY-NJ MD: Bergen, Hudson, Middlesex, Monmouth, Ocean, and Passaic counties in New Jersey and New York County in New York. It also included six counties in the Newark, NJ-PA MD: Essex, Hunterdon, Morris, Somerset, Sussex, and Union counties in New Jersey. While the 2014 OMB changes moved several counties between the various MDs that made up the MMA, the changes did not affect our analysis since we completed the analysis at the MMA level. According to the FDIC's Summary of Deposits, as of June 30, 2016, PNC's deposits in the AA comprised 8.83 percent of the bank's total deposits.

Competition was very strong with 163 other FDIC-insured depository institutions operating 2,824 offices in the AA. PNC operated 220 offices in the AA and had a 1.72 percent deposit market share and ranked 10th among all institutions in the AA. Major competitors included JPMorgan Chase Bank, N.A with 359 offices and 37.03 percent deposit market share, The Bank of New York Mellon with two offices and 9.46 percent deposit market share, Bank of America, N.A. with 272 offices and 8.26 percent deposit market share, and HSBC Bank USA, N.A. with 53 offices and a market share of 8.17 percent.

Data from Moody's Analytics in September 2017 indicated that the New York-Newark-Jersey City, NY-NJ-PA MMA economy expanded due to strength in the education, healthcare, and technology industries. Key sectors of the economy include Education and Health Services at 20.2 percent, Professional and Business Services at 16.2 percent, and Government at 13.2 percent. Major employers include JPMorgan Chase & Company, Mount Sinai Medical Center, Macy's Inc., and Citibank N.A. Based on data from the Bureau of Labor Statistics, the unemployment rate in the New York-Newark-Jersey City, NY-NJ-PA MMA AA was 9.0 percent in January 2012 compared to 3.9 percent in December 2016.

Data from the 2012-2016 American Community Survey showed the median housing value of owner-occupied housing units ranged from a low of $264,200 in Ocean County, New Jersey to a high of $871,500 in New York County, New York. Based on the FHFA HPI calculator, housing values increased, on average, between 16.6 and 17.7 percent over the evaluation period depending on the MD. Based on the 2016 median family income of $75,729, low-income families make less than $37,864 a year and moderate-income families make less than $60,583 a year. Depending on the county, housing values were 6.98 to 23.01 times the annual income of low-income families and 4.36 to 14.39 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the AA:

- Affordable rental housing for low-income individuals
- Affordable mortgages
- Homeless shelters and services
- Overleveraged properties can lead to deferred maintenance, foreclosures and displacement of LMI tenants
- History of evictions, even years old, and even resolved, were not removed from rental history making future rentals impossible
- Lack of rental assistance; HUD changes make it harder to qualify as homeless in order to receive rental assistance
- State and federal funding for housing had been reduced
- Banking services, including affordable checking and savings accounts
- Financial Literacy

Significant opportunities for participation by financial institutions include the following:

- Board of directors or volunteers for financial literacy
- No cost or low cost checking accounts; second chance checking
- Multi-lingual bank branch staff
- Affordable multi-family lending for small for-profit developers
- General operating support and support for youth, senior and homeless services
- Grant for resource development person that might serve several nonprofits
- Matching funds for Individual Development Accounts (IDAs)
- Invest in LIHTCs, NMTCs, and CDFIs for affordable housing and economic development
- Low cost loans to nonprofit housing developers to re-lend to LMI borrowers for home mortgages; downpayment assistance
- Invest in micro loan funds and small business funds

The New York-Newark-Jersey City, NY-NJ-PA MMA AA offered many opportunities to meet the identified needs. There were numerous community and social service organizations, including over 60 HUD-approved housing counseling, 34 certified CDFIs, and ten SBA Small Business Development Centers that serve the MMA.

Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA

Demographic Information for Full Scope Area: Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	1,452	7.16	23.00	38.64	29.89	1.31
Population by Geography	5,899,260	6.61	22.09	39.52	31.45	0.33
Owner-Occupied Housing by Geography	1,528,639	3.48	18.52	43.01	34.98	0.00
Business by Geography	409,491	3.90	17.29	38.41	39.94	0.47
Farms by Geography	8,821	1.02	13.54	47.32	37.99	0.14
Family Distribution by Income Level	1,432,016	21.05	17.48	21.02	40.45	0.00
Distribution of LMI Families throughout AA Geographies	551,703	11.32	32.48	39.64	16.55	0.01
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$75,358 $78,246 12%	Median Housing Value Unemployment Rate			$237,700 4.3%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA AA consisted of all or part of four the MDs that make up the MMA. It included the entirety of the Camden, NJ MD; Montgomery-Bucks County-Chester County, PA MD; and Philadelphia, PA MD and two of the three counties in the Wilmington, DE-MD-NJ MD: New Castle County in Delaware and Cecil County in Maryland. According to the FDIC's Summary of Deposits, as of June 30, 2016, PNC's deposits in the AA comprised 8.38 percent of the bank's total deposits.

Competition was strong with 125 other FDIC-insured depository institutions operating 1,541 offices in the AA. PNC operated 165 offices in the AA and had a 4.64 percent deposit market share, which ranked sixth among all institutions in the AA. Major competitors included Capital One, N.A with one office and 22.01 percent deposit market share, TD Bank, N.A. with 146 offices and 21.75 percent market share, Chase Bank USA, N.A. with one office and 13.55 percent deposit market share, and Wells Fargo Bank, N. A. with 201 offices and a market share of 6.99 percent.

Data from Moody's Analytics in September 2017 indicated that the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA economy had expanded due to increased job growth. Key sectors of the economy included Education and Health Services at 22.2 percent, Professional and Business Services at 16.2 percent, and Government at 11.5 percent. Major employers included Trustees of the University of Pennsylvania, The Vanguard Group, McGuire-Dix Air Force Base, and The Chemours Company. Based on data from the Bureau of Labor Statistics, the unemployment rate in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA AA was 8.7 percent in January 2012 compared to 4.3 percent in December 2016.

Data from the 2012-2016 American Community Survey showed the median housing value of owner-occupied housing units in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA was $237,700. Based on the FHFA HPI calculator, housing values increased between 10.4 percent and 18.0 percent, approximately, during the evaluation period depending on the MD. Based on the 2016 median family income of $78,246, low-income families make less than

$39,123 a year and moderate-income families make less than $62,597 a year. Housing values were 6.08 times the annual income of low-income families and 3.80 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the AA:

- Affordable and access home repair loan products for owner-occupied properties and for small developers
- Marketing for existing loan products
- Refinancing
- Financial literacy for individuals and small businesses
- Financial literacy, credit repair, and basic checking and saving products
- Access to capital for very small businesses; falling prey to predatory lenders
- Investment in smaller CRA-eligible projects
- Living wage jobs

Significant opportunities for participation by financial institutions include the following:

- Investment in LIHTCs, NMTCs and CDFIs
- Develop affordable rehab products
- Allow credit flexibility and underwriting for mortgages
- Referral to small business assistance providers and to not-profit organizations
- General operating support and grants for Individual Development Accounts, housing counseling agencies, financial literacy, youth and senior services
- Board of directors, loan review committees, and volunteers for tax preparation sites or financial counseling
- Invest in small business loan funds and microloans, and participate in loan guarantee programs

The Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMA AA offered many opportunities to meet the identified needs. There were a variety of community and social service organizations, including 12 certified CDFIs, 31 HUD-approved housing counseling agencies, and four SBA Small Business Development Centers serving the MMA.

Salisbury, MD-DE MMA

Demographic Information for Full Scope Area: Salisbury, MD-DE MMA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	96	1.04	15.63	62.50	17.71	3.13
Population by Geography	373,802	0.35	16.86	67.33	14.53	0.92
Owner-Occupied Housing by Geography	107,182	0.04	12.24	70.13	17.55	0.04
Business by Geography	25,594	0.29	14.53	65.33	19.77	0.08
Farms by Geography	1,387	0.07	12.55	77.07	10.02	0.29
Family Distribution by Income Level	94,694	19.98	18.69	21.78	39.55	0.00
Distribution of LMI Families throughout AA Geographies	36,618	0.77	23.25	65.67	10.31	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$60,486 $61,200 11%	Median Housing Value Unemployment Rate			$213,000 6.2%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Salisbury, MD-DE MMA AA consisted of all four counties in the Salisbury, MD-DE MMA: Sussex County in Delaware and Somerset, Wicomico, and Worcester counties in Maryland. According to the FDIC's Summary of Deposits, as of June 30, 2016 PNC's deposits in the AA comprised 0.58 percent of the bank's total deposits.

Competition was substantial with 23 other FDIC-insured depository institutions operating 126 offices in the AA. PNC operated 25 offices in the AA and had a 2.50 percent deposit market share, which ranked second among all institutions in the AA. Major competitors included Manufacturers and Traders Trust Company with 19 offices and 1.97 percent deposit market share, The Bank of Delmarva with 12 offices and 0.74 percent market share, and Calvin B. Taylor Banking Company of Berlin, Maryland with 10 branches and a market share of 0.71 percent. Discover Bank had the largest deposit market share in the MMA at 87.96 percent; however, they were not a direct competitor as they were an internet-based institution that does not have any retail branches.

Data from Moody's Analytics in September 2017 indicated that the Salisbury, MD-DE MMA economy was modestly expanding due to job growth in the leisure and hospitality industries and to a lesser extent, the retail industry. Key sectors of the economy included Leisure and Hospitality Services at 17.1 percent, Education and Health Services at 16.2 percent, Government at 15.2 percent, and Retail Trade at 14.6 percent. Major employers included Peninsula Regional Medical Center, Beebe Medical Center, Salisbury University, Perdue Farms Inc., and Wal-mart Stores, Inc. Based on data from the Bureau of Labor Statistics, the unemployment rate in the Salisbury, MD-DE MMA AA was 11.0 percent in January 2012 compared to 6.2 percent in December 2016.

Data from the 2012-2016 American Community Survey showed the median housing value of owner-occupied housing in the Salisbury, MD-DE MMA was $213,000. Based on the FHFA HPI calculator, housing values increased approximately 8.8 percent over the evaluation period. Based on the 2016 median family income of $61,200, low-income families make less than

$30,600 a year and moderate-income families make less than $48,960 a year. Housing values were 6.96 times the annual income of low-income families and 4.35 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the AA:

- Affordable Housing for families and senior citizens and loans for the rehabilitation of current rental housing stock
- Emergency shelter, transitional and permanent supportive housing for homeless and special needs
- Growing homeless veteran population
- Increase employment, self-sufficiency, and educational/job training
- Support job creation, job retention and new businesses
- Financial literacy and homeownership counseling
- Credit repair services and second chance banking accounts
- Small dollar loans and micro-loans for small businesses
- Reliable public transportation

Various opportunities for participation by financial institutions include the following:

- Invest in statewide housing funds, LIHTCs and CDFIs
- Financing for accessibility alterations for owner-occupied units
- Affordable mortgages and downpayment assistance
- General operating grants and funds for financial literacy, homeownership counseling and social services
- Grants to assist small businesses (start-ups, seed money); invest in loan funds
- Board of directors or volunteer for financial counseling, tax preparation assistance or small business mentorship

The Salisbury, MD-DE MMA AA offered limited opportunities to meet the identified needs. There were a number of community and social service organizations, including one certified CDFI, two HUD-approved housing counseling agencies, and one SBA Small Business Development Center.

St. Louis, MO-IL MMA

Demographic Information for Full Scope Area: St Louis, MO-IL MMA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	569	13.18	19.33	38.84	28.30	0.35
Population by Geography	2,570,809	8.22	18.21	41.52	32.00	0.05
Owner-Occupied Housing by Geography	722,746	4.67	16.35	44.00	34.97	0.00
Business by Geography	149,735	5.96	16.24	38.05	39.63	0.12
Farms by Geography	4,200	1.71	11.55	48.79	37.88	0.07
Family Distribution by Income Level	663,710	21.06	16.91	20.89	41.14	0.00
Distribution of LMI Families throughout AA Geographies	252,014	14.93	27.25	40.84	16.98	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$66,798 $70,000 12%	Median Housing Value Unemployment Rate		$120,500 to $192,900 4.10%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The St. Louis, MO-IL MMA AA consisted of seven counties and one city of the 15 counties and one city in the St. Louis, MO-IL MMA: Madison and St. Clair counties in Illinois; Franklin, Jefferson, St. Charles, St. Louis, and Warren counties in Missouri; and St. Louis City, Missouri. According to the FDIC's Summary of Deposits, as of June 30, 2016 PNC's deposits in the AA comprised 0.90 percent of the bank's total deposits.

Competition was significant with 108 other FDIC-insured depository institutions operating 769 offices in the AA. PNC operated 44 offices in the AA and had a 2.45 percent deposit market share, which ranked ninth among all institutions in the AA. Major competitors included U.S. Bank N.A. with 112 offices and 14.62 percent deposit market share, Bank of America, N.A. with 52 offices and 12.32 percent market share, and Stifel Bank and Trust with two offices and a market share of 8.67 percent. Scottrade Bank had the largest deposit market share with 16.12 percent; however, they were not a direct competitor as they were an internet-based Federal Savings bank that does not have any retail branches.

Data from Moody's Analytics in June 2017 indicated that the St Louis, MO-IL MMA economy was modestly expanding. Key sectors of the economy included Education and Health Services at 18.1 percent, Professional and Business Services at 15.5 percent, Government at 11.6 percent, and Leisure and Hospitality Services at 11.0 percent. Major employers included BJC Healthcare, Wal-Mart Stores Inc., SSM Health Care System, Washington University in St. Louis, and Boeing Defense, Space & Security. Based on data from the Bureau of Labor Statistics, the unemployment rate in the St Louis, MO-IL MMA AA was 8.4 percent in January 2012, compared to 4.1 percent in December 2016.

Data from the 2012-2016 American Community Survey showed the median housing value of owner-occupied housing units ranged from a low of $120,500 in St. Clair County, Illinois to a high of $192,900 in St. Charles County, Missouri. Based on the FHFA HPI calculator, housing values increased approximately 25.9 percent over the evaluation period. Based on the 2016 median family income of $70,000, low-income families make less than $35,000 a year and moderate-income families make less than $56,000 a year. Housing values were 3.44 to 5.51 times the annual income of low-income families and 2.15 to 3.44 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the AA:

- Demand for more social services by growing population, including clothing, food, and shelter; support for nonprofits
- Affordable housing, for sale and multifamily rental housing
- Home improvement loans
- Student debt impacting home purchases due to debt-to-income
- Public education is failing; need for workforce development and job training
- Financial Literacy; homeownership counseling, credit repair and foreclosure counseling
- Microloans; revolving lines of credit for small businesses
- Technical assistance for small businesses; credit repair, financial literacy, accounting and marketing

Significant opportunities for participation by financial institutions include the following:

- General operating support and funds for emergency services, social services, financial literacy and workforce development initiatives
- Investments in NMTC, LIHTCs, and CDFIs
- Acquisition financing, construction financing and permanent financing for affordable rentals and economic development
- Invest in statewide housing funds and local initiatives
- Investment in nonprofits developing for-sale housing
- Affordable mortgages for first-time homebuyers and alternative underwriting
- Investment in small business loan funds; volunteers for small business mentorships

The St. Louis, MO-IL MMA AA offered many opportunities to meet the identified needs. There were varieties of community and social service organizations, including 11 HUD-approved housing counseling agencies, five certified CDFIs, three SBA Small Business Development Centers that serve the MMA.

Virginia Beach-Norfolk-Newport News, VA-NC MMA

Demographic Information for Full Scope Area: Virginia Beach-Norfolk-Newport News, VA-NC MMA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	287	6.27	25.44	35.54	31.01	1.74
Population by Geography	1,186,478	4.77	23.45	34.92	36.85	0.00
Owner-Occupied Housing by Geography	275,689	1.69	17.53	36.63	44.15	0.00
Business by Geography	76,212	4.59	19.03	37.03	38.93	0.43
Farms by Geography	1,685	2.08	14.90	36.85	45.93	0.24
Family Distribution by Income Level	296,831	18.91	18.33	22.15	40.61	0.00
Distribution of LMI Families throughout AA Geographies	110,531	8.87	34.60	36.44	20.10	0.00
Median Family Income		$67,485	Median Housing Value		$189,000 to $318,700	
FFIEC Adjusted Median Family Income for 2016		$69,400	Unemployment Rate		4.4%	
Households Below Poverty Level		9%				

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Virginia Beach-Norfolk-Newport News, VA-NC MMA AA consisted of two counties and four cities of the seven counties and nine cities in the Virginia Beach-Norfolk-Newport News, VA-NC MMA: Currituck County in North Carolina; James City County, Chesapeake City, Newport News City, Norfolk City, and Virginia Beach City in Virginia. According to the FDIC's Summary of Deposits, as of June 30, 2016, PNC's deposits in the AA comprised 0.16 percent of the bank's total deposits.

Competition was significant with 19 other FDIC-insured depository institutions operating 215 offices in the AA. PNC operated 11 offices in the AA and had a 2.13 percent deposit market share, which ranked eighth among all institutions in the AA. Major competitors included Towne Bank with 19 offices and 22.46 percent deposit market share, Wells Fargo Bank, N.A. with 37 offices and 21.12 percent market share, SunTrust Bank with 27 offices and 17.41 percent market share, and Bank of America, N.A. with 27 branches and a market share of 13.1 percent.

Data from Moody's Analytics in July 2017 indicated that the Virginia Beach-Norfolk-Newport News, VA-NC MMA economy was in recovery due to job losses largely concentrated in consumer industries and the reduction in healthcare payroll additions. Key sectors of the economy included Government at 20.7 percent, Education and Health Services at 14.5 percent, Professional and Business Services at 13.5 percent, and Leisure and Hospitality Services at 11.7 percent. Major employers included Huntington Ingalls Industries Inc., Sentara Healthcare, Wal-Mart Stores Inc., and Riverside Regional Medical Center. Based on data from the Bureau of Labor Statistics, the unemployment rate in the Virginia Beach-Norfolk-Newport News, VA-NC MMA AA was 7.9 percent in January 2012, compared to 4.4 percent in December 2016.

Data from the 2012-2016 American Community Survey shows the median housing value of owner-occupied housing units ranged from a low of $189,000 in Newport News City, Virginia to a high of $318,700 in James City County, Virginia. Based on the FHFA HPI calculator, housing values increased approximately 16.18 percent over the evaluation period. Based on the 2016 median family income of $69,400, low-income families make less than $34,700 a year and moderate-income families make less than $55,520 a year. Housing values were 5.45 to 9.18 times the annual income of low-income families and 3.40 to 5.74 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the AA:

- Affordable housing; increasing percentage of households spend more than 30% of their income on housing; increasing percentage of seniors
- Rehab of substandard rental housing
- Decreasing government funds for subsidized housing vouchers

Numerous opportunities for participation by financial institutions include the following:

- Investments of NMTCs, LIHTCs and CDFIs
- Construction and permanent financing
- Banking services and lending for new residents
- Matching funds for government programs, including emergency shelter and transitional housing
- General operating funds and grants for social services

The Virginia Beach-Norfolk-Newport News, VA-NC MMA AA offered several opportunities to meet the identified needs. We noted four HUD-approved housing counseling agencies, one SBA Small Business Development Center and no certified CDFI that serve the MMA.

Washington-Arlington-Alexandria, DC-MD-VA-WV MMA

Demographic Information for Full Scope Area: Washington-Arlington-Alexandria, DC-MD-VA-WV MMA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	1,320	9.17	23.94	35.38	30.61	0.91
Population by Geography	5,462,790	8.32	23.24	36.73	31.52	0.19
Owner-Occupied Housing by Geography	1,300,817	3.67	18.67	40.53	37.13	0.00
Business by Geography	434,907	4.61	19.35	35.25	40.47	0.32
Farms by Geography	7,502	2.83	17.89	43.59	35.67	0.03
Family Distribution by Income Level	1,279,480	20.86	17.35	21.25	40.54	0.00
Distribution of LMI Families throughout AA Geographies	488,876	14.87	34.23	35.93	14.96	0.01
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$102,007 $107,200 7%	Median Housing Value Unemployment Rate		$252,900 to $724,000 3.4%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Washington-Arlington-Alexandria, DC-MD-VA-WV MMA AA was comprised of all or part of the two MDs that made up the Washington-Arlington-Alexandria, DC-MD-VA-WV MMA. It included the entirety of the Silver Spring-Frederick-Rockville, MD MD and 10 counties, five cities, and the District of Columbia in the Washington-Arlington-Alexandria, DC-MD-VA-WV MD. The counties and cities were Calvert, Charles, and Prince Georges counties in Maryland; Arlington, Fairfax, Fauquier, Loudoun, Prince William, Spotsylvania, and Stafford Counties in Virginia; the cities of Alexandria, Fairfax, Falls Church, Fredericksburg, and Manassas in Virginia; and Washington, D.C. According to the FDIC's Summary of Deposits, as of June 30, 2016, PNC's deposits in the AA comprised 5.03 percent of the bank's total deposits.

Competition was strong with 79 other FDIC-insured depository institutions operating 1,445 offices in the AA. PNC operated 182 offices in the AA and had a 5.66 percent deposit market share, which ranked seventh among all institutions in the AA. Major competitors included Wells Fargo Bank, N.A. with 162 offices and 14.29 percent deposit market share, Bank of America, N.A. with 159 offices and 13.70 percent market share, and Capital One, N.A. with 169 offices and 11.61 percent market share. E*TRADE Bank with two offices had the largest market share at 15.04 percent; however, they were not a direct competitor as they were an internet-based institution that does not have any retail branches.

Data from Moody's Analytics in September 2017 indicated that the Washington-Arlington-Alexandria, DC-MD-VA-WV MMA economy was expanding due to job growth after the federal hiring freeze earlier in the year. Key sectors of the economy included Professional and Business Services at 22.9 percent, Government at 21.3 percent, and Education and Health Services at 13.9 percent. Major employers included Naval Support Activity Washington, National Institutes of Health, Inova Health System, SAIC Inc., Northrop Grumman Corp., and Marriott International. Based on data from the Bureau of Labor Statistics, the unemployment rate in the Washington-Arlington-Alexandria, DC-MD-VA-WV MMA AA was 5.9 percent in January 2012, compared to 3.4 percent in December 2016.

Data from the 2012-2016 American Community Survey shows the median housing value of owner-occupied housing units range from a low of $252,900 in Spotsylvania County, VA to a high of $724,000 in Falls Church City, VA. Based on the FHFA HPI calculator, housing values increased between 24.0 percent and 29.3 percent, approximately, during the evaluation period depending on the MD. Based on the 2016 median family income of $107,200, low-income families make less than $53,600 a year and moderate-income families make less than $85,760 a year. Housing values were 4.71 to 13.51 times the annual income of low-income families and 2.94 to 8.44 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the AA:

- Affordable housing, including for-sale and rental units; mixed income neighborhoods
- High rents and property values is displacing low- to moderate-income (LMI) people
- Financing for construction and renovation of affordable housing and permanent supportive housing
- Increasing homeownership opportunities; affordable mortgage lending and homeownership counseling
- Financing for nonprofits to rehab or purchase facilities
- Basic banking services
- Lines of credit for small businesses
- Commercial revitalization in LMI areas

Significant opportunities for participation by financial institutions include the following:

- Investment in LIHTCs, NMTC, and CDFIs
- Pre-development, construction, gap and permanent financing
- Second chance checking and affordable deposit products
- General operating support and funding for personal credit repair, financial literacy, social service agencies
- Support of initiatives to transition renters into home owners
- Support organizations that provide activities that enhance financial stability and well-being of area residents through both financial support and technical assistance
- Volunteers for tax preparation assistance, loan review committees and mentorship of small businesses
- Invest in small business loan funds

The Washington-Arlington-Alexandria, DC-MD-VA-WV MMA AA offered many opportunities to meet the identified needs. There were numerous community and social service organizations, including 19 HUD-approved housing counseling agencies, ten certified CDFIs, and three SBA Small Business Development Centers that serve the MMA.

Youngstown-Warren-Boardman, OH-PA MMA

Demographic Information for Full Scope Area: Youngstown-Warren-Boardman, OH-PA MMA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	155	10.32	21.94	50.97	16.77	0.00
Population by Geography	565,773	6.50	16.07	55.28	22.15	0.00
Owner-Occupied Housing by Geography	171,214	4.24	13.44	58.11	24.21	0.00
Business by Geography	29,828	6.48	12.87	50.93	29.72	0.00
Farms by Geography	1,192	1.76	5.20	70.81	22.23	0.00
Family Distribution by Income Level	151,238	20.09	17.99	22.29	39.63	0.00
Distribution of LMI Families throughout AA Geographies	57,590	10.49	23.66	52.45	13.40	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$52,933 $55,100 15%	Median Housing Value Unemployment Rate			$98,300 to $111,000 5.9%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Youngstown-Warren-Boardman, OH-PA MMA AA consisted of all three counties in the Youngstown-Warren-Boardman, OH-PA MMA: Mahoning and Trumbull counties in Ohio and Mercer County in Pennsylvania. According to the FDIC's Summary of Deposits, as of June 30, 2016 PNC's deposits in the AA comprised 0.47 percent of the bank's total deposits.

Competition was significant with 18 other FDIC-insured depository institutions operating 159 offices in the AA. PNC operated 20 offices in the AA and had a 12.71 percent deposit market share, which ranked third among all institutions in the AA. Major competitors include The Huntington National Bank with 40 offices and 21.98 percent deposit market share, First National Bank of Pennsylvania with 20 offices and 12.74 percent market share, and JPMorgan Chase Bank, N.A. with 15 offices and a market share of 9.53 percent.

Data from Moody's Analytics in June 2017 indicated that the Youngstown-Warren-Boardman, OH-PA MMA economy was recovering but was one of the weakest economies in the state due to falling payroll employment. Key sectors of the economy include Education and Health Services at 19.5 percent, Retail Trade at 13.3 percent, Government at 13.2 percent, and Manufacturing at 13.0 percent. Major employers include General Motors Corp., Mercy Health, ValleyCare Health System, and Youngstown Air Reserve Station. Based on data from the Bureau of Labor Statistics, the unemployment rate in the Youngstown-Warren-Boardman, OH-PA MMA AA was 9.6 percent in January 2012 compared to 5.9 percent in December 2016.

Data from the 2012-2016 American Community Survey shows the median housing value of owner-occupied housing units range from a low of $98,300 in Mahoning County, OH to a high of $111,000 in Mercer County, PA. Based on the FHFA HPI calculator, housing values increased approximately 8.8 percent over the evaluation period in the MMA. Based on the 2016 median family income of $55,100, low-income families make less than $27,550 a year and moderate-income families make less than $44,080 a year. Housing values were 3.57 to 4.03 times the annual income of low-income families and 2.23 to 2.52 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the AA:

- Living wage jobs
- Large inventory of vacant properties; foreclosures and abandoned bank-owned properties.
- Quality, energy efficient, affordable homes and rental units
- Rehab loans when purchasing homes
- Transitional and permanent supportive housing
- Financial Literacy, homeownership counseling and foreclosure prevention

Numerous opportunities for participation by financial institutions include the following:

- Investments in CDFIs and Community Revolving Loan Funds
- Predevelopment, construction and permanent financing
- General operating support and grants for financial education, social services and workforce development
- Matching funds for Individual Development Accounts and down payment assistance

The Youngstown-Warren-Boardman, OH-PA MMA AA offered several opportunities to meet the identified needs. There were various community and social service organizations, including two certified CDFIs, three HUD-approved housing counseling agencies, and two SBA Small Business Development Centers that serve the MMA.

State of Alabama

Birmingham-Hoover, AL MSA

Demographic Information for Full Scope Area: Birmingham-Hoover, AL MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	224	11.16	21.88	34.82	31.70	0.45
Population by Geography	937,144	8.28	17.40	37.15	37.16	0.00
Owner-Occupied Housing by Geography	256,101	5.12	14.55	39.14	41.19	0.00
Business by Geography	57,086	8.78	16.57	31.89	42.75	0.01
Farms by Geography	1,205	3.57	10.71	39.17	46.47	0.08
Family Distribution by Income Level	242,221	21.06	16.55	19.07	43.32	0.00
Distribution of LMI Families throughout AA Geographies	91,097	15.31	27.74	38.70	18.25	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		59,532 62,500 13%	Median Housing Value Unemployment Rate		$142,800 to $194,400 5.1%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Birmingham-Hoover, AL MSA AA consisted of three of the seven counties in the Birmingham-Hoover, AL MSA: Jefferson, St. Clair, and Shelby counties in Alabama. According to the FDIC's Summary of Deposits, as of June 30, 2016, PNC's deposits in the AA comprised 0.35 percent of the bank's total deposits.

Competition was significant with 38 other FDIC-insured depository institutions operating 268 offices in the AA. PNC operated 16 offices in the AA and had a 2.47 percent deposit market share, which ranked eighth among all institutions in the AA. Major competitors included Regions Bank with 66 offices and 32.63 percent deposit market share, Compass Bank with 26 offices and 19.66 percent deposit market share, and Wells Fargo Bank, N.A. with 35 offices and a market share of 11.56 percent.

Data from Moody's Analytics in July 2017 indicated that the Birmingham-Hoover, AL MSA economy was recovering and benefited from steady gains in job creation. Key sectors of the economy included Government at 15.9 percent, Education and Health Services at 13.7 percent, Professional and Business Services at 12.7, and Retail Trade at 11.3 percent. Major employers included University of Alabama Birmingham, Regions Financial Corporation, Honda Manufacturing, and Brookwood Baptist Health. Based on data from the Bureau of Labor Statistics, the unemployment rate in the Birmingham-Hoover, AL MSA AA was 6.8 percent in January 2012 compared to 5.1 percent in December 2016.

Data from the 2012-2016 American Community Survey showed the median housing value of owner-occupied housing units ranged from a low of $142,800 in St. Clair County to a high of $195,400 in Shelby County. Based on the FHFA HPI calculator, housing values increased approximately 29.5 percent over the evaluation period. Based on the 2016 median family income of $62,500, low-income families make less than $31,250 a year and moderate-income families make less than $50,000 a year. Housing values were 4.57 to 6.25 times the annual income of low-income families and 2.86 to 3.91 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the AA:

- Affordable housing; both rental and for-sale homes
- Loan modifications
- Reduce number of payday and predatory lenders
- Reduce unbanked residents by offering affordable, basic deposit and saving products and increase marketing

Several opportunities for participation by financial institutions include the following:

- Create a small dollar loan program to compete with payday lenders
- Increase small business lending by investing in CDFIs

There were a number of community organizations within the Birmingham-Hoover, AL MSA, including seven HUD-approved housing counseling agencies, one certified CDFI and one SBA Small Business Development Center.

State of Delaware

Dover, DE MSA

Demographic Information for Full Scope Area: Dover, DE MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	32	0.00	15.63	68.75	15.63	0.00
Population by Geography	162,310	0.00	12.17	73.74	14.09	0.00
Owner-Occupied Housing by Geography	41,836	0.00	9.18	75.28	15.53	0.00
Business by Geography	9,325	0.00	21.19	64.51	14.29	0.00
Farms by Geography	575	0.00	8.35	77.22	14.43	0.00
Family Distribution by Income Level	40,711	18.74	18.41	23.27	39.59	0.00
Distribution of LMI Families throughout AA Geographies	15,122	0.00	17.51	72.39	10.10	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$60,949 $62,900 12%	Median Housing Value Unemployment Rate			$199,800 4.0%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Dover, DE MSA AA consisted of Kent County, which is the only county in the Dover, DE MSA. According to the FDIC's Summary of Deposits, as of June 30, 2016, PNC's deposits in the AA comprised 0.16 percent of the bank's total deposits.

Competition was significant with 10 other FDIC-insured depository institutions operating 32 offices in the AA. PNC operated four offices in the AA and had a 20.81 percent deposit market share, which ranked second among all institutions in the AA. Major competitors included Manufacturers and Traders Trust Company with six offices and 26.87 percent deposit market share, Wilmington Savings Fund Society, FSB with eight offices and 16.67 percent deposit market share, and Citizens Bank, N.A. with four offices and a deposit market share of 10.86 percent.

Data from Moody's Analytics in September 2017 indicated that the Dover, DE MSA economy was recovering with a positive outlook for future growth. Payroll employment increased from the previous year and there was a surge in leisure/hospitality payrolls. Key sectors of the economy include Government at 28.1 percent, Education and Health Services at 15.8 percent, and Retail Trade at 13.7 percent. Major employers include Dover Air Force Base, Bayhealth Medical Center, Perdue Farms, and Delaware Technical & Community College. Based on data from the Bureau of Labor Statistics, the unemployment rate in the Dover, DE MSA was 8.3 percent in January 2012 compared to 4.0 percent in December 2016.

Data from the 2012-2016 American Community Survey showed the median housing value of owner-occupied housing units at $199,800 in the Dover, DE MSA. Based on the FHFA HPI calculator, housing values increased approximately 7.4 percent over the evaluation period. Based on the 2016 median family income of $62,900, low-income families make less than $31,450 a year and moderate-income families make less than $50,320 a year. Housing values were 6.35 times the annual income of low-income families and 3.97 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the AA:

- Comprehensive approach to improve neighborhoods
- Affordable, quality, housing, including multi-family and for-sale homes
- Housing stock is generally single-family residences and mobile homes
- Low supply of rental units, increasing rents, and poor housing stock
- Growing population of seniors and healthcare needs
- Low wage jobs

Some opportunities for participation by financial institutions include the following:

- Support of affordable housing programs through LIHTCs or Federal Home Loan Bank sponsorships
- General operating support for housing and social services
- Financial education support

The Dover, DE MSA AA offered limited opportunities to meet the identified needs. We noted one certified CDFI, two HUD-approved housing counseling agencies, and one SBA Small Business Development Center serving the Dover, DE MSA.

State of Florida

Miami-Fort Lauderdale-West Palm Beach, FL MSA

Demographic Information for Full Scope Area: Miami-Ft Lauderdale-West Palm Beach, FL MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	1,216	5.84	25.90	33.31	32.81	2.14
Population by Geography	5,564,635	4.72	27.31	34.60	33.06	0.31
Owner-Occupied Housing by Geography	1,329,038	2.06	23.11	36.26	38.56	0.00
Business by Geography	764,572	3.38	21.79	30.26	43.71	0.86
Farms by Geography	11,984	2.98	22.67	31.57	42.48	0.30
Family Distribution by Income Level	1,317,377	22.42	17.35	18.93	41.30	0.00
Distribution of LMI Families throughout AA Geographies	523,897	8.40	39.43	34.29	17.86	0.02
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$57,777 $56,694 14%	Median Housing Value Unemployment Rate		$202,300 to $222,700 4.9%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Miami-Fort Lauderdale-West Palm Beach, FL MSA AA consisted of three MDs in their entirety: the Fort Lauderdale-Pompano Beach-Deerfield Beach, FL MD, the Miami-Miami Beach-Kendall, FL MD, and the West Palm Beach-Boca Raton-Delray Beach, FL MD. According to the FDIC's Summary of Deposits, as of June 30, 2016, PNC's deposits in the AA comprised 1.61 percent of the bank's total deposits.

Competition was significant with 100 other FDIC-insured depository institutions operating 1,543 offices in the AA. PNC operated 79 offices in the AA and had a 1.77 percent deposit market share, which ranked 15th among all institutions in the AA. Major competitors included Wells Fargo Bank, N.A. with 204 offices and 16.42 percent deposit market share, Bank of America, N.A. with 196 offices and 16.37 percent market share, Citibank, N.A. with 54 offices and 8.96 percent market share, and JPMorgan Chase Bank, N.A. with 187 branches and a market share of 7.97 percent.

Data from Moody's Analytics in July 2017 indicated that the Miami-Fort Lauderdale-West Palm Beach, FL MSA economy was expanding; however, lower paying jobs in the services sectors were replacing higher paying jobs in goods-producing industries. Key sectors of the economy included Professional and Business Services at 16.3 percent, Education and Health Services at 14.8 percent, Leisure and Hospitality Services at 12.3 percent, and Government at 11.8 percent. Major employers included Tenent Healthcare Corp., HCA East Florida Division Office, Baptist Health Systems of Southern Florida, University of Miami, and Publix Super Markets Inc. Based on data from the Bureau of Labor Statistics, the unemployment rate in the Miami-Fort Lauderdale-West Palm Beach, FL MSA was 8.5 percent in January 2012 compared to 4.9 percent in December 2016.

Data from the 2012-2016 American Community Survey shows the median housing value of owner-occupied housing units range from a low of $202,300 in Broward County to a high of

$222,700 in Palm Beach County. Based on the Federal Housing Finance Authority (FHFA) House Price Index (HPI) calculator, housing values increased between approximately 60.7 and 77.6 percent over the evaluation period depending on the MD. Based on the 2016 median family income of $56,694, low-income families make less than $28,347 a year and moderate-income families make less than $45,355 a year. Depending on the county, housing values were 7.14 to 7.86 times the annual income of low-income families and 4.46 to 4.91 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the AA:

- Critical need for affordable housing, including rental preservation and mixed use developments; over 70 percent of renters in LMI neighborhoods
- Housing assistance and subsidized housing for people living with HIV/AIDS
- Increasing population of seniors and the disabled needing housing assistance
- Decrease in multi-family rental construction; very tight rental market
- Rental stock, in LMI neighborhoods, need significant rehabilitation
- Very few LIHTC projects
- Land use and zoning is a barrier to affordable housing development
- Very low wages; families severely cost-burdened
- Increasing homelessness population, including families
- Homeownership counseling and financial literacy
- Rehab loans
- Small business capacity building and access to capital

Significant opportunities for participation by financial institutions include the following:

- Serve on the Board of Directors or provide technical assistance/mentorship (financial literacy and small business)
- Construction financing, lines of credit and permanent financing
- Rehab loans and invest in city initiatives for nonprofit managed rehab loans
- General operating support and support for youth, senior, health and other social services
- Invest in LIHTC and NMTC projects
- Invest in CDFI for affordable housing, permanent supportive housing, emergency shelters, nonprofit facilities and small businesses
- Micro-enterprise lending and support of business incubators

The Miami-Fort Lauderdale-West Palm Beach, FL MSA AA offered many opportunities to meet the identified needs. There were numerous community and social service organizations. In addition, there were opportunities through 19 HUD-approved housing counseling agencies, nine certified CDFIs, and four SBA Small Business Development Centers.

State of Georgia

Atlanta-Sandy Springs-Roswell, GA MSA

Demographic Information for Full Scope Area: Atlanta-Sandy Springs-Roswell, GA MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	807	10.78	21.93	31.35	35.32	0.62
Population by Geography	4,467,687	6.84	20.72	35.85	36.46	0.13
Owner-Occupied Housing by Geography	1,069,083	3.05	15.14	37.79	44.03	0.00
Business by Geography	410,698	5.03	18.86	32.75	43.26	0.10
Farms by Geography	6,886	3.24	14.45	39.59	42.65	0.07
Family Distribution by Income Level	1,070,586	20.77	16.39	18.97	43.87	0.00
Distribution of LMI Families throughout AA Geographies	397,857	12.44	30.56	36.57	20.42	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$67,374 $67,200 11%	Median Housing Value Unemployment Rate			$86,700 to $281,400 4.9%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Atlanta-Sandy Springs-Roswell, GA MSA AA consisted of 12 of the 29 counties in the Atlanta-Sandy Springs-Roswell, GA MSA: Cherokee, Clayton, Cobb, Coweta, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Henry, and Paulding counties. According to the FDIC's Summary of Deposits, as of June 30, 2016, PNC's deposits in the AA comprised 1.28 percent of the bank's total deposits.

Competition is strong with 72 other FDIC-insured depository institutions operating 1,035 offices in the AA. PNC operated 69 offices in the AA and had a 2.17 percent deposit market share, which ranked seventh among all institutions in the AA. The top four competitors included SunTrust Bank with 153 offices and 29.41 percent deposit market share, Bank of America, N.A. with 130 offices and 19.55 percent deposit market share, Wells Fargo Bank, N.A. with 184 offices and 19.41 percent deposit market share, and Branch Banking and Trust Company with 70 branches and a market share of 4.96 percent.

Data from Moody's Analytics in July 2017 indicates that the Atlanta-Sandy Springs-Roswell, GA MSA economy was expanding, with broad-based and above-average growth over the evaluation period. Key sectors of the economy include Professional and Business Services at 18.4 percent, Education and Health Services at 12.5 percent, and Government at 12.3 percent. Major employers include Delta Air Lines Inc., Wal-Mart Stores Inc., Emory University, AT&T Inc., and United Parcel Service Inc. Based on data from the Bureau of Labor Statistics, the unemployment rate in the Atlanta-Sandy Springs-Roswell, GA MSA AA was 9.1 percent in January 2012 compared to 4.9 percent in December 2016.

Data from the 2012-2016 American Community Survey shows the median housing value of owner-occupied housing units range from a low of $86,700 in Clayton County to a high of $281,400 in Forsyth County. Based on the FHFA HPI calculator, housing values increased approximately 62.8 percent over the evaluation period. Based on the 2016 median family income of $67,200, low-income families make less than $33,600 a year and moderate-income families make less than $53,760 a year. Depending on the county, housing values were 2.61 to 8.38 times the annual income of low-income families and 1.63 to 5.23 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the AA:

- Affordable rental housing; most LMI families were paying more than 30 percent of their income towards housing
- Affordable for-sale housing; most new development were higher-priced units
- Affordable quality housing; many units were substandard or lack complete plumbing or kitchen facilities
- Lack of workforce housing and lack of affordable senior housing
- Transitional housing
- Downpayment assistance, financial education and credit repair counseling
- Skilled technical workers and workers with soft skills
- Too many payday lenders and unbanked individuals
- Small dollar loan products

Significant opportunities for participation by financial institutions include the following:

- Small dollar loan products
- Invest in CDFIs to expand small business lending
- Investments or loans to develop for-sale single-family housing and rental projects
- Invest in a revolving loan fund

There were abundant opportunities to serve the identified needs in the Atlanta-Sandy Springs-Roswell, GA MSA. Numerous CD organizations and social services operate in the MSA, as well as a number of large, philanthropic foundations, universities, research institutes, and trade associations. We noted four certified CDFIs, one SBA Small Business Development Center and 16 HUD-approved housing counseling agencies serving the MSA.

State of Illinois

Peoria, IL MSA

Demographic Information for Full Scope Area: Peoria, IL MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	78	11.54	19.23	51.28	17.95	0.00
Population by Geography	321,888	6.09	17.27	53.39	23.25	0.00
Owner-Occupied Housing by Geography	93,005	2.82	15.86	57.62	23.70	0.00
Business by Geography	15,110	9.07	16.87	49.65	24.41	0.00
Farms by Geography	834	1.20	6.24	62.23	30.34	0.00
Family Distribution by Income Level	83,750	20.37	18.69	22.09	38.85	0.00
Distribution of LMI Families throughout AA Geographies	32,710	10.47	23.89	52.41	13.23	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		66,038 69,500 11%	Median Housing Value Unemployment Rate			$128,800 to $137,200 6.6%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Peoria, IL MSA AA consisted of two of the five counties in the Peoria, IL MSA: Peoria and Tazewell counties. According to the FDIC's Summary of Deposits, as of June 30, 2016 PNC's deposits in the AA comprised 0.36 percent of the bank's total deposits.

Competition was significant with 31 other FDIC-insured depository institutions operating 113 offices in the AA. PNC operated 10 offices in the AA and had a 14.63 percent deposit market share, which ranked second among all institutions in the AA. Major competitors include Morton Community Bank with 16 offices and 31.10 percent deposit market share, South Side Trust & Savings Bank of Peoria with 13 offices and 8.64 percent market share, and Commerce Bank with 5 offices and a market share of 5.91 percent.

Data from Moody's Analytics in June 2017 indicated that the Peoria, IL MSA economy was struggling due to significant exposure of one employer in a cyclical industry. Key sectors of the economy included Education and Health Services at 17.8 percent, Professional and Business Services at 13.6 percent, and Manufacturing at 12.9 percent. Major employers include Caterpillar Inc., OSF Saint Francis Medical Center, UnityPoint Health-Peoria, and Methodist Medical Center. Based on data from the Bureau of Labor Statistics, the unemployment rate in the Peoria, IL MSA AA was 8.7 percent in January 2012 compared to 6.6 percent in December 2016.

Data from the 2012-2016 American Community Survey showed the median housing value of owner-occupied housing units ranged from a low of $128,800 in Peoria County to a high of $137,200 in Tazewell County. Based on the FHFA HPI calculator, housing values increased approximately 6.48 percent over the evaluation period. Based on the 2016 median family income of $69,500, low-income families make less than $34,750 a year and moderate-income families make less than $55,600 a year. Depending on the county, housing values were 3.71

to 3.95 times the annual income of low-income families and 2.32 to 2.47 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the AA:

- State government job layoffs; state budgets have resulted in arrears to some businesses
- Access to capital for small businesses
- Deteriorating housing inventory; affordable rental housing and for-sale homes
- Eviction or criminal history, or source of income, makes renting difficult
- Workforce development and job training
- Broadband access
- Financial literacy

Numerous opportunities for participation by financial institutions include the following:

- Downpayment assistance
- Board of directors or volunteers for financial education
- Rehab loans for owner-occupied weatherization and modifications
- Rehab loans for multi-family units
- Investment in LIHTCs and CDFIs
- Funds for financial education, housing, youth, senior and social services
- Investment in workforce development programs

The Peoria, IL MSA AA offered limited opportunities to meet the identified needs. There were several community and social service agencies, including two certified CDFIs, two HUD-approved housing agencies, and three SBA Small Business Development Centers to serve the MSA.

Springfield, IL MSA

Demographic Information for Full Scope Area: Springfield, IL MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	53	16.98	20.75	35.85	24.53	1.89
Population by Geography	197,465	11.39	18.64	37.54	31.92	0.52
Owner-Occupied Housing by Geography	57,820	6.44	17.47	40.46	35.63	0.00
Business by Geography	11,419	11.80	21.89	31.72	30.18	4.40
Farms by Geography	549	3.28	10.20	52.09	34.24	0.18
Family Distribution by Income Level	51,150	22.31	15.92	21.83	39.94	0.00
Distribution of LMI Families throughout AA Geographies	19,556	19.36	27.10	36.12	17.39	0.03
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$66,823 $73,300 12%	Median Housing Value Unemployment Rate			$133,400 4.8%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Springfield, IL MSA AA consisted of one of the two counties in the Springfield, IL MSA; Sangamon County, IL. According to the FDIC's Summary of Deposits, as of June 30, 2016, PNC's deposits in the AA comprised 0.17 percent of the bank's total deposits.

Competition was moderate with 24 other FDIC-insured depository institutions operating 77 offices in the AA. PNC operated six offices in the AA and had a 7.59 percent deposit market share, which ranked sixth among all institutions in the AA. Major competitors included Illinois National Bank with eight offices and 13.65 percent deposit market share, Bank of Springfield with four offices and 11.14 percent market share, JPMorgan Chase Bank, N.A. with four offices and 11.13 percent market share, and United Community Bank with ten offices and a deposit market share of 10.72 percent.

Data from Moody's Analytics in June 2017 indicated that the Springfield, IL MSA economy was starting to recover from fiscal troubles in the state government that had affected hiring. Key sectors of the economy included Government at 26.0, Education and Health Services at 17.8, and Professional and Business Services at 12.0 percent. Major employers included Memorial Health System, Springfield Clinic LLP, University of Illinois Springfield, and SIU School of Medicine. Based on data from the Bureau of Labor Statistics, the unemployment rate in the Springfield, IL MSA AA was 7.9 percent in January 2012 compared to 4.8 percent in December 2016.

Data from the 2012-2016 American Community Survey shows the median housing value of owner-occupied housing units at $133,400 in Sangamon County. Based on the FHFA HPI calculator, housing values increased approximately 10.06 percent over the evaluation period. Based on the 2016 median family income of $73,300, low-income families make less than $36,650 a year and moderate-income families make less than $58,640 a year. Housing values were 3.64 times the annual income of low-income families and 2.27 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the AA:

- Workforce development and job training, particularly in the medical field
- Deteriorating home inventory; substandard rental housing
- Affordable for-sale housing and multifamily housing
- Funds for affordable housing development

Several opportunities for participation by financial institutions include the following:

- Investment in statewide housing funds, LIHTCs and CDFIs
- Financing for owner-occupied homes and small for-profit developers for multi-family housing buildings
- General operating grants and funds for workforce development, social services, and financial literacy
- Sponsor Federal Home Loan Bank applications for affordable housing

The Springfield, IL MSA AA offered limited opportunities to meet the identified needs. There were a number of community and social service organizations, including one certified CDFI, one HUD-approved housing counseling and two SBA Small Business Development Centers serving the MSA.

State of Indiana

Indianapolis-Carmel-Anderson, IN MSA

Demographic Information for Full Scope Area: Indianapolis-Carmel-Anderson, IN MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	384	13.28	27.60	36.20	22.66	0.26
Population by Geography	1,818,983	8.24	23.84	36.98	30.75	0.19
Owner-Occupied Housing by Geography	469,833	5.21	19.07	40.39	35.33	0.00
Business by Geography	113,755	5.57	19.95	39.02	35.45	0.02
Farms by Geography	3,975	2.52	10.49	56.75	30.21	0.03
Family Distribution by Income Level	453,818	21.16	17.32	20.62	40.89	0.00
Distribution of LMI Families throughout AA Geographies	174,667	15.38	34.21	34.94	15.46	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level	$64,663 $65,600 12%		Median Housing Value Unemployment Rate		$90,800 to $230,000 3.6%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Indianapolis-Carmel-Anderson, IN MSA AA consisted of all but one of the 11 counties in the Indianapolis-Carmel-Anderson, IN MSA: Boone, Brown, Hamilton, Hancock, Hendricks, Johnson, Madison, Marion, Putnam and Shelby counties. According to the FDIC's Summary of Deposits as of June 30, 2016, PNC deposits in the AA comprised 2.99 percent of total bank deposits.

Competition was significant with 48 other FDIC-insured depository institutions operating 464 offices in the AA. PNC operated 66 branches in the AA and had a 16.83 percent deposit market share, which ranked second among all institutions. The top competitors included JPMorgan Chase Bank, N.A. with 78 branches and 24.34 percent market share, Fifth Third Bank with 42 branches and 9.54 percent market share, and The Huntington National Bank with 46 branches and a market share of 7.42 percent.

Data from Moody's Analytics in October 2017 indicated that the Indianapolis-Carmel-Anderson, IN MSA economy had expanded fueled by private services and knowledge-based industries. However, job growth was slowing due to tighter labor markets. Key sectors of the economy based on percentage of total employment included Professional and Business Services at 16.1 percent, Education and Health Services at 14.5 percent, Government at 12.5 percent, and Retail Trade at 10.5 percent. Major employers in the AA included Indiana University Health, St. Vincent Hospitals and Health Services, Purdue University, Community Health Network, and Eli Lilly and Company. The unemployment rate in the Indianapolis-Carmel-Anderson, IN MSA was 6.2 percent in January 2014 compared to 3.6 percent in December 2016.

Data from 2012-2016 American Community Survey showed the median housing value of owner-occupied housing units ranged from a low of $90,800 in Madison County to a high of

$230,000 in Hamilton County. Based on the FHFA HPI calculator, housing values in the MSA increased approximately 29.2 percent over the evaluation period. Based on the 2016 median family income of $65,600, low-income families make less than $33,800 and moderate-income families make less than $52,480. Depending on the county, housing values were 2.69 to 6.80 times the annual income of low-income families and 1.73 to 4.38 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the community:

- Affordable home purchase loans, home improvement loans, and rehab loans
- Vacant residential properties and suburban foreclosures
- City and suburban homelessness
- Utility and food assistance
- Banking services for the growing Latino population and for the unbanked
- Workforce development for higher skilled health care, service, and manufacturing jobs

Significant opportunities for participation by financial institutions include the following:

- Grants in support of community services to LMI families, including child care, health and dental care, nutrition, affordable in-home care for the elderly, employment and job training
- Financial counseling and education programs, and incentives for savings
- Small-dollar consumer loans
- Credit-builder loans, second chance checking accounts
- Loans to CD organizations including lines of credit to nonprofit organizations to acquire single family homes for redevelopment
- Investments in LIHTCs
- Mortgage loans of less than $50,000
- Rehab loans for energy efficiency improvements
- Small business loans including leasehold improvement and working capital financing
- Investments in CDFIs that in turn make loans to small businesses, for affordable housing, and for a variety of other CD purposes
- Financing for brownfield redevelopment sites
- Participation in community economic development leadership efforts

The Indianapolis-Carmel-Anderson, IN MSA presented many opportunities to meet the identified needs. Numerous nonprofit organizations engage in affordable housing and economic development endeavors and provide community services targeted to LMI persons and geographies. There were eight certified CDFIs, seven HUD-approved housing counseling agencies, and two SBA Small Business Development centers that serve the MSA.

State of Kentucky

Lexington-Fayette, KY MSA

Demographic Information for Full Scope Area: Lexington-Fayette, KY MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	123	9.76	22.76	36.59	30.89	0.00
Population by Geography	452,114	9.01	24.63	36.85	29.50	0.00
Owner-Occupied Housing by Geography	108,943	4.13	19.75	40.87	35.24	0.00
Business by Geography	31,874	6.86	22.80	38.33	32.01	0.00
Farms by Geography	1,621	3.02	12.89	47.50	36.58	0.00
Family Distribution by Income Level	113,016	22.88	16.05	20.27	40.80	0.00
Distribution of LMI Families throughout AA Geographies	43,994	11.77	35.63	37.23	15.37	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$63,242 $66,100 15%	Median Housing Value Unemployment Rate		$138,000 to $182,700 3.2%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Lexington-Fayette, KY MSA AA consisted of five of the six counties in the Lexington-Fayette, KY MSA: Clark, Fayette, Jessamine, Scott, and Woodford counties in Kentucky. According to the FDIC's Summary of Deposits as of June 30, 2016, PNC deposits in the AA comprised 0.30 percent of total bank deposits.

Competition was significant with 34 other FDIC-insured depository institutions operating 162 offices in the AA. PNC operated 14 branches in the AA and had an 8.10 percent deposit market share, which ranked fourth among all institutions. The top three competitors included Central Bank and Trust Company with 18 branches and 17.18 percent market share, JPMorgan Chase Bank, N.A. with 17 branches and 15.35 percent market share, and Fifth Third Bank with 12 branches and a market share of 11.61 percent.

Data from Moody's Analytics in October 2017 indicated that the Lexington-Fayette, KY MSA economy had expanded due to strong job growth in transportation and warehousing industries. Job gains in higher paying industries were outpacing those in lower wage tiers. Key sectors of the economy based on percentage of total employment included Government at 18.9 percent, Professional and Business Services at 14.5.1 percent, Education and Health Services at 12.8 percent, and Leisure and Hospitality Services and Manufacturing each at 11.2 percent. Major employers in the AA included University of Kentucky, Toyota Motor Manufacturing, Xerox, St. Joseph Hospital, Lexmark International, and Wal-Mart Stores, Inc. The unemployment rate in the Lexington-Fayette, KY MSA was 6.9 percent in January 2012 compared to 3.2 percent in December 2016.

Data from 2012-2016 American Community Survey showed the median housing value of owner-occupied housing units ranged from a low of $138,000 in Clark County to a high of $182,700 in Woodford County. Based on the FHFA HPI calculator, housing values in the MSA increased approximately 12.4 percent over the evaluation period. Based on the 2016 median family income of $66,100, low-income families make less than $33,050 and moderate-income families make less than $52,880. Depending on the county, housing values were 4.17 to 5.56 times the annual income of low-income families and 2.61 to 3.45 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the community:

- Affordable housing for seniors and supportive housing
- Affordable rental and for-sale housing
- Workforce development and youth job training
- Financial education
- Foreclosure prevention counseling and loan modifications
- Access to capital for small businesses
- Entrepreneurship and business training

Significant opportunities for participation by financial institutions include the following:

- Construction financing for affordable housing
- LIHTC and NMTC investments
- Affordable mortgage refinancing for LMI borrowers
- Board of directors, financial counseling volunteers, mentors or mock job interviewers
- General operating support and grants for financial coaches
- Revolving loan products for economic development
- Investment in small business loan funds and loan reserve
- SBA participation loans

The Lexington-Fayette, KY MSA presented numerous opportunities to meet the identified needs. Several nonprofit organizations engage in affordable housing and economic development endeavors and provide community services targeted to LMI persons and geographies. There were three certified CDFIs, three HUD-approved housing counseling agencies, and two SBA Small Business Development centers that serve the MSA.

State of Maryland

Baltimore-Columbia-Townson, MD MSA

Demographic Information for Full Scope Area: Baltimore-Columbia-Towson, MD MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	681	14.68	21.59	33.33	28.93	1.47
Population by Geography	2,710,489	10.61	20.58	35.55	32.75	0.51
Owner-Occupied Housing by Geography	692,428	5.64	16.61	38.98	38.76	0.01
Business by Geography	177,304	6.94	13.89	37.74	41.18	0.24
Farms by Geography	4,014	1.84	7.08	41.38	49.68	0.02
Family Distribution by Income Level	665,999	21.42	17.32	20.96	40.31	0.00
Distribution of LMI Families throughout AA Geographies	257,969	18.98	29.49	33.76	17.76	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$81,788 $86,700 9%	Median Housing Value Unemployment Rate			$280,500 4.0%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Baltimore-Columbia-Townson, MD MSA AA consisted of the entire Baltimore-Columbia-Townson, MD MSA and included Anne Arundel, Baltimore, Carroll, Harford, Howard, and Queen Anne counties and Baltimore City. According to the FDIC's Summary of Deposits as of June 30, 2016, PNC deposits in the AA comprised 2.95 percent of total bank deposits.

Competition was significant with 56 other FDIC-insured depository institutions operating 630 offices in the AA. PNC operated 97 branches in the AA and had a 10.44 percent deposit market share, which ranked third among all institutions. The top competitors included Bank of America, N.A. with 81 branches and 27.10 percent market share, Manufacturers and Trader Trust Company with 99 branches and 22.09 percent market share, Wells Fargo Bank, N.A. with 60 branches and 9.99 percent market share, and Branch Bank and Trust Company with 78 branches and a market share of 8.03 percent.

Data from Moody's Analytics in November 2017 indicated that the Baltimore-Columbia-Townson, MD MSA economy had plateaued. Most major industries were adding jobs but residential construction had lagged because of slow population growth. Key sectors of the economy based on percentage of total employment included Education and Health Services at 19.4 percent, Government at 16.3 percent, Professional and Business Services at 16.6 percent, and Retail Trade at 10.0 percent. Major employers in the AA included fort George G. Meade, Johns Hopkins University, Aberdeen Proving Ground, University of Maryland Medical System, Johns Hopkins Health System, and the U.S. Social Security Agency. The unemployment rate in the Baltimore-Columbia-Townson, MD MSA was 7.5 percent in January 2012 compared to 4.0 percent in December 2016.

Data from 2012-2016 American Community Survey showed the median housing value of owner-occupied housing units in the Baltimore-Columbia-Townson, MD MSA was $280,500.

Based on the FHFA HPI calculator, housing values in the MSA increased approximately 17.3 percent over the evaluation period. Based on the 2016 median family income of $86,700, low-income families make less than $43,350 and moderate-income families make less than $69,360. Housing values were 6.47 times the annual income of low-income families and 4.04 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the AA:

- Increasing rents for those without housing choice vouchers had led to limited rental opportunities
- Access to traditional banking services, including basic deposit, savings and lending products
- Job training/workforce development and job readiness programs
- Access to capital for small businesses
- Capacity-building for affordable housing developers
- Access to credit for nonprofit developers

Numerous opportunities for participation by financial institutions include the following:

- Investment in financial education and homeownership counseling programs
- Loans for affordable rental and for-sale housing projects
- Investment in workforce development programs

Several nonprofit organizations engage in affordable housing and economic development endeavors and provide community services targeted to LMI persons and geographies in the Baltimore-Columbia-Townson, MD MSA, including six certified CDFIs, 16 HUD-approved housing counseling agencies, and one SBA Small Business Development Center.

State of Michigan

Detroit-Warren-Dearborn, MI MSA

Demographic Information for Full Scope Area: Detroit-Warren-Dearborn, MI MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	1,251	11.11	24.22	34.29	29.02	1.36
Population by Geography	4,133,210	7.77	22.79	36.85	32.56	0.03
Owner-Occupied Housing by Geography	1,170,942	4.39	19.41	39.80	36.39	0.00
Business by Geography	234,548	6.36	18.83	35.96	38.31	0.53
Farms by Geography	5,643	3.51	16.91	44.59	34.75	0.25
Family Distribution by Income Level	1,057,384	21.77	17.06	19.78	41.40	0.00
Distribution of LMI Families throughout AA Geographies	410,534	13.14	33.20	36.64	17.02	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$64,801 $65,955 13%	Median Housing Value Unemployment Rate			$86,000 to $204,000 4.8%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Detroit-Warren-Dearborn, MI MSA AA consisted of the entire Detroit-Dearborn-Livonia, MI MD which included only Wayne County, and four of the five counties in the Warren-Troy-Farmington Hills, MI MD; Lapeer, Livingston, Macomb, and Oakland counties. According to the FDIC’s Summary of Deposits as of June 30, 2016, PNC deposits in the AA comprised 4.75 percent of total bank deposits.

Competition was significant with 47 other FDIC-insured depository institutions operating 916 offices in the AA. PNC operated 91 branches in the AA and had 9.86 percent deposit market share, which ranked fourth among all institutions. The top three competitors included JPMorgan Chase Bank N.A. with 134 branches and 28.65 percent market share, Comerica Bank with 152 branches and 19.82 percent market share, and Bank of America, N.A. with 106 branches and a market share of 12.14 percent.

Data from Moody’s Analytics in November 2017 indicated that the Detroit-Warren-Dearborn, MI MSA economy had strengthened with automakers and suppliers leading the employment rebound and healthcare becoming a larger part of the economy. Key sectors of the economy based on percentage of total employment included Education and Health Services at 17.8 percent, Professional and Business Services at 16.7 percent, Government at 11.4 percent, and Manufacturing at 12.1 percent. Major employers in the AA included Ford Motor Company, General Motors Corporation, University of Michigan, Chrysler Group LLC, Beaumont Health Systems, Henry Ford Health Systems, and CHE Trinity Health. The unemployment rate in the Detroit-Warren-Dearborn, MI MSA was 10.4 percent in January 2012 compared to 4.8 percent in December 2016.

Data from 2012-2016 American Community Survey showed the median housing value of owner-occupied housing units was $137,200 in the MSA and ranged from a low of $86,000 in

Wayne County to a high of $204,000 in Livingston County. Based on the FHFA HPI calculator, housing values in the MSA increased approximately 64.6 percent over the evaluation period. Based on the 2016 median family income of $65,955, low-income families make less than $32,977 and moderate-income families make less than $52,764. Depending on the county, housing values were 2.61 to 6.18 times the annual income of low-income families and 1.63 to 3.87 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the community:

- Affordable housing including single and multifamily housing developments
- Mortgage products under $50,000
- Rehab loans
- Financial education
- Small business access to credit

Significant opportunities for participation by financial institutions include the following:

- Investment in Michigan Loan Fund and CDFIs for housing and economic development initiatives
- Construction lending for affordable housing
- Bridge financing
- Home repair loans
- General operating support and funds for homeownership, financial literacy counseling and youth program
- Small dollar mortgage lending
- Board of directors or committee volunteers
- Investment in LIHTCs and NMTCs
- Investment in microloan funds for small businesses and startups

The Detroit-Warren-Dearborn, MI MSA presented many opportunities to meet the identified needs. Numerous nonprofit organizations engage in affordable housing and economic development endeavors and provide community services targeted to LMI persons and geographies. There were four certified CDFIs, 17 HUD-approved housing counseling agencies, and one SBA Small Business Development center that serve the MSA.

State of New Jersey

Trenton-Ewing, NJ MSA

Demographic Information for Full Scope Area: Trenton-Ewing, NJ MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	77	19.48	18.18	29.87	31.17	1.30
Population by Geography	366,513	13.57	16.01	31.90	38.00	0.52
Owner-Occupied Housing by Geography	87,700	6.87	14.10	36.68	42.35	0.00
Business by Geography	22,797	11.07	10.52	29.63	48.78	0.00
Farms by Geography	526	5.51	11.98	30.04	52.47	0.00
Family Distribution by Income Level	87,385	22.84	16.80	19.15	41.20	0.00
Distribution of LMI Families throughout AA Geographies	34,641	24.56	22.86	29.21	23.37	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$88,694 $93,000 10%	Median Housing Value Unemployment Rate			$277,400 3.5%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Trenton-Ewing, NJ MSA AA consisted of Mercer County, which was the entire Trenton-Ewing, NJ MSA. According to the FDIC's Summary of Deposits as of June 30, 2016, PNC deposits in the AA comprised 0.87 percent of total bank deposits.

Competition was significant with 26 other FDIC-insured depository institutions operating 114 offices in the AA. PNC operated 24 branches in the AA and had 13.94 percent deposit market share, which ranked third among all institutions. The top competitors included Bank of America N.A with 16 branches and 22.14 percent market share, Wells Fargo Bank, N.A. 17 branches and 14.04 percent market share, and TD Bank, N.A. with nine branches and a market share of 7.23 percent.

Data from Moody's Analytics in September 2017 indicated that the Trenton-Ewing, NJ MSA economy continues to improve, however the rate of improvement had slowed down. There were job losses in manufacturing and construction, but employment in financial activities had increase. Key sectors of the economy based on percentage of total employment included Government at 27.1 percent, Education and Health Services at 18.6 percent, and Professional and Business Services at 16.0 percent. Major employers in the AA include Princeton University, Merrill Lynch, Bristol-Myers Squibb, Bank of America, N.A., and Capital Health Systems. The unemployment rate in the Trenton-Ewing, NJ MSA was 8.4 percent in January 2012 compared to 3.5 percent in December 2016.

Data from the 2012-2016 American Community Survey showed the median housing value of owner-occupied housing units was $277,400. Based on the FHFA HPI calculator, housing values in the MSA increased approximately 6.0 percent over the evaluation period. Based on the 2016 median family income of $93,000, low-income families make less than $46,500 and moderate-income families make less than $74,400. Depending on the county, housing values were 5.97 times the annual income of low-income families and 3.73 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the community:

- Affordable housing including single and multifamily housing developments
- Quality homeownership opportunities; pre and post counseling; financial education
- Prevent or eliminate vacant properties through rehab, brownfield remediation, and strategic demolition
- Emergency housing, transitional and permanent housing for the homeless; homeless prevention subsidies; payments to prevent foreclosures
- Energy efficiency home improvements, lead abatement and other maintenance issues
- Case management, health care, mental health and substance abuse services
- Job training
- Small business lending and technical assistance

Various opportunities for participation by financial institutions include the following:

- Acquisition, construction and permanent financing for affordable housing
- Investments in LIHTCs, NMTCs, and CDFIs
- Federal Home Loan Bank sponsorships for affordable housing projects
- Grants for financial literacy, housing counseling, and social services
- Investment in workforce development initiatives
- Board of directors, loan review committee, and volunteers for financial education, tax preparation assistance, and small business mentorship

The Trenton-Ewing, NJ MSA presented many opportunities to meet the identified needs. Several nonprofit organizations engage in affordable housing and economic development endeavors including two certified CDFIs, two HUD-approved housing counseling agencies, and one SBA Small Business Development Center serving the MSA.

State of North Carolina

Raleigh, NC MSA

Demographic Information for Full Scope Area: Raleigh, NC MSA							
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	212	7.08	21.70	33.96	35.85	1.42
Population by Geography	1,069,871	6.22	24.04	37.67	31.66	0.40
Owner-Occupied Housing by Geography	258,738	2.47	22.07	39.71	35.74	0.01
Business by Geography	85,338	4.38	21.07	34.40	39.93	0.21
Farms by Geography	2,158	3.24	23.68	44.35	28.68	0.05
Family Distribution by Income Level	257,248	21.39	16.69	20.05	41.87	0.00
Distribution of LMI Families throughout AA Geographies	97,960	9.58	35.56	38.22	16.64	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$74,783 $76,600 9%	Median Housing Value Unemployment Rate			$147,500 to $241,600 4.2%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Raleigh, NC MSA AA consisted of two of the three counties that comprised the Raleigh, NC MSA; Johnston and Wake counties. According to the FDIC's Summary of Deposits as of June 30, 2016, PNC deposits in the AA comprised 0.94 percent of total bank deposits.

Competition was significant with 30 other FDIC-insured depository institutions operating 272 offices in the AA. PNC operated 21 branches in the AA and had 8.62 percent deposit market share, which ranked fifth among all institutions. The top competitors included Wells Fargo Bank, N.A. with 45 branches and 26.76 percent market share, Branch Banking and Trust Company with 38 branches and 14.14 percent market share, Bank of America N.A with 22 branches and 11.75 percent market share, and First-Citizens Bank and Trust Company with 30 branches and a market share of 10.87 percent.

Data from Moody's Analytics in July 2017 indicated that the Raleigh, NC MSA economy was strong despite a slowdown in job creation. A falloff in construction jobs offset a surge in professional and business services employment. Key sectors of the economy based on percentage of total employment included Professional and Business Services at 18.7 percent, Government at 15.9 percent, Education and Health Services at 12.1 percent, and Retail Trade at 11.5 percent. Major employers in the AA included IBM Corporation, WakeMed Health and Hospitals, North Carolina University, and Food Lion Stores. The unemployment rate in the Raleigh, NC MSA was 7.9 percent in January 2012 compared to 4.2 percent in December 2016.

Data from the 2012-2016 American Community Survey showed the median housing value of owner-occupied housing units ranged from a low of $147,500 in Johnston County to a high of $241,600 in Wake County. Based on the FHFA HPI calculator, housing values in the MSA increased approximately 32.0 percent over the evaluation period. Based on the 2016 median family income of $76,600 low-income families make less than $38,300 and moderate-income families make less than $61,280. Depending on the county, housing values were 3.85 to 6.30 times the annual income of low-income families and 2.41 to 3.94 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the community:

- Small business loans, technical assistance for businesses, and financial education
- Affordable housing, for-sale and multi-family housing; rents were climbing in urban areas and shortage of multifamily housing in rural areas
- Unsecured lines of credit for pre-development; revolving lines of credit
- Refinancing for LIHTC

Several opportunities for participation by financial institutions include the following:

- Referrals to small business technical assistance providers
- Bank participation in loan guarantee programs
- Board of directors, loan review committee or volunteers for financial education, small business mentorship or tax preparation assistance
- Invest in LIHTCs, CDFIs, lines of credit and refinancing of expiring LIHTC projects
- General operating support and funds for predevelopment, social services, financial literacy and homeownership counseling

The Raleigh, NC MSA presented numerous opportunities to meet the identified needs. Several nonprofit organizations engage in affordable housing and economic development endeavors, including three certified CDFIs, 10 HUD-approved housing counseling agencies, and two SBA Small Business Development centers that serve the MSA.

State of Ohio

Cleveland-Elyria, OH MSA

Demographic Information for Full Scope Area: Cleveland-Elyria, OH MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	636	16.35	21.23	36.16	25.47	0.79
Population by Geography	2,077,240	10.38	17.42	38.71	33.49	0.01
Owner-Occupied Housing by Geography	575,920	5.68	13.81	41.98	38.53	0.01
Business by Geography	129,455	7.61	12.96	38.51	40.53	0.39
Farms by Geography	3,267	2.48	8.20	44.23	45.06	0.03
Family Distribution by Income Level	535,574	21.71	17.29	20.69	40.30	0.00
Distribution of LMI Families throughout AA Geographies	208,889	19.45	25.53	37.15	17.86	0.01
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$62,627 $66,600 13%	Median Housing Value Unemployment Rate			$140,200 5.3%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Cleveland-Elyria, OH MSA AA consisted of the entire Cleveland-Elyria, OH MSA; Cuyahoga, Geauga, Lake, Lorain, and Medina counties. According to the FDIC's Summary of Deposits as of June 30, 2016, PNC deposits in the AA comprised 3.54 percent of total bank deposits.

Competition was significant with 35 other FDIC-insured depository institutions operating 608 offices in the AA. PNC operated 71 branches in the AA and had 13.62 percent deposit market share, which ranked second among all institutions. The top competitors included Key Bank with 76 branches and 23.29 percent market share, Citizens Bank with 56 branches and 11.87 percent market share, Third Federal Savings and Loan Association of Cleveland with 18 branches and 8.61 and The Huntington National Bank with 91 branches and a market share of 7.83 percent.

Data from Moody's Analytics in October 2017 indicated that the Cleveland-Elyria, OH MSA economy was still in a recovery mode. Manufacturing and construction were performing well but private services and government were underperforming. Key sectors of the economy based on percentage of total employment included Education and Health Services at 19.4 percent, Professional and Business Services at 14.3 percent, Government at 12.9 percent, and Manufacturing at 11.5 percent. Major employers in the AA included Cleveland Clinic Foundation, University Hospitals, Progressive Corporation, Giant Eagle, Inc. The unemployment rate in the Cleveland-Elyria, OH MSA was 7.3 percent in January 2012 compared to 5.3 percent in December 2016.

Data from 2012-2016 American Community Survey showed the median housing value of owner-occupied housing units was $140,200 in the Cleveland-Elyria, OH MSA. Based on the FHFA HPI calculator, housing values in the MSA increased approximately 26.8 percent over the evaluation period. Based on the 2016 median family income of $66,600, low-income families make less than $33,300 and moderate-income families make less than $53,280. Housing values were 4.21 times the annual income of low-income families and 2.10 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the community:

- Funding for homeownership and foreclosure counseling
- Basic checking and savings products
- Financial education
- Workforce development and job opportunities for returning ex-offenders
- Affordable housing including single and multifamily housing developments
- Mortgages under $100,000
- Construction financing for affordable housing
- Loans to CD organizations for facility improvements
- Developer and small business lines of credit

Significant opportunities for participation by financial institutions include the following:

- Board of directors and loan review committee volunteers
- Investments in neighborhood redevelopment programs and in CDFI
- Small dollar mortgage products
- Downpayment assistance and grants for housing counseling
- Rehab loans that were made in conjunction with mortgage originations
- Grants for the construction of LMI housing and general operating support
- Referrals to small business technical providers
- Loan reserve fund investment
- Investment in workforce development training
- Leadership in advocating for nonprofit partners to increase or sustain funding

The Cleveland-Elyria, OH MSA presented many opportunities to meet the identified needs. Numerous nonprofit organizations engage in affordable housing and economic development endeavors and provide community services targeted to LMI persons and geographies. There were four certified CDFIs, 14 HUD-approved housing counseling agencies, and six SBA Small Business Development centers that serve the MSA.

Columbus, OH MSA

Demographic Information for Full Scope Area: Columbus, OH MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	427	14.52	24.82	31.62	28.34	0.70
Population by Geography	1,867,147	10.05	21.45	34.90	33.01	0.58
Owner-Occupied Housing by Geography	458,033	4.85	18.98	37.16	39.01	0.00
Business by Geography	119,681	8.20	19.78	31.76	39.91	0.35
Farms by Geography	3,864	3.36	13.28	47.59	35.71	0.05
Family Distribution by Income Level	457,706	21.27	17.18	20.61	40.94	0.00
Distribution of LMI Families throughout AA Geographies	175,998	16.16	32.62	35.27	15.95	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$64,914 $69,100 13%	Median Housing Value Unemployment Rate			$96,100 to $267,600 3.9%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Columbus, OH MSA AA changed over the evaluation period because of the 2014 OMB MSA boundary changes. For 2012 through 2013, the AA consisted of seven of the eight counties that made up the MSA: Delaware, Fairfield, Franklin, Licking, Madison, Pickaway, and Union counties. The 2014 OMB changes added two non-metropolitan counties in which PNC had a branch or deposit-taking ATM, Hocking and Perry counties, to the Columbus, OH MSA. According to the FDIC's Summary of Deposits as of June 30, 2016, PNC deposits in the AA comprised 2.51 percent of total bank deposits.

Competition was significant with 56 other FDIC-insured depository institutions operating 496 offices in the AA as of June 30, 2016, which is up slightly from the 53 institutions with 492 branches as of June 30, 2013. Throughout the evaluation period, PNC operated 58 branches in the AA and ranked third among all institutions. Because of the OMB changes, the bank's market share went from 11.74 percent in 2013 to 9.83 percent in 2016. The top competitors included the Huntington National Bank with 86 branches and 31.01 percent market share, JPMorgan Chase Bank N.A. with 79 branches and 22.25 percent market share, and Fifth Third Bank with 53 branches and a market share of 8.61 percent.

Data from Moody's Analytics in October 2017 indicated that the Columbus, OH MSA economy was the second fastest growing in the state. Private services, goods industries, and government sectors expanded at above average rates. Key sectors of the economy based on percentage of total employment included Professional and Business Services at 17.0 percent, Government at 16.1 percent, Education and Health Services at 14.7 percent, and Leisure and Hospitality Services at 9.9 percent. Major employers in the AA included Ohio State University, JPMorgan Chase and Company, Ohio Health, Nationwide Mutual Insurance Company, and Honda of America Manufacturing, Inc. The unemployment rate in the Columbus, OH MSA was 7.5 percent in January 2012 compared to 3.9 percent in December 2016.

Data from 2012-2016 American Community Survey showed the median housing value of owner-occupied housing units ranged from $96,100 in Perry County to $267,600 in Delaware

County. Based on the FHFA HPI calculator, housing values in the MSA increased approximately 35.4 percent over the evaluation period. Based on the 2016 median family income of $69,100, low-income families make less than $34,450 and moderate-income families make less than $55,280. Depending on the county, housing values were 2.78 to 7.77 times the annual income of low-income families and 1.74 to 4.84 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the community:

- Transitional housing and permanent supportive housing
- Affordable housing including single and multifamily housing developments, especially as Franklin County continues to grow

Significant opportunities for participation by financial institutions include the following:

- Partnerships with agencies involved in economic and business development
- CDFI, NMTC, and LIHTC investments
- Grants for the construction of LMI housing and general operating support
- Construction financing
- Revolving loan products for economic development
- Developer lines of credit

The Columbus, OH MSA presented ample opportunities to meet the identified needs. Numerous nonprofit organizations engage in affordable housing and economic development endeavors and provide community services targeted to LMI persons and geographies, primarily in neighborhoods in the central city of Indianapolis. There were five certified CDFIs, six HUD-approved housing counseling agencies, and three SBA Small Business Development centers that serve the MSA.

Dayton, OH MSA

Demographic Information for Full Scope Area: Dayton, OH MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	209	9.57	24.40	41.63	23.92	0.48
Population by Geography	799,232	7.08	22.23	42.05	28.64	0.00
Owner-Occupied Housing by Geography	216,028	4.44	18.39	44.16	33.02	0.00
Business by Geography	42,932	6.90	18.35	41.92	32.78	0.04
Farms by Geography	1,512	2.45	11.24	53.77	32.54	0.00
Family Distribution by Income Level	208,754	20.98	18.16	20.62	40.24	0.00
Distribution of LMI Families throughout AA Geographies	81,706	12.16	31.76	40.61	15.47	0.00
Median Family Income		$60,009	Median Housing Value			$122,900
FFIEC Adjusted Median Family Income for 2016		$59,500	Unemployment Rate			4.5%
Households Below Poverty Level		14%				

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Dayton, OH MSA AA consisted of the entire Dayton, OH MSA, which included Greene, Miami, and Montgomery counties. According to the FDIC's Summary of Deposits as of June 30, 2016, PNC deposits in the AA comprised 0.63 percent of total bank deposits.

Competition was significant with 25 other FDIC-insured depository institutions operating 187 offices in the AA. PNC operated 25 branches in the AA and had 14.14 percent deposit market share, which ranked third among all institutions. The top competitors included Fifth Third Bank with 39 branches and 26.99 percent market share, JPMorgan Chase Bank, N.A. with 31 branches and 19.00 percent market share, KeyBank N.A. with 18 branches and 8.51 percent market share, and U.S. Bank, N.A. 28 branches and a market share of 7.66 percent.

Data from Moody's Analytics in October 2017 indicated that the Dayton, OH MSA economy was still in a recovery mode. Employment had struggled, as job cuts in local and state government had taken a toll. Key sectors of the economy based on percentage of total employment included Education and Health Services at 18.9 percent, Government at 16.4 percent, Professional and Business Services at 13.3 percent, and Manufacturing at 10.7 percent. Major employers in the AA included Wright-Patterson Air Force Base, Premiere Health Partners, Kettering Health Network, and The Kroger Company. The unemployment rate in the Dayton, OH MSA was 8.9 percent in January 2012 compared to 4.5 percent in December 2016.

Data from 2012-2016 American Community Survey showed the median housing value of owner-occupied housing units was $122,900 in the Dayton, OH MSA. Based on the FHFA HPI calculator, housing values in the MSA increased approximately 20.7 percent over the evaluation period. Based on the 2016 median family income of $59,500, low-income families make less than $29,750 and moderate-income families make less than $47,600. Housing values were 4.13 times the annual income of low-income families and 2.58 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the community:

- Home repair and home modification loans
- Affordable housing including single and multifamily housing developments
- Loans under $50,000
- Basic banking services for large percentage of unbanked
- Financial literacy
- Micro-loans for startup businesses

Numerous opportunities for participation by financial institutions include the following:

- Developer lines of credit and construction financing
- Grants for general operating support, workforce development, youth programs and other social services
- Employment opportunities
- Second chance checking accounts
- Small dollar mortgages and small dollar consumer loans
- LIHTC investments
- Bank staff volunteers for tax preparation and financial education
- Matching funds for Individual Development Account Programs
- Invest in micro-loan fund

The Dayton, OH MSA presented various opportunities to meet the identified needs. Several nonprofit organizations engage in affordable housing and economic development endeavors and provide community services targeted to LMI persons and geographies. There were five certified CDFIs, five HUD-approved housing counseling agencies, and three SBA Small Business Development centers that serve the MSA.

State of Pennsylvania

Pittsburgh, PA MSA

Demographic Information for Full Scope Area: Pittsburgh, PA MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	692	6.65	25.43	44.94	20.95	2.02
Population by Geography	2,287,344	4.18	20.97	47.24	27.18	0.42
Owner-Occupied Housing by Geography	680,111	2.20	18.77	50.30	28.72	0.00
Business by Geography	157,342	4.32	16.10	46.56	32.39	0.62
Farms by Geography	3,686	1.33	13.40	58.00	27.18	0.08
Family Distribution by Income Level	599,383	20.27	17.92	21.81	40.00	0.00
Distribution of LMI Families throughout AA Geographies	228,928	6.38	31.81	47.13	14.68	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$62,376 $70,600 12%	Median Housing Value Unemployment Rate		$92,000 to $183,200 5.1%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Pittsburgh, PA MSA AA consisted of six of the seven counties that made up the Pittsburgh, PA MSA. Counties included were Allegheny, Beaver, Butler, Fayette, Washington, and Westmoreland. According to the FDIC's Summary of Deposits as of June 30, 2016, PNC deposits in the AA comprised 23.34 percent of total bank deposits.

Competition was considerable with 48 other FDIC-insured depository institutions operating 652 offices in the AA. PNC operated 141 branches in the AA and was number one in deposit market share with 49.01 percent. The top competitors included The Bank of New York Mellon with two branches and 9.07 percent market share, Citizens Bank of Pennsylvania with 121 branches and 7.86 percent market share, BNY Mellon, N.A. with one branch and 7.41 percent market share, and First National Bank of Pennsylvania with 94 branches and a market share of 4.32 percent.

Data from Moody's Analytics in September 2017 indicated that the Pittsburgh, PA MSA economy was strengthening, but there were areas of concern. Employment in manufacturing and local government had struggled, but jobs in healthcare, high tech, and leisure and hospitality areas had expanded. Key sectors of the economy based on percentage of total employment included Education and Health Services at 20.9 percent, Professional and Business Services at 15.73 percent, Retail Trade at 10.8 percent, and Leisure and Hospitality Services at 10.2 percent. Major employers in the AA include UPMC Health System, Highmark Inc., PNC Financial Services Group Inc., University of Pittsburgh, and Giant Eagle Inc. The unemployment rate in the Pittsburgh, PA MSA was 7.8 percent in January 2012 compared to 5.1 percent in December 2016.

Data from the 2012-2016 American Community Survey showed the median housing value of owner-occupied housing units ranged from a low of $92,000 in Fayette County to a high of

$183,200 in Butler County. Based on the FHFA HPI calculator, housing values in the MSA increased approximately 24.2 percent over the evaluation period. Based on the 2016 median family income of $70,600, low-income families make less than $35,300 and moderate-income families make less than $56,480. Depending on the county, housing values were 2.61 to 5.19 times the annual income of low-income families and 1.63 to 3.24 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the community:

- Financial education counseling; pre and post homeownership counseling
- Small consumer loans
- Small business financial counseling
- Access to capital for small businesses; high SBA loan denials by banks
- Investments in CDFIs
- CD lending; gap financing; patient capital

Significant opportunities for participation by financial institutions include the following:

- Investments in CDFIs, LIHTCs, and NMTCs
- Developer lines of credit; construction financing and permanent financing
- Revolving loan products for economic development; participate in loan guarantee programs
- Board of directors and volunteers for financial counseling, small business mentorship or tax preparation assistance
- General operating support or funds for youth, senior, social services
- Downpayment assistance or matching funds for Individual Development Accounts

The Pittsburgh, PA MSA presented numerous opportunities to meet the identified needs. Numerous nonprofit organizations engage in affordable housing and economic development endeavors and provide community including three certified CDFIs, five HUD-approved housing counseling agencies, and three SBA Small Business Development centers.

Scranton-Wilkes Barre-Hazelton, PA MSA

Demographic Information for Full Scope Area: Scranton-Wilkes Barre-Hazleton, PA MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	163	2.45	21.47	57.67	17.79	0.61
Population by Geography	535,355	2.28	19.33	56.18	22.21	0.00
Owner-Occupied Housing by Geography	148,538	0.71	15.25	59.47	24.57	0.00
Business by Geography	33,891	5.88	15.52	56.94	21.52	0.14
Farms by Geography	689	0.58	8.85	57.62	32.95	0.00
Family Distribution by Income Level	139,399	20.44	18.03	21.57	39.96	0.00
Distribution of LMI Families throughout AA Geographies	53,622	2.71	26.85	56.28	14.16	0.00
Median Family Income		$56,045	Median Housing Value			$123,500 to $147,100
FFIEC Adjusted Median Family Income for 2016		$60,400	Unemployment Rate			5.4%
Households Below Poverty Level		13%				

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Scranton-Wilkes Barre-Hazelton, PA MSA AA consisted of two of the three counties that made up the Scranton-Wilkes Barre-Hazelton, PA MSA; Lackawanna and Luzerne counties. According to the FDIC's Summary of Deposits as of June 30, 2016, PNC deposits in the AA comprised 1.14 percent of total bank deposits.

Competition was considerable with 21 other FDIC-insured depository institutions operating 179 offices in the AA. PNC operated 27 branches in the AA and was number one in deposit market share with 25.66 percent. The top competitors included Manufacturers and Traders Trust Company with 12 branches and 9.24 percent market share, Wells Fargo Bank, N.A. with 14 branches and 8.64 percent market share, Community Bank, N.A. with 21 branches and 7.69 percent market share, and FNCB Bank 18 branches and a market share of 7.07 percent.

Data from Moody's Analytics in September 2017 indicated that the Scranton-Wilkes Barre-Hazelton, PA MSA economy was recovering, with transportation and warehousing employment increasing. However, the increasing number of low-wage positions had depressed average hourly wages. Key sectors of the economy based on percentage of total employment included Education and Health Services at 20.4 percent, Retail Trade at 12.0 percent, Professional and Business Services at 11.9 percent, and Government at 11.3 percent. Major employers in the AA included Tobyhanna Army Depot, Geisinger Health System, Wyoming Valley Health Care System, Berwick Offray LLC, and Procter and Gamble. The unemployment rate in the Scranton-Wilkes Barre-Hazelton, PA MSA was 10.0 percent in January 2012 compared to 5.4 percent in December 2016.

Data from the 2012-2016 American Community Survey showed the median housing value of owner-occupied housing units ranged from a low of $123,500 in Luzerne County to a high of $147,100 in Lackawanna County. Based on the FHFA HPI calculator, housing values in the MSA increased approximately 1.8 percent over the evaluation period. Based on the 2016 median family income of $60,400, low-income families make less than $30,200 and moderate-income families make less than $48,320. Depending on the county, housing values were 4.09

to 4.87 times the annual income of low-income families and 2.56 to 3.04 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the community:

- Home rehabilitation loans
- Homeownership opportunities
- Grants for the construction of LMI housing and participate with CDFIs

Several opportunities for participation by financial institutions include the following:

- Affordable home repair loans and HELOCs
- First time home buyer mortgages and down payment assistance
- Invest in affordable housing and economic development initiatives

The Scranton-Wilkes Barre-Hazelton, PA MSA presented some opportunities to meet the identified needs. A number of nonprofit organizations engage in affordable housing and economic development endeavors, including one certified CDFI, four HUD-approved housing counseling agencies, and two SBA Small Business Development centers.

State of South Carolina

Charleston-North Charleston SC MSA

Demographic Information for Full Scope Area: Charleston-North Charleston, SC MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	86	10.47	25.58	33.72	29.07	1.16
Population by Geography	350,209	7.55	23.17	36.92	32.36	0.00
Owner-Occupied Housing by Geography	85,019	3.30	17.11	39.14	40.44	0.00
Business by Geography	28,129	6.98	23.80	34.28	34.94	0.00
Farms by Geography	657	4.87	17.50	45.51	32.12	0.00
Family Distribution by Income Level	81,898	22.99	16.59	17.99	42.43	0.00
Distribution of LMI Families throughout AA Geographies	32,416	14.30	33.32	35.34	17.04	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$60,579 $68,200 15%	Median Housing Value Unemployment Rate			$197,500 3.5%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Charleston-North Charleston SC MSA AA consisted of only Charleston County. According to the FDIC's Summary of Deposits, as of June 30, 2016 PNC's deposits in the AA comprised 0.03 percent of the bank's total deposits.

Competition was significant with 27 other FDIC-insured depository institutions operating 131 offices in the AA. PNC operated two offices in the AA and had a 0.69 percent deposit market share, which ranked 16th among all institutions in the AA. Major competitors included Wells Fargo Bank, N.A. with 20 offices and 28.07 percent deposit market share, Bank of America, N.A. with 12 offices and 15.59 percent deposit market share, and South State Bank with 18 offices and a deposit market share of 11.94 percent.

Data from Moody's Analytics in July 2017 indicated that the Charleston-North Charleston SC MSA economy is expanding. At the time, improving global growth and a weaker U.S. dollar were benefiting regional exporters and buoying growth. Private services, led by professional and business services and leisure and hospitality, will drive employment gains. Rising wages and favorable demographics were driving faster house price appreciation. Key sectors of the economy included Government at 18.8 percent, Professional and Business Services at 15.2 percent, Leisure and Hospitality Services at 13.5 percent, and Education and Health Services at 11.2 percent. Major employers include Joint Base Charleston, Medical University of South Carolina, MUSC Medical Center, and Boeing Company. Based on data from the Bureau of Labor Statistics, the unemployment rate in the Charleston-North Charleston SC MSA AA was 8.2 percent in January 2012 compared to 3.5 percent in December 2016.

Data from the 2012-2016 American Community Survey showed the median housing value of owner-occupied housing units was $195,700. Based on the FHFA HPI calculator, housing values increased approximately 62.63 percent over the evaluation period. Based on the 2016 median family income of $60,579, low-income families make less than $30,289 a year and moderate-income families make less than $48,463 a year. Housing values were 6.46 times the annual income of low-income families and 4.04 times the annual income of moderate-income families in the AA.

A review of community contacts indicated the following identified needs or concerns within the AA:

- Need for affordable housing and affordable mortgages
- Banking services in LMI neighborhoods
- Financial education

Several opportunities for participation by financial institutions include the following:

- Support financial education
- Develop second chance checking and affordable saving products
- Develop or market first-time homebuyer mortgages
- Cultivate a relationship with nonprofits and communities to increase banking services to unbanked persons

The Charleston-North Charleston, SC MSA AA presented some opportunities to serve the identified needs. There were many community organizations, within the AA, for institutions to collaborate with, including one HUD-approved housing counseling agency, two certified CDFIs and one SBA Small Business Development Center.

State of Virginia

Non-Metropolitan Virginia

Demographic Information for Full Scope Area: Non-metropolitan Virginia						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	16	0.00	6.25	43.75	18.75	31.25
Population by Geography	45,553	0.00	9.61	65.88	24.50	0.01
Owner-Occupied Housing by Geography	14,053	0.00	8.94	63.59	27.46	0.00
Business by Geography	2,628	0.00	9.89	54.15	35.43	0.53
Farms by Geography	231	0.00	8.23	67.97	23.81	0.00
Family Distribution by Income Level	12,261	19.79	17.09	21.27	41.85	0.00
Distribution of LMI Families throughout AA Geographies	4,522	0.00	13.36	65.37	21.27	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$48,460 $52,300 18%	Median Housing Value Unemployment Rate			$151,900 to $164,600 5.6%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The non-metropolitan Virginia AA consisted of two counties; Accomack and Northampton. According to the FDIC's Summary of Deposits as of June 30, 2016, PNC deposits in the AA comprised 0.09 percent of total bank deposits.

Competition was significant with four other FDIC-insured depository institutions operating 10 offices in the AA. PNC operated four branches in the AA and had 33.73 percent deposit market share which ranks first among all institutions. The top three competitors include Bank of Hampton Roads with four branches and 29.93 percent market share, Branch Banking and Trust Company with three branches and 18.36 percent market share, and SunTrust Bank with two branches and a market share of 17.89 percent.

Data from Virginia Labor Market Information in December 2016 indicated that key sectors of the economy based on percentage of total employment include Education and Health Services at 22.4 percent, Professional and Business Services at 13.5 percent, and Retail Trade at 11.5 percent. Major employers in the AA include Perdue Products, Tyson Foods, Riverside Regional Medical Center, Accomack County School Board, and Northampton County Schools. The unemployment rate in the non-metropolitan Virginia AA was 10.4 percent in January 2012 compared to 5.6 percent in December 2016.

Data from 2012-2016 American Community Survey shows the median housing value of owner-occupied housing units ranges from a low of $151,900 in Accomack County to a high of $164,600 in Northampton County. Based on the FHFA HPI calculator, housing values in the MSA increased approximately 19.0 percent over the evaluation period. Based on the 2016 median family income of $52,300, low-income families make less than $26,150 and moderate-income families make less than $41,840. Depending on the county, housing values were 5.08

to 6.29 times the annual income of low-income families and 3.63 to 3.93 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the community:

- Broadband access
- Affordable housing including single and multifamily housing developments

Several opportunities for participation by financial institutions include the following:

- Developer lines of credit and construction financing
- Grants for the construction of LMI housing and for youth, senior, and social services
- Revolving loan products for economic development, such as broadband access

The Non-metropolitan Virginia area presented limited opportunities to meet the identified needs. Few nonprofit organizations engage in affordable housing and economic development endeavors, including one HUD-approved housing counseling agency, one SBA Small Business Development centers, and no certified CDFI that serves the AA.

State of West Virginia

Morgantown, WV MSA

Demographic Information for Full Scope Area: Morgantown, WV MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	24	8.33	12.50	45.83	29.17	4.17
Population by Geography	96,189	10.98	13.74	41.79	32.01	1.48
Owner-Occupied Housing by Geography	20,758	1.70	12.61	49.49	36.03	0.17
Business by Geography	5,801	12.00	15.50	45.22	26.91	0.38
Farms by Geography	115	2.61	20.87	42.61	33.91	0.00
Family Distribution by Income Level	18,785	19.02	15.08	18.87	47.03	0.00
Distribution of LMI Families throughout AA Geographies	6,406	5.95	23.20	49.48	21.37	0.00
Median Family Income	$56,147		Median Housing Value			$170,700
FFIEC Adjusted Median Family Income for 2016	$64,600		Unemployment Rate			3.6%
Households Below Poverty Level	23%					

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Morgantown, WV MSA AA consisted of one of the two counties that made up the Morgantown, WV MSA; Monongalia County. According to the FDIC's Summary of Deposits as of June 30, 2016, PNC deposits in the AA comprised 0.03 percent of total bank deposits.

Competition was considerable with 10 other FDIC-insured depository institutions operating 36 offices in the AA. PNC operated three branches in the AA with 2.91 percent deposit market share, which ranked eighth among all institutions. The top competitors included United Bank with six branches and 32.59 percent market share, The Huntington National Bank with seven branches and 17.97 percent market share, Branch Banking and Trust Company with five branches and 17.81 percent market share, and Clear Mountain Bank with six branches and a market share of 9.50 percent.

Data from Moody's Analytics in July 2017 indicated that the Morgantown, WV MSA economy was a top performer in a weak state. The unemployment rate was the lowest in the state because of better labor market conditions. However, reductions in state government positions had held back job growth. Key sectors of the economy based on percentage of total employment included Government at 25.8 percent, Education and Health Services at 19.9 percent, Leisure and Hospitality Services at 10.9 percent, and Retail Trade at 9.8 percent. Major employers in the AA included West Virginia University, West Virginia University Hospital at Ruby Hospital, Mylan Pharmaceuticals, West Virginia Medical Corporation, and Walmart Stores Inc. The unemployment rate in the Morgantown, WV MSA was 6.3 percent in January 2012 compared to 3.6 percent in December 2016.

Data from 2012-2016 American Community Survey showed the median housing value of owner-occupied housing units in Monongalia County was $170,700. Based on the FHFA HPI calculator, housing values in the MSA increased approximately 14.7 percent over the evaluation period. Based on the 2016 median family income of $64,600, low-income families make less than $32,300 and moderate-income families make less than $51,680. Housing values were 5.28 times the annual income of low-income families and 3.30 times the annual income of moderate-income families in the AA.

A review of community contacts indicated that the following were identified needs or concerns within the community:

- Affordable housing including single and multifamily housing developments
- Affordable rental housing for low- to moderate-income families
- Permanent supportive housing, senior housing, and multi-generational housing (grandparents raising grandchildren)
- Job training, including soft skills

Some opportunities for participation by financial institutions include the following:

- Developer lines of credit for affordable housing and economic development initiatives
- Construction financing and permanent financing for multi-family housing projects
- Investments in LIHTCs
- Grants for the construction of LMI housing and general operating support
- Partnerships with agencies involved in housing, economic and business development

The Morgantown, WV MSA presented limited opportunities to meet the identified needs. We noted one SBA Small Business Development centers, but no certified CDFIs or HUD-approved housing counseling agencies.

State of Wisconsin

Milwaukee-Waukesha-West Allis, WI MSA

Demographic Information for Full Scope Area: Milwaukee-Waukesha-West Allis, WI MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies	429	20.05	17.95	35.20	26.57	0.23
Population by Geography	1,555,908	14.65	16.20	36.13	33.02	0.00
Owner-Occupied Housing by Geography	386,906	6.74	12.89	39.84	40.52	0.00
Business by Geography	76,402	8.74	13.50	38.62	39.09	0.04
Farms by Geography	1,761	3.46	6.93	43.16	46.45	0.00
Family Distribution by Income Level	389,825	22.15	16.90	20.61	40.35	0.00
Distribution of LMI Families throughout AA Geographies	152,194	25.76	23.63	33.19	17.42	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$68,787 $70,200 12%	Median Housing Value Unemployment Rate (2010 US Census)			$194,400 3.9%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The Milwaukee-Waukesha-West Allis, WI MSA AA consisted of the entire MSA and included Milwaukee, Ozaukee, Washington, and Waukesha counties. According to the FDIC's Summary of Deposits as of June 30, 2016, PNC deposits in the AA comprised 0.58 percent of the bank's total deposits.

Competition was significant with 50 other FDIC-insured depository institutions operating 520 offices in the AA. PNC operated 32 branches in the AA and had 2.21 percent deposit market share, which ranked sixth among all institutions. Major competitors include U.S. Bank, N.A. with 55 branches and 38.83 percent market share, BMO Harris Bank, N.A. with 71 branches and 13.76 percent market share, Associated Bank, N.A. with 44 branches and 9.52 percent market share, and JPMorgan Chase Bank, N.A. with 29 branches and a deposit market share of 9.25 percent.

Data from Moody's Analytics in October 2017 indicated that the Milwaukee-Waukesha-West Allis, WI MSA was one of the Midwest's weakest large economies. Poor demographic trends, few growth drivers, and high business costs had an impact on the economy. Key sectors of the economy by percentage of employment included Education and Health Services at 19.3 percent, Professional and Business Services at 14.7 percent, Manufacturing at 13.8 percent, and Government at 10.1 percent. Major employers in the AA included Aurora Health Care Inc., Ascension Wisconsin, The Kroger Company, Kohl's Department Stores, and Quad Graphics Inc. Based on data from the Bureau of Labor Statistics, the unemployment rate in the Milwaukee-Waukesha-West Allis, WI MSA was 7.9 percent in January 2012 compared to 3.9 percent in December 2016.

Data from 2012-2016 American Community Survey showed the median housing value of owner-occupied housing units was $194,400 for the Milwaukee-Waukesha-West Allis, WI MSA. Based on the FHFA HPI calculator, housing values in the MSA increased approximately

26.1 percent over the evaluation period. Based on the 2016 median family income of $70,200, low-income families make less than $35,100 and moderate-income families make less than $56,160. Housing values were 5.54 to 3.46 times the annual income of low- and moderate-income families, respectively.

A review of community contacts indicated that the following were identified needs or concerns within the community:

- Financing for new and existing small businesses
- Adult and financial literacy, job training and soft skills training
- Affordable mortgages and homeownership counseling
- Home improvement loans at the time of purchase
- Mortgages under $50,000

Significant opportunities for participation by financial institutions include the following:

- Investments in CDFIs for small business and affordable housing developments
- Participation loans in SBA 504, Capital Access Program and other government guarantee programs
- Referrals of small businesses to small business assistance organizations
- Financing for Brownfields redevelopment
- Loans to support job training and employment readiness programs
- Retail deposit products targeted to participants in workforce development programs
- Credit builder products and participation in credit enhancement programs
- Lines of credit, construction loans, and permanent financing for nonprofit organizations that acquire and develop single family homes for sale and multifamily buildings for rent
- Programs to assist first time LMI home-buyers; flexible down payment and loan to value terms, small dollar mortgages and rehab loans at time of purchase
- General operating support and support of workforce development, financial counseling programs or donations to local nonprofit home counseling organizations
- Board of directors, loan review committee, and volunteers for small business mentorships and financial literacy

The Milwaukee-Waukesha-West Allis, WI MSA offered many opportunities to meet the identified needs. There were numerous of community and social service organizations, including 11 certified CDFIs, seven HUD-approved housing counseling agencies, and one SBA Small Business Development Center.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/AA; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Deposit data are compiled by the FDIC and are available as of June 30 of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

Table 1. Lending Volume - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/AA. Community development loans to statewide or regional entities or made outside the bank’s AA may receive positive CRA consideration. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans.

Table 1. Other Products - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank, if applicable, over the evaluation period by MA/AA. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.

Table 2. Geographic Distribution of Home Purchase Loans - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate lending information based on the most recent aggregate market data available.

Table 3. Geographic Distribution of Home Improvement Loans - See Table 2.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans - See Table 2.

Table 5. Geographic Distribution of Multifamily Loans - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of

multifamily housing units throughout those geographies. The table also presents aggregate lending information based on the most recent aggregate market data available.

Table 6. Geographic Distribution of Small Loans to Businesses - The percentage distribution of the number of small loans (less than or equal to $1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents aggregate lending information based on the most recent aggregate market data available.

Table 7. Geographic Distribution of Small Loans to Farms - The percentage distribution of the number of small loans (less than or equal to $500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents aggregate lending information based on the most recent aggregate market data available.

Table 8. Borrower Distribution of Home Purchase Loans - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/AA. The table also presents aggregate lending information based on the most recent aggregate market data available.

Table 9. Borrower Distribution of Home Improvement Loans - See Table 8.

Table 10. Borrower Distribution of Refinance Loans - See Table 8.

Table 11. Borrower Distribution of Small Loans to Businesses - Compares the percentage distribution of the number of small loans (less than or equal to $1 million) originated and purchased by the bank to businesses with revenues of $1 million or less to the percentage distribution of businesses with revenues of $1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Aggregate lending information is presented based on the most recent aggregate market data available.

Table 12. Borrower Distribution of Small Loans to Farms - Compares the percentage distribution of the number of small loans (less than or equal to $500,000) originated and purchased by the bank to farms with revenues of $1 million or less to the percentage distribution of farms with revenues of $1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Aggregate lending information is presented based on the most recent aggregate market data available.

Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans

originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/AA.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's AA. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Tables of Performance Data

Table 1. Lending Volume

LENDING VOLUME		Geography: MULTISTATE						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:												
Allentown-Bethlehem-Easton, PA-NJ	100.00	3,517	465,304	6,348	439,467	22	1,442	22	49,054	9,909	955,267	100.00
Charlotte-Concord-Gastonia, NC-SC 2014-2016	100.00	1,532	452,387	2,029	220,268	3	715	6	9,390	3,570	682,760	100.00
Chicago-Naperville-Elgin, IL-IN	100.00	28,564	6,605,972	22,740	1,653,449	42	7,473	67	461,394	51,413	8,728,288	100.00
Cincinnati, OH-KY-IN	100.00	9,664	1,600,693	16,823	1,668,101	12	3,085	45	96,445	26,544	3,368,324	100.00
Cumberland, MD-WV	100.00	65	5,129	90	4,986	0	0	1	250	156	10,365	100.00
Huntington-Ashland, KY-OH	100.00	958	82,191	857	50,258	0	0	6	1,501	1,821	133,950	100.00
Louisville-Jefferson County, KY-IN 2014-2016	100.00	4,941	630,604	9,501	670,399	59	5,849	34	115,097	14,535	1,421,949	100.00
Myrtle Beach-Conway-N Myrtle Beach, NC-SC 2014-2016	100.00	425	73,631	207	12,564	0	0	1	400	632	86,595	100.00
New York-Newark-Jersey City, NY-NJ	100.00	18,062	5,120,318	48,883	3,942,814	23	1,805	133	377,660	67,101	9,442,597	100.00
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	100.00	19,518	3,569,437	39,638	3,628,370	97	9,437	84	355,518	59,337	7,562,762	100.00
Salisbury, MD-DE 2014-2016	100.00	1,246	243,231	2,667	172,520	86	11,629	3	14,999	4,002	442,379	100.00
St Louis, MO-IL	100.00	4,172	680,058	7,323	625,676	2	875	14	49,687	11,511	1,356,296	100.00
Virginia Beach-Norfolk-Newport News, VA-NC 2014-2016	100.00	1,743	351,565	829	66,825	5	239	1	76,400	2,578	495,029	100.00
Washington-Arlington-Alexandria, DC-MD-VA	100.00	19,662	6,547,304	22,542	2,079,033	39	2,551	49	571,273	42,292	9,200,161	100.00
Youngstown-Warren-Boardman, OH-PA	100.00	2,358	201,118	5,304	466,042	7	631	5	23,530	7,674	691,321	100.00

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Community Development Loans is from July 9, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME							Geography: MULTISTATE										Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:														
Allentown-Bethlehem-Easton, PA-NJ	100.00	65	8,969	65	8,969	0	0	0	0	0	0	0	0	100.00
Charlotte-Concord-Gastonia, NC-SC 2014-2016	100.00	9	2,020	9	2,020	0	0	0	0	0	0	0	0	100.00
Chicago-Naperville-Elgin, IL-IN	100.00	203	56,659	203	56,659	0	0	0	0	0	0	0	0	100.00
Cincinnati, OH-KY-IN	100.00	109	26,188	109	26,188	0	0	0	0	0	0	0	0	100.00
Cumberland, MD-WV	100.00	1	16	1	16	0	0	0	0	0	0	0	0	100.00
Huntington-Ashland, KY-OH	0.00	0	0	0	0	0	0	0	0	0	0	0	0	100.00
Louisville-Jefferson County, KY-IN 2014-2016	100.00	35	6,208	35	6,208	0	0	0	0	0	0	0	0	100.00
Myrtle Beach-Conway-N Myrtle Beach, NC-SC 2014-2016	100.00	8	2,464	8	2,464	0	0	0	0	0	0	0	0	100.00
New York-Newark-Jersey City, NY-NJ	100.00	383	87,233	383	87,233	0	0	0	0	0	0	0	0	100.00
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	100.00	412	80,772	412	80,772	0	0	0	0	0	0	0	0	100.00
Salisbury, MD-DE 2014-2016	100.00	17	2,744	17	2,744	0	0	0	0	0	0	0	0	100.00
St Louis, MO-IL	100.00	48	10,263	48	10,263	0	0	0	0	0	0	0	0	100.00
Virginia Beach-Norfolk-Newport News, VA-NC 2014-2016	0.00	0	0	0	0	0	0	0	0	0	0	0	0	100.00
Washington-Arlington-Alexandria, DC-MD-VA	100.00	175	45,457	175	45,457	0	0	0	0	0	0	0	0	100.00
Youngstown-Warren-Boardman, OH-PA	100.00	24	3,923	24	3,923	0	0	0	0	0	0	0	0	100.00

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE | Geography: MULTISTATE | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Allentown-Bethlehem-Easton, PA-NJ	787	100.00	3.50	3.18	16.06	15.25	45.10	39.39	35.34	42.19	3.25	16.19	43.03	37.53
Charlotte-Concord-Gastonia, NC-SC 2014-2016	701	100.00	3.49	3.28	17.09	12.41	37.90	29.53	41.52	54.78	3.18	13.86	34.44	48.52
Chicago-Naperville-Elgin, IL-IN	7,723	100.00	3.98	1.96	17.89	15.98	38.35	40.68	39.78	41.38	2.59	14.24	38.82	44.35
Cincinnati, OH-KY-IN	2,933	100.00	2.99	2.42	15.68	12.96	45.69	40.30	35.64	44.32	2.00	13.76	45.89	38.36
Cumberland, MD-WV	12	100.00	0.00	0.00	16.89	16.67	66.16	58.33	16.94	25.00	0.00	14.27	66.32	19.40
Huntington-Ashland, KY-OH	144	100.00	0.15	0.00	12.28	15.97	73.01	65.28	14.56	18.75	0.17	10.67	71.74	17.42
Louisville-Jefferson County, KY-IN 2014-2016	1,450	100.00	4.93	1.38	15.26	11.38	43.71	44.00	36.10	43.24	2.54	13.44	44.04	39.98
Myrtle Beach-Conway-N Myrtle Beach, NC-SC 2014-2016	202	100.00	0.51	0.99	14.99	5.94	60.95	58.91	23.55	34.16	0.60	8.93	61.98	28.49
New York-Newark-Jersey City, NY-NJ	4,529	100.00	2.07	1.97	10.18	7.57	23.93	22.28	63.81	68.18	2.79	10.81	24.00	62.40
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	4,639	100.00	3.48	2.57	18.52	14.92	43.01	40.16	34.98	42.36	2.14	17.41	43.47	36.98
Salisbury, MD-DE 2014-2016	359	100.00	0.04	0.00	12.24	5.01	70.16	72.98	17.56	22.01	0.02	8.74	69.91	21.33
St Louis, MO-IL	1,218	100.00	4.67	2.38	16.35	9.93	44.00	42.20	34.97	45.48	1.51	10.90	46.01	41.58
Virginia Beach-Norfolk-Newport News, VA-NC 2014-2016	359	100.00	1.69	0.28	17.53	14.21	36.63	33.98	44.15	51.53	1.66	15.54	37.43	45.37
Washington-Arlington-Alexandria, DC-MD-VA	4,469	100.00	3.67	4.07	18.67	20.50	40.53	37.75	37.13	37.68	4.22	19.51	39.14	37.13
Youngstown-Warren-Boardman, OH-PA	534	100.00	4.24	0.75	13.44	6.55	58.11	59.36	24.21	33.33	0.55	6.56	61.34	31.55

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT | Geography: MULTISTATE | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Allentown-Bethlehem-Easton, PA-NJ	701	100.00	3.50	1.00	16.06	15.98	45.10	44.94	35.34	38.09	2.23	15.65	45.68	36.44
Charlotte-Concord-Gastonia, NC-SC 2014-2016	157	100.00	3.49	2.55	17.09	10.83	37.90	35.03	41.52	51.59	2.61	13.79	31.44	52.15
Chicago-Naperville-Elgin, IL-IN	1,880	100.00	3.98	2.55	17.89	19.73	38.35	37.18	39.78	40.53	3.03	14.06	35.87	47.05
Cincinnati, OH-KY-IN	1,153	100.00	2.99	2.25	15.68	15.26	45.69	45.01	35.64	37.47	1.84	11.71	42.45	43.99
Cumberland, MD-WV	18	100.00	0.00	0.00	16.89	16.67	66.16	83.33	16.94	0.00	0.00	13.15	72.30	14.55
Huntington-Ashland, KY-OH	149	100.00	0.15	0.00	12.28	13.42	73.01	67.79	14.56	18.79	0.27	11.41	67.90	20.42
Louisville-Jefferson County, KY-IN 2014-2016	939	100.00	4.93	6.07	15.26	16.40	43.71	43.77	36.10	33.76	3.88	15.16	41.42	39.54
Myrtle Beach-Conway-N Myrtle Beach, NC-SC 2014-2016	39	100.00	0.51	0.00	14.99	17.95	60.95	58.97	23.55	23.08	0.43	15.02	64.23	20.31
New York-Newark-Jersey City, NY-NJ	2,635	100.00	2.07	1.21	10.18	7.89	23.93	24.71	63.81	66.19	1.43	8.11	23.07	67.38
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	4,105	100.00	3.48	4.36	18.52	16.91	43.01	44.17	34.98	34.57	3.02	16.41	43.68	36.89
Salisbury, MD-DE 2014-2016	308	100.00	0.04	0.00	12.24	12.01	70.16	76.62	17.56	11.36	0.00	9.86	75.07	15.07
St Louis, MO-IL	464	100.00	4.67	2.16	16.35	15.09	44.00	49.14	34.97	33.62	2.85	11.95	42.35	42.86
Virginia Beach-Norfolk-Newport News, VA-NC 2014-2016	99	100.00	1.69	3.03	17.53	15.15	36.63	37.37	44.15	44.44	2.23	17.52	39.69	40.57
Washington-Arlington-Alexandria, DC-MD-VA	1,963	100.00	3.67	4.23	18.67	20.89	40.53	42.69	37.13	32.20	4.85	19.61	39.52	36.02
Youngstown-Warren-Boardman, OH-PA	406	100.00	4.24	2.22	13.44	11.33	58.11	62.81	24.21	23.65	1.34	9.46	63.26	25.94

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE Geography: MULTISTATE Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Allentown-Bethlehem-Easton, PA-NJ	2,019	100.00	3.50	1.58	16.06	14.17	45.10	44.38	35.34	39.87	2.31	11.53	42.63	43.53
Charlotte-Concord-Gastonia, NC-SC 2014-2016	665	100.00	3.49	2.56	17.09	10.68	37.90	29.77	41.52	56.99	2.03	10.15	30.94	56.87
Chicago-Naperville-Elgin, IL-IN	18,840	100.00	3.98	1.85	17.89	13.87	38.35	39.37	39.78	44.91	2.05	10.30	33.14	54.51
Cincinnati, OH-KY-IN	5,547	100.00	2.99	1.69	15.68	10.78	45.69	38.98	35.64	48.55	1.56	9.99	41.78	46.68
Cumberland, MD-WV	35	100.00	0.00	0.00	16.89	5.71	66.16	74.29	16.94	20.00	0.00	15.59	64.83	19.58
Huntington-Ashland, KY-OH	665	100.00	0.15	0.45	12.28	13.83	73.01	68.72	14.56	16.99	0.24	9.99	69.62	20.14
Louisville-Jefferson County, KY-IN 2014-2016	2,550	100.00	4.93	3.57	15.26	12.67	43.71	41.76	36.10	42.00	2.39	10.24	39.63	47.74
Myrtle Beach-Conway-N Myrtle Beach, NC-SC 2014-2016	181	100.00	0.51	0.55	14.99	5.52	60.95	56.35	23.55	37.57	0.25	8.87	58.94	31.95
New York-Newark-Jersey City, NY-NJ	10,845	100.00	2.07	1.10	10.18	5.80	23.93	22.19	63.81	70.92	1.84	7.74	21.35	69.07
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	10,744	100.00	3.48	1.36	18.52	13.01	43.01	43.27	34.98	42.36	1.34	13.56	43.66	41.43
Salisbury, MD-DE 2014-2016	578	100.00	0.04	0.00	12.24	8.48	70.16	70.24	17.56	21.28	0.02	7.01	68.05	24.92
St Louis, MO-IL	2,484	100.00	4.67	2.29	16.35	10.19	44.00	41.99	34.97	45.53	1.12	8.24	40.51	50.13
Virginia Beach-Norfolk-Newport News, VA-NC 2014-2016	1,284	100.00	1.69	1.25	17.53	15.58	36.63	39.64	44.15	43.54	1.27	13.54	35.04	50.16
Washington-Arlington-Alexandria, DC-MD-VA	13,203	100.00	3.67	3.06	18.67	17.02	40.53	40.99	37.13	38.93	3.37	16.20	38.22	42.21
Youngstown-Warren-Boardman, OH-PA	1,414	100.00	4.24	1.13	13.44	8.13	58.11	55.66	24.21	35.08	0.71	5.81	60.88	32.59

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* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY — Geography: MULTISTATE — Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Allentown-Bethlehem-Easton, PA-NJ	10	100.00	13.58	30.00	33.24	50.00	35.39	20.00	17.79	0.00	19.27	39.45	30.28	11.01
Charlotte-Concord-Gastonia, NC-SC 2014-2016	4	100.00	13.65	25.00	27.02	50.00	25.27	25.00	34.07	0.00	18.10	29.31	22.41	30.17
Chicago-Naperville-Elgin, IL-IN	121	100.00	12.72	7.44	22.75	27.27	32.95	37.19	31.57	28.10	14.00	31.30	33.94	20.76
Cincinnati, OH-KY-IN	31	100.00	14.88	0.00	28.42	22.58	38.94	51.61	17.75	25.81	16.67	29.86	37.15	16.32
Cumberland, MD-WV	0	0.00	0.00	0.00	28.47	0.00	67.44	0.00	4.09	0.00	0.00	25.00	75.00	0.00
Huntington-Ashland, KY-OH	0	0.00	17.37	0.00	39.89	0.00	35.31	0.00	7.43	0.00	0.00	0.00	85.71	14.29
Louisville-Jefferson County, KY-IN 2014-2016	2	100.00	19.58	50.00	22.74	0.00	36.07	0.00	21.62	50.00	23.78	25.87	36.36	13.99
Myrtle Beach-Conway-N Myrtle Beach, NC-SC 2014-2016	0	0.00	2.95	0.00	6.27	0.00	61.21	0.00	29.57	0.00	3.03	9.09	54.55	33.33
New York-Newark-Jersey City, NY-NJ	52	100.00	13.58	23.08	20.50	21.15	15.20	9.62	50.72	46.15	17.79	32.34	15.75	34.12
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	23	100.00	6.62	8.70	25.63	21.74	36.38	39.13	31.37	30.43	8.44	30.81	27.85	32.89
Salisbury, MD-DE 2014-2016	1	100.00	0.34	0.00	8.33	0.00	70.10	100.00	21.23	0.00	0.00	12.50	58.33	29.17
St Louis, MO-IL	6	100.00	13.04	33.33	19.49	33.33	39.10	16.67	28.37	16.67	12.46	27.60	36.50	23.44
Virginia Beach-Norfolk-Newport News, VA-NC 2014-2016	0	0.00	9.37	0.00	35.76	0.00	31.76	0.00	23.10	0.00	6.82	38.64	31.82	22.73
Washington-Arlington-Alexandria, DC-MD-VA	26	100.00	17.12	26.92	33.13	42.31	28.87	23.08	20.89	7.69	28.23	27.42	22.04	22.31
Youngstown-Warren-Boardman, OH-PA	4	100.00	10.25	0.00	23.63	25.00	49.04	75.00	17.08	0.00	6.90	13.79	62.07	17.24

* Based on 2016 Peer Mortgage Data -- US and PR
** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.
*** Percentage of Multifamily Units is the number of multifamily units in a particular geography divided by the number of multifamily housing units in the area based on 2010 Census information.
**** Multifamily loan distribution includes Home Purchases, Home Improvement, and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES Geography: MULTISTATE Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Allentown-Bethlehem-Easton, PA-NJ	6,348	100.00	6.26	3.88	18.63	17.27	40.02	42.88	35.09	35.98	4.65	16.61	39.30	39.44
Charlotte-Concord-Gastonia, NC-SC 2014-2016	1,993	100.00	8.28	9.18	15.98	13.75	30.89	27.95	43.75	49.12	8.30	13.75	30.29	47.67
Chicago-Naperville-Elgin, IL-IN	22,733	100.00	4.52	3.59	15.41	17.03	33.59	36.80	46.37	42.59	3.38	14.54	33.91	48.18
Cincinnati, OH-KY-IN	16,817	100.00	5.79	8.28	20.65	19.80	38.89	34.27	34.58	37.65	5.41	18.20	36.70	39.68
Cumberland, MD-WV	90	100.00	0.00	0.00	24.98	25.56	57.11	53.33	17.92	21.11	0.00	22.22	57.19	20.58
Huntington-Ashland, KY-OH	857	100.00	11.64	6.53	15.12	16.80	56.31	57.76	16.94	18.90	8.72	14.49	56.69	20.10
Louisville-Jefferson County, KY-IN 2014-2016	9,453	100.00	11.25	11.82	17.05	18.03	31.89	30.75	39.51	39.41	9.54	15.67	30.12	44.67
Myrtle Beach-Conway-N Myrtle Beach, NC-SC 2014-2016	206	100.00	4.37	3.88	14.53	11.65	56.23	55.83	24.44	28.64	4.32	11.44	57.55	26.69
New York-Newark-Jersey City, NY-NJ	48,726	100.00	5.63	5.00	12.05	12.03	18.13	21.85	62.05	61.12	4.91	12.60	18.46	64.03
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	39,415	100.00	3.90	3.56	17.29	16.39	38.41	36.56	39.94	43.49	3.01	15.84	39.05	42.11
Salisbury, MD-DE 2014-2016	2,667	100.00	0.29	0.22	14.53	16.76	65.33	62.09	19.77	20.92	0.22	13.32	63.62	22.84
St Louis, MO-IL	7,315	100.00	5.96	5.36	16.24	14.64	38.05	34.18	39.63	45.82	4.81	14.74	35.87	44.58
Virginia Beach-Norfolk-Newport News, VA-NC 2014-2016	817	100.00	4.59	3.79	19.03	22.89	37.03	39.41	38.93	33.90	4.15	17.28	35.99	42.57
Washington-Arlington-Alexandria, DC-MD-VA	22,511	100.00	4.61	4.12	19.35	21.31	35.25	37.59	40.47	36.98	3.94	18.52	35.36	42.18
Youngstown-Warren-Boardman, OH-PA	5,304	100.00	6.48	6.39	12.87	13.52	50.93	45.70	29.72	34.39	5.65	11.05	49.75	33.55

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS Geography: MULTISTATE Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Allentown-Bethlehem-Easton, PA-NJ	22	100.00	1.10	0.00	7.48	0.00	45.53	40.91	45.89	59.09	0.00	3.33	54.44	42.22
Charlotte-Concord-Gastonia, NC-SC 2014-2016	3	100.00	4.43	0.00	17.78	0.00	45.44	100.00	31.98	0.00	0.83	18.18	64.05	16.94
Chicago-Naperville-Elgin, IL-IN	42	100.00	2.53	0.00	12.97	2.38	43.91	95.24	40.57	2.38	0.83	6.92	66.25	26.00
Cincinnati, OH-KY-IN	12	100.00	2.56	0.00	11.98	0.00	53.47	25.00	31.99	75.00	0.00	7.29	60.42	32.29
Cumberland, MD-WV	0	0.00	0.00	0.00	23.33	0.00	62.50	0.00	14.17	0.00	0.00	50.00	41.67	8.33
Huntington-Ashland, KY-OH	0	0.00	0.00	0.00	8.76	0.00	76.96	0.00	14.29	0.00	0.00	0.00	93.33	6.67
Louisville-Jefferson County, KY-IN 2014-2016	59	100.00	3.30	0.00	15.47	59.32	39.86	30.51	41.36	10.17	0.00	31.63	40.82	27.55
Myrtle Beach-Conway-N Myrtle Beach, NC-SC 2014-2016	0	0.00	0.63	0.00	17.22	0.00	64.94	0.00	17.09	0.00	0.00	15.25	79.66	5.08
New York-Newark-Jersey City, NY-NJ	23	100.00	1.75	0.00	6.43	13.04	23.61	0.00	68.05	86.96	3.00	5.67	22.33	69.00
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	97	100.00	1.02	0.00	13.54	7.22	47.32	49.48	37.99	43.30	0.00	14.41	55.71	29.88
Salisbury, MD-DE 2014-2016	83	100.00	0.07	0.00	12.55	9.64	77.07	86.75	10.02	3.61	0.00	14.06	80.32	5.62
St Louis, MO-IL	2	100.00	1.71	0.00	11.55	0.00	48.79	0.00	37.88	100.00	0.85	5.26	59.08	34.80
Virginia Beach-Norfolk-Newport News, VA-NC 2014-2016	5	100.00	2.08	0.00	14.90	20.00	36.85	80.00	45.93	0.00	0.90	13.51	55.86	29.73
Washington-Arlington-Alexandria, DC-MD-VA	39	100.00	2.83	0.00	17.89	28.21	43.59	43.59	35.67	28.21	0.31	16.92	46.77	36.00
Youngstown-Warren-Boardman, OH-PA	7	100.00	1.76	0.00	5.20	0.00	70.81	57.14	22.23	42.86	0.00	0.93	82.41	16.67

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE			Geography: MULTISTATE						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016					
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Allentown-Bethlehem-Easton, PA-NJ	787	100.00	19.80	9.44	18.24	26.39	21.87	26.13	40.09	38.03	9.16	24.09	26.62	40.13
Charlotte-Concord-Gastonia, NC-SC 2014-2016	705	100.00	20.39	11.37	16.90	20.68	20.07	14.92	42.63	53.03	6.71	19.83	22.28	51.18
Chicago-Naperville-Elgin, IL-IN	7,723	100.00	22.39	13.71	16.93	26.27	19.70	24.77	40.99	35.24	7.86	21.17	25.42	45.55
Cincinnati, OH-KY-IN	2,933	100.00	20.40	14.18	16.87	25.23	20.86	23.23	41.87	37.37	9.91	24.44	23.47	42.18
Cumberland, MD-WV	12	100.00	19.33	0.00	20.01	16.67	20.48	41.67	40.18	41.67	11.63	25.46	28.27	34.64
Huntington-Ashland, KY-OH	144	100.00	21.75	8.39	17.90	18.88	21.69	27.27	38.66	45.45	10.21	22.47	29.41	37.92
Louisville-Jefferson County, KY-IN 2014-2016	1,450	100.00	21.58	17.63	17.57	25.14	20.53	20.47	40.32	36.76	13.40	27.11	24.25	35.23
Myrtle Beach-Conway-N Myrtle Beach, NC-SC 2014-2016	202	100.00	20.37	4.08	17.58	9.69	21.55	17.86	40.50	68.37	3.49	14.40	21.52	60.59
New York-Newark-Jersey City, NY-NJ	4,530	100.00	20.20	3.86	14.43	16.81	17.00	21.19	48.37	58.14	2.60	13.30	21.92	62.18
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	4,642	100.00	21.05	10.00	17.48	23.15	21.02	23.57	40.45	43.28	8.99	23.11	25.92	41.98
Salisbury, MD-DE 2014-2016	359	100.00	19.98	4.89	18.69	15.52	21.78	23.28	39.55	56.32	3.68	13.25	19.63	63.44
St Louis, MO-IL	1,218	100.00	21.06	14.39	16.91	26.67	20.89	22.10	41.14	36.83	9.53	24.37	24.87	41.23
Virginia Beach-Norfolk-Newport News, VA-NC 2014-2016	360	100.00	18.91	5.35	18.33	27.32	22.15	23.38	40.61	43.94	4.39	23.76	30.36	41.50
Washington-Arlington-Alexandria, DC-MD-VA	4,469	100.00	20.86	12.00	17.35	25.11	21.25	24.66	40.54	38.23	9.56	23.90	26.94	39.60
Youngstown-Warren-Boardman, OH-PA	534	100.00	20.09	8.86	17.99	27.55	22.29	22.93	39.63	40.66	8.53	28.11	27.46	35.90

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for the following % of loans originated and purchased by the bank in each MMA: Allentown-1.8%, Charlotte-4.0%, Chicago-2.6%, Cincinnati-2.8%,Cumberland-0.0%, Huntington-0.7%, Louisville-2.6%, Myrtle Beach-3.0%, New York-2.7%, Philadelphia-3.5%, Salisbury-3.1%, St. Louis-3.0%, Virginia Beach-1.4%, Washington-2.4%, and Youngstown-2.8%.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: MULTISTATE							Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Allentown-Bethlehem-Easton, PA-NJ	701	100.00	19.80	12.36	18.24	22.27	21.87	24.28	40.09	41.09	7.62	16.22	23.91	52.26
Charlotte-Concord-Gastonia, NC-SC 2014-2016	157	100.00	20.39	6.45	16.90	16.77	20.07	20.65	42.63	56.13	5.14	14.01	19.85	61.00
Chicago-Naperville-Elgin, IL-IN	1,880	100.00	22.39	11.55	16.93	21.60	19.70	27.57	40.99	39.28	6.52	13.50	23.25	56.73
Cincinnati, OH-KY-IN	1,153	100.00	20.40	12.24	16.87	22.31	20.86	26.65	41.87	38.80	7.69	17.64	22.05	52.62
Cumberland, MD-WV	18	100.00	19.33	11.11	20.01	27.78	20.48	27.78	40.18	33.33	13.04	21.74	23.67	41.55
Huntington-Ashland, KY-OH	149	100.00	21.75	11.41	17.90	20.13	21.69	18.79	38.66	49.66	10.16	21.98	26.92	40.93
Louisville-Jefferson County, KY-IN 2014-2016	939	100.00	21.58	15.38	17.57	22.12	20.53	25.11	40.32	37.39	10.62	21.05	25.78	42.55
Myrtle Beach-Conway-N Myrtle Beach, NC-SC 2014-2016	39	100.00	20.37	7.89	17.58	18.42	21.55	18.42	40.50	55.26	8.70	22.12	20.65	48.53
New York-Newark-Jersey City, NY-NJ 2012-2016	2,635	100.00	20.20	8.79	14.43	16.55	17.00	23.74	48.37	50.91	3.41	10.31	19.81	66.46
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	4,106	100.00	21.05	14.46	17.48	21.34	21.02	23.76	40.45	40.43	8.85	18.06	24.58	48.51
Salisbury, MD-DE 2014-2016	308	100.00	19.98	10.71	18.69	23.70	21.78	25.00	39.55	40.58	9.04	16.76	22.30	51.90
St Louis, MO-IL	464	100.00	21.06	10.37	16.91	19.22	20.89	26.35	41.14	44.06	8.79	16.52	23.36	51.33
Virginia Beach-Norfolk-Newport News, VA-NC 2014-2016	99	100.00	18.91	9.09	18.33	19.19	22.15	23.23	40.61	48.48	6.41	19.93	29.57	44.09
Washington-Arlington-Alexandria, DC-MD-VA	1,963	100.00	20.86	14.02	17.35	23.64	21.25	27.02	40.54	35.31	11.43	19.58	25.20	43.79
Youngstown-Warren-Boardman OH-PA	406	100.00	20.09	12.81	17.99	21.67	22.29	26.35	39.63	39.16	9.79	21.84	26.43	41.94

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for % of loans originated and purchased by the bank in each MMA: Allentown-0.7%, Charlotte-1.3%, Chicago-1.0%, Cincinnati-0.1%, Cumberland-0.0%, Huntington-0.0%, Louisville-0.3%, Myrtle Beach-2.6%, New York-0.3%, Philadelphia-0.5%, Salisbury-0.0%, St. Louis-0.2%, Virginia Beach-0.0%, Washington-0.5%, and Youngstown-0.0%.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE — Geography: MULTISTATE — Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Allentown-Bethlehem-Easton, PA-NJ	2,019	100.00	19.80	7.42	18.24	19.79	21.87	27.97	40.09	44.83	5.81	16.45	25.50	52.24
Charlotte-Concord-Gastonia, NC-SC 2014-2016	666	100.00	20.39	8.18	16.90	14.51	20.07	17.28	42.63	60.03	5.49	12.78	19.94	61.79
Chicago-Naperville-Elgin, IL-IN	18,840	100.00	22.39	11.76	16.93	19.68	19.70	25.60	40.99	42.96	4.61	11.31	21.21	62.87
Cincinnati, OH-KY-IN	5,547	100.00	20.40	9.22	16.87	18.41	20.86	22.25	41.87	50.12	6.64	15.56	21.19	56.60
Cumberland, MD-WV	35	100.00	19.33	11.76	20.01	23.53	20.48	29.41	40.18	35.29	8.17	17.91	28.94	44.99
Huntington-Ashland, KY-OH	665	100.00	21.75	7.87	17.90	14.52	21.69	24.51	38.66	53.10	8.29	16.28	26.59	48.84
Louisville-Jefferson County, KY-IN 2014-2016	2,550	100.00	21.58	13.11	17.57	22.11	20.53	24.02	40.32	40.76	8.74	19.45	24.49	47.32
Myrtle Beach-Conway-N Myrtle Beach, NC-SC 2014-2016	184	100.00	20.37	4.97	17.58	11.60	21.55	18.23	40.50	65.19	4.91	13.06	21.03	61.01
New York-Newark-Jersey City, NY-NJ	10,845	100.00	20.20	6.55	14.43	14.56	17.00	21.84	48.37	57.04	2.51	8.09	17.82	71.58
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	10,747	100.00	21.05	9.07	17.48	18.69	21.02	24.34	40.45	47.90	6.41	16.12	24.69	52.79
Salisbury, MD-DE 2014-2016	578	100.00	19.98	8.63	18.69	19.54	21.78	18.49	39.55	53.35	5.32	11.24	18.43	65.00
St Louis, MO-IL	2,484	100.00	21.06	10.19	16.91	20.80	20.89	22.49	41.14	46.52	5.66	15.62	23.12	55.61
Virginia Beach-Norfolk-Newport News, VA-NC 2014-2016	1,284	100.00	18.91	13.35	18.33	19.04	22.15	24.29	40.61	43.32	5.91	15.72	24.59	53.77
Washington-Arlington-Alexandria DC-MD-VA	13,204	100.00	20.86	13.22	17.35	19.79	21.25	25.46	40.54	41.53	7.42	17.30	26.04	49.24
Youngstown-Warren-Boardman, OH-PA	1,414	100.00	20.09	6.90	17.99	19.70	22.29	24.82	39.63	48.58	7.58	18.34	26.75	47.33

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for % of loans originated and purchased by the bank in each MMA: Allentown-1.9%, Charlotte-2.7%, Chicago-1.8%, Cincinnati-2.1%, Cumberland-2.9%, Huntington-0.6%, Louisville-1.6%, Myrtle Beach-1.6%, New York-0.9%, Philadelphia-1.6%, Salisbury-1.7%, St. Louis-2.8%, Virginia Beach-9.6%, Washington-3.8%, and Youngstown-0.6%.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES			Geography: MULTISTATE			Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016			
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of $1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $1,000,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Allentown-Bethlehem-Easton, PA-NJ	6,348	100.00	83.37	68.21	89.15	5.72	5.14	15,777	7,803
Charlotte-Concord-Gastonia, NC-SC 2014-2016	2,029	100.00	83.29	42.63	80.19	7.74	12.07	42,463	20,840
Chicago-Naperville-Elgin, IL-IN	22,740	100.00	80.73	65.42	86.35	7.04	6.61	224,613	88,412
Cincinnati, OH-KY-IN	16,823	100.00	80.49	51.30	81.66	8.57	9.77	37,402	17,596
Cumberland, MD-WV	90	100.00	79.36	70.00	90.00	7.78	2.22	896	378
Huntington-Ashland, KY-OH	857	100.00	78.89	62.19	88.91	7.00	4.08	1,379	635
Louisville-Jefferson County, KY-IN 2014-2016	9,501	100.00	82.36	63.78	88.24	6.22	5.54	20,888	9,692
Myrtle Beach-Conway-N Myrtle Beach, NC-SC 2014-2016	207	100.00	83.87	57.97	88.41	6.76	4.83	11,184	5,473
New York-Newark-Jersey City, NY-NJ	48,883	100.00	82.51	61.43	87.84	6.02	6.13	316,438	132,204
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	39,638	100.00	84.82	51.47	84.64	7.51	7.85	130,916	58,767
Salisbury, MD-DE 2014-2016	2,667	100.00	83.66	61.15	89.61	5.92	4.46	8,318	4,023
St Louis MO-IL	7,323	100.00	80.48	60.28	83.53	8.36	8.11	54,529	23,076
Virginia Beach-Norfolk-Newport News, VA-NC 2014-2016	829	100.00	83.48	42.46	85.52	7.24	7.24	20,856	10,302
Washington-Arlington-Alexandria DC-MD-VA	22,542	100.00	84.30	53.76	82.25	8.45	9.30	152,802	75,411
Youngstown-Warren-Boardman, OH-PA	5,304	100.00	79.75	57.09	83.58	8.69	7.73	7,582	3,299

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Businesses with revenues of $1 million or less as a percentage of all businesses (Source D&B - 2016).
**** Small loans to businesses with revenues of $1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for % of small loans to businesses originated and purchased by the bank in each MMA: Allentown-12.41%, Charlotte-25.97%, Chicago-11.86%, Cincinnati-22.72%, Cumberland-16.67%, Huntington-16.92%, Louisville-13.58%, Myrtle Beach-29.47%, New York-12.24%, Philadelphia-25.67%, Salisbury-20.10%, St. Louis-12.69%, Virginia Beach-37.52%, Washington-18.49%, and Youngstown-18.29%..

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS			Geography: MULTISTATE			Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016			
	Total Small Loans to Farms		Farms With Revenues of $1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
Assessment Area:	#	% of Total**	% of Farms***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $500,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Allentown-Bethlehem-Easton, PA-NJ	22	100.00	96.57	68.18	95.45	0.00	4.55	92	43
Charlotte-Concord-Gastonia, NC-SC 2014-2016	3	100.00	95.33	100.00	0.00	66.67	33.33	244	129
Chicago-Naperville-Elgin IL-IN	42	100.00	93.08	85.71	38.10	38.10	23.81	730	341
Cincinnati, OH-KY-IN	12	100.00	96.29	16.67	0.00	50.00	50.00	192	99
Cumberland, MD-WV	0	0.00	98.33	0.00	0.00	0.00	0.00	12	4
Huntington-Ashland, KY-OH	0	0.00	96.31	0.00	0.00	0.00	0.00	15	7
Louisville-Jefferson County, KY-IN 2014-2016	59	100.00	97.15	62.71	76.27	16.95	6.78	98	33
Myrtle Beach-Conway-N Myrtle Beach, NC-SC 2014-2016	0	0.00	97.22	0.00	0.00	0.00	0.00	118	84
New York-Newark-Jersey City, NY-NJ	23	100.00	95.32	47.83	82.61	8.70	8.70	308	127
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	97	100.00	94.35	64.95	78.35	14.43	7.22	579	307
Salisbury, MD-DE 2014-2016	86	100.00	96.03	63.95	63.95	18.60	17.44	254	116
St Louis, MO-IL	2	100.00	96.02	100.00	0.00	0.00	100.00	590	358
Virginia Beach-Norfolk-Newport News, VA-NC 2014-2016	5	100.00	95.25	100.00	100.00	0.00	0.00	112	68
Washington-Arlington-Alexandria, DC-MD-VA	39	100.00	94.08	46.15	89.74	5.13	5.13	331	108
Youngstown-Warren-Boardman, OH-PA	7	100.00	97.40	85.71	57.14	42.86	0.00	108	58

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Farms with revenues of $1 million or less as a percentage of all farms (Source D&B - 2016).
**** Small loans to farms with revenues of $1 million or less as a percentage of all loans reported as small loans to farms. No information was available for % of small loans to farms originated and purchased by the bank in each MMA: Allentown-22.73%, Charlotte-0.00%, Chicago-7.14%, Cincinnati-8.33%, Cumberland-0.00%, Huntington-0.00%, Louisville-25.42%, Myrtle Beach-0.00%, New York-26.09%, Philadelphia-21.65%, Salisbury-13.95%, St. Louis-0.00%, Virginia Beach-0.00%, Washington-38.46%, and Youngstown-14.29%.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS			Geography: MULTISTATE				Evaluation Period: JULY 9, 2012 TO DECEMBER 31, 2016		
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	$ (000's)	#	$ (000's)	#	$ (000's)	% of Total	#	$ (000's)
Full-Scope Review:									
Allentown-Bethlehem-Easton, PA-NJ	1	29	100	7,261	101	7,290	100.00	1	2,000
Charlotte-Concord-Gastonia, NC-SC	0	0	121	10,476	121	10,476	100.00	0	0
Chicago-Naperville-Elgin, IL-IN	9	22,732	404	153,756	413	176,489	100.00	2	9,000
Cincinnati, OH-KY-IN	12	17,508	335	84,091	347	101,599	100.00	0	0
Cumberland, MD-WV	0	0	14	478	14	478	100.00	0	0
Huntington-Ashland, KY-OH	1	649	33	1,551	34	2,200	100.00	0	0
Louisville-Jefferson County, KY-IN	12	9,443	224	53,969	236	63,412	100.00	0	0
Myrtle Beach-Conway-North Myrtle Beach, SC-NC	0	0	14	481	14	481	100.00	0	0
New York-Newark-Jersey City, NY-NJ	2	8,106	568	288,836	570	296,941	100.00	0	0
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	9	16,013	623	174,283	632	190,296	100.00	0	0
Salisbury, MD-DE	1	2	79	7,556	80	7557	100.00	0	0
St Louis, MO-IL	16	8,438	214	45,833	230	54,271	100.00	1	25
Virginia Beach-Norfolk-Newport News, VA-NC	0	0	29	3,825	29	3,825	100.00	0	0
Washington-Arlington-Alexandria, DC-MD-VA	4	4,996	254	130,126	258	135,122	100.00	0	0
Youngstown-Warren-Boardman, OH-PA	0	0	120	12,814	120	12,814	100.00	0	0

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.
** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSING							Geography: MULTI STATES							Evaluation Period: JANUARY 1, 2016 TO DECEMBER 31, 2016			
Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope Review:																	
Allentown-Bethlehem-Easton, PA-NJ	100.00	25	100.00	4.00	20.00	40.00	36.00	0	8	0	-1	-4	-3	7.78	20.14	40.44	31.64
Charlotte-Concord-Gastonia, NC-SC	100.00	17	100.00	11.76	11.76	17.65	58.82	2	2	0	0	-1	2	7.22	20.65	35.86	36.14
Chicago-Naperville—Elgin, IL-IN	100.00	152	100.00	6.58	13.16	30.92	49.34	18	20	-1	-4	1	2	9.09	23.53	34.94	32.39
Cincinnati, OH-KY-IN	100.00	75	100.00	6.67	21.33	40.00	30.67	2	19	-2	-3	-4	-9	6.79	19.27	42.14	31.20
Cumberland, MD-WV	100.00	1	100.00	0.00	0.00	100.00	0.00	0	2	0	-1	0	-1	0.00	17.68	68.60	13.72
Huntington-Ashland, KY-OH	100.00	7	100.00	14.29	28.57	57.14	0.00	0	4	0	-1	-3	0	0.93	14.55	70.41	14.12
Louisville-Jefferson County, KY-IN	100.00	55	100.0	9.09	25.45	30.91	34.55	0	23	-4	-3	-11	-5	9.77	17.97	41.10	31.15
Myrtle Beach-Conway-North Myrtle Beach, SC-NC	100.00	2	100.00	0.00	0.00	100.00	0.00	0	1	0	0	0	-1	1.69	16.39	60.79	21.10
New York-Newark-Jersey City, NY-NJ	100.00	220	100.00	5.45	9.09	23.64	60.91	18	33	1	-3	-2	-11	9.37	18.12	21.64	50.77
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	100.00	165	100.00	3.64	13.33	37.58	44.85	9	36	-2	-4	-9	-12	6.61	22.09	39.52	31.45
Salisbury, MD-DE	100.00	25	100.00	0.00	20.00	64.00	16.00	0	8	0	-2	-5	-1	0.35	16.86	67.33	14.53
St Louis, MO-IL	100.00	44	100.00	9.09	13.64	27.27	50.00	1	14	0	-3	-3	-7	8.22	18.21	41.52	32.00
Virginia Beach-Norfolk-Newport News, VA-NC	100.00	11	100.00	9.09	9.09	36.36	45.45	0	2	0	0	-1	-1	4.77	23.45	34.92	36.85
Washington-Arlington-Alexandria, DC-MD-VA	100.00	182	100.0%	5.49	21.98	39.56	32.42	12	18	0	-2	-4	0	8.32	23.24	36.73	31.52
Youngstown-Warren-Boardman, OH-PA	100.00	20	100.00	5.00	25.00	45.00	25.00	1	7	-1	0	-4	-1	6.50	16.07	55.28	22.15

Table 1. Lending Volume

LENDING VOLUME			Geography: ALABAMA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:												
Birmingham-Hoover, AL	21.71	1,345	281,709	1,365	179,094	0	0	4	31,660	2,713	492,463	29.54
Limited-Scope Review:												
Auburn-Opelika, AL	3.69	236	47,930	222	17,516	1	125	2	2,125	461	67,696	4.47
Daphne, AL 2014-2016	9.57	368	57,491	829	40,751	0	0	0	0	1,197	98,242	12.92
Decatur, AL	5.33	308	34,832	353	18,605	6	502	0	0	667	53,939	5.11
Huntsville, AL	13.05	818	146,788	804	55,545	7	1,789	3	5,272	1,632	209,394	9.21
Mobile, AL	31.02	1,231	129,469	2,637	227,065	6	339	4	343	3,878	357,216	23.02
Montgomery, AL	6.65	429	49,182	398	20,472	1	97	3	185	831	69,936	4.11
Tuscaloosa, AL	6.27	343	42,519	438	30,473	0	0	3	85	784	73,077	5.61
Alabama Non-Metro 2014-2016	2.71	154	11,333	184	6,850	0	0	1	7	339	18,190	6.01
Statewide/Regional	NA	NA	NA	NA	NA	NA	NA	4	72	NA	NA	NA

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Community Development Loans is from July 9, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME					Geography: ALABAMA									Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:														
Birmingham-Hoover, AL	21.70	32	4,202	32	4,202	0	0	0	0	0	0	0	0	29.54
Limited-Scope Review:														
Auburn-Opelika, AL	3.69	6	958	6	958	0	0	0	0	0	0	0	0	4.47
Daphne, AL 2014-2016	9.57	10	1,768	10	1,768	0	0	0	0	0	0	0	0	12.92
Decatur, AL	5.34	24	3,213	24	3,213	0	0	0	0	0	0	0	0	5.11
Huntsville, AL	13.05	12	2,585	12	2,585	0	0	0	0	0	0	0	0	9.21
Mobile, AL	31.02	50	6,466	50	6,466	0	0	0	0	0	0	0	0	23.02
Montgomery, AL	6.65	1	15	1	15	0	0	0	0	0	0	0	0	4.11
Tuscaloosa, AL	6.27	5	276	5	276	0	0	0	0	0	0	0	0	5.61
Alabama Non-Metro 2014-2016	2.71	4	149	4	149	0	0	0	0	0	0	0	0	6.01

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE | Geography: ALABAMA | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Birmingham-Hoover, AL	520	32.79	5.12	1.15	14.55	7.50	39.14	45.58	41.19	45.77	0.72	5.85	36.84	56.59
Limited-Scope Review:														
Auburn-Opelika, AL	60	3.78	4.39	1.67	15.67	25.00	57.21	45.00	22.73	28.33	1.92	21.08	55.71	21.29
Daphne, AL 2014-2016	115	7.25	0.00	0.00	15.14	9.57	60.08	60.00	24.78	30.43	0.00	6.89	59.60	33.51
Decatur, AL	76	4.79	1.66	0.00	13.52	22.37	50.42	43.42	34.40	34.21	0.21	14.10	46.70	38.99
Huntsville, AL	334	21.06	3.59	2.10	23.58	11.38	39.46	46.11	33.38	40.42	1.85	15.19	46.25	36.72
Mobile, AL	272	17.15	4.02	0.74	19.63	15.07	40.72	34.93	35.63	49.26	0.39	9.49	39.38	50.74
Montgomery, AL	98	6.18	5.82	1.02	15.29	8.16	41.87	45.92	37.01	44.90	1.05	7.11	39.26	52.57
Tuscaloosa, AL	83	5.23	4.09	4.82	12.85	12.05	41.61	34.94	41.45	48.19	1.46	7.77	36.75	54.02
Alabama Non-Metro 2014-2016	28	1.77	2.50	0.00	15.94	10.71	52.57	46.43	28.99	42.86	0.50	8.32	48.39	42.80

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT			Geography: ALABAMA							Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Birmingham-Hoover, AL	152	18.63	5.12	5.26	14.55	10.53	39.14	46.71	41.19	37.50	3.90	10.26	41.55	44.29
Limited-Scope Review:														
Auburn-Opelika, AL	42	5.15	4.39	7.14	15.67	11.90	57.21	57.14	22.73	23.81	1.27	13.38	54.78	30.57
Daphne, AL 2014-2016	63	7.72	0.00	0.00	15.14	15.87	60.08	60.32	24.78	23.81	0.00	14.14	60.73	25.13
Decatur, AL	43	5.27	1.66	0.00	13.52	11.63	50.42	48.84	34.40	39.53	0.98	11.95	54.88	32.20
Huntsville, AL	79	9.68	3.59	1.27	23.58	29.11	39.46	39.24	33.38	30.38	2.94	22.78	47.78	26.50
Mobile, AL	259	31.74	4.02	7.34	19.63	28.19	40.72	32.05	35.63	32.43	3.28	18.28	41.09	37.34
Montgomery, AL	78	9.56	5.82	3.85	15.29	6.41	41.87	53.85	37.01	35.90	7.29	13.08	45.42	34.21
Tuscaloosa, AL	45	5.51	4.09	4.44	12.85	17.78	41.61	44.44	41.45	33.33	2.86	13.33	37.62	46.19
Alabama Non-Metro 2014-2016	55	6.74	2.50	1.82	15.94	34.55	52.57	40.00	28.99	23.64	2.26	11.28	48.87	37.59

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE   Geography: ALABAMA   Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Birmingham-Hoover, AL	670	23.74	5.12	1.04	14.55	4.48	39.14	33.28	41.19	61.19	1.14	6.59	34.38	57.88
Limited-Scope Review:														
Auburn-Opelika, AL	132	4.68	4.39	1.52	15.67	17.42	57.21	46.21	22.73	34.85	1.66	12.44	55.58	30.33
Daphne, AL 2014-2016	190	6.73	0.00	0.00	15.14	8.95	60.08	55.26	24.78	35.79	0.00	9.34	57.95	32.71
Decatur, AL	189	6.70	1.66	0.00	13.52	5.29	50.42	45.50	34.40	49.21	0.49	10.36	48.22	40.94
Huntsville, AL	403	14.28	3.59	1.49	23.58	18.36	39.46	43.92	33.38	36.23	1.48	15.57	42.67	40.27
Mobile, AL	700	24.80	4.02	0.86	19.63	10.86	40.72	34.14	35.63	54.14	1.08	10.41	41.25	47.26
Montgomery, AL	253	8.97	5.82	0.79	15.29	7.11	41.87	47.83	37.01	44.27	1.34	7.38	40.91	50.37
Tuscaloosa, AL	215	7.62	4.09	1.86	12.85	9.30	41.61	35.81	41.45	53.02	1.78	8.56	35.28	54.38
Alabama Non-Metro 2014-2016	70	2.48	2.50	2.86	15.94	20.00	52.57	34.29	28.99	42.86	0.48	9.92	45.04	44.56

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY			Geography: ALABAMA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016					
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Birmingham-Hoover, AL	3	37.50	13.82	0.00	27.89	0.00	30.94	33.33	27.35	66.67	20.00	24.00	33.33	22.67
Limited-Scope Review:														
Auburn-Opelika, AL	2	25.00	23.92	0.00	15.90	50.00	47.00	0.00	13.18	50.00	21.43	21.43	35.71	21.43
Daphne, AL 2014-2016	0	0.00	0.00	0.00	0.96	0.00	67.12	0.00	31.92	0.00	0.00	7.14	78.57	14.29
Decatur, AL	0	0.00	2.17	0.00	44.03	0.00	42.12	0.00	11.69	0.00	0.00	18.18	72.73	9.09
Huntsville, AL	2	25.00	24.82	50.00	33.56	0.00	26.86	0.00	14.77	50.00	33.33	39.39	12.12	15.15
Mobile, AL	0	0.00	6.04	0.00	34.34	0.00	35.50	0.00	24.12	0.00	0.00	15.79	52.63	31.58
Montgomery, AL	0	0.00	14.57	0.00	23.38	0.00	28.35	0.00	33.71	0.00	22.22	22.22	27.78	27.78
Tuscaloosa, AL	0	0.00	17.30	0.00	33.42	0.00	37.21	0.00	12.07	0.00	13.64	22.73	63.64	0.00
Alabama Non-Metro 2014-2016	1	12.50	13.54	0.00	20.15	0.00	46.29	0.00	20.02	100.00	0.00	0.00	100.00	0.00

* Based on 2016 Peer Mortgage Data -- US and PR
** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.
*** Percentage of Multifamily Units is the number of multifamily units in a particular geography divided by the number of multifamily housing units in the area based on 2010 Census information.
**** Multifamily loan distribution includes Home Purchases, Home Improvement, and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: ALABAMA								Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016			
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Birmingham-Hoover, AL	1,365	18.88	8.78	10.26	16.57	13.92	31.89	34.73	42.75	41.10	7.54	12.94	28.08	51.44
Limited-Scope Review:														
Auburn-Opelika, AL	222	3.07	3.88	3.15	17.71	15.77	59.15	59.91	19.26	21.17	2.75	14.95	59.34	22.96
Daphne, AL 2014-2016	829	11.47	0.00	0.00	9.82	7.36	69.35	71.65	20.83	20.99	0.00	9.27	65.65	25.08
Decatur, AL	353	4.88	1.33	0.00	22.64	30.59	49.13	45.89	26.89	23.51	1.19	21.42	45.76	31.62
Huntsville, AL	804	11.12	10.70	6.09	25.52	16.29	32.97	40.80	30.81	36.82	10.65	17.80	31.93	39.62
Mobile, AL	2,637	36.47	6.47	5.35	21.54	22.37	33.77	28.48	37.99	43.80	6.76	19.30	31.10	42.84
Montgomery, AL	398	5.50	15.69	8.79	14.68	9.80	31.85	37.19	37.78	44.22	12.42	12.37	27.30	47.91
Tuscaloosa, AL	438	6.06	7.96	7.31	23.64	30.37	36.63	29.68	31.77	32.65	6.34	24.22	33.85	35.59
Alabama Non-Metro 2014-2016	184	2.55	5.13	5.43	20.89	17.93	50.38	35.87	23.60	40.76	3.18	20.73	48.95	27.14

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS			Geography: ALABAMA							Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Birmingham-Hoover, AL	0	0.00	3.57	0.00	10.71	0.00	39.17	0.00	46.47	0.00	1.45	15.94	57.97	24.64
Limited-Scope Review:														
Auburn-Opelika, AL	1	4.76	2.27	0.00	19.55	0.00	60.45	100.00	17.73	0.00	0.00	28.57	67.86	3.57
Daphne, AL 2014-2016	0	0.00	0.00	0.00	22.55	0.00	60.96	0.00	16.49	0.00	0.00	36.84	50.88	12.28
Decatur, AL	6	28.57	1.26	0.00	7.98	0.00	60.08	66.67	30.67	33.33	0.00	0.00	94.59	5.41
Huntsville, AL	7	33.33	4.96	0.00	26.45	85.71	47.34	14.29	21.25	0.00	0.00	32.81	55.47	11.72
Mobile, AL	6	28.57	3.54	0.00	14.17	0.00	43.54	66.67	38.54	33.33	0.00	9.38	50.00	40.63
Montgomery, AL	1	4.76	3.19	0.00	9.75	0.00	50.35	100.00	36.70	0.00	1.45	10.14	59.42	28.99
Tuscaloosa, AL	0	0.00	1.29	0.00	14.24	0.00	39.48	0.00	44.98	0.00	0.00	30.43	30.43	39.13
Alabama Non-Metro 2014-2016	0	0.00	0.84	0.00	19.55	0.00	49.16	0.00	30.45	0.00	0.00	25.81	50.00	24.19

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE			Geography: ALABAMA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016					
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Birmingham-Hoover, AL	520	32.79	21.06	9.52	16.55	31.15	19.07	23.21	43.32	36.11	7.26	21.58	26.10	45.05
Limited-Scope Review:														
Auburn-Opelika, AL	60	3.78	23.15	13.56	16.33	28.81	20.79	20.34	39.73	37.29	5.20	18.32	24.73	51.75
Daphne, AL 2014-2016	115	7.25	19.39	8.18	18.64	19.09	21.54	22.73	40.43	50.00	4.26	16.68	23.79	55.27
Decatur, AL	76	4.79	20.70	9.33	17.18	30.67	19.99	29.33	42.12	30.67	10.10	25.26	25.19	39.44
Huntsville, AL	334	21.06	22.84	13.03	16.80	30.00	18.52	26.06	41.84	30.91	12.67	23.51	24.42	39.40
Mobile, AL	272	17.15	23.24	10.11	16.71	22.10	19.49	25.09	40.56	42.70	4.40	22.28	28.95	44.37
Montgomery, AL	98	6.18	23.03	9.57	16.32	26.60	18.61	26.60	42.04	37.23	9.70	25.07	26.24	39.00
Tuscaloosa, AL	83	5.23	19.84	8.43	16.14	26.51	19.79	25.30	44.23	39.76	4.73	24.30	26.35	44.62
Alabama Non-Metro 2014-2016	28	1.77	24.10	7.41	16.25	37.04	18.19	37.04	41.46	18.52	4.81	18.89	23.05	53.25

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 2.1% of loans originated and purchased by PNC.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT | Geography: ALABAMA | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Birmingham-Hoover, AL	152	18.63	21.06	9.21	16.55	21.05	19.07	25.00	43.32	44.74	11.16	16.47	24.67	47.70
Limited-Scope Review:														
Auburn-Opelika, AL	42	5.15	23.15	16.67	16.33	16.67	20.79	26.19	39.73	40.48	5.56	12.50	24.31	57.64
Daphne, AL 2014-2016	63	7.72	19.39	4.76	18.64	17.46	21.54	30.16	40.43	47.62	12.22	18.06	21.94	47.78
Decatur, AL	43	5.27	20.70	12.20	17.18	17.07	19.99	29.27	42.12	41.46	10.69	24.68	28.50	36.13
Huntsville, AL	79	9.68	22.84	13.92	16.80	27.85	18.52	26.58	41.84	31.65	17.01	25.78	25.03	32.18
Mobile, AL	259	31.74	23.24	14.29	16.71	20.85	19.49	27.41	40.56	37.45	10.47	16.94	23.92	48.67
Montgomery, AL	78	9.56	23.03	14.10	16.32	19.23	18.61	25.64	42.04	41.03	14.11	19.15	24.40	42.34
Tuscaloosa, AL	45	5.51	19.84	13.33	16.14	33.33	19.79	15.56	44.23	37.78	2.82	19.77	24.86	52.54
Alabama Non-Metro 2014-2016	55	6.74	24.10	16.36	16.25	20.00	18.19	29.09	41.46	34.55	11.20	17.20	24.00	47.60

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 0.3% of loans originated and purchased by PNC.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE | Geography: ALABAMA | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Birmingham-Hoover, AL	670	23.74	21.06	6.97	16.55	13.64	19.07	21.52	43.32	57.88	7.19	14.66	22.10	56.05
Limited-Scope Review:														
Auburn-Opelika, AL	132	4.68	23.15	6.15	16.33	20.77	20.79	22.31	39.73	50.77	6.13	12.26	22.84	58.77
Daphne, AL 2014-2016	190	6.73	19.39	8.42	18.64	18.95	21.54	21.05	40.43	51.58	5.66	15.30	21.47	57.57
Decatur, AL	189	6.70	20.70	6.99	17.18	12.90	19.99	27.42	42.12	52.69	8.14	18.57	24.86	48.43
Huntsville, AL	403	14.28	22.84	11.11	16.80	17.42	18.52	25.00	41.84	46.46	9.83	18.33	21.66	50.18
Mobile, AL	700	24.80	23.24	6.36	16.71	10.98	19.49	22.25	40.56	60.40	7.09	14.98	23.28	54.66
Montgomery, AL	253	8.97	23.03	9.64	16.32	18.07	18.61	28.51	42.04	43.78	8.73	15.67	25.31	50.29
Tuscaloosa, AL	215	7.62	19.84	3.76	16.14	15.02	19.79	28.17	44.23	53.05	5.38	14.54	22.95	57.13
Alabama Non-Metro 2014-2016	70	2.48	24.10	11.43	16.25	24.29	18.19	25.71	41.46	38.57	5.17	11.03	23.20	60.60

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 1.4% of loans originated and purchased by PNC.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES Geography: ALABAMA Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of $1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $1,000,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Birmingham-Hoover, AL	1,365	18.88	80.00	53.63	72.45	11.79	15.75	19,048	8,745
Limited-Scope Review:									
Auburn-Opelika, AL	222	3.07	80.22	56.31	82.88	9.46	7.66	2,063	1,009
Daphne, AL 2014-2016	829	11.47	83.42	53.92	92.52	4.83	2.65	4,754	2,296
Decatur, AL	353	4.88	78.45	50.42	90.08	6.52	3.40	1,722	846
Huntsville, AL	804	11.12	81.21	43.03	89.18	5.97	4.85	8,255	3,724
Mobile, AL	2,637	36.47	78.32	35.12	83.35	8.87	7.77	7,604	3,360
Montgomery, AL	398	5.50	78.35	39.70	93.22	4.52	2.26	5,870	2,700
Tuscaloosa, AL	438	6.06	81.39	29.91	89.27	5.71	5.02	2,932	1,325
Alabama Non-Metro 2014-2016	184	2.55	79.55	60.87	91.85	5.98	2.17	1,739	831

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Businesses with revenues of $1 million or less as a percentage of all businesses (Source D&B - 2016).
**** Small loans to businesses with revenues of $1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 39.18% of small loans to businesses originated and purchased by PNC.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: ALABAMA			Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of $1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
	#	% of Total**	% of Farms***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $500,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Birmingham-Hoover, AL	0	0.00	94.69	0.00	0.00	0.00	0.00	70	26
Limited-Scope Review:									
Auburn-Opelika, AL	1	4.76	95.00	0.00	0.00	100.00	0.00	28	11
Daphne, AL 2014-2016	0	0.00	93.95	0.00	0.00	0.00	0.00	58	11
Decatur, AL	6	28.57	95.80	100.00	50.00	50.00	0.00	37	18
Huntsville, AL	7	33.33	95.63	57.14	28.57	14.29	57.14	128	55
Mobile, AL	6	28.57	95.21	50.00	100.00	0.00	0.00	32	11
Montgomery, AL	1	4.76	94.68	100.00	100.00	0.00	0.00	69	42
Tuscaloosa, AL	0	0.00	97.41	0.00	0.00	0.00	0.00	23	11
Alabama Non-Metro 2014-2016	0	0.00	94.13	0.00	0.00	0.00	0.00	62	19

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Farms with revenues of $1 million or less as a percentage of all farms (Source D&B - 2016).
**** Small loans to farms with revenues of $1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 19.05% of small loans to farms originated and purchased by PNC.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS			Geography: ALABAMA				Evaluation Period: JULY 9, 2012 TO DECEMBER 31, 2016		
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	$ (000's)	#	$ (000's)	#	$ (000's)	% of Total	#	$ (000's)
Full-Scope Review:									
Birmingham-Hoover, AL	0	0	88	5,480,594	88	5,480,594	5.94	0	0
Limited-Scope Review:									
Auburn-Opelika, AL	0	0	4	52,800	4	52,800	0.06	0	0
Daphne-Fairhope-Foley, AL	0	0	11	1,541,867	11	1,541,867	1.67	0	0
Decatur, AL	0	0	4	823,615	4	823,615	0.89	0	0
Huntsville, AL	0	0	13	12,662,324	13	12,662,324	13.73	0	0
Mobile, AL	0	0	56	13,765,668	56	13,765,668	14.93	0	0
Montgomery, AL	0	0	4	685,669	4	685,669	0.74	0	0
Tuscaloosa, AL	0	0	11	6,618,673	11	6,618,673	7.18	0	0
Alabama Non-Metro	0	0	14	12,346,453	14	12,346,453	13.39	0	0
Alabama State/Regional	0	0	7	38,225,149	7	38,225,149	41.46	0	0

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.
** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS							Geography: ALABAMA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016			
	Deposits	Branches						Branch Openings/Closings						Population			
Assessment Area:	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope Review:																	
Birmingham-Hoover, AL	30.11	16	23.19	6.25	18.75	43.75	31.25	0	1	0	0	0	-1	8.28	17.40	37.15	37.16
Limited-Scope Review:																	
Auburn-Opelika, AL	4.55	4	5.80	0.00	25.00	50.00	25.00	0	0	0	0	0	0	5.92	15.01	58.46	20.60
Daphne-Fairhope-Foley, AL	13.17	10	14.49	0.00	0.00	90.00	10.00	0	0	0	0	0	0	0.00	14.94	63.79	21.27
Decatur AL	5.21	3	4.35	0.00	33.33	33.33	33.33	0	1	0	0	-1	0	2.95	18.92	48.36	29.77
Huntsville, AL	9.39	8	11.59	0.00	12.50	62.50	25.00	0	3	0	-2	0	-1	8.34	25.71	36.81	29.14
Mobile, AL	23.47	15	21.74	6.67	20.00	40.00	33.33	0	2	0	-1	0	-1	6.34	23.70	39.08	30.70
Montgomery, AL	4.19	6	8.70	0.00	16.67	16.67	66.67	0	0	0	0	0	0	10.00	16.47	40.30	33.23
Tuscaloosa, AL	5.72	3	4.35	33.33	33.33	0.00	33.33	0	1	0	-1	0	0	10.75	18.27	38.55	32.42
Alabama Non-Metro	4.18	4	5.80	0.00	50.00	50.00	0.00	0	1	0	0	-1	0	4.95	20.10	48.58	26.37

Table 1. Lending Volume

LENDING VOLUME		Geography: DELAWARE						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:												
Dover, DE	100.00	699	81,948	1,197	70,330	35	4,230	1	2,000	1,932	158,508	100.00

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Community Development Loans is from July 9, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME						Geography: DELAWARE								Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:														
Dover, DE	100.00	12	2,388	12	2,388	0	0	0	0	0	0	0	0	100.00

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE			Geography: DELAWARE						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016					
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Dover, DE	116	100.00	0.00	0.00	9.18	5.17	75.28	80.17	15.53	14.66	0.00	7.27	79.28	13.46

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT Geography: DELAWARE Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Dover, DE	200	100.00	0.00	0.00	9.18	10.00	75.28	73.00	15.53	17.00	0.00	6.74	79.03	14.23

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE	Geography: DELAWARE										Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Dover, DE	382	100.00	0.00	0.00	9.18	9.69	75.28	68.32	15.53	21.99	0.00	7.07	76.90	16.03

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY			Geography: DELAWARE						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016					
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Dover, DE	1	100.00	0.00	0.00	28.34	0.00	65.00	100.00	6.66	0.00	0.00	33.33	66.67	0.00

* Based on 2016 Peer Mortgage Data -- US and PR
** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.
*** Percentage of Multifamily Units is the number of multifamily units in a particular geography divided by the number of multifamily housing units in the area based on 2010 Census information.
**** Multifamily loan distribution includes Home Purchases, Home Improvement, and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: DELAWARE						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016					
	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
Assessment Area:	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Dover, DE	1,197	100.00	0.00	0.00	21.19	22.72	64.51	62.16	14.29	15.12	0.00	19.52	65.30	15.17

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS			Geography: DELAWARE							Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
Assessment Area:	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Dover, DE	35	100.00	0.00	0.00	8.35	17.14	77.22	54.29	14.43	28.57	0.00	13.85	80.00	6.15

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE			Geography: DELAWARE						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016					
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Dover, DE	116	100.00	18.74	5.22	18.41	28.70	23.27	31.30	39.59	34.78	6.05	25.97	33.36	34.62

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 0.9% of loans originated and purchased by PNC.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: DELAWARE						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Dover, DE	200	100.00	18.74	9.00	18.41	28.00	23.27	24.50	39.59	38.50	8.57	15.92	29.39	46.12

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by PNC.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: DELAWARE				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Dover, DE	382	100.00	18.74	7.47	18.41	20.53	23.27	23.73	39.59	48.27	5.28	20.31	28.30	46.11

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 1.8% of loans originated and purchased by PNC.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES			Geography: DELAWARE		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of $1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $1,000,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Dover, DE	1,197	100.00	81.88	70.09	90.56	6.02	3.43	2,704	1,246

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Businesses with revenues of $1 million or less as a percentage of all businesses (Source D&B - 2016).
**** Small loans to businesses with revenues of $1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 12.70% of small loans to businesses originated and purchased by PNC.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS			Geography: DELAWARE		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of $1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
	#	% of Total**	% of Farms***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $500,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Dover, DE	35	100.00	96.87	48.57	62.86	22.86	14.29	66	20

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Farms with revenues of $1 million or less as a percentage of all farms (Source D&B - 2016).
**** Small loans to farms with revenues of $1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 28.57% of small loans to farms originated and purchased by PNC.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS			Geography: DELAWARE					Evaluation Period: JULY 9, 2012 TO DECEMBER 31, 2016	
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	$ (000's)	#	$ (000's)	#	$ (000's)	% of Total	#	$ (000's)
Full-Scope Review:									
Dover, DE	0	0	23	2,073	23	2,073	4.84	0	0
Delaware State/Regional	2	2,340	21	38,394	23	40,734	95.16	0	0

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.
** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS									Geography: DELAWARE						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016			
	Deposits	Branches							Branch Openings/Closings						Population			
Assessment Area:	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)					# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope Review:																		
Dover, DE	100	4	100.0	0.00	25.00	50.00	25.00		0	1	0	-1	0	0	0.00	12.17	73.74	14.09

Table 1. Lending Volume

LENDING VOLUME		Geography: FLORIDA							Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016			
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:												
Miami-Ft Lauderdale-West Palm Beach, FL	37.46	5,832	1,635,303	10,816	819,859	77	11,561	50	155,497	16,775	2,622,220	44.78
Limited-Scope Review:												
Cape Coral-Fort Myers, FL	3.06	1,033	222,117	332	30,582	2	90	4	3,416	1,371	256,205	1.10
Deltona-Daytona Beach-Ormond Beach, FL 2014-2016	3.59	788	118,925	818	38,613	0	0	1	8,000	1,607	165,538	5.93
Gainesville, FL	1.53	406	87,954	264	18,073	14	3,062	2	125	686	109,214	0.70
Jacksonville, FL	1.61	634	172,231	82	9,133	1	150	4	35,694	721	217,208	0.00
Naples-Immokalee-Marco Island, FL	3.19	962	362,892	464	42,591	0	0	2	22,550	1,428	428,033	3.67
North Port-Sarasota-Bradenton, FL	5.10	1,147	305,174	1,114	85,020	19	2,020	3	110,000	2,283	502,214	4.68
Ocala, FL	0.69	208	23,375	92	5,614	6	155	1	63	307	29,207	0.19
Orlando-Kissimmee-Sanford, FL	9.86	1,913	586,124	2,441	204,101	53	8,084	7	66,638	4,414	864,947	7.56
Palm Bay-Melbourne-Titusville, FL	6.15	1,166	184,186	1,585	131,530	0	0	3	16,068	2,754	331,784	5.42
Port St Lucie, FL	9.52	2,000	264,211	2,225	163,948	28	5,469	9	10,264	4,262	443,892	8.58
Punta Gorda, FL	0.56	184	38,279	68	3,629	0	0	0	0	252	41,908	0.00
Sebastian-Vero Beach, FL	5.67	1,374	204,866	1,143	93,422	16	2,412	7	1,180	2,540	301,880	7.28
Tampa-St Petersburg-Clearwater FL	11.40	2,068	521,202	3,013	249,500	9	1,234	14	228,705	5,104	1,000,641	9.49
Florida Non-Metro	0.61	123	8,930	124	4,683	28	3,661	0	0	275	17,274	0.61
Statewide/Regional	NA	NA	NA	NA	NA	NA	NA	3	9,960	NA	NA	NA

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Community Development Loans is from July 9, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME					Geography: FLORIDA					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:														
Miami-Ft Lauderdale-West Palm Beach, FL	37.46	41	15,780	41	15,780	0	0	0	0	0	0	0	0	44.78
Limited-Scope Review:														
Cape Coral-Fort Myers, FL	3.06	0	0	0	0	0	0	0	0	0	0	0	0	1.10
Deltona-Daytona Beach-Ormond Beach, FL 2014-2016	3.59	9	1,056	9	1,056	0	0	0	0	0	0	0	0	5.93
Gainesville, FL	1.53	5	617	5	617	0	0	0	0	0	0	0	0	0.70
Jacksonville, FL	1.61	1	48	1	48	0	0	0	0	0	0	0	0	0.00
Naples-Immokalee-Marco Island, FL	3.19	5	1,337	5	1,337	0	0	0	0	0	0	0	0	3.67
North Port-Sarasota-Bradenton, FL	5.10	7	2,983	7	2,983	0	0	0	0	0	0	0	0	4.68
Ocala, FL	0.69	4	708	4	708	0	0	0	0	0	0	0	0	0.19
Orlando-Kissimmee-Sanford, FL	9.86	16	2,642	16	2,642	0	0	0	0	0	0	0	0	7.56
Palm Bay-Melbourne-Titusville, FL	6.15	6	1,954	6	1,954	0	0	0	0	0	0	0	0	5.42
Port St Lucie, FL	9.52	5	1,581	5	1,581	0	0	0	0	0	0	0	0	8.58
Punta Gorda, FL	0.56	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Sebastian-Vero Beach, FL	5.67	8	1,379	8	1,379	0	0	0	0	0	0	0	0	7.28
Tampa-St Petersburg-Clearwater FL	11.40	14	2,634	14	2,634	0	0	0	0	0	0	0	0	9.49
Florida Non-Metro	0.61	0	0	0	0	0	0	0	0	0	0	0	0	0.61

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Optional Product Line(s) is from January 01, 2014 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE			Geography: FLORIDA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016					
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Miami-Ft Lauderdale-West Palm Beach, FL	2,077	24.62	2.06	2.17	23.11	13.58	36.26	34.91	38.56	49.35	1.34	18.79	38.90	40.97
Limited-Scope Review:														
Cape Coral-Fort Myers, FL	600	7.11	1.32	0.50	14.17	8.17	55.62	42.67	28.89	48.67	1.71	13.09	55.18	30.03
Deltona-Daytona Beach-Ormond Beach, FL 2014-2016	393	4.66	1.08	0.76	14.00	8.91	58.30	56.74	26.62	33.59	0.29	11.01	57.28	31.41
Gainesville, FL	301	3.57	5.13	4.32	15.00	7.64	30.76	21.93	49.11	66.11	4.28	10.86	30.79	54.07
Jacksonville, FL	359	4.26	4.76	0.56	20.61	10.31	42.35	35.38	32.28	53.76	1.43	16.48	44.33	37.77
Naples-Immokalee-Marco Island, FL	538	6.38	2.40	0.37	16.42	10.97	46.03	47.58	35.15	41.08	2.10	14.38	56.04	27.48
North Port-Sarasota-Bradenton, FL	664	7.87	1.26	0.00	20.07	7.38	48.99	51.36	29.68	41.27	0.44	12.48	50.41	36.67
Ocala, FL	109	1.29	0.00	0.00	13.04	5.50	73.07	83.49	13.89	11.01	0.00	9.50	76.52	13.98
Orlando-Kissimmee-Sanford, FL	565	6.70	0.48	0.18	20.03	11.86	43.78	41.06	35.71	46.90	0.21	16.76	45.56	37.47
Palm Bay-Melbourne-Titusville, FL	361	4.28	1.18	0.83	18.83	21.61	46.92	42.11	33.06	35.46	0.53	15.52	47.66	36.29
Port St Lucie, FL	666	7.89	1.02	0.00	14.71	9.31	57.46	66.22	26.81	24.47	0.24	7.93	63.79	28.03
Punta Gorda, FL	114	1.35	0.00	0.00	6.26	1.75	76.48	80.70	17.26	17.54	0.00	5.65	79.16	15.19
Sebastian-Vero Beach, FL	778	9.22	1.08	0.77	11.88	7.46	58.73	67.61	28.31	24.16	0.63	9.33	66.43	23.61
Tampa-St Petersburg-Clearwater FL	880	10.43	1.93	1.25	21.38	15.23	42.13	39.77	34.56	43.75	1.48	15.75	41.73	41.04
Florida Non-Metro	31	0.37	0.00	0.00	26.94	25.81	57.21	58.06	15.85	16.13	0.00	32.14	50.82	17.03

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT | Geography: FLORIDA | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Miami-Ft Lauderdale-West Palm Beach, FL	703	32.62	2.06	2.13	23.11	16.64	36.26	31.58	38.56	49.64	1.45	16.75	32.58	49.22
Limited-Scope Review:														
Cape Coral-Fort Myers, FL	58	2.69	1.32	0.00	14.17	12.07	55.62	56.90	28.89	31.03	0.39	11.87	58.66	29.09
Deltona-Daytona Beach-Ormond Beach, FL 2014-2016	125	5.80	1.08	0.80	14.00	14.40	58.30	56.80	26.62	28.00	1.04	13.07	58.51	27.39
Gainesville, FL	15	0.70	5.13	6.67	15.00	6.67	30.76	6.67	49.11	80.00	3.98	11.44	25.87	58.71
Jacksonville, FL	39	1.81	4.76	2.56	20.61	10.26	42.35	51.28	32.28	35.90	2.93	15.20	43.61	38.26
Naples-Immokalee-Marco Island, FL	46	2.13	2.40	0.00	16.42	8.70	46.03	47.83	35.15	43.48	1.46	12.17	58.88	27.49
North Port-Sarasota-Bradenton, FL	90	4.18	1.26	1.11	20.07	17.78	48.99	47.78	29.68	33.33	0.34	17.22	50.73	31.71
Ocala, FL	25	1.16	0.00	0.00	13.04	0.00	73.07	92.00	13.89	8.00	0.00	11.00	71.28	17.72
Orlando-Kissimmee-Sanford, FL	183	8.49	0.48	0.55	20.03	12.57	43.78	52.46	35.71	34.43	0.28	15.49	41.66	42.57
Palm Bay-Melbourne-Titusville, FL	168	7.80	1.18	0.60	18.83	19.05	46.92	44.64	33.06	35.71	0.57	16.61	41.92	40.89
Port St Lucie, FL	299	13.87	1.02	0.33	14.71	10.70	57.46	74.92	26.81	14.05	0.11	8.70	65.09	26.10
Punta Gorda, FL	19	0.88	0.00	0.00	6.26	0.00	76.48	84.21	17.26	15.79	0.00	3.92	83.92	12.16
Sebastian-Vero Beach, FL	111	5.15	1.08	0.00	11.88	11.71	58.73	63.96	28.31	24.32	0.82	5.35	66.26	27.57
Tampa-St Petersburg-Clearwater FL	249	11.55	1.93	1.61	21.38	16.87	42.13	46.18	34.56	35.34	1.64	17.63	39.79	40.93
Florida Non-Metro	25	1.16	0.00	0.00	26.94	36.00	57.21	52.00	15.85	12.00	0.00	26.25	56.25	17.50

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE   Geography: FLORIDA   Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Miami-Ft Lauderdale-West Palm Beach, FL	3,034	33.06	2.06	1.15	23.11	12.16	36.26	31.38	38.56	55.31	0.84	13.22	34.16	51.78
Limited-Scope Review:														
Cape Coral-Fort Myers, FL	370	4.03	1.32	0.81	14.17	6.22	55.62	44.32	28.89	48.65	0.56	10.42	55.90	33.12
Deltona-Daytona Beach-Ormond Beach, FL 2014-2016	269	2.93	1.08	0.00	14.00	12.27	58.30	56.51	26.62	31.23	0.17	9.86	58.17	31.80
Gainesville, FL	89	0.97	5.13	1.12	15.00	12.36	30.76	33.71	49.11	52.81	3.02	10.58	27.14	59.27
Jacksonville, FL	230	2.51	4.76	0.87	20.61	11.74	42.35	46.09	32.28	41.30	1.20	12.66	42.96	43.18
Naples-Immokalee-Marco Island, FL	373	4.06	2.40	0.27	16.42	8.85	46.03	45.04	35.15	45.84	1.34	12.05	52.30	34.31
North Port-Sarasota-Bradenton, FL	391	4.26	1.26	0.00	20.07	8.95	48.99	36.06	29.68	54.99	0.29	10.92	50.94	37.86
Ocala, FL	74	0.81	0.00	0.00	13.04	14.86	73.07	70.27	13.89	14.86	0.00	8.84	73.79	17.36
Orlando-Kissimmee-Sanford, FL	1,149	12.52	0.48	0.44	20.03	13.23	43.78	43.86	35.71	42.47	0.23	12.84	42.23	44.70
Palm Bay-Melbourne-Titusville, FL	632	6.89	1.18	0.16	18.83	17.41	46.92	45.57	33.06	36.87	0.45	11.77	46.16	41.62
Port St Lucie, FL	1,034	11.27	1.02	0.10	14.71	10.64	57.46	68.86	26.81	20.41	0.07	5.87	64.36	29.70
Punta Gorda, FL	50	0.54	0.00	0.00	6.26	4.00	76.48	76.00	17.26	20.00	0.00	3.58	78.79	17.63
Sebastian-Vero Beach, FL	485	5.28	1.08	0.62	11.88	6.19	58.73	62.68	28.31	30.52	0.48	7.60	61.37	30.55
Tampa-St Petersburg-Clearwater FL	931	10.14	1.93	0.32	21.38	14.07	42.13	37.92	34.56	47.69	0.98	12.29	40.17	46.56
Florida Non-Metro	67	0.73	0.00	0.00	26.94	26.87	57.21	55.22	15.85	17.91	0.00	21.99	55.32	22.70

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY Geography: FLORIDA Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Miami-Ft Lauderdale-West Palm Beach, FL	17	25.76	6.60	11.76	31.96	23.53	35.85	29.41	25.59	35.29	11.77	39.76	31.35	17.13
Limited-Scope Review:														
Cape Coral-Fort Myers, FL	4	6.06	7.80	75.00	15.02	25.00	39.74	0.00	37.44	0.00	5.17	31.03	46.55	17.24
Deltona-Daytona Beach-Ormond Beach, FL 2014-2016	1	1.52	7.36	0.00	25.34	0.00	38.66	100.00	28.65	0.00	7.69	33.33	46.15	12.82
Gainesville, FL	1	1.52	39.24	100.00	21.25	0.00	19.77	0.00	19.74	0.00	34.48	27.59	31.03	6.90
Jacksonville, FL	6	9.09	7.19	0.00	35.26	50.00	32.41	50.00	25.14	0.00	8.16	26.53	44.90	20.41
Naples-Immokalee-Marco Island, FL	5	7.56	3.02	0.00	13.85	40.00	39.45	40.00	43.68	20.00	11.11	22.22	33.33	33.33
North Port-Sarasota-Bradenton, FL	2	3.03	2.20	0.00	18.61	0.00	38.67	50.00	40.52	50.00	11.36	31.82	40.91	15.91
Ocala, FL	0	0.00	0.00	0.00	25.93	0.00	45.07	0.00	29.00	0.00	0.00	40.00	40.00	20.00
Orlando-Kissimmee-Sanford, FL	15	22.73	1.83	6.67	41.59	73.33	39.49	13.33	17.08	6.67	0.88	47.79	30.09	21.24
Palm Bay-Melbourne-Titusville, FL	5	7.56	5.84	20.00	24.02	20.00	44.56	60.00	25.58	0.00	20.69	37.93	27.59	13.79
Port St Lucie, FL	1	1.52	1.24	0.00	19.26	0.00	41.19	0.00	38.31	100.00	0.00	64.29	35.71	0.00
Punta Gorda, FL	1	1.52	0.00	0.00	10.92	0.00	69.38	100.00	19.69	0.00	0.00	14.29	85.71	0.00
Sebastian-Vero Beach, FL	0	0.00	5.15	0.00	12.59	0.00	44.81	0.00	37.45	0.00	9.09	9.09	81.82	0.00
Tampa-St Petersburg-Clearwater FL	8	12.12	4.27	0.00	28.11	25.00	37.16	25.00	30.47	50.00	6.10	26.83	37.40	29.67
Florida Non-Metro	0	0.00	0.00	0.00	38.63	0.00	54.21	0.00	7.17	0.00	0.00	0.00	0.00	0.00

* Based on 2016 Peer Mortgage Data -- US and PR
** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.
*** Percentage of Multifamily Units is the number of multifamily units in a particular geography divided by the number of multifamily housing units in the area based on 2010 Census information.
**** Multifamily loan distribution includes Home Purchases, Home Improvement, and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES Geography: FLORIDA Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Miami-Ft Lauderdale-West Palm Beach, FL	10,791	44.10	3.38	5.67	21.79	23.66	30.26	31.09	43.71	39.58	3.25	20.73	28.79	47.23
Limited-Scope Review:														
Cape Coral-Fort Myers, FL	332	1.36	3.62	0.90	14.68	11.45	51.54	50.90	30.01	36.75	3.01	12.32	47.73	36.94
Deltona-Daytona Beach-Ormond Beach, FL 2014-2016	818	3.34	2.89	2.44	19.04	16.75	50.32	50.73	27.75	30.07	3.10	18.62	47.34	30.95
Gainesville, FL	264	1.08	11.02	6.44	17.45	17.05	29.02	28.03	42.50	48.48	9.22	17.88	27.95	44.95
Jacksonville, FL	82	0.34	5.20	8.54	24.87	14.63	37.14	32.93	32.79	43.90	4.98	23.06	33.86	38.10
Naples-Immokalee-Marco Island, FL	464	1.90	2.71	1.08	13.17	7.54	41.93	36.64	42.19	54.74	1.72	10.98	42.27	45.03
North Port-Sarasota-Bradenton, FL	1,114	4.55	1.48	0.99	20.48	13.91	42.50	36.62	35.54	48.47	1.33	18.74	40.09	39.84
Ocala, FL	92	0.38	0.00	0.00	18.18	19.57	54.12	45.65	27.71	34.78	0.00	18.09	52.83	29.08
Orlando-Kissimmee-Sanford, FL	2,441	9.98	0.65	0.66	23.46	20.89	38.50	41.54	37.38	36.91	0.61	20.98	36.73	41.68
Palm Bay-Melbourne-Titusville, FL	1,585	6.48	1.88	1.96	22.32	27.32	41.89	39.12	33.87	31.61	1.73	23.35	39.94	34.99
Port St Lucie, FL	2,215	9.05	1.73	1.67	18.90	23.21	52.33	53.18	26.91	21.94	1.47	19.36	48.08	31.09
Punta Gorda, FL	68	0.29	0.00	0.00	6.71	13.24	79.12	73.53	14.17	13.24	0.00	5.78	79.05	15.17
Sebastian-Vero Beach, FL	1,134	4.63	5.16	7.14	8.93	8.11	55.52	57.67	30.17	27.07	7.24	8.88	54.14	29.74
Tampa-St Petersburg-Clearwater FL	3,012	12.31	2.99	2.79	20.59	22.51	37.55	43.69	38.73	31.01	3.47	19.95	37.56	39.02
Florida Non-Metro	124	0.51	0.00	0.00	19.61	23.39	61.22	67.74	19.17	8.87	0.00	17.36	64.65	17.99

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS			Geography: FLORIDA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016							
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Miami-Ft Lauderdale-West Palm Beach, FL	77	30.43	2.98	15.58	22.67	10.39	31.57	16.88	42.48	57.14	2.29	13.14	20.57	64.00
Limited-Scope Review:														
Cape Coral-Fort Myers, FL	2	0.79	1.49	0.00	17.55	100.00	55.12	0.00	25.76	0.00	0.00	8.16	46.94	44.90
Deltona-Daytona Beach-Ormond Beach, FL 2014-2016	0	0.00	1.41	0.00	16.46	0.00	55.53	0.00	26.59	0.00	2.44	12.20	51.22	34.15
Gainesville, FL	14	5.53	4.02	0.00	11.10	0.00	45.37	71.43	39.51	28.57	0.00	0.00	54.84	45.16
Jacksonville, FL	1	0.40	4.43	0.00	20.14	0.00	42.88	100.00	32.55	0.00	3.23	9.68	41.94	45.16
Naples-Immokalee-Marco Island, FL	0	0.00	5.66	0.00	18.60	0.00	49.62	0.00	26.12	0.00	19.35	29.03	22.58	29.03
North Port-Sarasota-Bradenton, FL	19	7.51	1.67	0.00	17.90	0.00	46.67	68.42	33.76	31.58	0.00	18.31	45.07	36.62
Ocala, FL	6	2.37	0.00	0.00	15.30	0.00	59.46	100.00	25.24	0.00	0.00	8.22	57.53	34.25
Orlando-Kissimmee-Sanford, FL	53	20.95	0.64	0.00	19.70	16.98	46.49	56.60	33.09	26.42	0.00	13.04	50.31	36.65
Palm Bay-Melbourne-Titusville, FL	0	0.00	1.56	0.00	22.33	0.00	45.03	0.00	31.08	0.00	0.00	19.35	32.26	48.39
Port St Lucie, FL	28	11.07	1.38	0.00	22.89	50.00	50.19	14.29	25.53	35.71	0.00	30.19	33.96	35.85
Punta Gorda, FL	0	0.00	0.00	0.00	6.49	0.00	75.61	0.00	17.89	0.00	0.00	0.00	33.33	66.67
Sebastian-Vero Beach, FL	16	6.32	2.61	0.00	16.86	0.00	61.44	50.00	18.82	50.00	0.00	21.43	46.43	32.14
Tampa-St Petersburg-Clearwater FL	9	3.56	2.44	0.00	22.14	11.11	41.82	0.00	33.60	88.89	2.84	18.44	38.30	40.43
Florida Non-Metro	28	11.07	0.00	0.00	22.43	7.14	44.49	57.14	33.09	35.71	0.00	18.75	56.25	25.00

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE Geography: FLORIDA Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Miami-Ft Lauderdale-West Palm Beach, FL	2,078	24.63	22.42	5.24	17.35	14.51	18.93	18.89	41.30	61.36	2.05	12.76	22.89	62.30
Limited-Scope Review:														
Cape Coral-Fort Myers, FL	601	7.12	18.96	2.05	18.96	10.94	21.42	17.09	40.66	69.91	3.21	17.00	22.44	57.34
Deltona-Daytona Beach-Ormond Beach, FL 2014-2016	393	4.66	19.73	4.43	18.20	15.36	21.95	25.00	40.12	55.21	3.65	18.37	26.16	51.82
Gainesville, FL	301	3.57	22.83	7.07	17.10	18.52	18.04	26.94	42.03	47.47	4.06	17.15	24.42	54.37
Jacksonville, FL	359	4.25	23.20	8.66	18.23	20.00	21.81	21.19	36.76	50.15	9.02	25.49	27.80	37.69
Naples-Immokalee-Marco Island, FL	538	6.38	21.14	1.72	18.31	9.58	19.04	15.52	41.50	73.18	1.64	11.89	18.92	67.55
North Port-Sarasota-Bradenton, FL	664	7.87	19.55	3.55	19.05	13.12	20.92	18.67	40.47	64.66	3.01	16.05	22.83	58.11
Ocala, FL	109	1.29	18.09	1.83	19.80	18.35	22.83	30.28	39.28	49.54	4.10	18.98	27.32	49.60
Orlando-Kissimmee-Sanford, FL	565	6.70	20.08	5.75	18.64	14.10	20.77	18.74	40.51	61.41	3.40	17.12	24.58	54.91
Palm Bay-Melbourne-Titusville, FL	361	4.28	19.36	10.83	18.76	20.80	21.46	24.79	40.42	43.59	5.60	19.04	23.85	51.52
Port St Lucie, FL	666	7.89	18.62	8.96	20.11	22.57	20.32	22.57	40.95	45.90	3.61	17.78	25.93	52.68
Punta Gorda, FL	114	1.35	16.43	0.88	19.62	15.93	25.30	19.47	38.65	63.72	3.53	16.26	23.87	56.34
Sebastian-Vero Beach, FL	778	9.22	20.32	11.98	16.98	24.74	21.98	23.96	40.72	39.32	2.66	15.61	22.86	58.87
Tampa-St Petersburg-Clearwater FL	880	10.43	20.56	6.84	18.19	17.57	19.60	20.28	41.64	55.31	4.12	17.93	24.72	53.23
Florida Non-Metro	31	0.37	21.64	6.45	20.73	22.58	18.07	35.48	39.55	35.48	3.90	17.21	31.17	47.73

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 3.3% of loans originated and purchased by PNC.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT Geography: FLORIDA Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Improvement Loans #	Total Home Improvement Loans % of Total**	Low-Income Borrowers % Families***	Low-Income Borrowers % BANK Loans****	Moderate-Income Borrowers % Families***	Moderate-Income Borrowers % BANK Loans****	Middle-Income Borrowers % Families***	Middle-Income Borrowers % BANK Loans****	Upper-Income Borrowers % Families***	Upper-Income Borrowers % BANK Loans****	Aggregate Lending Data* Low	Aggregate Lending Data* Mod	Aggregate Lending Data* Mid	Aggregate Lending Data* Upp
Full-Scope Review:														
Miami-Ft Lauderdale-West Palm Beach, FL	703	32.62	22.42	6.02	17.35	19.63	18.93	20.49	41.30	53.87	3.75	11.72	18.35	66.18
Limited-Scope Review:														
Cape Coral-Fort Myers, FL	58	2.69	18.96	8.62	18.96	17.24	21.42	27.59	40.66	46.55	5.73	13.98	24.35	55.94
Deltona-Daytona Beach-Ormond Beach, FL 2014-2016	125	5.80	19.73	4.84	18.20	27.42	21.95	25.81	40.12	41.94	5.22	18.42	24.39	51.97
Gainesville, FL	15	0.70	22.83	0.00	17.10	0.00	18.04	35.71	42.03	64.29	4.71	10.99	28.80	55.50
Jacksonville, FL	39	1.81	23.20	12.82	18.23	15.38	21.81	17.95	36.76	53.85	7.61	19.31	26.03	47.05
Naples-Immokalee-Marco Island, FL	46	2.13	21.14	2.17	18.31	23.91	19.04	21.74	41.50	52.17	2.29	14.76	23.16	59.80
North Port-Sarasota-Bradenton, FL	90	4.18	19.55	13.33	19.05	13.33	20.92	23.33	40.47	50.00	7.95	17.68	24.55	49.82
Ocala, FL	25	1.16	18.09	8.00	19.80	32.00	22.83	40.00	39.28	20.00	9.83	15.90	24.27	50.00
Orlando-Kissimmee-Sanford, FL	183	8.49	20.08	8.79	18.64	21.43	20.77	25.27	40.51	44.51	6.41	14.66	20.82	58.11
Palm Bay-Melbourne-Titusville, FL	168	7.80	19.36	13.10	18.76	26.79	21.46	22.02	40.42	38.10	8.57	14.61	20.77	56.04
Port St Lucie, FL	299	13.87	18.62	11.11	20.11	19.53	20.32	24.92	40.95	44.44	5.86	17.59	21.79	54.76
Punta Gorda, FL	19	0.88	16.43	10.53	19.62	10.53	25.30	26.32	38.65	52.63	6.00	13.60	24.40	56.00
Sebastian-Vero Beach, FL	111	5.15	20.32	15.32	16.98	17.12	21.98	20.72	40.72	46.85	8.44	16.88	16.88	57.81
Tampa-St Petersburg-Clearwater FL	249	11.55	20.56	9.68	18.19	20.16	19.60	27.02	41.64	43.15	6.83	16.57	21.02	55.58
Florida Non-Metro	25	1.16	21.64	8.00	20.73	12.00	18.07	36.00	39.55	44.00	8.75	17.50	15.00	58.75

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 0.5% of loans originated and purchased by PNC.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: FLORIDA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Miami-Ft Lauderdale-West Palm Beach, FL	3,034	33.05	22.42	7.33	17.35	12.13	18.93	20.34	41.30	60.20	3.68	9.46	18.59	68.27
Limited-Scope Review:														
Cape Coral-Fort Myers, FL	370	4.03	18.96	6.63	18.96	9.12	21.42	16.57	40.66	67.68	4.98	14.55	22.26	58.21
Deltona-Daytona Beach-Ormond Beach, FL 2014-2016	269	2.93	19.73	9.02	18.20	15.79	21.95	23.68	40.12	51.50	7.04	16.60	24.70	51.66
Gainesville, FL	89	0.97	22.83	7.95	17.10	13.64	18.04	17.05	42.03	61.36	4.77	12.45	20.29	62.49
Jacksonville, FL	230	2.51	23.20	10.28	18.23	19.63	21.81	28.04	36.76	42.06	7.22	16.81	25.80	50.17
Naples-Immokalee-Marco Island, FL	373	4.06	21.14	5.01	18.31	8.91	19.04	13.65	41.50	72.42	3.29	12.34	18.89	65.49
North Port-Sarasota-Bradenton, FL	391	4.26	19.55	4.21	19.05	10.53	20.92	16.05	40.47	69.21	6.01	15.66	23.75	54.59
Ocala, FL	74	0.81	18.09	8.11	19.80	9.46	22.83	24.32	39.28	58.11	6.14	15.92	26.08	51.86
Orlando-Kissimmee-Sanford, FL	1,150	12.53	20.08	8.33	18.64	14.86	20.77	23.64	40.51	53.17	5.46	14.36	22.65	57.52
Palm Bay-Melbourne-Titusville, FL	632	6.89	19.36	14.26	18.76	19.29	21.46	22.69	40.42	43.76	7.23	15.82	22.59	54.35
Port St Lucie, FL	1,034	11.26	18.62	7.78	20.11	19.69	20.32	23.03	40.95	49.51	5.22	14.47	25.15	55.16
Punta Gorda, FL	50	0.54	16.43	8.16	19.62	12.24	25.30	16.33	38.65	63.27	6.67	15.69	24.93	52.72
Sebastian-Vero Beach, FL	485	5.28	20.32	9.60	16.98	21.71	21.98	22.13	40.72	46.56	5.81	13.32	20.07	60.80
Tampa-St Petersburg-Clearwater FL	931	10.14	20.56	8.21	18.19	12.21	19.60	18.87	41.64	60.71	5.42	14.07	22.39	58.13
Florida Non-Metro	67	0.73	21.64	10.61	20.73	21.21	18.07	22.73	39.55	45.45	2.13	13.83	26.60	57.45

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 2.7% of loans originated and purchased by PNC.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES			Geography: FLORIDA		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of $1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $1,000,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Miami-Ft Lauderdale-West Palm Beach, FL	10,816	44.00	90.71	55.93	86.69	6.35	6.96	244,517	118,162
Limited-Scope Review:									
Cape Coral-Fort Myers, FL	332	1.35	89.80	59.94	82.53	6.93	10.54	21,105	9,293
Deltona-Daytona Beach-Ormond Beach, FL 2014-2016	818	3.33	90.69	66.99	92.79	3.18	4.03	13,133	6,973
Gainesville, FL	264	1.07	85.97	49.62	85.98	6.82	7.20	4,534	2,281
Jacksonville, FL	82	0.33	86.89	59.76	75.61	4.88	19.51	19,840	9,383
Naples-Immokalee-Marco Island, FL	464	1.89	90.72	60.13	81.25	9.05	9.70	15,934	6,707
North Port-Sarasota-Bradenton, FL	1,114	4.53	90.35	52.69	86.62	5.75	7.63	23,063	11,279
Ocala, FL	92	0.37	88.80	73.91	89.13	3.26	7.61	6,018	2,999
Orlando-Kissimmee-Sanford, FL	2,441	9.93	89.25	52.85	84.80	7.01	8.19	63,584	29,951
Palm Bay-Melbourne-Titusville, FL	1,585	6.45	88.80	52.74	82.59	8.39	9.02	11,401	5,557
Port St Lucie, FL	2,225	9.05	90.44	56.45	87.24	7.01	5.75	11,633	5,551
Punta Gorda, FL	68	0.28	91.44	52.94	92.65	2.94	4.41	4,163	2,140
Sebastian-Vero Beach, FL	1,143	4.65	91.08	52.14	83.64	9.01	7.35	4,094	1,889
Tampa-St Petersburg-Clearwater FL	3,013	12.26	89.22	63.29	86.36	4.91	8.73	72,028	34,707
Florida Non-Metro	124	0.50	87.31	70.16	95.16	3.23	1.61	639	329

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Businesses with revenues of $1 million or less as a percentage of all businesses (Source D&B - 2016).
**** Small loans to businesses with revenues of $1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 17.80% of small loans to businesses originated and purchased by PNC.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS			Geography: FLORIDA		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of $1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
	#	% of Total**	% of Farms***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $500,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Miami-Ft Lauderdale-West Palm Beach, FL	77	30.43	96.21	29.87	53.25	25.97	20.78	355	185
Limited-Scope Review:									
Cape Coral-Fort Myers, FL	2	0.79	96.62	100.00	100.00	0.00	0.00	49	26
Deltona-Daytona Beach-Ormond Beach, FL 2014-2016	0	0.00	97.09	0.00	0.00	0.00	0.00	44	19
Gainesville, FL	14	5.53	95.12	14.29	50.00	14.29	35.71	64	39
Jacksonville, FL	1	0.40	96.56	100.00	0.00	100.00	0.00	32	15
Naples-Immokalee-Marco Island, FL	0	0.00	93.83	0.00	0.00	0.00	0.00	31	20
North Port-Sarasota-Bradenton, FL	19	7.51	96.04	36.84	57.89	42.11	0.00	71	27
Ocala, FL	6	2.37	97.14	100.00	100.00	0.00	0.00	77	30
Orlando-Kissimmee-Sanford, FL	53	20.95	95.95	49.06	60.38	18.87	20.75	165	67
Palm Bay-Melbourne-Titusville, FL	0	0.00	97.44	0.00	0.00	0.00	0.00	31	16
Port St Lucie, FL	28	11.07	95.35	28.57	42.86	32.14	25.00	53	26
Punta Gorda, FL	0	0.00	97.37	0.00	0.00	0.00	0.00	9	5
Sebastian-Vero Beach, FL	16	6.32	94.25	31.25	68.75	12.50	18.75	30	16
Tampa-St Petersburg-Clearwater FL	9	3.56	96.16	11.11	33.33	66.67	0.00	146	60
Florida Non-Metro	28	11.07	91.54	78.57	46.43	42.86	10.71	32	21

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Farms with revenues of $1 million or less as a percentage of all farms (Source D&B - 2016).
**** Small loans to farms with revenues of $1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 20.55% of small loans to farms originated and purchased by PNC.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS			Geography: FLORIDA				Evaluation Period: JULY 9, 2012 TO DECEMBER 31, 2016		
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	$ (000's)	#	$ (000's)	#	$ (000's)	% of Total	#	$ (000's)
Full-Scope Review:									
Miami-Ft Lauderdale-West Palm Beach, FL	1	2,051	208	38,648	209	40,699	34.11	1	4,000
Limited-Scope Review:									
Cape Coral-Fort Myers, FL	0	0	4	358	4	358	0.30	0	0
Deltona-Daytona Beach-Ormond Beach, FL	0	0	25	2,285	25	2,285	1.92	0	0
Gainesville, FL	0	0	7	479	7	479	0.40	0	0
Jacksonville, FL	0	0	22	2,857	22	2,857	2.39	0	0
Naples-Immokalee-Marco Island, FL	0	0	12	3,072	12	3,072	2.58	0	0
North Port-Sarasota-Bradenton, FL	0	0	16	1,766	16	1,762	1.48	0	0
Ocala, FL	0	0	4	143	4	143	0.12	0	0
Orlando-Kissimmee-Sanford, FL	0	0	53	12,672	53	12,672	10.62	0	0
Palm Bay-Melbourne-Titusville, FL	0	0	31	2,051	31	2,051	1.72	0	0
Port St Lucie, FL	0	0	45	10,353	45	10,353	8.68	0	0
Punta Gorda, FL	0	0	3	8	3	8	0.01	0	0
Sebastian-Vero Beach, FL	0	0	24	2,349	24	2,349	1.97	0	0
Tampa-St. Petersburg-Clearwater, FL	0	0	66	29,048	66	29,048	24.35	0	0
Florida Non-Metro	0	0	5	34	5	34	0.03	0	0
Florida State/Regional	0	0	12	11,130	12	11,130	9.33	0	0

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.
** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: FLORIDA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016			
Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope Review:																	
Miami-Ft Lauderdale-West Palm Beach, FL	44.78	79	40.72	3.80	18.99	34.18	43.04	21	14	1	0	4	2	4.72	27.31	34.60	33.06
Limited-Scope Review:																	
Cape Coral-Fort Myers, FL	1.10	2	1.03	0.00	50.00	50.00	0.00	0	0	0	0	0	0	3.49	19.26	52.98	24.27
Deltona-Daytona Beach-Ormond Beach, FL	5.93	13	6.70	0.00	15.38	53.85	30.77	1	4	0	0	-3	0	2.64	17.89	56.99	22.47
Gainesville, FL	0.70	3	1.55	0.00	0.00	66.67	33.33	0	1	0	0	-1	0	20.96	17.42	26.38	35.24
Jacksonville, FL	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0	0	7.14	24.36	40.55	27.68
Naples-Immokalee-Marco Island, FL	3.67	4	2.06	0.00	0.00	50.00	50.00	0	1	0	0	-1	0	9.05	20.27	43.40	27.27
North Port-Sarasota-Bradenton, FL	4.68	9	4.64	0.00	11.11	44.44	44.44	0	1	0	-1	0	0	2.67	23.45	46.77	27.11
Ocala, FL	0.19	1	0.52	0.00	0.00	0.00	100.00	0	0	0	0	0	0	0.00	16.88	67.81	15.31
Orlando-Kissimmee-Sanford, FL	7.56	24	12.37	0.00	12.50	41.67	45.83	2	3	0	-1	-1	1	1.09	26.67	41.33	30.90
Palm Bay-Melbourne-Titusville, FL	5.42	12	6.19	0.00	25.00	25.00	50.00	0	0	0	0	0	0	2.39	20.42	47.51	29.68
Port St Lucie, FL	8.58	16	8.25	6.25	25.00	56.25	12.50	0	5	-1	-1	-3	0	2.29	19.63	55.65	22.43
Punta Gorda, FL	0.00	0	0.00	0.00	0.00	0.00	0.00	0	1	0	0	-1	0	0.00	7.00	77.00	16.00
Sebastian-Vero Beach,FL	7.28	9	4.64	22.22	0.00	55.56	22.22	1	4	0	0	-1	-2	2.30	14.60	59.37	23.73
Tampa-St. Petersburg-Clearwater, FL	9.49	21	10.82	0.00	28.57	57.14	14.29	1	3	0	-1	0	-1	3.88	24.57	39.99	31.37
Florida Non-Metro	0.61	1	0.52	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	27.11	53.96	18.93

Table 1. Lending Volume

LENDING VOLUME				Geography: GEORGIA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:												
Atlanta-Sandy Springs-Roswell, GA	94.92	6,687	1,266,298	5,505	406,859	1	50	12	86,654	12,205	1,759,861	94.73
Limited-Scope Review:												
Columbus, GA	0.39	35	1,929	15	359	0	0	0	0	50	2,288	0.00
Georgia Non-Metro	4.69	286	18,836	253	9,683	62	12,171	2	650	603	41,340	5.27
Statewide/Regional	NA	NA	NA	NA	NA	NA	NA	1	500	NA	NA	NA

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Community Development Loans is from July 9, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: GEORGIA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016								
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:														
Atlanta-Sandy Springs-Roswell, GA	94.92	59	11,233	59	11,233	0	0	0	0	0	0	0	0	94.73
Limited-Scope Review:														
Columbus, GA	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Georgia Non-Metro	4.69	8	1,147	8	1,147	0	0	0	0	0	0	0	0	5.27

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE | Geography: GEORGIA | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Atlanta-Sandy Springs-Roswell, GA	1,508	97.61	3.05	2.52	15.14	12.47	37.79	38.06	44.03	46.95	2.14	12.29	39.25	46.33
Limited-Scope Review:														
Columbus, GA	0	0.00	0.00	0.00	40.00	0.00	60.00	0.00	0.00	0.00	0.00	28.26	71.74	0.00
Georgia Non-Metro	37	2.39	0.00	0.00	17.02	21.62	44.76	54.05	38.22	24.32	0.00	12.03	36.91	51.06

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT						Geography: GEORGIA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016			
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Atlanta-Sandy Springs-Roswell, GA	469	82.43	3.05	2.13	15.14	11.30	37.79	38.59	44.03	47.97	2.26	11.31	34.37	52.06
Limited-Scope Review:														
Columbus, GA	18	3.16	0.00	0.00	40.00	77.78	60.00	22.22	0.00	0.00	0.00	50.00	50.00	0.00
Georgia Non-Metro	82	14.41	0.00	0.00	17.02	13.41	44.76	45.12	38.22	41.46	0.00	16.67	50.98	32.35

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: GEORGIA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016						
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Atlanta-Sandy Springs-Roswell, GA	4,706	96.24	3.05	2.04	15.14	13.26	37.79	36.53	44.03	48.17	1.44	9.46	33.83	55.27
Limited-Scope Review:														
Columbus, GA	17	0.35	0.00	0.00	40.00	64.71	60.00	35.29	0.00	0.00	0.00	37.21	62.79	0.00
Georgia Non-Metro	167	3.42	0.00	0.00	17.02	20.36	44.76	48.50	38.22	31.14	0.00	10.37	34.29	55.34

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY | Geography: GEORGIA | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Atlanta-Sandy Springs-Roswell, GA	4	100.00	17.31	25.00	33.51	0.00	23.98	0.00	25.20	75.00	16.49	33.33	24.73	25.45
Limited-Scope Review:														
Columbus, GA	0	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Georgia Non-Metro	0	0.00	0.00	0.00	19.48	0.00	43.93	0.00	36.59	0.00	0.00	33.33	33.33	33.33

* Based on 2016 Peer Mortgage Data -- US and PR
** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.
*** Percentage of Multifamily Units is the number of multifamily units in a particular geography divided by the number of multifamily housing units in the area based on 2010 Census information.
**** Multifamily loan distribution includes Home Purchases, Home Improvement, and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES | Geography: GEORGIA | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Atlanta-Sandy Springs-Roswell, GA	5,504	95.36	5.03	4.60	18.86	19.80	32.75	29.23	43.26	46.37	4.29	16.16	29.96	49.59
Limited-Scope Review:														
Columbus, GA	15	0.26	0.00	0.00	62.11	46.67	37.89	53.33	0.00	0.00	0.00	50.00	50.00	0.00
Georgia Non-Metro	253	4.38	0.00	0.00	26.28	36.36	39.28	47.43	34.44	16.21	0.00	27.80	39.67	32.53

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS Geography: GEORGIA Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Atlanta-Sandy Springs-Roswell, GA	1	1.59	3.24	0.00	14.45	0.00	39.59	100.00	42.65	0.00	1.57	10.47	39.79	48.17
Limited-Scope Review:														
Columbus, GA	0	0.00	0.00	0.00	43.90	0.00	56.10	0.00	0.00	0.00	0.00	26.47	73.53	0.00
Georgia Non-Metro	62	98.41	0.00	0.00	29.10	33.87	57.86	66.13	13.04	0.00	0.00	40.38	56.73	2.88

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE					Geography: GEORGIA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Atlanta-Sandy Springs-Roswell, GA	1,508	97.61	20.77	12.27	16.39	25.87	18.97	21.48	43.87	40.38	6.49	19.87	23.70	49.93
Limited-Scope Review:														
Columbus, GA	0	0.00	21.57	0.00	16.60	0.00	25.39	0.00	36.44	0.00	0.00	38.46	28.21	33.33
Georgia Non-Metro	37	2.39	22.70	13.89	16.93	25.00	16.61	25.00	43.76	36.11	2.47	16.79	29.38	51.36

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 4.9% of loans originated and purchased by PNC.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT					Geography: GEORGIA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Atlanta-Sandy Springs-Roswell, GA	469	82.43	20.77	9.19	16.39	21.79	18.97	21.58	43.87	47.44	4.77	14.02	22.32	58.90
Limited-Scope Review:														
Columbus, GA	18	3.16	21.57	16.67	16.60	33.33	25.39	27.78	36.44	22.22	0.00	33.33	50.00	16.67
Georgia Non-Metro	82	14.41	22.70	14.63	16.93	15.85	16.61	25.61	43.76	43.90	9.28	15.46	13.40	61.86

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 0.2% of loans originated and purchased by PNC.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: GEORGIA							Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Atlanta-Sandy Springs-Roswell, GA	4,706	96.24	20.77	10.10	16.39	14.87	18.97	21.70	43.87	53.32	5.28	12.46	20.19	62.06
Limited-Scope Review:														
Columbus, GA	17	0.35	21.57	0.00	16.60	29.41	25.39	17.65	36.44	52.94	7.14	21.43	14.29	57.14
Georgia Non-Metro	167	3.42	22.70	7.78	16.93	15.57	16.61	24.55	43.76	52.10	4.68	10.69	20.04	64.59

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 1.9% of loans originated and purchased by PNC.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: GEORGIA		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of $1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $1,000,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Atlanta-Sandy Springs-Roswell, GA	5,505	95.36	87.23	52.62	86.81	5.90	7.28	136,610	68,055
Limited-Scope Review:									
Columbus, GA	15	0.26	81.40	26.67	93.33	6.67	0.00	127	50
Georgia Non-Metro	253	4.38	80.94	52.57	94.47	2.77	2.77	1,393	714

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Businesses with revenues of $1 million or less as a percentage of all businesses (Source D&B - 2016).
**** Small loans to businesses with revenues of $1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 24.72% of small loans to businesses originated and purchased by PNC.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS			Geography: GEORGIA		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of $1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
	#	% of Total**	% of Farms***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $500,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Atlanta-Sandy Springs-Roswell, GA	1	1.59	95.06	0.00	100.00	0.00	0.00	196	94
Limited-Scope Review:									
Columbus, GA	0	0.00	100.00	0.00	0.00	0.00	0.00	34	19
Georgia Non-Metro	62	98.41	94.31	75.81	38.71	22.58	38.71	104	52

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Farms with revenues of $1 million or less as a percentage of all farms (Source D&B - 2016).
**** Small loans to farms with revenues of $1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 19.05% of small loans to farms originated and purchased by PNC.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS			Geography: GEORGIA				Evaluation Period: JULY 9, 2012 TO DECEMBER 31, 2016		
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	$ (000's)	#	$ (000's)	#	$ (000's)	% of Total	#	$ (000's)
Full-Scope Review:									
Atlanta-Sandy Springs-Roswell, GA	1	238	177	49,892	178	50,130	46.31	0	0
Limited-Scope Review:									
Columbus, GA	0	0	5	303	5	303	0.28	0	0
Georgia Non-Metro	0	0	4	455	4	455	0.42	0	0
Georgia State/Regional	0	0	8	57,352	8	57,352	52.99	0	0

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.
** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS									Geography: GEORGIA					Evaluation Period: JANUARY 1, 2016 TO DECEMBER 31, 2016				
Assessment Area:	Deposits	Branches							Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)					# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope Review:																		
Atlanta-Sandy Springs-Roswell, GA	94.73	69	94.5	4.35	15.94	31.88	47.83		12	16	2	0	-1	-5	6.84	20.72	35.85	36.46
Limited-Scope Review:																		
Columbus, GA	0.00	0	0.0	0.00	0.00	0.00	0.00		0	1	0	-1	0	0	0.00	48.26	51.74	0.00
Georgia Non-Metro	5.27	4	5.5	0.00	25.00	50.00	25.00		0	4	0	-1	-2	-1	0.00	21.19	45.98	32.83

Table 1. Lending Volume

LENDING VOLUME			Geography: ILLINOIS						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016			
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:												
Peoria, IL	24.88	2,955	334,699	1,146	97,200	65	7,843	4	9,825	4,170	449,567	31.42
Springfield, IL	12.70	1,452	159,617	676	32,258	0	0	1	2,900	2,129	194,775	14.70
Limited-Scope Review:												
Bloomington, IL	22.35	3,150	433,461	578	37,954	18	4,902	0	0	3,746	476,317	15.06
Champaign-Urbana, IL	9.88	1,189	151,945	445	25,303	20	3,200	1	2,400	1,655	182,848	13.09
Decatur, IL	7.48	810	73,659	441	27,218	2	300	1	3,000	1,254	104,177	5.20
Kankakee, IL	5.89	626	65,455	360	22,464	0	0	1	9,685	987	97,604	7.37
Rockford, IL	15.84	1,544	151,317	1,090	59,830	20	2,640	1	4,828	2,655	218,615	12.23
Illinois Non-Metro	0.97	98	10,232	62	2,338	2	100	0	0	162	12,670	0.93
Statewide/Regional	NA	NA	NA	NA	NA	NA	NA	1	500	NA	NA	NA

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Community Development Loans is from July 9, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: ILLINOIS												Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:														
Peoria, IL	24.88	4	751	4	751	0	0	0	0	0	0	0	0	31.42
Springfield, IL	12.70	10	751	10	751	0	0	0	0	0	0	0	0	14.70
Limited-Scope Review:														
Bloomington, IL	22.35	4	176	4	176	0	0	0	0	0	0	0	0	15.06
Champaign-Urbana, IL	9.88	5	2,080	5	2,080	0	0	0	0	0	0	0	0	13.09
Decatur, IL	7.48	1	15	1	15	0	0	0	0	0	0	0	0	5.20
Kankakee, IL	5.89	1	286	1	286	0	0	0	0	0	0	0	0	7.37
Rockford, IL	15.84	3	675	3	675	0	0	0	0	0	0	0	0	12.23
Illinois Non-Metro	0.97	0	0	0	0	0	0	0	0	0	0	0	0	0.93

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE | Geography: ILLINOIS | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Peoria, IL	771	24.62	2.82	0.52	15.86	11.28	57.62	57.59	23.70	30.61	1.37	13.19	58.57	26.87
Springfield, IL	309	9.87	6.44	3.24	17.47	12.62	40.46	39.16	35.63	44.98	4.00	15.80	40.83	39.38
Limited-Scope Review:														
Bloomington, IL	919	29.35	0.65	0.11	13.66	9.47	58.03	56.15	27.66	34.28	0.99	10.20	57.32	31.48
Champaign-Urbana, IL	331	10.57	2.40	1.51	11.45	7.85	61.58	63.75	24.56	26.89	1.78	9.52	61.58	27.12
Decatur, IL	229	7.31	5.23	2.62	18.54	6.55	37.61	39.74	38.63	51.09	0.97	11.81	37.23	50.00
Kankakee, IL	172	5.49	3.21	1.16	12.30	15.12	63.12	56.40	21.37	27.33	1.38	11.70	59.57	27.35
Rockford, IL	373	11.91	4.00	3.22	19.24	16.62	45.61	47.18	31.16	32.98	1.15	13.62	49.14	36.09
Illinois Non-Metro	27	0.86	0.57	0.00	14.12	7.41	57.63	37.04	27.68	55.56	0.30	12.49	54.48	32.73

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT Geography: ILLINOIS Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Peoria, IL	215	23.47	2.82	0.93	15.86	16.74	57.62	62.33	23.70	20.00	1.03	16.10	58.73	24.14
Springfield, IL	152	16.59	6.44	9.21	17.47	20.39	40.46	49.34	35.63	21.05	3.71	15.02	38.52	42.76
Limited-Scope Review:														
Bloomington, IL	183	19.98	0.65	0.00	13.66	15.30	58.03	55.19	27.66	29.51	0.33	9.84	60.33	29.51
Champaign-Urbana, IL	90	9.83	2.40	2.22	11.45	12.22	61.58	55.56	24.56	30.00	3.57	7.14	68.68	20.60
Decatur, IL	87	9.50	5.23	4.60	18.54	14.94	37.61	34.48	38.63	45.98	5.43	15.97	39.62	38.98
Kankakee, IL	65	7.10	3.21	7.69	12.30	13.85	63.12	49.23	21.37	29.23	4.08	10.71	56.12	29.08
Rockford, IL	108	11.79	4.00	6.48	19.24	18.52	45.61	56.48	31.16	18.52	2.12	16.10	50.85	30.93
Illinois Non-Metro	16	1.75	0.57	0.00	14.12	18.75	57.63	56.25	27.68	25.00	0.00	17.47	47.16	35.37

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE   Geography: ILLINOIS   Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Peoria, IL	1,968	25.34	2.82	1.02	15.86	16.16	57.62	58.74	23.70	24.09	0.93	10.48	58.99	29.60
Springfield, IL	990	12.75	6.44	8.18	17.47	21.41	40.46	35.76	35.63	34.65	2.98	10.22	38.24	48.57
Limited-Scope Review:														
Bloomington, IL	2,046	26.35	0.65	0.64	13.66	13.39	58.03	54.84	27.66	31.13	0.42	7.89	55.67	36.02
Champaign-Urbana, IL	763	9.83	2.40	4.72	11.45	10.09	61.58	64.74	24.56	20.45	2.76	7.78	61.36	28.10
Decatur, IL	493	6.35	5.23	2.43	18.54	12.58	37.61	39.35	38.63	45.64	1.33	11.04	33.91	53.72
Kankakee, IL	388	5.00	3.21	2.32	12.30	15.46	63.12	59.28	21.37	22.94	1.13	8.73	59.06	31.08
Rockford, IL	1,062	13.68	4.00	2.45	19.24	21.28	45.61	45.67	31.16	30.60	1.57	11.38	45.16	41.89
Illinois Non-Metro	55	0.71	0.57	0.00	14.12	14.55	57.63	47.27	27.68	38.18	0.00	12.40	53.26	34.34

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY			Geography: ILLINOIS				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016							
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Peoria, IL	1	10.00	11.37	0.00	16.21	0.00	47.72	100.00	24.70	0.00	8.70	23.19	52.17	15.94
Springfield, IL	1	10.00	15.70	0.00	32.77	100.00	30.94	0.00	20.59	0.00	11.43	51.43	25.71	11.43
Limited-Scope Review:														
Bloomington, IL	1	10.00	5.07	0.00	11.62	0.00	66.03	100.00	17.28	0.00	4.92	16.39	60.66	18.03
Champaign-Urbana, IL	4	40.00	33.05	0.00	22.61	50.00	31.94	50.00	12.40	0.00	44.79	18.75	25.00	11.46
Decatur, IL	1	10.00	8.74	0.00	44.54	0.00	29.60	100.00	17.11	0.00	5.26	42.11	21.05	31.58
Kankakee, IL	1	10.00	19.19	0.00	31.93	0.00	37.44	100.00	11.44	0.00	5.88	11.76	76.47	5.88
Rockford, IL	1	10.00	12.66	0.00	38.51	100.00	36.35	0.00	12.48	0.00	0.00	43.75	43.75	12.50
Illinois Non-Metro	0	0.00	18.81	0.00	12.18	0.00	38.34	0.00	30.67	0.00	9.09	27.27	27.27	36.36

* Based on 2016 Peer Mortgage Data -- US and PR
** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.
*** Percentage of Multifamily Units is the number of multifamily units in a particular geography divided by the number of multifamily housing units in the area based on 2010 Census information.
**** Multifamily loan distribution includes Home Purchases, Home Improvement, and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES | Geography: ILLINOIS | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Peoria, IL	1,146	24.06	9.07	8.20	16.87	18.24	49.65	49.13	24.41	24.43	7.06	13.44	51.20	28.30
Springfield, IL	651	13.67	11.80	11.67	21.89	21.20	31.72	34.25	30.18	32.87	9.50	18.29	36.19	36.01
Limited-Scope Review:														
Bloomington, IL	569	11.95	6.06	4.57	9.72	9.31	64.18	60.11	19.33	26.01	4.91	9.03	60.08	25.99
Champaign-Urbana, IL	445	9.34	11.54	10.56	18.61	22.70	45.40	45.84	23.49	20.90	10.26	16.05	46.34	27.35
Decatur, IL	441	9.26	14.66	12.93	23.97	19.73	31.07	29.48	30.30	37.87	16.42	25.04	28.14	30.40
Kankakee, IL	360	7.56	9.82	8.61	16.39	14.72	57.46	52.78	16.33	23.89	8.60	14.06	55.33	22.00
Rockford, IL	1,089	22.86	6.46	7.44	19.70	23.05	45.86	47.11	27.50	22.41	6.15	17.83	45.87	30.14
Illinois Non-Metro	62	1.30	9.44	0.00	18.79	16.13	47.97	58.06	23.80	25.81	10.19	19.17	44.77	25.87

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS					Geography: ILLINOIS				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016					
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Peoria, IL	65	51.18	1.20	0.00	6.24	0.00	62.23	40.00	30.34	60.00	0.00	0.31	71.69	28.00
Springfield, IL	0	0.00	3.28	0.00	10.20	0.00	52.09	0.00	34.24	0.00	0.67	0.67	65.33	33.33
Limited-Scope Review:														
Bloomington, IL	18	14.17	0.53	0.00	3.53	0.00	81.13	94.44	14.46	5.56	0.25	0.98	83.09	15.69
Champaign-Urbana, IL	20	15.75	2.17	0.00	5.33	5.00	82.33	75.00	10.17	20.00	0.00	0.79	89.68	9.52
Decatur, IL	2	1.57	0.66	0.00	10.86	0.00	47.70	0.00	40.79	100.00	1.61	3.23	64.52	30.65
Kankakee, IL	0	0.00	3.44	0.00	4.30	0.00	66.76	0.00	25.50	0.00	4.29	1.43	65.71	28.57
Rockford, IL	20	15.75	2.13	0.00	10.64	5.00	56.45	15.00	30.50	80.00	0.00	4.60	57.47	37.93
Illinois Non-Metro	2	1.57	0.71	0.00	5.69	0.00	61.37	100.00	32.23	0.00	0.00	1.16	58.38	40.46

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE			Geography: ILLINOIS						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Peoria, IL	771	24.62	20.37	11.87	18.69	27.18	22.09	24.93	38.85	36.02	14.02	25.45	25.73	34.80
Springfield, IL	309	9.87	22.31	8.58	15.92	27.39	21.83	29.04	39.94	34.98	15.21	25.13	23.27	36.39
Limited-Scope Review:														
Bloomington, IL	919	29.35	18.38	19.06	16.60	26.73	23.80	27.93	41.21	26.29	16.93	28.17	24.29	30.61
Champaign-Urbana, IL	331	10.57	21.54	10.91	17.43	29.09	21.06	30.30	39.97	29.70	9.68	22.69	24.08	43.55
Decatur, IL	229	7.31	20.81	13.60	18.24	22.37	20.31	27.19	40.64	36.84	10.60	22.83	26.55	40.02
Kankakee, IL	172	5.49	20.69	9.36	18.78	21.05	20.21	36.84	40.32	32.75	6.91	22.73	29.95	40.40
Rockford, IL	373	11.91	21.62	11.65	17.49	31.17	21.84	24.39	39.06	32.79	7.21	25.56	27.71	39.52
Illinois Non-Metro	27	0.86	20.23	7.69	18.08	30.77	21.79	26.92	39.90	34.62	10.57	25.42	24.18	39.82

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 1.1% of loans originated and purchased by PNC.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT						Geography: ILLINOIS					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016			
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Peoria, IL	215	23.47	20.37	16.74	18.69	23.72	22.09	28.84	38.85	30.70	11.80	22.89	23.42	41.90
Springfield, IL	152	16.59	22.31	13.16	15.92	21.71	21.83	30.26	39.94	34.87	10.63	18.84	24.81	45.71
Limited-Scope Review:														
Bloomington, IL	183	19.98	18.38	14.21	16.60	22.95	23.80	30.60	41.21	32.24	16.55	20.00	26.55	36.90
Champaign-Urbana, IL	90	9.83	21.54	12.36	17.43	22.47	21.06	24.72	39.97	40.45	6.96	22.61	25.22	45.22
Decatur, IL	87	9.50	20.81	10.34	18.24	24.14	20.31	21.84	40.64	43.68	15.13	21.38	24.01	39.47
Kankakee, IL	65	7.10	20.69	15.38	18.78	24.62	20.21	15.38	40.32	44.62	7.53	15.59	26.34	50.54
Rockford, IL	108	11.79	21.62	10.28	17.49	28.04	21.84	23.36	39.06	38.32	7.24	18.42	23.25	51.10
Illinois Non-Metro	16	1.75	20.23	6.25	18.08	18.75	21.79	37.50	39.90	37.50	11.21	19.16	29.91	39.72

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 0.2% of loans originated and purchased by PNC.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE | Geography: ILLINOIS | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Peoria, IL	1,968	25.34	20.37	14.50	18.69	23.74	22.09	26.03	38.85	35.73	10.37	18.16	24.59	46.87
Springfield, IL	990	12.75	22.31	15.76	15.92	23.28	21.83	27.77	39.94	33.19	8.43	17.95	23.87	49.75
Limited-Scope Review:														
Bloomington, IL	2,047	26.36	18.38	15.28	16.60	22.05	23.80	28.97	41.21	33.70	9.77	19.35	26.96	43.91
Champaign-Urbana, IL	763	9.82	21.54	10.61	17.43	24.67	21.06	27.19	39.97	37.53	6.29	15.94	23.93	53.84
Decatur, IL	493	6.35	20.81	10.02	18.24	19.22	20.31	29.04	40.64	41.72	7.23	14.78	25.16	52.83
Kankakee, IL	388	5.00	20.69	12.24	18.78	20.05	20.21	27.08	40.32	40.63	5.56	12.65	24.11	57.68
Rockford, IL	1,062	13.67	21.62	14.60	17.49	23.92	21.84	28.82	39.06	32.66	6.69	16.20	23.39	53.71
Illinois Non-Metro	55	0.71	20.23	9.09	18.08	12.73	21.79	23.64	39.90	54.55	7.17	20.43	22.40	50.00

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 2.0% of loans originated and purchased by PNC.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES			Geography: ILLINOIS		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of $1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $1,000,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Peoria, IL	1,146	23.88	75.45	60.82	84.29	8.38	7.33	4,513	1,807
Springfield, IL	676	14.09	75.33	70.86	93.20	4.73	2.07	2,357	1,028
Limited-Scope Review:									
Bloomington, IL	578	12.05	77.15	62.63	92.21	2.77	5.02	2,398	1,072
Champaign-Urbana, IL	445	9.27	75.55	61.57	90.11	5.62	4.27	2,358	1,026
Decatur, IL	441	9.19	73.64	69.61	92.06	5.22	2.72	1,203	520
Kankakee, IL	360	7.50	77.98	64.72	92.78	2.78	4.44	1,232	525
Rockford, IL	1,090	22.72	78.94	69.45	90.37	7.34	2.29	4,045	1,673
Illinois Non-Metro	62	1.29	74.94	75.81	91.94	8.06	0.00	759	352

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Businesses with revenues of $1 million or less as a percentage of all businesses (Source D&B - 2016).
**** Small loans to businesses with revenues of $1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 16.82% of small loans to businesses originated and purchased by PNC.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS   Geography: ILLINOIS   Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Small Loans to Farms		Farms With Revenues of $1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
	#	% of Total**	% of Farms***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $500,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Peoria, IL	65	51.18	97.24	92.31	50.77	40.00	9.23	325	210
Springfield, IL	0	0.00	96.17	0.00	0.00	0.00	0.00	150	85
Limited-Scope Review:									
Bloomington, IL	18	14.17	96.65	33.33	33.33	5.56	61.11	408	287
Champaign-Urbana, IL	20	15.75	96.33	65.00	45.00	35.00	20.00	129	73
Decatur, IL	2	1.57	97.37	50.00	50.00	50.00	0.00	62	25
Kankakee, IL	0	0.00	97.13	0.00	0.00	0.00	0.00	70	32
Rockford, IL	20	15.75	96.31	65.00	75.00	0.00	25.00	87	` 44
Illinois Non-Metro	2	1.57	99.05	100.00	100.00	0.00	0.00	175	94

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Farms with revenues of $1 million or less as a percentage of all farms (Source D&B - 2016).
**** Small loans to farms with revenues of $1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 14.17% of small loans to farms originated and purchased by PNC.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS			Geography: ILLINOIS				Evaluation Period: JULY 9, 2012 TO DECEMBER 31, 2016		
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	$ (000's)	#	$ (000's)	#	$ (000's)	% of Total	#	$ (000's)
Full-Scope Review:									
Peoria, IL	1	14	103	6,387	104	6,401	12.28	1	250
Springfield, IL	0	0	21	11,684	21	11,684	22.41	0	0
Limited-Scope Review:									
Bloomington, IL	0	0	50	1,513	50	1,513	2.90	0	0
Champaign-Urbana, IL	0	0	26	13,295	26	13,295	25.50	0	0
Decatur, IL	0	0	12	2,575	12	2,575	4.94	0	0
Kankakee, IL	0	0	9	8,270	9	8,270	15.86	0	0
Rockford, IL	0	0	7	7,272	7	7,272	13.95	0	0
Illinois Non-Metro	0	0	1	101	1	101	0.19	0	0
Illinois State/Regional	0	0	3	1,035	3	1,035	1.98	0	0

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.
** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: ILLINOIS						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016			
Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope Review:																	
Peoria, IL	31.42	10	27.03	10.00	0.00	60.00	30.00	0	2	0	0	-1	-1	6.09	17.27	53.39	23.25
Springfield, IL	14.70	6	16.22	16.67	0.00	33.33	33.33	0	1	0	0	0	0	11.39	18.64	37.54	31.92
Limited-Scope Review:																	
Bloomington, IL	15.06	5	13.51	20.00	0.00	80.00	0.00	0	2	-1	0	-1	0	1.52	13.01	56.79	24.53
Champaign-Urbana, IL	13.09	5	13.51	20.00	20.00	20.00	20.00	1	0	0	0	0	0	11.70	15.37	48.65	19.91
Decatur, IL	5.20	3	8.11	33.33	0.00	66.67	0.00	0	0	0	0	0	0	9.23	23.98	33.53	33.26
Kankakee, IL	7.37	2	5.41	50.00	50.00	0.00	0.00	0	1	0	0	-1	0	7.95	18.05	54.60	19.41
Rockford, IL	12.23	6	16.22	0.00	66.67	33.33	0.00	0	3	0	-1	-1	-1	8.23	22.66	42.71	26.40
Illinois Non-Metro	0.93	0	0.00	0.00	0.00	0.00	0.00	0	1	0	0	-1	0	3.15	17.22	55.84	23.79

Table 1. Lending Volume

LENDING VOLUME		Geography: INDIANA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:												
Indianapolis-Carmel-Anderson, IN 2014-2016	51.02	4,115	571,251	9,030	603,155	181	28,141	35	97,875	13,361	1,300,422	77.76
Limited-Scope Review:												
Bloomington, IN	0.57	75	77,021	73	6,781	0	0	1	2,707	149	86,509	0.00
Columbus, IN	2.18	235	26,260	302	20,820	32	4,691	1	38	570	51,809	0.86
Elkhart-Goshen, IN	2.63	278	28,712	405	43,605	6	475	1	7,150	690	79,942	0.44
Fort Wayne, IN	20.06	2,054	231,612	2,800	236,122	394	53,310	4	13,098	5,252	534,142	7.66
Kokomo, IN 2014-2016	1.12	157	13,285	126	4,622	8	544	3	1,063	294	19,514	1.13
Lafayette-West Lafayette, IN	0.55	73	10,475	67	8,838	1	160	2	14,080	143	33,553	0.00
Michigan City-La Porte, IN	3.93	660	68,047	336	21,096	33	6,795	1	7,720	1,030	103,658	1.58
South Bend-Mishawaka, IN	7.09	659	79,584	1,190	75,729	6	725	1	4,511	1,856	160,549	3.33
Indiana Non-Metro 2014-2016	10.85	1,309	116,889	1,352	71,477	178	23,365	2	15,588	2,841	227,319	7.25
Statewide/Regional	NA	NA	NA	NA	NA	NA	NA	2	213	2	212	NA

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Community Development Loans is from July 9, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME							Geography: INDIANA							Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:														
Indianapolis-Carmel-Anderson, IN 2014-2016	51.02	19	4,518	19	4,518	0	0	0	0	0	0	0	0	77.76
Limited-Scope Review:														
Bloomington, IN	0.57	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Columbus, IN	2.18	0	0	0	0	0	0	0	0	0	0	0	0	0.86
Elkhart-Goshen, IN	2.63	0	0	0	0	0	0	0	0	0	0	0	0	0.44
Fort Wayne, IN	20.06	9	1,243	9	1,243	0	0	0	0	0	0	0	0	7.66
Kokomo, IN 2014-2016	1.12	1	27	1	27	0	0	0	0	0	0	0	0	1.13
Lafayette-West Lafayette, IN	0.55	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Michigan City-La Porte, IN	3.93	0	0	0	0	0	0	0	0	0	0	0	0	1.58
South Bend-Mishawaka, IN	7.09	6	753	6	753	0	0	0	0	0	0	0	0	3.33
Indiana Non-Metro 2014-2016	10.85	1	309	1	309	0	0	0	0	0	0	0	0	7.25

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE — Geography: INDIANA — Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Indianapolis-Carmel-Anderson, IN 2014-2016	1,147	41.36	5.21	1.83	19.07	17.26	40.39	40.89	35.33	40.02	1.98	14.12	40.65	43.24
Limited-Scope Review:														
Bloomington, IN	27	0.97	2.46	0.00	11.88	0.00	51.77	44.44	33.89	55.56	1.99	11.98	46.97	39.06
Columbus, IN	64	2.31	0.00	0.00	9.60	12.50	71.07	62.50	19.33	25.00	0.00	10.62	68.40	20.99
Elkhart-Goshen, IN	90	3.25	0.00	0.00	13.11	12.22	55.62	47.78	31.27	40.00	0.00	10.60	53.94	35.47
Fort Wayne, IN	464	16.73	4.59	1.51	19.89	15.73	43.98	45.04	31.53	37.72	1.20	14.80	43.02	40.98
Kokomo, IN 2014-2016	64	2.31	0.00	0.00	25.42	18.75	36.06	34.38	38.52	46.88	0.00	17.52	36.37	46.11
Lafayette-West Lafayette, IN	22	0.79	0.88	0.00	23.59	18.18	51.10	54.55	24.43	27.27	1.58	20.53	53.94	23.96
Michigan City-La Porte, IN	238	8.58	0.00	0.00	20.33	14.29	59.64	61.76	20.03	23.95	0.00	20.00	59.04	20.96
South Bend-Mishawaka, IN	213	7.68	2.22	0.47	21.95	17.37	37.41	39.91	38.43	42.25	0.84	17.75	37.69	43.72
Indiana Non-Metro 2014-2016	444	16.01	0.00	0.00	6.35	9.23	73.97	61.71	19.68	29.05	0.00	5.69	70.77	23.54

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT						Geography: INDIANA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Indianapolis-Carmel-Anderson, IN 2014-2016	726	50.70	5.21	5.23	19.07	19.83	40.39	44.21	35.33	30.72	2.01	13.21	41.39	43.40
Limited-Scope Review:														
Bloomington, IN	7	0.49	2.46	0.00	11.88	14.29	51.77	71.43	33.89	14.29	3.25	12.64	51.26	32.85
Columbus, IN	30	2.09	0.00	0.00	9.60	16.67	71.07	66.67	19.33	16.67	0.00	10.53	66.32	23.16
Elkhart-Goshen, IN	28	1.96	0.00	0.00	13.11	25.00	55.62	39.29	31.27	35.71	0.00	10.28	46.53	43.19
Fort Wayne, IN	228	15.92	4.59	3.95	19.89	24.12	43.98	46.49	31.53	25.44	3.24	17.55	45.14	34.06
Kokomo, IN 2014-2016	25	1.75	0.00	0.00	25.42	12.00	36.06	44.00	38.52	44.00	0.00	25.88	38.82	35.29
Lafayette-West Lafayette, IN	7	0.49	0.88	0.00	23.59	42.86	51.10	42.86	24.43	14.29	2.50	18.75	56.25	22.50
Michigan City-La Porte, IN	64	4.47	0.00	0.00	20.33	17.19	59.64	65.63	20.03	17.19	0.00	18.18	65.61	16.21
South Bend-Mishawaka, IN	66	4.61	2.22	0.00	21.95	21.21	37.41	36.36	38.43	42.42	0.66	17.27	38.98	43.09
Indiana Non-Metro 2014-2016	251	17.53	0.00	0.00	6.35	9.56	73.97	69.32	19.68	21.12	0.00	4.13	72.86	23.01

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE | Geography: INDIANA | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Indianapolis-Carmel-Anderson, IN 2014-2016	2,233	41.39	5.21	3.00	19.07	17.29	40.39	41.24	35.33	38.47	1.73	10.99	36.22	51.05
Limited-Scope Review:														
Bloomington, IN	39	0.72	2.46	2.56	11.88	10.26	51.77	71.79	33.89	15.38	2.09	8.63	49.60	39.69
Columbus, IN	141	2.61	0.00	0.00	9.60	11.35	71.07	69.50	19.33	19.15	0.00	4.99	66.79	28.22
Elkhart-Goshen, IN	160	2.97	0.00	0.00	13.11	7.50	55.62	61.88	31.27	30.63	0.00	8.21	51.16	40.63
Fort Wayne, IN	1,359	25.19	4.59	1.47	19.89	16.26	43.98	48.34	31.53	33.92	0.99	12.29	42.44	44.28
Kokomo, IN 2014-2016	68	1.26	0.00	0.00	25.42	27.94	36.06	30.88	38.52	41.18	0.00	14.72	35.72	49.56
Lafayette-West Lafayette, IN	44	0.82	0.88	2.27	23.59	20.45	51.10	54.55	24.43	22.73	1.19	16.95	55.21	26.66
Michigan City-La Porte, IN	358	6.64	0.00	0.00	20.33	16.20	59.64	61.17	20.03	22.63	0.00	14.24	63.19	22.57
South Bend-Mishawaka, IN	379	7.03	2.22	0.26	21.95	12.66	37.41	35.36	38.43	51.72	1.10	12.67	36.12	50.11
Indiana Non-Metro 2014-2016	614	11.38	0.00	0.00	6.35	8.63	73.97	67.10	19.68	24.27	0.00	4.00	72.15	23.85

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY   Geography: INDIANA   Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Indianapolis-Carmel-Anderson, IN 2014-2016	9	60	12.64	11.11	41.52	33.33	29.81	33.33	16.03	22.22	15.52	24.14	34.48	25.86
Limited-Scope Review:														
Bloomington, IN	2	13.33	16.91	50.00	25.54	0.00	33.60	50.00	23.94	0.00	21.05	15.79	42.11	21.05
Columbus, IN	0	0.00	0.00	0.00	31.05	0.00	49.28	0.00	19.68	0.00	0.00	62.50	37.50	0.00
Elkhart-Goshen, IN	0	0.00	0.00	0.00	25.73	0.00	69.00	0.00	5.27	0.00	0.00	25.00	75.00	0.00
Fort Wayne, IN	3	20.00	9.92	0.00	53.69	0.00	25.80	33.33	10.59	66.67	5.26	36.84	42.11	15.79
Kokomo, IN 2014-2016	0	0.00	0.00	0.00	45.39	0.00	33.51	0.00	21.11	0.00	0.00	0.00	100.00	0.00
Lafayette-West Lafayette, IN	0	0.00	18.39	0.00	41.01	0.00	23.66	0.00	16.93	0.00	25.64	43.59	15.38	15.38
Michigan City-La Porte, IN	0	0.00	0.00	0.00	36.25	0.00	52.37	0.00	11.37	0.00	0.00	0.00	80.00	20.00
South Bend-Mishawaka, IN	1	6.67	8.23	0.00	47.06	100.00	34.23	0.00	10.49	0.00	0.00	46.15	46.15	7.69
Indiana Non-Metro 2014-2016	0	0.00	0.00	0.00	17.55	0.00	69.41	0.00	13.04	0.00	0.00	29.17	66.67	4.17

* Based on 2016 Peer Mortgage Data -- US and PR
** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.
*** Percentage of Multifamily Units is the number of multifamily units in a particular geography divided by the number of multifamily housing units in the area based on 2010 Census information.
**** Multifamily loan distribution includes Home Purchases, Home Improvement, and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: INDIANA							Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Indianapolis-Carmel-Anderson, IN 2014-2016	9,030	57.67	5.57	7.53	19.95	22.93	39.02	36.57	35.45	32.97	5.00	16.56	37.30	41.13
Limited-Scope Review:														
Bloomington, IN	73	0.47	7.75	1.37	13.22	15.07	50.20	65.75	28.83	17.81	6.76	12.11	48.54	32.60
Columbus, IN	302	1.92	0.00	0.00	26.69	25.50	55.88	61.26	17.43	13.25	0.00	23.89	59.12	16.99
Elkhart-Goshen, IN	405	2.59	0.00	0.00	17.15	18.27	54.83	58.77	28.03	22.96	0.00	13.77	55.63	30.61
Fort Wayne, IN	2,776	17.73	9.22	10.05	24.38	27.09	37.76	39.05	28.30	23.81	8.31	21.05	37.93	32.71
Kokomo, IN 2014-2016	126	0.80	0.00	0.00	37.79	46.03	32.10	30.16	30.11	23.81	0.00	34.44	32.35	33.21
Lafayette-West Lafayette, IN	67	0.43	6.74	4.48	40.18	53.73	34.16	8.96	18.33	32.84	6.06	35.62	40.61	17.70
Michigan City-La Porte, IN	336	2.15	0.00	0.00	29.40	32.14	55.77	48.81	14.84	19.05	0.00	26.74	56.63	16.63
South Bend-Mishawaka, IN	1,190	7.60	8.27	5.21	24.91	25.38	34.60	37.14	32.22	32.27	5.95	21.61	34.71	37.73
Indiana Non-Metro 2014-2016	1,352	8.63	0.00	0.00	9.85	9.17	71.77	71.89	18.38	18.93	0.00	8.10	70.58	21.32

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS | Geography: INDIANA | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Indianapolis-Carmel-Anderson, IN 2014-2016	181	21.57	2.52	0.00	10.49	3.87	56.75	75.14	30.21	20.99	0.73	3.11	80.44	15.72
Limited-Scope Review:														
Bloomington, IN	0	0.00	1.85	0.00	4.17	0.00	71.30	0.00	22.69	0.00	0.00	7.14	50.00	42.86
Columbus, IN	32	3.80	0.00	0.00	5.26	0.00	83.33	100.00	11.40	0.00	0.00	0.00	89.13	10.87
Elkhart-Goshen, IN	6	0.72	0.00	0.00	4.87	0.00	47.17	0.00	47.95	100.00	0.00	0.00	45.33	54.67
Fort Wayne, IN	394	46.96	1.89	0.00	9.10	1.52	55.23	65.23	33.78	33.25	0.00	1.88	66.77	31.35
Kokomo, IN 2014-2016	8	0.95	0.00	0.00	6.84	0.00	26.62	75.00	66.54	25.00	0.00	2.70	17.12	80.18
Lafayette-West Lafayette, IN	1	0.12	0.47	0.00	10.77	0.00	75.18	100.00	13.58	0.00	0.00	2.20	90.11	7.69
Michigan City-La Porte, IN	33	3.93	0.00	0.00	7.38	0.00	75.68	54.55	16.94	45.45	0.00	0.84	78.15	21.01
South Bend-Mishawaka, IN	6	0.72	1.13	0.00	10.41	0.00	43.21	100.00	45.25	0.00	0.84	0.84	50.42	47.90
Indiana Non-Metro 2014-2016	178	21.22	0.00	0.00	2.23	0.00	71.28	87.64	26.49	12.36	0.00	0.09	71.52	28.39

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE   Geography: INDIANA   Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Indianapolis-Carmel-Anderson, IN 2014-2016	1,147	41.36	21.16	13.23	17.32	29.07	20.62	23.67	40.89	34.02	9.50	24.24	23.64	42.63
Limited-Scope Review:														
Bloomington, IN	27	0.97	20.69	7.41	16.51	25.93	20.36	3.70	42.44	62.96	8.81	22.25	23.81	45.13
Columbus, IN	64	2.31	18.65	16.39	19.27	31.15	23.45	22.95	38.63	29.51	11.94	26.26	24.44	37.36
Elkhart-Goshen, IN	90	3.25	17.81	16.85	19.19	35.96	22.78	17.98	40.22	29.21	5.49	23.46	31.29	39.76
Fort Wayne, IN	464	16.73	19.07	20.95	18.63	29.05	23.22	21.85	39.08	28.15	11.40	26.22	24.99	37.39
Kokomo, IN 2014-2016	64	2.31	21.69	12.70	16.63	30.16	20.91	17.46	40.77	39.68	12.40	30.71	28.30	28.59
Lafayette-West Lafayette, IN	22	0.79	21.86	13.64	17.19	13.64	21.12	36.36	39.82	36.36	13.47	23.75	24.03	38.76
Michigan City-La Porte, IN	238	8.58	20.48	13.56	18.87	31.36	21.43	27.12	39.22	27.97	11.21	25.69	27.15	35.95
South Bend-Mishawaka, IN	213	7.68	20.35	13.04	18.06	28.50	20.94	23.19	40.65	35.27	8.32	23.97	26.28	41.43
Indiana Non-Metro 2014-2016	444	16.01	16.46	10.02	19.21	32.35	23.72	28.47	40.61	29.16	9.53	30.73	27.29	32.45

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 2.9% of loans originated and purchased by PNC.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT | Geography: INDIANA | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Indianapolis-Carmel-Anderson, IN 2014-2016	726	50.70	21.16	12.83	17.32	24.41	20.62	26.21	40.89	36.55	7.76	16.69	22.19	53.36
Limited-Scope Review:														
Bloomington, IN	7	0.49	20.69	14.29	16.51	42.86	20.36	14.29	42.44	28.57	11.44	22.14	25.09	41.33
Columbus, IN	30	2.09	18.65	3.33	19.27	26.67	23.45	26.67	38.63	43.33	7.49	20.32	24.60	47.59
Elkhart-Goshen, IN	28	1.96	17.81	0.00	19.19	7.14	22.78	21.43	40.22	71.43	5.41	17.57	25.68	51.35
Fort Wayne, IN	228	15.92	19.07	16.23	18.63	26.32	23.22	19.74	39.08	37.72	7.93	23.59	23.91	44.57
Kokomo, IN 2014-2016	25	1.75	21.69	8.00	16.63	28.00	20.91	20.00	40.77	44.00	10.39	25.97	37.66	25.97
Lafayette-West Lafayette, IN	7	0.49	21.86	0.00	17.19	42.86	21.12	42.86	39.82	14.29	8.64	21.82	26.82	42.73
Michigan City-La Porte, IN	64	4.47	20.48	12.50	18.87	26.56	21.43	32.81	39.22	28.13	10.13	20.68	30.38	38.82
South Bend-Mishawaka, IN	66	4.61	20.35	13.64	18.06	25.76	20.94	18.18	40.65	42.42	7.41	20.46	24.69	47.44
Indiana Non-Metro 2014-2016	251	17.53	16.46	9.16	19.21	18.73	23.72	30.28	40.61	41.83	8.77	20.95	27.76	42.51

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by PNC.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE | Geography: INDIANA | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Indianapolis-Carmel-Anderson, IN 2014-2016	2,233	41.39	21.16	15.03	17.32	24.05	20.62	25.24	40.89	35.67	6.69	16.04	22.09	55.18
Limited-Scope Review:														
Bloomington, IN	39	0.72	20.69	10.26	16.51	23.08	20.36	17.95	42.44	48.72	8.49	17.99	21.73	51.79
Columbus, IN	141	2.61	18.65	16.43	19.27	25.00	23.45	19.29	38.63	39.29	8.02	20.91	20.26	50.81
Elkhart-Goshen, IN	160	2.97	17.81	8.23	19.19	19.62	22.78	23.42	40.22	48.73	5.54	16.22	24.69	53.55
Fort Wayne, IN	1,359	25.19	19.07	13.44	18.63	24.57	23.22	25.54	39.08	36.45	7.61	18.12	24.29	49.98
Kokomo, IN 2014-2016	68	1.26	21.69	9.23	16.63	21.54	20.91	23.08	40.77	46.15	11.17	23.14	25.73	39.97
Lafayette-West Lafayette, IN	44	0.82	21.86	13.95	17.19	20.93	21.12	20.93	39.82	44.19	8.53	20.44	25.72	45.31
Michigan City-La Porte, IN	358	6.64	20.48	12.43	18.87	25.99	21.43	25.99	39.22	35.59	9.89	16.17	24.89	49.04
South Bend-Mishawaka, IN	379	7.03	20.35	9.12	18.06	16.35	20.94	28.15	40.65	46.38	6.68	14.67	24.01	54.64
Indiana Non-Metro 2014-2016	614	11.38	16.46	11.99	19.21	20.69	23.72	27.91	40.61	39.41	8.76	18.88	25.76	46.59

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 1.4% of loans originated and purchased by PNC.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES			Geography: INDIANA			Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016			
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of $1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $1,000,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Indianapolis-Carmel-Anderson, IN 2014-2016	9,030	57.59	81.58	61.24	89.09	5.98	4.93	33,332	13,056
Limited-Scope Review:									
Bloomington, IN	73	0.47	81.65	43.84	79.45	10.96	9.59	1,810	626
Columbus, IN	302	1.93	76.65	60.60	86.09	9.93	3.97	1,142	429
Elkhart-Goshen, IN	405	2.58	78.30	60.25	79.51	8.40	12.10	2,908	976
Fort Wayne, IN	2,800	17.86	79.99	60.32	87.04	5.82	7.14	6,995	2,868
Kokomo, IN 2014-2016	126	0.80	79.86	78.57	96.83	0.00	3.17	828	365
Lafayette-West Lafayette, IN	67	0.43	79.98	44.78	74.63	2.99	22.39	1,893	770
Michigan City-La Porte, IN	336	2.14	79.83	67.56	87.20	8.33	4.46	1,427	599
South Bend-Mishawaka, IN	1,190	7.59	79.12	66.97	89.83	6.13	4.03	4,187	1,710
Indiana Non-Metro 2014-2016	1,352	8.62	79.71	66.86	93.34	3.92	2.74	5,693	2,682

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Businesses with revenues of $1 million or less as a percentage of all businesses (Source D&B - 2016).
**** Small loans to businesses with revenues of $1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 14.56% of small loans to businesses originated and purchased by PNC.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS			Geography: INDIANA			Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016			
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of $1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
	#	% of Total**	% of Farms***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $500,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Indianapolis-Carmel-Anderson, IN 2014-2016	181	21.57	96.45	67.96	59.12	16.57	24.31	553	329
Limited-Scope Review:									
Bloomington, IN	0	0.00	97.69	0.00	0.00	0.00	0.00	15	8
Columbus, IN	32	3.81	97.81	87.50	68.75	9.38	21.88	46	27
Elkhart-Goshen, IN	6	0.72	98.05	83.33	100.00	0.00	0.00	76	41
Fort Wayne, IN	394	46.96	97.12	81.47	57.61	27.92	14.47	319	181
Kokomo, IN 2014-2016	8	0.95	98.86	100.00	62.50	37.50	0.00	111	69
Lafayette-West Lafayette, IN	1	0.12	97.42	100.00	0.00	100.00	0.00	91	34
Michigan City-La Porte, IN	33	3.93	96.45	69.70	33.33	42.42	24.24	119	76
South Bend-Mishawaka, IN	6	0.72	96.15	100.00	50.00	50.00	0.00	119	91
Indiana Non-Metro 2014-2016	178	21.22	97.55	74.16	62.36	25.28	12.36	1,120	730

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Farms with revenues of $1 million or less as a percentage of all farms (Source D&B - 2016).
**** Small loans to farms with revenues of $1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 8.90% of small loans to farms originated and purchased by PNC.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS			Geography: INDIANA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016		
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	$ (000's)	#	$ (000's)	#	$ (000's)	% of Total	#	$ (000's)
Full-Scope Review:									
Indianapolis-Carmel-Anderson, IN	6	6,774	287	88,571	293	95,344	71.14	0	0
Limited-Scope Review:									
Bloomington, IN	0	0	3	4,903	3	4,903	3.66	0	0
Columbus, IN	0	0	4	536	4	536	0.40	0	0
Elkhart-Goshen, IN	0		18	167	18	167	0.12	0	0
Fort Wayne, IN	4	2,242	108	10,874	112	13,118	9.79	1	500
Kokomo, IN	0	0	5	339	5	339	0.25	0	0
Lafayette-West Lafayette, IN	0	0	2	9,151	2	9,151	6.83	0	0
Michigan City-La Porte, IN	0	0	20	568	20	568	0.42	0	0
South Bend-Mishawaka, IN	3	2,247	46	1,077	49	3,325	2.48	0	0
Indiana Non-Metro	5	1,502	30	5,034	35	6,536	4.88	0	0
Indiana State/Regional	0	0	2	30	2	30	0.02	0	0

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.
** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: INDIANA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016			
Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope Review:																	
Indianapolis-Carmel-Anderson, IN	77.76	66	60.55	6.06	31.82	34.85	27.27	1	17	-1	-6	-6	-3	8.24	23.84	36.98	30.75
Limited-Scope Review:																	
Bloomington, IN	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0	0	16.38	14.47	42.41	26.74
Columbus, IN	0.86	2	1.83	0.00	50.00	50.00	0.00	0	0	0	0	0	0	0.00	15.52	67.10	17.38
Elkhart-Goshen, IN	0.44	2	1.83	0.00	50.00	50.00	0.00	0	1	0	-1	0	0	0.00	17.02	53.84	29.14
Fort Wayne, IN	7.66	13	11.93	7.69	46.15	23.08	23.08	0	7	-1	-2	-4	0	7.72	24.57	39.52	28.03
Kokomo, IN	1.13	3	2.75	0.00	66.67	0.00	33.33	0	0	0	0	0	0	0.00	32.05	32.49	35.46
Lafayette-West Lafayette, IN	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0	0	7.42	26.27	41.93	18.51
Michigan City-La Porte, IN	1.58	2	1.83	0.00	0.00	100.00	0.00	0	2	0	-1	-1	0	0.00	24.81	58.91	16.28
South Bend-Mishawaka, IN	3.33	6	5.50	16.67	33.33	16.67	33.33	0	2	0	-1	0	-1	4.59	27.75	36.27	31.40
Indiana Non-Metro	7.25	15	13.76	0.00	20.00	66.67	13.33	0	6	0	0	-5	-1	0.00	8.35	73.15	18.50

Table 1. Lending Volume

LENDING VOLUME		Geography: KENTUCKY						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:												
Lexington-Fayette, KY	52.86	1,953	331,402	2,974	202,687	4	741	7	12,758	4,938	547,588	47.63
Limited-Scope Review:												
Bowling Green, KY	10.39	416	49,923	529	32,466	26	2,022	0	0	971	84,411	10.00
Elizabethtown-Fort Knox, KY	9.93	511	48,649	407	28,088	5	20	5	2,253	928	79,010	8.28
Owensboro, KY	9.30	465	44,470	389	25,770	11	1,180	4	2,050	869	73,470	6.96
Kentucky Non-Metro 2014-2016	17.51	664	60,692	944	42,397	19	1,335	9	30,584	1,636	135,008	27.13
Statewide/Regional	NA	NA	NA	NA	NA	NA	NA	10	95,793	NA	NA	NA

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Community Development Loans is from July 9, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME						Geography: KENTUCKY								Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:														
Lexington-Fayette, KY	52.86	13	3,043	13	3,043	0	0	0	0	0	0	0	0	47.63
Limited-Scope Review:														
Bowling Green, KY	10.39	4	835	4	835	0	0	0	0	0	0	0	0	10.00
Elizabethtown-Fort Knox, KY	9.93	2	170	2	170	0	0	0	0	0	0	0	0	8.28
Owensboro, KY	9.30	0	0	0	0	0	0	0	0	0	0	0	0	6.96
Kentucky Non-Metro 2014-2016	17.51	1	75	1	75	0	0	0	0	0	0	0	0	27.13

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE			Geography: KENTUCKY					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016						
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Lexington-Fayette, KY	489	49.64	4.13	2.66	19.75	14.11	40.87	43.76	35.24	39.47	3.28	16.18	40.56	39.99
Limited-Scope Review:														
Bowling Green, KY	89	9.14	3.93	3.37	3.32	0.00	45.18	32.58	47.56	64.04	3.45	3.13	40.35	53.07
Elizabethtown-Fort Knox, KY	65	6.60	0.00	0.00	9.15	3.08	63.02	70.77	27.82	26.15	0.00	8.91	61.51	29.58
Owensboro, KY	155	15.74	2.61	1.94	8.19	9.68	65.25	61.94	23.94	26.45	2.33	8.74	63.91	25.03
Kentucky Non-Metro 2014-2016	187	18.98	2.90	2.14	10.57	16.04	41.83	39.04	44.70	42.78	0.58	6.70	38.17	54.55

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT | Geography: KENTUCKY | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Lexington-Fayette, KY	205	36.16	4.13	2.93	19.75	20.49	40.87	43.41	35.24	33.17	4.31	17.09	38.90	39.70
Limited-Scope Review:														
Bowling Green, KY	48	8.47	3.93	4.17	3.32	0.00	45.18	47.92	47.56	47.92	4.59	4.13	47.71	43.58
Elizabethtown-Fort Knox, KY	106	18.69	0.00	0.00	9.15	10.38	63.02	68.87	27.82	20.75	0.00	11.45	59.64	28.92
Owensboro, KY	60	10.58	2.61	3.33	8.19	6.67	65.25	66.67	23.94	23.33	2.73	8.74	57.92	30.60
Kentucky Non-Metro 2014-2016	148	26.10	2.90	4.05	10.57	25.00	41.83	36.49	44.70	34.46	0.75	11.81	39.70	47.74

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE Geography: KENTUCKY Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Lexington-Fayette, KY	1,254	51.23	4.13	3.35	19.75	17.38	40.87	41.55	35.24	37.72	3.76	13.75	37.34	45.14
Limited-Scope Review:														
Bowling Green, KY	277	11.32	3.93	1.08	3.32	4.33	45.18	39.71	47.56	54.87	2.59	2.08	36.62	58.71
Elizabethtown-Fort Knox, KY	339	13.85	0.00	0.00	9.15	10.03	63.02	59.00	27.82	30.97	0.00	6.02	58.37	35.61
Owensboro, KY	250	10.21	2.61	1.20	8.19	8.00	65.25	66.40	23.94	24.40	1.87	6.39	61.89	29.86
Kentucky Non-Metro 2014-2016	328	13.40	2.90	3.05	10.57	19.51	41.83	44.21	44.70	33.23	0.65	5.89	36.10	57.35

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY — Geography: KENTUCKY — Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Lexington-Fayette, KY	5	62.50	15.40	0.00	39.51	20.00	26.11	0.00	18.98	80.00	11.96	39.13	26.09	22.83
Limited-Scope Review:														
Bowling Green, KY	2	25.00	18.54	50.00	0.93	0.00	65.39	0.00	15.14	50.00	11.36	2.27	68.18	18.18
Elizabethtown-Fort Knox, KY	0	0.00	0.00	0.00	18.08	0.00	61.69	0.00	20.23	0.00	0.00	23.53	35.29	41.18
Owensboro, KY	0	0.00	11.39	0.00	13.14	0.00	60.93	0.00	14.54	0.00	25.00	0.00	58.33	16.67
Kentucky Non-Metro 2014-2016	1	12.50	2.06	0.00	11.85	0.00	41.52	0.00	44.57	100.00	0.00	6.06	30.30	63.64

* Based on 2016 Peer Mortgage Data -- US and PR
** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.
*** Percentage of Multifamily Units is the number of multifamily units in a particular geography divided by the number of multifamily housing units in the area based on 2010 Census information.
**** Multifamily loan distribution includes Home Purchases, Home Improvement, and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES Geography: KENTUCKY Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Businesses **	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Lexington-Fayette, KY	2,974	56.72	6.86	10.19	22.80	21.59	38.33	39.17	32.01	29.05	7.69	18.75	37.79	35.78
Limited-Scope Review:														
Bowling Green, KY	529	10.09	13.33	9.07	2.08	1.89	46.28	51.42	38.31	37.62	9.86	1.21	41.85	47.08
Elizabethtown-Fort Knox, KY	407	7.76	0.00	0.00	14.90	14.25	54.12	57.49	30.72	28.26	0.00	12.13	58.88	28.99
Owensboro, KY	389	7.42	11.55	12.85	10.94	9.77	54.06	54.50	23.45	22.88	9.85	11.73	55.56	22.85
Kentucky Non-Metro 2014-2016	944	18.00	0.95	2.22	10.80	21.08	46.28	54.87	41.98	21.82	0.67	10.66	44.77	43.90

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS | Geography: KENTUCKY | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Lexington-Fayette, KY	4	6.15	3.02	0.00	12.89	0.00	47.50	25.00	36.58	75.00	0.83	4.96	50.41	43.80
Limited-Scope Review:														
Bowling Green, KY	26	40.00	2.07	0.00	1.30	0.00	53.89	100.00	42.75	0.00	1.23	2.47	60.49	35.80
Elizabethtown-Fort Knox, KY	5	7.69	0.00	0.00	5.63	0.00	67.19	100.00	27.19	0.00	0.00	0.00	85.11	14.89
Owensboro, KY	11	16.92	1.09	0.00	2.99	0.00	71.20	81.82	24.73	18.18	0.42	0.42	87.39	11.76
Kentucky Non-Metro 2014-2016	19	29.23	0.76	15.79	6.21	15.79	34.73	47.37	58.30	21.05	0.85	5.98	35.90	57.26

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE Geography: KENTUCKY Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Lexington-Fayette, KY	489	49.64	22.88	11.13	16.05	25.84	20.27	26.05	40.80	36.97	9.53	23.48	26.46	40.53
Limited-Scope Review:														
Bowling Green, KY	89	9.14	19.81	9.09	15.59	23.86	18.46	14.77	46.14	52.27	6.46	20.73	26.89	45.92
Elizabethtown-Fort Knox, KY	65	6.60	18.74	7.69	17.62	21.54	20.44	26.15	43.20	44.62	7.50	22.56	28.44	41.50
Owensboro, KY	155	15.74	20.33	11.11	16.13	22.22	24.01	24.84	39.54	41.83	9.71	26.95	27.81	35.54
Kentucky Non-Metro 2014-2016	187	18.98	21.20	2.19	14.77	14.75	17.79	29.51	46.24	53.55	3.77	17.19	27.81	51.23

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 2.0% of loans originated and purchased by PNC.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: KENTUCKY					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016					
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Lexington-Fayette, KY	205	36.16	22.88	9.76	16.05	18.05	20.27	26.34	40.80	45.85	10.38	18.57	22.66	48.39
Limited-Scope Review:														
Bowling Green, KY	48	8.47	19.81	8.33	15.59	14.58	18.46	29.17	46.14	47.92	9.14	22.34	21.83	46.70
Elizabethtown-Fort Knox, KY	106	18.69	18.74	17.92	17.62	20.75	20.44	28.30	43.20	33.02	13.73	16.99	24.18	45.10
Owensboro, KY	60	10.58	20.33	6.67	16.13	23.33	24.01	35.00	39.54	35.00	7.32	29.27	25.00	38.41
Kentucky Non-Metro 2014-2016	148	26.10	21.20	3.38	14.77	15.54	17.79	26.35	46.24	54.73	4.12	15.93	19.51	60.44

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by PNC.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE Geography: KENTUCKY Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Lexington-Fayette, KY	1,254	51.20	22.88	10.99	16.05	23.53	20.27	23.94	40.80	41.53	8.04	16.81	24.53	50.62
Limited-Scope Review:														
Bowling Green, KY	277	11.31	19.81	8.70	15.59	23.55	18.46	31.52	46.14	36.23	6.83	17.71	22.77	52.70
Elizabethtown-Fort Knox, KY	340	13.88	18.74	10.71	17.62	18.75	20.44	29.17	43.20	41.37	7.15	15.60	25.68	51.57
Owensboro, KY	250	10.21	20.33	9.80	16.13	17.96	24.01	34.29	39.54	37.96	9.24	18.85	25.97	45.94
Kentucky Non-Metro 2014-2016	328	13.39	21.20	6.79	14.77	17.28	17.79	26.85	46.24	49.07	3.51	12.74	19.61	64.13

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 1.7% of loans originated and purchased by PNC.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: KENTUCKY			Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of $1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $1,000,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Lexington-Fayette, KY	2,974	56.72	82.52	62.41	88.23	6.86	4.91	9,300	4,261
Limited-Scope Review:									
Bowling Green, KY	529	10.09	80.44	69.57	90.93	6.05	3.02	2,168	1,082
Elizabethtown-Fort Knox, KY	407	7.76	80.74	64.86	91.15	5.65	3.19	899	405
Owensboro, KY	389	7.42	78.87	67.61	86.12	10.28	3.60	1,661	761
Kentucky Non-Metro 2014-2016	944	18.00	80.15	71.29	94.70	3.18	2.12	3,633	1,712

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Businesses with revenues of $1 million or less as a percentage of all businesses (Source D&B - 2016).
**** Small loans to businesses with revenues of $1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 14.21% of small loans to businesses originated and purchased by PNC.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS			Geography: KENTUCKY		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of $1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
	#	% of Total**	% of Farms***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $500,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Lexington-Fayette, KY	4	6.15	94.88	25.00	25.00	50.00	25.00	247	168
Limited-Scope Review:									
Bowling Green, KY	26	40.00	98.70	57.69	80.77	19.23	0.00	81	43
Elizabethtown-Fort Knox, KY	5	7.69	97.19	60.00	100.00	0.00	0.00	47	1
Owensboro, KY	11	16.92	98.64	90.91	54.55	36.36	9.09	238	143
Kentucky Non-Metro 2014-2016	19	29.23	98.61	68.42	84.21	15.79	0.00	117	39

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Farms with revenues of $1 million or less as a percentage of all farms (Source D&B - 2016).
**** Small loans to farms with revenues of $1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 30.43% of small loans to farms originated and purchased by PNC.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS			Geography: KENTUCKY			Evaluation Period: JULY 9, 2012 TO DECEMBER 31, 2016			
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	$ (000's)	#	$ (000's)	#	$ (000's)	% of Total	#	$ (000's)
Full-Scope Review:									
Lexington-Fayette, KY	1	160	114	4,898	115	5,058	13.81	0	0
Limited-Scope Review:									
Bowling Green, KY	1	1,587	10	597	11	2,184	5.96	0	0
Elizabethtown-Fort Knox, KY	0	0	9	4,697	9	4,697	12.82	0	0
Owensboro, KY	1	1,120	16	460	17	1,580	4.31	0	0
Kentucky Non-Metro	0	0	55	20,584	55	20,584	56.20	0	0
Kentucky State/Regional	1	422	2	2,100	3	2,522	6.89	0	0

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.
** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: KENTUCKY Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope Review:																	
Lexington-Fayette, KY	47.63	14	42.42	7.14	35.71	42.86	14.29	1	5	-1	-3	0	0	9.01	24.63	36.85	29.50
Limited-Scope Review:																	
Bowling Green, KY	10.00	3	9.09	0.00	0.00	100.00	0.00	0	2	-1	0	-1	0	13.02	3.86	45.68	37.44
Elizabethtown-Fort Knox, KY	8.28	2	6.06	0.00	50.00	50.00	0.00	0	2	0	-1	-1	0	0.00	9.46	62.57	26.52
Owensboro, KY	6.96	2	6.06	0.00	0.00	100.00	0.00	0	2	-1	0	-1	0	5.65	11.04	62.87	20.45
Kentucky Non-Metro	27.13	12	36.36	0.00	25.00	41.67	33.33	0	3	-1	-1	-1	0	4.11	15.31	42.33	38.25

Table 1. Lending Volume

LENDING VOLUME		Geography: MARYLAND								Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016		
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:												
Baltimore-Columbia-Towson, MD	89.76	9,144	2,302,648	14,952	1,469,229	117	17,820	62	210,433	24275	4,000,130	87.16
Limited-Scope Review:												
California-Lexington Park, MD 2014-2016	3.08	246	39,874	576	36,656	8	508	2	300	832	77,338	5.15
Hagerstown-Martinsburg, MD	4.02	572	82,062	515	33,741	1	200	0	0	1088	116,003	2.43
Maryland Non-Metro 2014-2016	3.14	202	39,048	574	44,435	71	9,711	3	625	850	93,819	5.25

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Community Development Loans is from July 9, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME							Geography: MARYLAND								Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:														
Baltimore-Columbia-Towson, MD	89.76	131	27,111	131	27,111	0	0	0	0	0	0	0	0	87.16
Limited-Scope Review:														
California-Lexington Park, MD 2014-2016	3.08	2	221	2	221	0	0	0	0	0	0	0	0	5.15
Hagerstown-Martinsburg, MD	4.02	7	1,310	7	1,310	0	0	0	0	0	0	0	0	2.43
Maryland Non-Metro 2014-2016	3.14	7	1,883	7	1,883	0	0	0	0	0	0	0	0	5.25

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE			Geography: MARYLAND								Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016			
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Baltimore-Columbia-Towson, MD	2,096	90.85	5.64	3.39	16.61	12.69	38.99	41.94	38.76	41.98	3.92	14.80	41.15	40.12
Limited-Scope Review:														
California-Lexington Park, MD 2014-2016	31	1.34	3.06	3.23	4.37	6.45	77.53	61.29	15.04	29.03	3.24	3.77	70.09	22.90
Hagerstown-Martinsburg, MD	123	5.33	1.49	0.81	13.28	13.01	51.66	58.54	33.57	27.64	1.05	14.38	51.87	32.70
Maryland Non-Metro 2014-2016	57	2.47	0.00	0.00	4.27	1.75	57.45	59.65	38.28	38.60	0.00	3.43	62.23	34.34

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT | Geography: MARYLAND | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Baltimore-Columbia-Towson, MD	1,126	83.59	5.64	1.95	16.61	7.82	38.99	38.72	38.76	51.51	4.41	14.25	39.67	41.67
Limited-Scope Review:														
California-Lexington Park, MD 2014-2016	71	5.27	3.06	0.00	4.37	2.82	77.53	85.92	15.04	11.27	2.11	3.80	80.59	13.50
Hagerstown-Martinsburg, MD	90	6.68	1.49	1.11	13.28	6.67	51.66	63.33	33.57	28.89	1.89	11.32	54.25	32.55
Maryland Non-Metro 2014-2016	60	4.45	0.00	0.00	4.27	5.00	57.45	58.33	38.28	36.67	0.00	1.89	66.04	32.08

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE Geography: MARYLAND Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Baltimore-Columbia-Towson, MD	5,900	90.97	5.64	2.85	16.61	10.95	38.99	38.75	38.76	47.46	2.50	11.20	38.83	47.47
Limited-Scope Review:														
California-Lexington Park, MD 2014-2016	144	2.22	3.06	6.25	4.37	4.86	77.53	75.69	15.04	13.19	2.66	4.60	72.25	20.49
Hagerstown-Martinsburg, MD	357	5.50	1.49	1.68	13.28	9.24	51.66	50.42	33.57	38.66	0.76	9.76	54.32	35.16
Maryland Non-Metro 2014-2016	85	1.31	0.00	0.00	4.27	1.18	57.45	45.88	38.28	52.94	0.00	1.71	55.01	43.27

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY			Geography: MARYLAND					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016						
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Baltimore-Columbia-Towson, MD	22	91.67	14.31	9.09	28.48	13.64	35.91	54.55	21.30	22.73	20.77	21.86	33.88	23.50
Limited-Scope Review:														
California-Lexington Park, MD 2014-2016	0	0.00	18.02	0.00	27.79	0.00	46.67	0.00	7.53	0.00	0.00	16.67	50.00	33.33
Hagerstown-Martinsburg, MD	2	8.33	14.35	50.00	35.61	50.00	30.34	0.00	19.70	0.00	14.71	35.29	26.47	23.53
Maryland Non-Metro 2014-2016	0	0.00	0.00	0.00	7.76	0.00	78.93	0.00	13.31	0.00	0.00	0.00	75.00	25.00

* Based on 2016 Peer Mortgage Data -- US and PR
** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.
*** Percentage of Multifamily Units is the number of multifamily units in a particular geography divided by the number of multifamily housing units in the area based on 2010 Census information.
**** Multifamily loan distribution includes Home Purchases, Home Improvement, and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: MARYLAND				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016						
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Baltimore-Columbia-Towson, MD	14,939	89.97	6.94	4.97	13.89	13.75	37.74	35.42	41.18	45.86	5.28	11.87	37.03	45.83
Limited-Scope Review:														
California-Lexington Park, MD 2014-2016	576	3.47	6.07	4.86	7.22	3.47	71.96	74.48	14.76	17.19	5.36	4.70	73.92	16.02
Hagerstown-Martinsburg, MD	515	3.10	6.76	8.74	19.01	15.34	45.28	46.02	28.79	29.90	5.86	14.66	47.61	31.87
Maryland Non-Metro 2014-2016	574	3.46	0.00	0.00	3.58	3.48	62.09	58.89	34.33	37.63	0.00	3.28	59.44	37.28

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS			Geography: MARYLAND						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016					
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Baltimore-Columbia-Towson, MD	117	59.39	1.84	0.00	7.08	7.69	41.38	59.83	49.68	32.48	0.38	4.23	47.69	47.69
Limited-Scope Review:														
California-Lexington Park, MD 2014-2016	8	4.06	1.62	0.00	0.54	0.00	79.46	12.50	18.38	87.50	0.00	10.00	60.00	30.00
Hagerstown-Martinsburg MD	1	0.51	0.74	0.00	6.45	0.00	61.29	0.00	31.51	100.00	0.00	1.92	73.08	25.00
Maryland Non-Metro 2014-2016	71	36.04	0.00	0.00	2.83	2.82	60.00	83.10	37.17	14.08	0.00	4.26	50.00	45.74

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE			Geography: MARYLAND						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016					
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Baltimore-Columbia-Towson, MD	2,096	90.85	21.42	10.40	17.32	27.75	20.96	24.30	40.31	37.56	9.03	24.70	25.89	40.39
Limited-Scope Review:														
California-Lexington Park, MD 2014-2016	31	1.34	19.62	10.00	17.60	30.00	23.89	33.33	38.89	26.67	9.04	28.09	28.85	34.02
Hagerstown-Martinsburg, MD	123	5.33	19.40	6.61	18.61	29.75	20.85	28.93	41.14	34.71	7.36	26.26	27.99	38.39
Maryland Non-Metro 2014-2016	57	2.47	16.90	11.32	15.33	18.87	23.06	16.98	44.72	52.83	7.11	18.43	23.57	50.89

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 1.8% of loans originated and purchased by PNC.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: MARYLAND				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016							
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Baltimore-Columbia-Towson, MD	1,126	83.59	21.42	12.14	17.32	21.70	20.96	25.71	40.31	40.45	9.67	19.70	23.88	46.75
Limited-Scope Review:														
California-Lexington Park, MD 2014-2016	71	5.27	19.62	16.90	17.60	14.08	23.89	39.44	38.89	29.58	9.78	16.00	27.56	46.67
Hagerstown-Martinsburg, MD	90	6.68	19.40	3.33	18.61	20.00	20.85	35.56	41.14	41.11	13.93	21.89	17.91	46.27
Maryland Non-Metro 2014-2016	60	4.45	16.90	6.67	15.33	23.33	23.06	20.00	44.72	50.00	8.67	16.00	20.67	54.67

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 0.5% of loans originated and purchased by PNC.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE | Geography: MARYLAND | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Baltimore-Columbia-Towson, MD	5,900	90.97	21.42	10.73	17.32	18.80	20.96	25.07	40.31	45.40	6.82	16.38	24.28	52.52
Limited-Scope Review:														
California-Lexington Park, MD 2014-2016	144	2.22	19.62	11.43	17.60	20.71	23.89	30.00	38.89	37.86	7.06	17.01	31.30	44.62
Hagerstown-Martinsburg, MD	357	5.50	19.40	11.43	18.61	22.00	20.85	25.43	41.14	41.14	7.26	18.18	21.94	52.62
Maryland Non-Metro 2014-2016	85	1.31	16.90	4.71	15.33	23.53	23.06	21.18	44.72	50.59	6.95	14.27	22.90	55.88

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 2.9% of loans originated and purchased by PNC.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES			Geography: MARYLAND		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of $1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $1,000,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Baltimore-Columbia-Towson, MD	14,952	89.98	83.59	52.86	81.25	8.70	10.05	59,346	28,291
Limited-Scope Review:									
California-Lexington Park, MD 2014-2016	576	3.47	81.24	59.20	87.50	7.99	4.51	1,396	684
Hagerstown-Martinsburg, MD	515	3.10	79.94	57.86	92.04	3.50	4.47	2,534	1,152
Maryland Non-Metro 2014-2016	574	3.45	82.56	54.18	85.89	8.36	5.75	1,914	871

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Businesses with revenues of $1 million or less as a percentage of all businesses (Source D&B - 2016).
**** Small loans to businesses with revenues of $1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 18.53% of small loans to businesses originated and purchased by PNC.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS			Geography: MARYLAND		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of $1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
	#	% of Total**	% of Farms***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $500,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Baltimore-Columbia-Towson, MD	117	59.39	94.72	58.12	53.85	26.50	19.66	261	71
Limited-Scope Review:									
California-Lexington Park, MD 2014-2016	8	4.06	96.22	75.00	75.00	25.00	0.00	20	10
Hagerstown-Martinsburg, MD	1	0.51	97.77	0.00	0.00	100.00	0.00	52	20
Maryland Non-Metro 2014-2016	71	36.04	96.38	49.30	59.15	30.99	9.86	94	17

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Farms with revenues of $1 million or less as a percentage of all farms (Source D&B - 2016).
**** Small loans to farms with revenues of $1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 22.88% of small loans to farms originated and purchased by PNC.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS			Geography: MARYLAND				Evaluation Period: JULY 9, 2012 TO DECEMBER 31, 2016		
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	$ (000's)	#	$ (000's)	#	$ (000's)	% of Total	#	$ (000's)
Full-Scope Review:									
Baltimore-Columbia-Towson, MD	12	10,826	435	70,002	447	80,828	69.62	1	2,000
Limited-Scope Review:									
California-Lexington Park, MD	0	0	14	1,513	14	1,513	1.30	0	0
Hagerstown-Martinsburg, MD	0	0	9	825	9	825	0.71	0	0
Maryland Non-Metro	0	0	29	945	29	95	0.08	0	0
Maryland State/Regional	0	0	4	32,843	4	32,843	28.29	0	0

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.
** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: MARYLAND						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016			
	Deposits	Branches						Branch Openings/Closings						Population			
Assessment Area:	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope Review:																	
Baltimore-Columbia-Towson, MD	87.23	97	85.84	7.22	11.34	32.99	47.42	11	14	2	2	-3	-5	10.61	20.58	35.55	32.75
Limited-Scope Review:																	
California-Lexington Park, MD	5.12	6	5.31	16.67	0.00	83.33	0.00	1	1	0	0	1	-1	4.48	8.23	71.89	15.40
Hagerstown-Martinsburg, MD	2.42	4	3.54	0.00	25.00	75.00	0.00	0	1	0	0	-1	0	3.63	17.72	46.35	28.12
Maryland Non-Metro	5.22	6	5.31	0.00	16.67	66.67	16.67	0	6	0	-1	-4	-1	0.00	5.31	61.51	33.18

Table 1. Lending Volume

LENDING VOLUME			Geography: MICHIGAN						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016			
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:												
Detroit-Warren-Dearborn, MI	54.04	12,956	2,198,900	22,675	2,002,979	21	2,556	33	231,163	35685	4,435,598	68.18
Limited-Scope Review:												
Ann Arbor, MI	5.32	1,436	282,670	2,073	138,713	5	135	2	8,479	3516	429,997	4.44
Battle Creek, MI	1.13	276	26,703	462	47,632	8	2,125	1	2,000	747	78,460	0.47
Bay City, MI	1.98	339	26,711	962	76,269	6	400	0	0	1307	103,380	1.45
Flint, MI	2.34	544	57,586	973	126,863	26	3,725	3	6,300	1546	194,474	0.54
Grand Rapids-Wyoming, MI 2014-2016	5.64	1,389	212,410	2,307	214,094	20	4,875	7	20,558	3723	451,937	3.71
Jackson, MI	0.63	198	22,651	217	18,011	0	0	1	600	416	41,262	0.11
Kalamazoo-Portage, MI	6.90	1,495	191,744	3,012	236,508	44	4,734	3	1,325	4554	434,311	5.73
Lansing-East Lansing, MI	7.12	1,392	184,597	3,294	274,777	14	1,989	2	1,750	4702	463,113	4.36
Midland, MI 2014-2016	0.39	77	8,129	175	10,581	3	90	0	0	255	18,800	0.19
Monroe, MI	1.86	776	87,035	451	27,257	2	200	0	0	1229	114,492	0.96
Muskegon, MI	3.76	1,049	97,951	1,421	102,548	9	1,939	3	4,206	2482	206,644	2.08
Saginaw, MI	2.60	458	43,275	1,211	97,806	44	4,420	1	500	1714	146,001	1.68
Michigan Non-Metro 2014-2016	6.30	1,392	141,126	2,726	169,911	40	6,213	2	1,858	4160	319,108	6.09
Statewide/Regional	NA	NA	NA	NA	NA	NA	NA	6	27,855	6	27,855	NA

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Community Development Loans is from July 9, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME						Geography: MICHIGAN				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:														
Detroit-Warren-Dearborn, MI	54.04	77	26,950	77	26,950	0	0	0	0	0	0	0	0	68.18
Limited-Scope Review:														
Ann Arbor, MI	5.32	7	1,811	7	1,811	0	0	0	0	0	0	0	0	4.44
Battle Creek, MI	1.13	1	407	1	407	0	0	0	0	0	0	0	0	0.47
Bay City, MI	1.98	0	0	0	0	0	0	0	0	0	0	0	0	1.45
Flint, MI	2.34	6	1,105	6	1,105	0	0	0	0	0	0	0	0	0.54
Grand Rapids-Wyoming, MI 2014-2016	5.64	4	774	4	774	0	0	0	0	0	0	0	0	3.71
Jackson, MI	0.63	0	0	0	0	0	0	0	0	0	0	0	0	0.11
Kalamazoo-Portage, MI	6.90	23	5,412	23	5,412	0	0	0	0	0	0	0	0	5.73
Lansing-East Lansing, MI	7.12	12	3,607	12	3,607	0	0	0	0	0	0	0	0	4.36
Midland, MI 2014-2016	0.39	0	0	0	0	0	0	0	0	0	0	0	0	0.19
Monroe, MI	1.86	5	1,547	5	1,547	0	0	0	0	0	0	0	0	0.96
Muskegon, MI	3.76	2	200	2	200	0	0	0	0	0	0	0	0	2.08
Saginaw, MI	2.60	3	460	3	460	0	0	0	0	0	0	0	0	1.68
Michigan Non-Metro 2014-2016	6.30	8	984	8	984	0	0	0	0	0	0	0	0	6.09

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE			Geography: MICHIGAN					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016						
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Detroit-Warren-Dearborn, MI	3,461	54.77	4.39	1.42	19.41	12.54	39.80	41.58	36.39	44.47	1.20	12.55	42.62	43.62
Limited-Scope Review:														
Ann Arbor, MI	393	6.22	3.99	3.05	14.89	11.20	51.87	59.80	29.26	25.95	2.90	14.97	54.65	27.48
Battle Creek, MI	68	1.08	4.91	0.00	22.42	13.24	38.92	30.88	33.75	55.88	0.72	19.19	34.91	45.17
Bay City, MI	53	0.84	0.82	0.00	9.94	13.21	71.82	66.04	17.42	20.75	0.45	10.00	68.28	21.27
Flint, MI	143	2.26	6.65	0.00	19.66	11.19	39.72	27.27	33.97	61.54	0.44	6.97	44.05	48.55
Grand Rapids-Wyoming, MI 2014-2016	425	6.72	2.19	1.88	13.09	12.00	56.35	57.65	28.37	28.47	2.25	14.55	54.25	28.95
Jackson, MI	64	1.01	6.37	3.13	10.04	6.25	54.72	53.13	28.87	37.50	3.15	9.20	57.18	30.48
Kalamazoo-Portage, MI	378	5.98	3.62	1.85	13.53	16.40	56.20	50.00	26.66	31.75	1.39	11.53	54.98	32.10
Lansing-East Lansing, MI	359	5.68	3.56	3.06	15.04	14.48	52.89	47.35	28.50	35.10	1.86	12.54	54.08	31.52
Midland, MI 2014-2016	23	0.36	2.00	0.00	12.52	4.35	46.25	43.48	39.24	52.17	0.84	12.52	38.17	48.46
Monroe, MI	183	2.90	0.62	0.00	8.57	7.10	73.90	63.93	16.91	28.96	0.15	8.08	72.61	19.16
Muskegon, MI	286	4.53	1.62	0.70	17.07	6.29	51.26	53.85	30.05	39.16	0.58	12.10	54.39	32.93
Saginaw, MI	87	1.38	5.59	0.00	15.55	3.45	43.70	55.17	35.16	41.38	0.62	7.93	44.51	46.94
Michigan Non-Metro 2014-2016	396	6.27	0.13	0.00	10.01	6.57	69.64	75.76	20.22	17.68	0.14	8.33	66.32	25.21

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT   Geography: MICHIGAN   Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Detroit-Warren-Dearborn, MI	1,614	53.43	4.39	1.86	19.41	13.07	39.80	43.18	36.39	41.88	2.07	13.00	43.18	41.74
Limited-Scope Review:														
Ann Arbor, MI	148	4.90	3.99	2.03	14.89	11.49	51.87	58.11	29.26	28.38	1.75	9.34	56.20	32.70
Battle Creek, MI	30	0.99	4.91	0.00	22.42	33.33	38.92	23.33	33.75	43.33	1.35	15.15	43.77	39.73
Bay City, MI	52	1.72	0.82	0.00	9.94	15.38	71.82	69.23	17.42	15.38	0.36	10.95	74.45	14.23
Flint, MI	52	1.72	6.65	1.92	19.66	9.62	39.72	51.92	33.97	36.54	1.78	9.99	40.49	47.74
Grand Rapids-Wyoming, MI 2014-2016	175	5.79	2.19	2.29	13.09	8.57	56.35	53.14	28.37	36.00	1.50	11.78	52.29	34.43
Jackson, MI	35	1.16	6.37	0.00	10.04	11.43	54.72	54.29	28.87	34.29	2.33	6.99	62.50	28.18
Kalamazoo-Portage, MI	192	6.36	3.62	1.04	13.53	13.02	56.20	55.21	26.66	30.73	3.06	12.41	56.12	28.40
Lansing-East Lansing, MI	131	4.34	3.56	1.53	15.04	14.50	52.89	50.38	28.50	33.59	3.41	13.69	53.85	29.04
Midland, MI 2014-2016	17	0.56	2.00	0.00	12.52	17.65	46.25	41.18	39.24	41.18	1.81	12.65	46.99	38.55
Monroe, MI	117	3.87	0.62	0.00	8.57	9.40	73.90	73.50	16.91	17.09	0.68	7.69	73.98	17.65
Muskegon, MI	146	4.83	1.62	0.00	17.07	17.12	51.26	41.78	30.05	41.10	0.76	8.40	52.29	38.55
Saginaw, MI	68	2.25	5.59	4.41	15.55	10.29	43.70	61.76	35.16	23.53	4.95	11.96	47.22	35.88
Michigan Non-Metro 2014-2016	244	8.08	0.13	0.00	10.01	14.34	69.64	71.31	20.22	14.34	0.44	9.02	66.58	23.95

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE | Geography: MICHIGAN | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Detroit-Warren-Dearborn, MI	7,840	54.57	4.39	0.96	19.41	8.97	39.80	38.88	36.39	51.20	0.71	7.97	38.51	52.80
Limited-Scope Review:														
Ann Arbor, MI	887	6.17	3.99	1.92	14.89	6.43	51.87	49.38	29.26	42.28	1.65	9.36	52.30	36.68
Battle Creek, MI	177	1.23	4.91	0.56	22.42	17.51	38.92	29.38	33.75	52.54	1.02	13.24	41.26	44.48
Bay City, MI	234	1.63	0.82	1.71	9.94	8.97	71.82	68.38	17.42	20.94	0.62	5.22	73.01	21.15
Flint, MI	347	2.42	6.65	0.29	19.66	19.60	39.72	34.58	33.97	45.53	0.43	5.41	37.92	56.24
Grand Rapids-Wyoming, MI 2014-2016	784	5.46	2.19	2.04	13.09	6.63	56.35	54.97	28.37	36.35	1.33	9.92	52.24	36.51
Jackson, MI	98	0.68	6.37	3.06	10.04	7.14	54.72	62.24	28.87	27.55	2.56	6.07	54.79	36.58
Kalamazoo-Portage, MI	920	6.40	3.62	0.98	13.53	9.46	56.20	55.43	26.66	34.13	0.81	9.12	53.60	36.47
Lansing-East Lansing, MI	896	6.24	3.56	2.01	15.04	10.16	52.89	50.00	28.50	37.83	1.84	8.54	52.75	36.87
Midland, MI 2014-2016	37	0.26	2.00	2.70	12.52	18.92	46.25	40.54	39.24	37.84	1.64	9.28	44.43	44.65
Monroe, MI	475	3.31	0.62	0.00	8.57	7.16	73.90	73.89	16.91	18.95	0.56	7.69	71.74	20.02
Muskegon, MI	617	4.29	1.62	0.00	17.07	4.70	51.26	54.46	30.05	40.84	0.95	8.30	51.96	38.79
Saginaw, MI	302	2.10	5.59	0.00	15.55	1.66	43.70	58.28	35.16	40.07	0.61	5.20	43.51	50.67
Michigan Non-Metro 2014-2016	752	5.23	0.13	0.00	10.01	10.90	69.64	72.87	20.22	16.22	0.09	6.60	62.76	30.55

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY			Geography: MICHIGAN					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016						
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Detroit-Warren-Dearborn, MI	41	58.57	17.06	14.63	27.67	21.95	36.77	39.02	18.50	24.39	16.58	20.73	36.79	25.91
Limited-Scope Review:														
Ann Arbor, MI	8	11.43	20.11	12.50	30.30	25.00	36.45	62.50	13.14	0.00	19.35	19.35	45.16	16.13
Battle Creek, MI	1	1.43	9.69	0.00	30.47	100.00	42.94	0.00	16.90	0.00	0.00	25.00	25.00	50.00
Bay City, MI	0	0.00	3.55	0.00	25.87	0.00	59.87	0.00	10.71	0.00	0.00	5.26	84.21	10.53
Flint, MI	1	1.43	9.26	0.00	26.90	100.00	41.72	0.00	22.12	0.00	20.00	0.00	53.33	26.67
Grand Rapids-Wyoming, MI 2014-2016	5	7.14	5.37	0.00	30.74	20.00	54.12	80.00	9.77	0.00	5.41	41.89	43.24	9.46
Jackson, MI	1	1.43	25.53	0.00	27.06	0.00	37.37	100.00	10.03	0.00	0.00	50.00	25.00	25.00
Kalamazoo-Portage, MI	5	7.14	8.93	0.00	25.81	0.00	51.98	80.00	13.28	20.00	8.33	22.22	50.00	19.44
Lansing-East Lansing, MI	6	8.57	7.92	0.00	29.73	33.33	42.79	50.00	19.56	16.67	5.88	32.94	40.00	21.18
Midland, MI 2014-2016	0	0.00	5.76	0.00	28.86	0.00	24.80	0.00	40.59	0.00	33.33	0.00	33.33	33.33
Monroe, MI	1	1.43	0.56	0.00	32.49	0.00	59.42	100.00	7.53	0.00	0.00	16.67	83.33	0.00
Muskegon, MI	0	0.00	5.76	0.00	55.93	0.00	27.26	0.00	11.05	0.00	0.00	22.22	66.67	11.11
Saginaw, MI	1	1.43	12.58	0.00	22.19	0.00	24.87	100.00	40.36	0.00	0.00	15.38	23.08	61.54
Michigan Non-Metro 2014-2016	0	0.00	6.91	0.00	16.63	0.00	58.85	0.00	17.61	0.00	0.00	8.33	63.89	27.78

* Based on 2016 Peer Mortgage Data -- US and PR
** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.
*** Percentage of Multifamily Units is the number of multifamily units in a particular geography divided by the number of multifamily housing units in the area based on 2010 Census information.
**** Multifamily loan distribution includes Home Purchases, Home Improvement, and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: MICHIGAN						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016					
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Detroit-Warren-Dearborn, MI	22,535	53.97	6.36	5.45	18.83	21.27	35.96	35.76	38.31	37.51	4.59	16.33	34.12	44.96
Limited-Scope Review:														
Ann Arbor, MI	2,066	4.95	4.93	1.94	12.18	11.18	49.82	57.84	31.14	29.04	3.15	10.81	50.69	35.35
Battle Creek, MI	462	1.11	8.83	8.87	23.41	23.16	37.87	33.77	29.89	34.20	8.49	23.62	36.68	31.22
Bay City, MI	962	2.30	1.37	0.52	17.08	15.70	67.15	66.22	14.40	17.57	1.04	17.10	62.69	19.17
Flint, MI	973	2.33	8.98	5.86	16.22	21.17	44.11	46.15	30.34	26.82	5.41	11.24	44.40	38.95
Grand Rapids-Wyoming, MI 2014-2016	2,307	5.53	4.40	4.51	16.57	13.48	50.35	53.88	28.68	28.13	3.97	13.29	46.97	35.76
Jackson, MI	217	0.52	15.66	22.12	15.54	21.66	44.80	41.47	23.87	14.75	15.38	14.62	41.98	28.02
Kalamazoo-Portage, MI	3,012	7.21	5.77	6.67	18.31	17.66	53.75	54.58	22.17	21.08	4.58	15.02	50.59	29.81
Lansing-East Lansing, MI	3,236	7.75	3.81	3.12	24.18	25.00	41.97	41.04	27.81	30.84	5.11	21.85	40.70	32.34
Midland, MI 2014-2016	175	0.42	6.39	4.00	19.69	31.43	35.08	27.43	38.84	37.14	7.86	15.13	36.35	40.67
Monroe, MI	451	1.08	0.86	0.44	12.10	9.76	70.74	71.18	16.31	18.63	0.46	8.83	71.58	19.14
Muskegon, MI	1,421	3.40	5.55	8.02	22.06	23.65	43.59	42.51	28.80	25.83	6.93	20.06	44.33	28.68
Saginaw, MI	1,211	2.90	6.00	3.14	14.75	10.16	42.30	45.50	36.95	41.21	4.53	11.97	40.39	43.11
Michigan Non-Metro 2014-2016	2,726	6.53	1.30	0.92	11.55	13.90	66.10	70.51	21.05	14.67	1.13	10.07	62.92	25.88

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS			Geography: MICHIGAN							Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Detroit-Warren-Dearborn, MI	21	8.68	3.51	0.00	16.91	0.00	44.59	95.24	34.75	4.76	0.67	16.78	44.30	38.26
Limited-Scope Review:														
Ann Arbor, MI	5	2.07	1.39	0.00	5.42	0.00	68.85	100.00	24.34	0.00	0.00	0.00	70.37	29.63
Battle Creek, MI	8	3.31	2.05	0.00	11.51	0.00	57.54	62.50	28.90	37.50	0.00	14.71	41.18	44.12
Bay City, MI	6	2.48	0.82	0.00	3.02	0.00	72.80	100.00	23.35	0.00	0.00	0.00	90.00	10.00
Flint, MI	26	10.74	2.72	0.00	11.02	0.00	46.78	84.62	39.48	15.38	0.00	9.68	45.16	45.16
Grand Rapids-Wyoming, MI 2014-2016	20	8.26	0.66	0.00	5.55	0.00	63.34	85.00	30.45	15.00	0.00	2.37	71.53	26.10
Jackson, MI	0	0.00	1.94	0.00	4.37	0.00	60.44	0.00	33.25	0.00	0.00	0.00	61.70	38.30
Kalamazoo-Portage, MI	44	18.18	1.22	0.00	17.69	11.36	62.96	84.09	18.13	4.55	0.00	32.32	57.58	10.10
Lansing-East Lansing, MI	14	5.79	1.58	0.00	6.31	14.29	65.99	85.71	25.53	0.00	0.72	0.72	68.12	30.43
Midland, MI 2014-2016	3	1.24	0.53	0.00	16.93	0.00	58.73	0.00	23.81	100.00	0.00	0.00	93.75	6.25
Monroe, MI	2	0.83	0.00	0.00	2.59	0.00	87.78	100.00	9.63	0.00	0.00	0.85	94.07	5.08
Muskegon, MI	9	3.72	1.08	0.00	11.11	0.00	65.59	100.00	22.22	0.00	0.00	2.63	92.11	5.26
Saginaw, MI	44	18.18	0.84	0.00	4.53	0.00	58.89	61.36	35.74	38.64	0.00	0.00	65.26	34.74
Michigan Non-Metro 2014-2016	40	16.53	0.12	0.00	4.35	0.00	73.58	87.50	21.96	12.50	0.71	4.11	75.78	19.41

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE			Geography: MICHIGAN						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Detroit-Warren-Dearborn, MI	3,461	54.76	21.77	12.27	17.06	25.07	19.78	24.99	41.40	37.67	10.63	22.92	26.22	40.23
Limited-Scope Review:														
Ann Arbor, MI	393	6.22	21.69	14.51	16.89	26.68	21.43	22.54	39.99	36.27	12.07	26.74	25.07	36.12
Battle Creek, MI	68	1.08	20.99	9.38	18.07	10.94	20.52	31.25	40.42	48.44	8.19	29.37	24.24	38.21
Bay City, MI	53	0.84	18.22	11.54	18.66	26.92	23.52	28.85	39.60	32.69	12.87	26.51	27.72	32.90
Flint, MI	144	2.28	22.11	13.77	17.17	18.84	19.80	28.26	40.92	39.13	6.05	20.65	30.56	42.74
Grand Rapids-Wyoming, MI 2014-2016	425	6.72	18.92	10.22	18.07	29.43	22.52	25.69	40.49	34.66	10.44	27.12	25.81	36.64
Jackson, MI	64	1.01	20.69	9.52	18.28	20.63	21.31	26.98	39.72	42.86	9.57	28.09	27.62	34.72
Kalamazoo-Portage, MI	378	5.98	22.68	12.31	16.42	22.82	20.50	24.32	40.40	40.54	9.21	24.03	25.07	41.69
Lansing-East Lansing, MI	359	5.68	20.56	10.09	17.77	27.67	21.91	25.94	39.77	36.31	10.33	26.99	27.22	35.46
Midland, MI 2014-2016	23	0.36	20.69	4.35	17.69	30.43	19.95	30.43	41.67	34.78	15.56	22.62	24.91	36.90
Monroe, MI	183	2.90	18.60	9.94	19.27	30.39	22.93	23.20	39.20	36.46	10.91	28.78	29.95	30.36
Muskegon, MI	286	4.53	21.13	11.83	17.87	26.52	21.24	25.45	39.75	36.20	9.29	27.43	28.75	34.53
Saginaw, MI	87	1.38	21.86	19.51	16.90	25.61	20.65	31.71	40.60	23.17	10.18	27.12	24.92	37.79
Michigan Non-Metro 2014-2016	396	6.27	18.89	6.65	18.22	22.07	22.62	27.66	40.26	43.62	5.32	21.06	24.51	49.10

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 2.9% of loans originated and purchased by PNC.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT | Geography: MICHIGAN | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Detroit-Warren-Dearborn, MI	1,614	53.43	21.77	10.52	17.06	21.16	19.78	24.95	41.40	43.37	9.15	20.62	24.97	45.25
Limited-Scope Review:														
Ann Arbor, MI	148	4.90	21.69	8.78	16.89	22.97	21.43	33.78	39.99	34.46	10.57	21.60	23.87	43.96
Battle Creek, MI	30	0.99	20.99	6.67	18.07	20.00	20.52	23.33	40.42	50.00	9.86	20.07	26.76	43.31
Bay City, MI	52	1.72	18.22	19.23	18.66	19.23	23.52	30.77	39.60	30.77	16.54	22.18	24.06	37.22
Flint, MI	52	1.72	22.11	7.69	17.17	19.23	19.80	25.00	40.92	48.08	5.83	18.61	25.83	49.72
Grand Rapids-Wyoming, MI 2014-2016	175	5.79	18.92	6.29	18.07	20.00	22.52	30.86	40.49	42.86	7.97	21.27	26.39	44.37
Jackson, MI	35	1.16	20.69	2.86	18.28	17.14	21.31	28.57	39.72	51.43	9.89	20.65	27.10	42.37
Kalamazoo-Portage, MI	192	6.36	22.68	13.61	16.42	19.90	20.50	24.61	40.40	41.88	8.52	19.83	28.87	42.78
Lansing-East Lansing, MI	131	4.34	20.56	9.92	17.77	29.01	21.91	25.19	39.77	35.88	9.05	22.66	26.77	41.51
Midland, MI 2014-2016	17	0.56	20.69	17.65	17.69	17.65	19.95	23.53	41.67	41.18	13.84	17.61	24.53	44.03
Monroe, MI	117	3.87	18.60	10.43	19.27	30.43	22.93	23.48	39.20	35.65	14.12	24.31	27.08	34.49
Muskegon, MI	146	4.83	21.13	8.90	17.87	21.92	21.24	26.03	39.75	43.15	6.05	18.55	27.82	47.58
Saginaw, MI	68	2.25	21.86	11.76	16.90	22.06	20.65	30.88	40.60	35.29	21.55	22.80	23.43	32.22
Michigan Non-Metro 2014-2016	244	8.08	18.89	12.35	18.22	19.75	22.62	31.69	40.26	36.21	8.71	18.55	23.17	49.57

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 0.4% of loans originated and purchased by PNC.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE Geography: MICHIGAN Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Detroit-Warren-Dearborn, MI	7,840	54.57	21.77	9.17	17.06	16.41	19.78	22.70	41.40	51.72	6.62	15.31	24.00	54.06
Limited-Scope Review:														
Ann Arbor, MI	887	6.17	21.69	8.58	16.89	17.87	21.43	22.85	39.99	50.70	8.12	20.73	26.06	45.09
Battle Creek, MI	177	1.23	20.99	6.82	18.07	16.48	20.52	25.00	40.42	51.70	8.57	18.14	24.01	49.28
Bay City, MI	234	1.63	18.22	12.72	18.66	18.42	23.52	30.26	39.60	38.60	8.16	20.23	27.22	44.39
Flint, MI	347	2.42	22.11	9.71	17.17	20.00	19.80	22.65	40.92	47.65	4.34	13.30	23.43	58.93
Grand Rapids-Wyoming, MI 2014-2016	784	5.46	18.92	9.17	18.07	21.45	22.52	23.90	40.49	45.48	7.51	20.15	26.78	45.55
Jackson, MI	98	0.68	20.69	11.34	18.28	18.56	21.31	19.59	39.72	50.52	8.37	16.89	24.57	50.17
Kalamazoo-Portage, MI	920	6.40	22.68	7.61	16.42	18.18	20.50	21.25	40.40	52.95	6.88	16.74	22.20	54.18
Lansing-East Lansing, MI	896	6.24	20.56	8.05	17.77	19.50	21.91	27.32	39.77	45.12	6.73	17.73	26.89	48.66
Midland, MI 2014-2016	37	0.26	20.69	13.51	17.69	21.62	19.95	35.14	41.67	29.73	10.03	17.97	21.09	50.91
Monroe, MI	475	3.31	18.60	10.68	19.27	18.80	22.93	30.56	39.20	39.96	8.16	19.85	32.02	39.97
Muskegon, MI	617	4.29	21.13	8.57	17.87	17.30	21.24	27.18	39.75	46.95	8.94	16.00	26.25	48.81
Saginaw, MI	302	2.10	21.86	12.71	16.90	12.37	20.65	26.42	40.60	48.49	6.66	18.51	26.99	47.84
Michigan Non-Metro 2014-2016	752	5.23	18.89	9.93	18.22	19.87	22.62	27.65	40.26	42.55	5.32	14.91	23.21	56.56

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 2.0% of loans originated and purchased by PNC.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES			Geography: MICHIGAN		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of $1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $1,000,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Detroit-Warren-Dearborn, MI	22,675	54.04	82.63	57.62	83.17	8.49	8.34	97,868	40,911
Limited-Scope Review:									
Ann Arbor, MI	2,073	4.94	81.90	64.06	90.11	4.68	5.21	8,103	3,391
Battle Creek, MI	462	1.10	77.82	51.73	77.49	14.29	8.23	1,367	551
Bay City, MI	962	2.29	79.80	58.63	84.82	10.40	4.78	1,170	582
Flint, MI	973	2.32	82.10	49.43	72.87	11.10	16.03	4,574	1,767
Grand Rapids-Wyoming, MI 2014-2016	2,307	5.50	79.02	59.95	82.62	7.93	9.45	20,344	7,954
Jackson, MI	217	0.52	78.97	67.74	84.79	8.29	6.91	1,839	783
Kalamazoo-Portage, MI	3,012	7.18	79.69	60.59	84.30	9.56	6.14	5,625	2,408
Lansing-East Lansing, MI	3,294	7.85	78.76	57.10	80.90	13.11	5.98	5,854	2,587
Midland, MI 2014-2016	175	0.42	78.98	57.14	85.71	11.43	2.86	1,023	515
Monroe, MI	451	1.07	82.21	70.29	92.24	3.99	3.77	1,981	940
Muskegon, MI	1,421	3.39	79.37	57.71	84.24	11.61	4.15	1,961	867
Saginaw, MI	1,211	2.89	76.64	54.17	85.96	7.76	6.28	2,219	960
Michigan Non-Metro 2014-2016	2,726	6.50	81.06	64.71	88.85	6.53	4.62	12,192	5,912

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Businesses with revenues of $1 million or less as a percentage of all businesses (Source D&B - 2016).
**** Small loans to businesses with revenues of $1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 14.64% of small loans to businesses originated and purchased by PNC.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS			Geography: MICHIGAN		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of $1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
	#	% of Total**	% of Farms***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $500,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Detroit-Warren-Dearborn, MI	21	8.68	95.48	71.43	71.43	19.05	9.52	153	52
Limited-Scope Review:									
Ann Arbor, MI	5	2.07	95.84	40.00	100.00	0.00	0.00	54	20
Battle Creek, MI	8	3.31	96.16	87.50	0.00	37.50	62.50	34	9
Bay City, MI	6	2.48	98.08	33.33	83.33	16.67	0.00	40	17
Flint, MI	26	10.74	96.57	53.85	65.38	15.38	19.23	32	7
Grand Rapids-Wyoming, MI 2014-2016	20	8.26	93.43	60.00	25.00	45.00	30.00	296	157
Jackson, MI	0	0.00	99.27	0.00	0.00	0.00	0.00	47	14
Kalamazoo-Portage, MI	44	18.18	92.88	65.91	81.82	0.00	18.18	99	42
Lansing-East Lansing, MI	14	5.79	96.47	50.00	14.29	85.71	0.00	138	50
Midland, MI 2014-2016	3	1.24	98.41	66.67	100.00	0.00	0.00	48	39
Monroe, MI	2	0.83	97.04	100.00	100.00	0.00	0.00	118	76
Muskegon, MI	9	3.72	97.13	0.00	11.11	66.67	22.22	38	14
Saginaw, MI	44	18.18	97.65	50.00	75.00	15.91	9.09	95	48
Michigan Non-Metro 2014-2016	40	16.53	96.96	52.50	62.50	17.50	20.00	710	378

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Farms with revenues of $1 million or less as a percentage of all farms (Source D&B - 2016).
**** Small loans to farms with revenues of $1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 22.35% of small loans to farms originated and purchased by PNC.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS			Geography: MICHIGAN		Evaluation Period: JULY 9, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	$ (000's)	#	$ (000's)	#	$ (000's)	% of Total	#	$ (000's)
Full-Scope Review:									
Detroit-Warren-Dearborn, MI	22	29,002	456	191,026	478	220,028	80.35	1	2,970
Limited-Scope Review:									
Ann Arbor, MI	0	0	20	2,117	20	2,117	0.77	0	0
Battle Creek, MI	0	0	10	317	10	317	0.12	0	0
Bay City, MI	0	0	24	888	24	888	0.32	0	0
Flint, MI	0	0	21	444	21	444	0.16	0	0
Grand Rapids-Wyoming, MI	4	2,032	128	18,998	132	21,030	7.68	0	0
Jackson, MI	0	0	1	116	1	116	0.04	0	0
Kalamazoo-Portage, MI	0	0	156	8,822	156	8,822	3.22	0	0
Lansing-East Lansing, MI	1	1	78	2,628	79	2,629	0.96	0	0
Midland, MI	1	129	5	191	6	321	0.12	0	0
Monroe, MI	0	0	4	547	4	547	0.20	0	0
Muskegon, MI	0	0	20	1,463	20	1,463	0.53	0	0
Saginaw, MI	1	74	25	948	26	1,023	0.37	0	0
Michigan Non-Metro	1	162	105	3,826	106	3,988	1.46	0	0
Michigan State/Regional	2	2	4	10,104	6	10,105	3.69	0	0

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.
** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: MICHIGAN Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope Review:																	
Detroit-Warren-Dearborn, MI	68.18	87	44.62	10.34	18.39	41.38	29.89	3	18	1	-3	-6	-7	7.77	22.79	36.85	32.56
Limited-Scope Review:																	
Ann Arbor, MI	4.44	10	5.13	10.00	10.00	60.00	20.00	0	2	0	-1	-1	0	8.05	17.84	46.48	24.26
Battle Creek MI	0.47	2	1.03	0.00	50.00	50.00	0.00	0	1	-1	0	0	0	6.37	25.80	39.54	28.29
Bay City, MI	1.45	3	1.54	0.00	33.33	66.67	0.00	0	2	0	0	-2	0	1.21	13.32	69.45	16.03
Flint, MI	0.54	2	1.03	0.00	50.00	50.00	0.00	0	1	0	-1	0	0	10.04	22.45	36.99	30.50
Grand Rapids-Wyoming, MI	3.71	19	9.74	5.26	10.53	57.89	26.32	1	3	0	0	-2	0	4.43	17.41	52.47	25.69
Jackson, MI	0.11	1	0.51	0.00	100.00	0.00	0.00	0	0	0	0	0	0	9.91	11.04	50.42	24.40
Kalamazoo-Portage, MI	5.73	14	7.18	14.29	35.71	42.86	7.14	2	5	0	-1	-1	-1	8.13	16.94	51.82	23.11
Lansing-East Lansing, MI	4.36	15	7.69	0.00	20.00	53.33	26.67	3	4	0	-1	0	0	5.23	19.33	47.52	24.26
Midland, MI	0.19	1	0.51	0.00	0.00	0.00	100.00	0	0	0	0	0	0	2.89	13.87	44.58	38.67
Monroe, MI	0.96	2	1.03	0.00	50.00	50.00	0.00	0	1	0	0	-1	0	0.96	10.81	72.72	15.51
Muskegon, MI	2.08	7	3.59	14.29	14.29	71.43	0.00	0	2	0	0	-2	0	5.12	23.90	45.63	25.35
Saginaw, MI	1.68	6	3.08	0.00	16.67	33.33	50.00	0	1	0	0	-1	0	8.35	19.21	39.45	32.99
Michigan Non-Metro	6.09	26	13.33	0.00	23.08	73.08	3.85	0	13	0	-3	-9	-1	1.49	10.24	67.74	20.52

Table 1. Lending Volume

LENDING VOLUME		Geography: NEW JERSEY						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:												
Trenton-Ewing, NJ	56.27	1,847	495,767	3,498	346,179	5	845	15	26,512	5,365	869,303	75.32
Limited-Scope Review:												
Atlantic City-Hammonton, NJ	20.45	758	113,467	1,191	103,073	1	43	0	0	1,950	216,583	11.63
Ocean City, NJ	18.85	799	220,305	997	75,477	0	0	1	150	1,797	295,932	10.86
Vineland-Bridgeton, NJ	4.44	197	19,385	222	26,854	3	300	1	1,615	423	48,154	2.19

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Community Development Loans is from July 9, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME						Geography: NEW JERSEY								Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:														
Trenton-Ewing, NJ	56.27	30	4,878	30	4,878	0	0	0	0	0	0	0	0	75.32
Limited-Scope Review:														
Atlantic City-Hammonton, NJ	20.45	20	3,239	20	3,239	0	0	0	0	0	0	0	0	11.63
Ocean City, NJ	18.85	8	1,819	8	1,819	0	0	0	0	0	0	0	0	10.86
Vineland-Bridgeton, NJ	4.44	2	250	2	250	0	0	0	0	0	0	0	0	2.19

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE — Geography: NEW JERSEY — Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Trenton-Ewing, NJ	467	53.49	6.87	2.36	14.10	6.00	36.68	33.83	42.35	57.82	2.76	11.43	39.69	46.12
Limited-Scope Review:														
Atlantic City-Hammonton, NJ	128	14.66	2.90	3.91	14.12	10.16	55.41	52.34	27.56	33.59	1.69	11.68	54.49	32.14
Ocean City, NJ	246	28.18	2.95	1.22	22.48	23.58	46.18	59.76	28.39	15.45	1.44	18.87	54.18	25.51
Vineland-Bridgeton, NJ	32	3.67	2.18	0.00	11.72	6.25	61.87	53.13	24.23	40.63	0.85	8.67	62.69	27.79

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT			Geography: NEW JERSEY				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016							
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Trenton-Ewing, NJ	285	44.67	6.87	2.81	14.10	11.23	36.68	43.51	42.35	42.46	4.88	9.76	40.38	44.99
Limited-Scope Review:														
Atlantic City-Hammonton, NJ	145	22.73	2.90	1.38	14.12	15.86	55.41	50.34	27.56	32.41	0.25	11.06	52.76	35.93
Ocean City, NJ	151	23.67	2.95	1.32	22.48	31.79	46.18	49.67	28.39	17.22	0.98	22.48	48.21	28.34
Vineland-Bridgeton, NJ	57	8.93	2.18	0.00	11.72	7.02	61.87	64.91	24.23	28.07	1.77	12.83	63.27	22.12

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE   Geography: NEW JERSEY   Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Trenton-Ewing, NJ	1,090	52.28	6.87	1.38	14.10	6.61	36.68	30.46	42.35	61.56	2.28	8.10	34.13	55.48
Limited-Scope Review:														
Atlantic City-Hammonton, NJ	485	23.26	2.90	1.24	14.12	10.52	55.41	49.07	27.56	39.18	0.83	9.25	52.77	37.15
Ocean City, NJ	402	19.28	2.95	1.99	22.48	18.41	46.18	49.75	28.39	29.85	1.45	17.86	52.62	28.07
Vineland-Bridgeton, NJ	108	5.18	2.18	0.00	11.72	4.63	61.87	69.44	24.23	25.93	0.70	8.49	61.77	29.05

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY					Geography: NEW JERSEY				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016					
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Trenton-Ewing, NJ	5	100.00	20.76	20.00	7.91	60.00	37.36	20.00	33.97	0.00	55.56	11.11	5.56	27.78
Limited-Scope Review:														
Atlantic City-Hammonton, NJ	0	0.00	22.02	0.00	31.64	0.00	37.60	0.00	8.74	0.00	36.36	36.36	9.09	18.18
Ocean City, NJ	0	0.00	3.36	0.00	21.92	0.00	58.67	0.00	16.05	0.00	0.00	57.14	42.86	0.00
Vineland-Bridgeton, NJ	0	0.00	10.61	0.00	12.95	0.00	61.04	0.00	15.39	0.00	0.00	30.77	53.85	15.38

* Based on 2016 Peer Mortgage Data -- US and PR
** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.
*** Percentage of Multifamily Units is the number of multifamily units in a particular geography divided by the number of multifamily housing units in the area based on 2010 Census information.
**** Multifamily loan distribution includes Home Purchases, Home Improvement, and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES Geography: NEW JERSEY Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Trenton-Ewing, NJ	3,498	59.21	11.07	5.92	10.52	10.43	29.63	25.87	48.78	57.78	7.54	10.36	26.27	55.83
Limited-Scope Review:														
Atlantic City-Hammonton, NJ	1,191	20.16	9.05	7.47	13.96	15.87	50.21	41.23	26.69	35.43	8.62	15.05	49.55	26.78
Ocean City, NJ	997	16.88	2.01	1.50	24.05	28.28	44.42	42.83	29.51	27.38	1.72	24.54	43.92	29.82
Vineland-Bridgeton, NJ	222	3.76	9.86	6.31	14.04	22.97	57.86	62.16	18.18	8.56	17.19	8.38	56.23	18.19

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS			Geography: NEW JERSEY					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016						
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms ***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Trenton-Ewing, NJ	5	55.56	5.51	0.00	11.98	0.00	30.04	0.00	52.47	100.00	0.00	0.00	0.00	100.00
Limited-Scope Review:														
Atlantic City-Hammonton, NJ	1	11.11	0.79	0.00	7.74	0.00	59.72	100.00	31.75	0.00	0.00	4.76	76.19	19.05
Ocean City, NJ	0	0.00	2.32	0.00	11.97	0.00	43.24	0.00	42.47	0.00	10.00	20.00	60.00	10.00
Vineland-Bridgeton, NJ	3	33.33	1.06	0.00	7.09	33.33	59.93	0.00	31.91	66.67	0.00	0.00	76.00	24.00

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: NEW JERSEY							Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Trenton-Ewing, NJ	467	53.49	22.84	10.57	16.80	22.47	19.15	20.04	41.20	46.92	9.82	22.76	21.27	46.14
Limited-Scope Review:														
Atlantic City-Hammonton, NJ	128	14.66	21.34	9.02	17.79	10.66	20.49	19.67	40.37	60.66	4.25	17.12	23.85	54.78
Ocean City, NJ	246	28.18	21.83	2.50	17.87	10.42	19.71	11.25	40.59	75.83	3.63	8.33	14.80	73.24
Vineland-Bridgeton, NJ	32	3.67	23.94	12.90	15.80	32.26	19.90	25.81	40.36	29.03	2.97	22.06	35.40	39.57

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 3.0% of loans originated and purchased by PNC.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: NEW JERSEY						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016					
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Trenton-Ewing, NJ	285	44.67	22.84	15.00	16.80	23.21	19.15	26.79	41.20	35.00	7.95	20.45	24.72	46.88
Limited-Scope Review:														
Atlantic City-Hammonton, NJ	145	22.73	21.34	9.66	17.79	19.31	20.49	22.07	40.37	48.97	6.30	9.97	24.15	59.58
Ocean City, NJ	151	23.67	21.83	12.67	17.87	24.67	19.71	26.67	40.59	36.00	7.90	13.06	17.18	61.86
Vineland-Bridgeton, NJ	57	8.93	23.94	8.77	15.80	21.05	19.90	22.81	40.36	47.37	5.37	13.66	23.90	57.07

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 0.9% of loans originated and purchased by PNC.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE	Geography: NEW JERSEY		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016											
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Trenton-Ewing, NJ	1,090	52.28	22.84	7.51	16.80	15.57	19.15	21.32	41.20	55.61	5.30	13.26	20.64	60.80
Limited-Scope Review:														
Atlantic City-Hammonton, NJ	485	23.26	21.34	8.33	17.79	16.04	20.49	24.17	40.37	51.46	3.99	9.98	21.31	64.72
Ocean City, NJ	402	19.28	21.83	4.30	17.87	12.66	19.71	18.48	40.59	64.56	4.82	10.06	16.72	68.40
Vineland-Bridgeton, NJ	108	5.18	23.94	6.48	15.80	19.44	19.90	25.00	40.36	49.07	4.63	13.31	21.42	60.64

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 1.1% of loans originated and purchased by PNC.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES			Geography: NEW JERSEY			Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016			
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of $1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $1,000,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Trenton-Ewing, NJ	3,498	59.21	79.36	57.43	81.93	8.81	9.26	8,991	3,842
Limited-Scope Review:									
Atlantic City-Hammonton, NJ	1,191	20.16	82.96	62.72	88.58	4.37	7.05	6,397	2,356
Ocean City, NJ	997	16.88	85.15	64.69	90.67	4.31	5.02	3,132	1,401
Vineland-Bridgeton, NJ	222	3.76	79.22	57.66	80.63	8.11	11.26	2,336	829

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Businesses with revenues of $1 million or less as a percentage of all businesses (Source D&B - 2016).
**** Small loans to businesses with revenues of $1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 15.71% of small loans to businesses originated and purchased by PNC.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: NEW JERSEY			Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of $1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
	#	% of Total**	% of Farms***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $500,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Trenton-Ewing, NJ	5	55.56	95.25	60.00	60.00	0.00	40.00	12	7
Limited-Scope Review:									
Atlantic City-Hammonton, NJ	1	11.11	95.24	0.00	100.00	0.00	0.00	22	11
Ocean City, NJ	0	0.00	96.91	0.00	0.00	0.00	0.00	10	5
Vineland-Bridgeton, NJ	3	33.33	95.39	33.33	100.00	0.00	0.00	25	6

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Farms with revenues of $1 million or less as a percentage of all farms (Source D&B - 2016).
**** Small loans to farms with revenues of $1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 22.22% of small loans to farms originated and purchased by PNC.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS			Geography: NEW JERSEY				**Evaluation Period**: JULY 9, 2012 TO DECEMBER 31, 2016		
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	$ (000's)	#	$ (000's)	#	$ (000's)	% of Total	#	$ (000's)
Full-Scope Review:									
Trenton-Ewing, NJ	0	0	152	20,204	152	20,204	87.58	0	0
Limited-Scope Review:									
Atlantic City-Hammonton, NJ	0	0	8	1,226	8	1,226	5.32	0	0
Ocean City, NJ	0	0	6	1,105	6	1,105	4.79	0	0
Vineland-Bridgeton, NJ	0	0	6	278	6	278	1.20	0	0
New Jersey State/Regional	0	0	10	256	10	256	1.11	0	0

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.
** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: NEW JERSEY **Evaluation Period**: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope Review:																	
Trenton-Ewing, NJ	75.32	24	64.86	8.33	12.50	33.33	45.83	3	4	1	0	-1	-1	13.57	16.01	31.90	38.00
Limited-Scope Review:																	
Atlantic City-Hammonton, NJ	11.63	7	18.92	14.29	14.29	28.57	42.86	0	1	0	0	-1	0	6.85	19.82	49.55	22.90
Ocean City, NJ	10.86	5	13.51	0.00	20.00	40.00	40.00	0	3	0	0	-1	-2	4.19	25.98	43.80	26.04
Vineland-Bridgeton, NJ	2.19	1	2.70	0.00	100.00	0.00	0.00	0	1	0	0	-1	0	8.08	18.20	52.13	17.98

Table 1. Lending Volume

LENDING VOLUME			Geography: NORTH CAROLINA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016					
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:												
Raleigh, NC	24.17	2,872	648,908	3,661	349,786	52	5,632	7	33,996	6,592	1,038,322	32.59
Limited-Scope Review:												
Asheville, NC	5.83	514	108,170	1,074	73,697	0	0	2	2,560	1,590	184,427	2.75
Burlington, NC	2.09	270	31,013	298	26,781	0	0	1	75	569	57,869	1.11
Durham-Chapel Hill, NC	10.14	826	198,712	1,930	193,659	7	430	3	5,123	2,766	397,924	6.45
Fayetteville, NC	6.75	776	93,024	1,050	95,876	14	1,760	2	3,100	1,842	193,760	3.74
Goldsboro, NC	1.80	270	31,992	215	18,797	5	879	1	300	491	51,968	1.11
Greensboro-High Point, NC	7.70	1,004	127,206	1,080	141,064	14	1,326	2	46,030	2,100	315,626	3.76
Greenville, NC	2.94	345	41,489	439	34,516	18	1,963	0	0	802	77,968	1.52
Hickory-Lenoir-Morganton, NC	2.88	437	54,974	343	29,427	4	100	2	2,000	786	86,501	1.03
Jacksonville, NC	3.29	418	61,299	464	30,819	15	1,141	0	0	897	93,259	1.37
New Bern, NC 2014-2016	0.73	106	13,167	87	3,799	4	1,200	2	5,070	199	23,236	0.38
Rocky Mount, NC	5.84	620	56,382	881	77,318	89	12,924	4	24,600	1,594	171,224	5.37
Wilmington, NC 2014-2016	4.18	355	66,210	782	51,575	0	0	2	658	1,139	118,443	4.33
Winston-Salem, NC	2.57	339	49,513	360	24,939	1	400	2	6,370	702	81,222	1.78
North Carolina Non-Metro 2014-2016	19.09	1,692	217,370	3,232	199,828	280	44,580	4	15,410	5,208	477,188	32.71
Statewide/Regional	NA	NA	NA	NA	NA	NA	NA	4	13,747	NA	NA	NA

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Community Development Loans is from July 9, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: NORTH CAROLINA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016							
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:														
Raleigh, NC	24.17	16	2,237	16	2,237	0	0	0	0	0	0	0	0	32.59
Limited-Scope Review:														
Asheville, NC	5.83	10	2,677	10	2,677	0	0	0	0	0	0	0	0	2.75
Burlington, NC	2.09	5	559	5	559	0	0	0	0	0	0	0	0	1.11
Durham-Chapel Hill, NC	10.14	33	4,500	33	4,500	0	0	0	0	0	0	0	0	6.45
Fayetteville, NC	6.75	18	2,240	18	2,240	0	0	0	0	0	0	0	0	3.74
Goldsboro, NC	1.80	2	1,200	2	1,200	0	0	0	0	0	0	0	0	1.11
Greensboro-High Point, NC	7.70	10	2,636	10	2,636	0	0	0	0	0	0	0	0	3.76
Greenville, NC	2.94	6	969	6	969	0	0	0	0	0	0	0	0	1.52
Hickory-Lenoir-Morganton, NC	2.88	2	521	2	521	0	0	0	0	0	0	0	0	1.03
Jacksonville, NC	3.29	14	1,436	14	1,436	0	0	0	0	0	0	0	0	1.37
New Bern, NC 2014-2016	0.73	0	0	0	0	0	0	0	0	0	0	0	0	0.38
Rocky Mount, NC	5.84	18	2,140	18	2,140	0	0	0	0	0	0	0	0	5.37
Wilmington, NC 2014-2016	4.18	16	2,375	16	2,375	0	0	0	0	0	0	0	0	4.33
Winston-Salem, NC	2.57	6	999	6	999	0	0	0	0	0	0	0	0	1.78
North Carolina Non-Metro 2014-2016	19.09	25	2,557	25	2,557	0	0	0	0	0	0	0	0	32.71

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE			Geography: NORTH CAROLINA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016					
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Raleigh, NC	948	27.03	2.47	1.79	22.07	16.46	39.71	43.78	35.74	37.97	1.78	18.47	49.62	30.14
Limited-Scope Review:														
Asheville, NC	213	6.07	0.99	0.94	13.46	14.08	61.68	53.52	23.86	31.46	1.18	12.65	62.43	23.74
Burlington, NC	83	2.37	0.00	0.00	17.12	15.66	48.25	51.81	34.63	32.53	0.00	11.47	51.01	37.52
Durham-Chapel Hill, NC	225	6.42	3.53	1.33	16.83	12.44	37.12	37.78	42.53	48.44	3.21	13.79	37.00	46.00
Fayetteville, NC	138	3.93	1.39	0.72	10.13	3.62	55.39	48.55	33.09	47.10	0.30	5.09	54.97	39.65
Goldsboro, NC	122	3.48	0.80	0.00	8.93	7.38	64.44	63.11	25.82	29.51	0.56	6.59	54.22	38.63
Greensboro-High Point, NC	294	8.38	2.82	1.36	18.03	11.56	41.97	37.41	37.18	49.66	1.30	13.99	39.61	45.10
Greenville, NC	110	3.14	1.81	0.00	12.50	11.82	44.73	29.09	40.96	59.09	1.30	11.12	34.92	52.66
Hickory-Lenoir-Morganton, NC	134	3.82	0.00	0.00	14.07	10.45	62.71	52.99	23.21	36.57	0.00	10.02	62.43	27.54
Jacksonville, NC	181	5.16	0.00	0.00	3.78	0.00	65.06	75.14	31.16	24.86	0.00	1.65	70.60	27.75
New Bern, NC 2014-2016	63	1.80	3.08	3.17	19.98	12.70	35.06	39.68	41.89	44.44	3.01	11.20	29.64	56.16
Rocky Mount, NC	137	3.91	0.00	0.00	13.89	2.92	57.58	51.82	28.53	45.26	0.00	7.83	51.40	40.77
Wilmington, NC 2014-2016	108	3.08	3.66	3.70	11.85	11.11	47.84	51.85	36.65	33.33	2.83	9.39	51.42	36.36
Winston-Salem, NC	159	4.53	3.46	1.26	12.46	5.66	36.72	37.11	47.37	55.97	1.40	8.24	36.45	53.91
North Carolina Non-Metro 2014-2016	592	16.88	1.48	0.51	13.75	6.93	60.23	51.01	24.54	41.55	0.65	6.40	50.38	42.56

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT — Geography: NORTH CAROLINA — Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Raleigh, NC	230	17.72	2.47	0.43	22.07	17.83	39.71	44.35	35.74	37.39	3.62	17.33	43.00	36.05
Limited-Scope Review:														
Asheville, NC	52	4.01	0.99	0.00	13.46	11.54	61.68	69.23	23.86	19.23	2.16	13.58	60.19	24.07
Burlington, NC	21	1.62	0.00	0.00	17.12	19.05	48.25	52.38	34.63	28.57	0.00	17.51	49.72	32.77
Durham-Chapel Hill, NC	96	7.40	3.53	3.13	16.83	21.88	37.12	30.21	42.53	44.79	4.16	22.08	35.36	38.40
Fayetteville, NC	116	8.94	1.39	0.86	10.13	14.66	55.39	54.31	33.09	30.17	1.46	6.28	55.65	36.61
Goldsboro, NC	24	1.85	0.80	4.17	8.93	16.67	64.44	33.33	25.82	45.83	0.96	6.73	59.62	32.69
Greensboro-High Point, NC	92	7.09	2.82	3.26	18.03	22.83	41.97	43.48	37.18	30.43	1.08	17.31	39.88	41.73
Greenville, NC	38	2.93	1.81	5.26	12.50	7.89	44.73	57.89	40.96	28.95	3.41	5.68	43.18	47.73
Hickory-Lenoir-Morganton, NC	41	3.16	0.00	0.00	14.07	19.51	62.71	58.54	23.21	21.95	0.00	15.33	59.85	24.82
Jacksonville, NC	38	2.93	0.00	0.00	3.78	2.63	65.06	65.79	31.16	31.58	0.00	3.55	70.45	26.00
New Bern, NC 2014-2016	14	1.08	3.08	7.14	19.98	14.29	35.06	35.71	41.89	42.86	3.36	10.74	35.57	50.34
Rocky Mount, NC	121	9.32	0.00	0.00	13.89	7.44	57.58	63.64	28.53	28.93	0.00	12.86	60.00	27.14
Wilmington, NC 2014-2016	55	4.24	3.66	5.45	11.85	10.91	47.84	60.00	36.65	23.64	2.73	8.93	44.42	43.92
Winston-Salem, NC	30	2.31	3.46	0.00	12.46	3.33	36.72	40.00	47.37	56.67	2.16	9.46	34.32	54.05
North Carolina Non-Metro 2014-2016	330	25.42	1.48	1.82	13.75	10.91	60.23	59.39	24.54	27.88	0.93	8.36	59.70	31.01

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: NORTH CAROLINA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016						
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Raleigh, NC	1,692	28.05	2.47	1.89	22.07	16.73	39.71	40.72	35.74	40.66	1.61	14.85	42.43	41.12
Limited-Scope Review:														
Asheville, NC	248	4.11	0.99	4.44	13.46	13.31	61.68	50.40	23.86	31.85	1.33	12.87	59.77	26.03
Burlington, NC	166	2.75	0.00	0.00	17.12	9.64	48.25	51.81	34.63	38.55	0.00	10.83	50.56	38.60
Durham-Chapel Hill, NC	504	8.36	3.53	1.98	16.83	15.48	37.12	34.72	42.53	47.82	2.18	13.49	35.43	48.90
Fayetteville, NC	521	8.64	1.39	0.77	10.13	8.45	55.39	47.41	33.09	43.38	0.30	5.97	54.55	39.18
Goldsboro, NC	124	2.06	0.80	1.61	8.93	5.65	64.44	53.23	25.82	39.52	0.56	4.74	53.27	41.42
Greensboro-High Point, NC	618	10.25	2.82	1.62	18.03	15.05	41.97	45.31	37.18	38.03	1.13	12.37	38.56	47.94
Greenville, NC	197	3.27	1.81	1.02	12.50	10.66	44.73	41.12	40.96	47.21	1.56	10.40	36.83	51.21
Hickory-Lenoir-Morganton, NC	262	4.34	0.00	0.00	14.07	9.16	62.71	56.11	23.21	34.73	0.00	8.65	58.22	33.12
Jacksonville, NC	199	3.30	0.00	0.00	3.78	1.51	65.06	68.84	31.16	29.65	0.00	2.09	69.87	28.04
New Bern, NC 2014-2016	29	0.48	3.08	3.45	19.98	10.34	35.06	13.79	41.89	72.41	1.99	11.28	28.43	58.30
Rocky Mount, NC	362	6.00	0.00	0.00	13.89	8.01	57.58	53.31	28.53	38.67	0.00	7.37	54.79	37.84
Wilmington, NC 2014-2016	192	3.18	3.66	0.52	11.85	13.02	47.84	46.88	36.65	39.58	1.87	7.84	46.64	43.65
Winston-Salem, NC	149	2.47	3.46	2.01	12.46	8.05	36.72	28.86	47.37	61.07	1.26	9.06	33.96	55.72
North Carolina Non-Metro 2014-2016	769	12.75	1.48	1.17	13.75	6.11	60.23	54.10	24.54	38.62	0.52	6.25	49.76	43.47

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY					Geography: NORTH CAROLINA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016			
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Raleigh, NC	2	28.57	11.31	0.00	26.62	50.00	29.61	50.00	32.47	0.00	9.23	40.00	29.23	21.54
Limited-Scope Review:														
Asheville, NC	1	14.29	6.07	0.00	15.34	0.00	45.43	100.00	33.15	0.00	14.29	21.43	42.86	21.43
Burlington, NC	0	0.00	0.00	0.00	14.68	0.00	63.95	0.00	21.38	0.00	0.00	44.44	38.89	16.67
Durham-Chapel Hill, NC	1	14.29	17.10	0.00	30.32	0.00	23.38	0.00	29.21	100.00	15.38	35.90	17.95	30.77
Fayetteville, NC	1	14.29	2.77	0.00	15.75	0.00	55.84	100.00	25.64	0.00	10.00	5.00	85.00	0.00
Goldsboro, NC	0	0.00	3.94	0.00	24.33	0.00	54.54	0.00	17.18	0.00	100.00	0.00	0.00	0.00
Greensboro-High Point, NC	0	0.00	9.03	0.00	29.57	0.00	38.71	0.00	22.69	0.00	16.00	33.33	29.33	21.33
Greenville, NC	0	0.00	11.77	0.00	27.63	0.00	31.88	0.00	28.72	0.00	9.52	33.33	28.57	28.57
Hickory-Lenoir-Morganton, NC	0	0.00	0.00	0.00	28.81	0.00	56.84	0.00	14.35	0.00	0.00	50.00	50.00	0.00
Jacksonville, NC	0	0.00	0.00	0.00	7.38	0.00	64.06	0.00	28.57	0.00	0.00	0.00	80.00	20.00
New Bern, NC 2014-2016	0	0.00	27.91	0.00	15.85	0.00	40.63	0.00	15.60	0.00	0.00	0.00	100.00	0.00
Rocky Mount, NC	0	0.00	0.00	0.00	19.67	0.00	42.04	0.00	38.29	0.00	0.00	0.00	28.57	71.43
Wilmington, NC 2014-2016	0	0.00	10.78	0.00	18.98	0.00	43.31	0.00	26.93	0.00	21.88	28.13	34.38	15.63
Winston-Salem, NC	1	14.29	14.91	0.00	36.07	0.00	21.17	100.00	27.85	0.00	0.00	41.94	25.81	32.26
North Carolina Non-Metro 2014-2016	1	14.29	6.73	0.00	15.55	0.00	42.93	100.00	34.79	0.00	4.44	17.78	37.78	40.00

* Based on 2016 Peer Mortgage Data -- US and PR
** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.
*** Percentage of Multifamily Units is the number of multifamily units in a particular geography divided by the number of multifamily housing units in the area based on 2010 Census information.
**** Multifamily loan distribution includes Home Purchases, Home Improvement, and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES	Geography: NORTH CAROLINA		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016											
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Raleigh, NC	3,661	23.05	4.38	4.81	21.07	21.58	34.40	30.18	39.93	43.43	3.58	18.62	35.52	42.28
Limited-Scope Review:														
Asheville, NC	1,074	6.76	5.20	7.45	16.08	16.57	51.69	40.13	27.03	35.85	4.84	17.24	49.55	28.37
Burlington, NC	298	1.88	0.00	0.00	18.60	14.43	51.32	65.44	30.08	20.13	0.00	17.36	50.16	32.48
Durham-Chapel Hill, NC	1,926	12.12	6.18	6.23	19.87	27.10	34.38	29.60	38.78	37.07	4.57	18.15	34.26	43.02
Fayetteville, NC	1,050	6.61	8.48	15.14	9.77	6.00	49.91	42.38	31.74	36.48	8.46	8.09	47.37	36.08
Goldsboro, NC	215	1.35	4.13	4.65	15.33	7.91	61.88	59.53	18.66	27.91	3.22	13.68	61.17	21.92
Greensboro-High Point, NC	1,075	6.77	7.01	4.93	19.36	24.47	40.09	42.51	33.35	28.09	6.73	18.24	37.10	37.93
Greenville, NC	439	2.76	2.77	1.37	23.61	23.46	37.14	38.50	36.47	36.67	1.21	22.81	37.80	38.18
Hickory-Lenoir-Morganton, NC	343	2.16	0.00	0.00	22.90	28.57	51.39	39.65	25.71	31.78	0.00	22.16	49.22	28.61
Jacksonville, NC	463	2.91	0.00	0.00	9.82	7.34	65.33	74.73	23.76	17.93	0.00	7.41	67.53	25.06
New Bern, NC 2014-2016	87	0.55	9.95	0.00	15.57	11.49	37.34	48.28	37.14	40.23	6.59	17.07	35.67	40.67
Rocky Mount, NC	881	5.55	0.00	0.00	17.34	17.82	56.72	58.23	25.94	23.95	0.00	16.69	56.00	27.31
Wilmington, NC 2014-2016	781	4.92	7.35	6.91	14.45	15.75	38.68	37.77	39.22	39.56	5.44	11.38	40.89	42.29
Winston-Salem, NC	360	2.27	5.34	3.61	14.47	15.56	36.75	28.61	43.44	52.22	3.95	11.54	35.61	48.90
North Carolina Non-Metro 2014-2016	3,232	20.35	3.25	2.23	13.30	12.04	55.89	52.66	27.55	33.08	2.16	10.37	53.96	33.51

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS					Geography: NORTH CAROLINA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016					
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Raleigh, NC	52	10.34	3.24	11.54	23.68	76.92	44.35	11.54	28.68	0.00	4.60	49.81	29.50	16.09
Limited-Scope Review:														
Asheville, NC	0	0.00	1.19	0.00	16.02	0.00	62.89	0.00	19.90	0.00	1.11	14.44	70.00	14.44
Burlington, NC	0	0.00	0.00	0.00	7.91	0.00	62.23	0.00	29.86	0.00	0.00	2.33	76.74	20.93
Durham-Chapel Hill, NC	7	1.39	3.05	0.00	10.64	0.00	52.12	100.00	34.19	0.00	2.08	10.42	66.67	20.83
Fayetteville, NC	14	2.78	2.41	0.00	11.87	0.00	52.50	50.00	33.21	50.00	3.85	11.54	65.38	19.23
Goldsboro, NC	5	0.99	0.28	0.00	4.71	0.00	72.30	100.00	22.71	0.00	0.00	1.54	80.77	17.69
Greensboro-High Point, NC	14	2.78	1.98	0.00	15.45	0.00	48.83	100.00	33.67	0.00	1.60	14.40	64.00	20.00
Greenville, NC	18	3.58	0.56	0.00	9.86	0.00	58.03	55.56	31.55	44.44	0.00	2.38	73.81	23.81
Hickory-Lenoir-Morganton, NC	4	0.80	0.00	0.00	11.35	0.00	58.70	25.00	29.95	75.00	0.00	0.00	64.71	35.29
Jacksonville, NC	15	2.98	0.00	0.00	3.47	0.00	71.88	73.33	24.31	26.67	0.00	0.00	83.78	16.22
New Bern, NC 2014-2016	4	0.80	1.72	0.00	33.19	100.00	40.95	0.00	24.14	0.00	0.00	35.00	60.00	5.00
Rocky Mount, NC	89	17.69	0.00	0.00	4.45	0.00	73.94	80.90	21.60	19.10	0.00	7.22	72.16	20.62
Wilmington, NC 2014-2016	0	0.00	5.28	0.00	14.57	0.00	49.00	0.00	30.97	0.00	8.06	17.74	53.23	20.97
Winston-Salem, NC	1	0.20	2.14	0.00	8.74	0.00	37.28	0.00	51.84	100.00	0.00	16.00	28.00	56.00
North Carolina Non-Metro 2014-2016	280	55.67	0.75	0.00	11.82	10.00	67.05	86.43	20.38	3.57	0.27	12.88	71.83	15.02

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE | Geography: NORTH CAROLINA | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Raleigh, NC	948	27.03	21.39	9.84	16.69	17.34	20.05	22.37	41.87	50.45	7.93	20.94	24.02	47.11
Limited-Scope Review:														
Asheville, NC	213	6.07	19.55	3.92	18.14	12.25	21.87	27.45	40.44	56.37	3.76	16.71	24.67	54.87
Burlington, NC	83	2.37	21.32	10.84	16.95	39.76	20.70	15.66	41.03	33.73	4.98	20.99	26.46	47.57
Durham-Chapel Hill, NC	225	6.42	22.82	8.04	16.45	14.29	18.18	20.09	42.56	57.59	6.60	18.82	23.10	51.47
Fayetteville, NC	138	3.93	21.52	5.93	17.92	25.19	18.92	19.26	41.65	49.63	3.16	14.89	33.50	48.44
Goldsboro, NC	122	3.48	21.07	9.09	17.71	28.93	21.48	37.19	39.74	24.79	4.25	20.33	35.21	40.20
Greensboro-High Point, NC	294	8.38	21.44	8.56	17.63	21.92	18.89	28.42	42.04	41.10	7.06	21.26	26.49	45.19
Greenville, NC	110	3.14	24.27	3.67	15.75	22.02	18.08	21.10	41.90	53.21	4.72	20.04	27.76	47.48
Hickory-Lenoir-Morganton, NC	134	3.82	19.95	14.62	18.02	25.38	20.97	23.85	41.07	36.15	7.19	23.71	24.14	44.96
Jacksonville, NC	181	5.16	17.24	3.35	19.80	15.64	22.76	36.31	40.20	44.69	2.10	16.02	37.78	44.10
New Bern, NC 2014-2016	63	1.80	20.65	14.29	17.46	31.75	19.59	22.22	42.30	31.75	4.08	17.63	27.80	50.48
Rocky Mount, NC	137	3.91	22.34	6.56	16.93	22.13	20.14	27.87	40.59	43.44	3.94	20.34	30.38	45.34
Wilmington, NC 2014-2016	108	3.08	20.52	7.69	17.69	18.27	21.98	25.00	39.82	49.04	3.65	16.25	22.19	57.91
Winston-Salem, NC	159	4.53	21.11	10.90	15.54	33.33	19.82	19.87	43.53	35.90	6.44	22.62	25.30	45.63
North Carolina Non-Metro 2014-2016	592	16.88	22.23	3.31	17.07	20.21	19.25	21.60	41.45	54.88	2.35	14.61	22.67	60.37

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 3.5% of loans originated and purchased by PNC.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT Geography: NORTH CAROLINA Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Raleigh, NC	230	17.72	21.39	9.57	16.69	21.30	20.05	28.26	41.87	40.87	6.46	18.03	21.48	54.03
Limited-Scope Review:														
Asheville, NC	52	4.01	19.55	1.92	18.14	9.62	21.87	34.62	40.44	53.85	5.64	14.49	25.12	54.75
Burlington, NC	21	1.62	21.32	9.52	16.95	19.05	20.70	28.57	41.03	42.86	8.70	14.91	23.60	52.80
Durham-Chapel Hill, NC	96	7.40	22.82	6.25	16.45	17.71	18.18	19.79	42.56	56.25	9.90	18.60	21.50	50.00
Fayetteville, NC	116	8.94	21.52	12.93	17.92	19.83	18.92	25.00	41.65	42.24	4.91	12.38	25.00	57.71
Goldsboro, NC	24	1.85	21.07	8.33	17.71	16.67	21.48	25.00	39.74	50.00	7.53	19.35	20.43	52.69
Greensboro-High Point, NC	92	7.09	21.44	5.43	17.63	21.74	18.89	18.48	42.04	54.35	7.28	16.56	24.34	51.82
Greenville, NC	38	2.93	24.27	23.68	15.75	21.05	18.08	13.16	41.90	42.11	8.64	13.58	19.75	58.02
Hickory-Lenoir-Morganton, NC	41	3.16	19.95	12.20	18.02	19.51	20.97	31.71	41.07	36.59	8.30	22.53	26.09	43.08
Jacksonville, NC	38	2.93	17.24	0.00	19.80	21.05	22.76	36.84	40.20	42.11	5.60	10.18	27.23	57.00
New Bern, NC 2014-2016	14	1.08	20.65	7.14	17.46	28.57	19.59	21.43	42.30	42.86	2.88	9.35	25.90	61.87
Rocky Mount, NC	121	9.32	22.34	12.50	16.93	20.83	20.14	30.00	40.59	36.67	0.76	13.64	28.79	56.82
Wilmington, NC 2014-2016	55	4.24	20.52	12.73	17.69	16.36	21.98	27.27	39.82	43.64	3.17	14.02	25.13	57.67
Winston-Salem, NC	30	2.31	21.11	6.67	15.54	26.67	19.82	13.33	43.53	53.33	5.81	18.60	24.42	51.16
North Carolina Non-Metro 2014-2016	330	25.42	22.23	10.30	17.07	18.79	19.25	25.45	41.45	45.45	5.78	14.05	19.52	60.66

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 0.1% of loans originated and purchased by PNC.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE	Geography: NORTH CAROLINA							Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016					
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Raleigh, NC	1,692	28.05	21.39	11.75	16.69	18.55	20.05	22.33	41.87	47.37	5.62	15.05	21.93	57.40
Limited-Scope Review:														
Asheville, NC	248	4.11	19.55	8.13	18.14	15.04	21.87	17.48	40.44	59.35	5.43	15.10	24.73	54.75
Burlington, NC	166	2.75	21.32	6.71	16.95	16.46	20.70	21.95	41.03	54.88	6.97	13.87	24.09	55.07
Durham-Chapel Hill, NC	504	8.36	22.82	9.07	16.45	16.33	18.18	21.57	42.56	53.02	6.48	15.21	20.38	57.94
Fayetteville, NC	521	8.64	21.52	7.38	17.92	16.60	18.92	22.75	41.65	53.28	5.53	14.38	23.16	56.93
Goldsboro, NC	124	2.06	21.07	4.46	17.71	13.39	21.48	39.29	39.74	42.86	6.22	13.65	24.30	55.82
Greensboro-High Point, NC	618	10.25	21.44	7.79	17.63	17.25	18.89	25.21	42.04	49.75	6.40	14.18	22.77	56.65
Greenville, NC	197	3.27	24.27	7.41	15.75	17.99	18.08	22.75	41.90	51.85	4.64	14.14	21.38	59.84
Hickory-Lenoir-Morganton, NC	262	4.34	19.95	8.95	18.02	17.12	20.97	22.96	41.07	50.97	7.21	14.31	23.40	55.07
Jacksonville, NC	199	3.30	17.24	2.26	19.80	12.43	22.76	24.86	40.20	60.45	3.03	9.10	21.35	66.52
New Bern, NC 2014-2016	29	0.48	20.65	3.57	17.46	3.57	19.59	25.00	42.30	67.86	4.85	12.05	22.85	60.25
Rocky Mount, NC	362	6.00	22.34	9.40	16.93	20.51	20.14	28.21	40.59	41.88	5.10	12.10	23.73	59.08
Wilmington, NC 2014-2016	192	3.18	20.52	8.95	17.69	19.47	21.98	18.42	39.82	53.16	4.55	12.08	20.14	63.23
Winston-Salem, NC	149	2.47	21.11	6.21	15.54	19.31	19.82	19.31	43.53	55.17	6.40	15.97	21.26	56.38
North Carolina Non-Metro 2014-2016	769	12.75	22.23	6.63	17.07	14.19	19.25	20.95	41.45	58.22	3.90	10.92	19.86	65.32

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 3.9% of loans originated and purchased by PNC.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: NORTH CAROLINA			Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of $1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $1,000,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Raleigh, NC	3,661	23.03	84.66	41.71	81.07	8.33	10.60	29,094	14,446
Limited-Scope Review:									
Asheville, NC	1,074	6.76	86.70	40.41	87.52	5.68	6.80	9,087	4,717
Burlington, NC	298	1.87	81.70	33.22	80.20	12.08	7.72	2,552	1,208
Durham-Chapel Hill, NC	1,930	12.14	84.65	37.88	79.38	9.74	10.88	11,061	5,802
Fayetteville, NC	1,050	6.61	84.39	45.81	77.62	12.10	10.29	4,399	2,394
Goldsboro, NC	215	1.35	80.33	35.35	83.72	8.37	7.91	1,434	646
Greensboro-High Point, NC	1,080	6.79	83.40	31.67	77.04	9.35	13.61	13,774	6,764
Greenville, NC	439	2.76	80.88	45.79	84.28	7.06	8.66	2,693	1,241
Hickory-Lenoir-Morganton, NC	343	2.16	80.27	47.23	82.22	9.62	8.16	3,813	1,797
Jacksonville, NC	464	2.92	83.60	39.22	88.58	5.39	6.03	2,042	1,032
New Bern, NC 2014-2016	87	0.55	81.91	32.18	89.66	8.05	2.30	1,483	727
Rocky Mount, NC	881	5.54	79.77	35.87	82.52	9.08	8.40	1,585	703
Wilmington, NC 2014-2016	782	4.92	84.00	45.27	87.47	7.29	5.24	8,768	3,955
Winston-Salem, NC	360	2.26	82.54	49.72	84.72	10.56	4.72	7,595	3,644
North Carolina Non-Metro 2014-2016	3,232	20.33	82.37	40.50	89.29	5.60	5.11	23,170	11,543

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Businesses with revenues of $1 million or less as a percentage of all businesses (Source D&B - 2016).
**** Small loans to businesses with revenues of $1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 38.47% of small loans to businesses originated and purchased by PNC.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS Geography: NORTH CAROLINA Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Small Loans to Farms		Farms With Revenues of $1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
	#	% of Total**	% of Farms***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $500,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Raleigh, NC	52	10.34	93.70	73.08	55.77	36.54	7.69	263	148
Limited-Scope Review:									
Asheville, NC	0	0.00	97.01	0.00	0.00	0.00	0.00	93	45
Burlington, NC	0	0.00	96.76	0.00	0.00	0.00	0.00	43	18
Durham-Chapel Hill, NC	7	1.39	96.06	85.71	100.00	0.00	0.00	96	39
Fayetteville, NC	14	2.78	95.92	57.14	50.00	50.00	0.00	52	28
Goldsboro, NC	5	0.99	94.74	100.00	20.00	60.00	20.00	130	77
Greensboro-High Point, NC	14	2.78	96.85	28.57	78.57	21.43	0.00	128	53
Greenville, NC	18	3.58	95.21	83.33	55.56	33.33	11.11	87	54
Hickory-Lenoir-Morganton, NC	4	0.80	96.14	75.00	100.00	0.00	0.00	52	20
Jacksonville, NC	15	2.98	95.83	93.33	73.33	26.67	0.00	37	21
New Bern, NC 2014-2016	4	0.80	96.12	100.00	0.00	50.00	50.00	41	21
Rocky Mount, NC	89	17.69	93.99	59.55	55.06	22.47	22.47	98	41
Wilmington, NC 2014-2016	0	0.00	94.54	0.00	0.00	0.00	0.00	62	28
Winston-Salem, NC	1	0.20	96.12	0.00	0.00	0.00	100.00	26	17
North Carolina Non-Metro 2014-2016	280	55.67	96.61	67.86	43.57	38.21	18.21	1,499	792

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Farms with revenues of $1 million or less as a percentage of all farms (Source D&B - 2016).
**** Small loans to farms with revenues of $1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 15.98% of small loans to farms originated and purchased by PNC.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS			Geography: NORTH CAROLINA				**Evaluation Period**: JULY 9, 2012 TO DECEMBER 31, 2016		
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	$ (000's)	#	$ (000's)	#	$ (000's)	% of Total	#	$ (000's)
Full-Scope Review:									
Raleigh, NC	0	0	156	25,105	156	25,105	32.48	0	0
Limited-Scope Review:									
Asheville, NC	0	0	17	4,600	17	4,600	5.95	0	0
Burlington, NC	0	0	3	346	3	346	0.45	0	0
Durham-Chapel Hill, NC	0	0	47	3,621	47	3,621	4.68	0	0
Fayetteville, NC	0	0	9	1,159	9	1,159	1.50	0	0
Goldsboro, NC	0	0	6	370	6	370	0.48	0	0
Greensboro-High Point, NC	0	0	22	2,297	22	2,297	2.97	0	0
Greenville, NC	0	0	10	517	10	517	0.67	0	0
Hickory-Lenoir-Morganton, NC	0	0	5	280	5	280	0.36	0	0
Jacksonville, NC	0	0	7	513	7	513	0.66	0	0
New Bern, NC	0	0	7	13,203	7	13,203	17.08	0	0
Rocky Mount, NC	0	0	33	5,003	33	5,003	6.47	0	0
Wilmington, NC	0	0	16	1,373	16	1,373	1.78	0	0
Winston-Salem, NC	0	0	12	5,355	12	5,355	6.93	0	0
North Carolina Non-Metro	0	0	70	13,563	70	13,563	17.54	0	0
North Carolina State/Regional	0	0	0	0	0	0	0.00	0	0

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.
** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: NORTH CAROLINA						**Evaluation Period**: JANUARY 1, 2012 TO DECEMBER 31, 2016			
Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope Review:																	
Raleigh, NC	32.59	21	16.54	4.76	28.57	23.81	42.86	0	2	0	0	-1	-1	6.22	24.04	37.67	31.66
Limited-Scope Review:																	
Asheville, NC	2.75	8	6.30	12.50	25.00	25.00	37.50	0	1	0	0	-1	0	2.00	15.81	60.81	21.38
Burlington, NC	1.11	2	1.57	0.00	0.00	100.00	0.00	0	1	0	0	-1	0	0.00	21.89	47.90	30.21
Durham-Chapel Hill, NC	6.45	9	7.09	22.22	33.33	11.11	33.33	0	0	0	0	0	0	11.13	20.41	32.40	34.48
Fayetteville, NC	3.74	6	4.72	16.67	16.67	33.33	33.33	0	1	0	0	0	-1	2.52	13.96	53.82	28.73
Goldsboro, NC	1.11	1	0.79	0.00	0.00	100.00	0.00	0	1	0	0	-1	0	2.30	12.47	62.71	22.52
Greensboro-High Point, NC	3.76	8	6.30	0.00	25.00	62.50	12.50	0	1	0	0	-1	0	7.07	22.69	38.82	31.42
Greenville, NC	1.52	3	2.36	0.00	33.33	66.67	0.00	0	1	0	0	0	-1	5.27	19.33	39.91	35.50
Hickory-Lenoir-Morganton, NC	1.03	2	1.57	0.00	50.00	0.00	50.00	0	1	0	-1	0	0	0.00	17.16	61.86	20.97
Jacksonville, NC	1.37	2	1.57	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	8.36	63.06	21.72
New Bern, NC	0.38	1	0.79	0.00	0.00	0.00	100.00	0	0	0	0	0	0	5.39	24.64	33.02	36.96
Rocky Mount, NC	5.37	7	5.51	0.00	14.29	42.86	42.86	0	5	0	-1	-3	-1	0.00	17.34	56.27	26.39
Wilmington, NC	4.33	7	5.51	14.29	28.57	28.57	28.57	0	1	0	0	0	-1	6.62	15.67	47.64	30.07
Winston-Salem, NC	1.78	4	3.15	0.00	0.00	50.00	50.00	0	0	0	0	0	0	8.63	19.63	32.01	39.74
North Carolina Non-Metro	32.71	46	36.22	2.17	10.87	67.39	19.57	0	13	0	-3	-8	-4	2.46	16.43	59.66	21.16

Table 1. Lending Volume

LENDING VOLUME			Geography: OHIO					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:												
Cleveland-Elyria, OH	31.96	9,634	1,544,029	21,374	2,096,856	56	6,568	26	140,217	31,090	3,787,670	39.16
Columbus, OH 2014-2016	21.04	5,228	857,248	15,181	1,131,856	37	4,526	16	52,985	20,462	2,046,615	27.74
Dayton, OH	11.42	4,620	565,879	6,442	758,578	34	5,192	12	29,112	11,108	1,358,761	6.91
Limited-Scope Review:												
Akron, OH	10.84	3,897	495,445	6,618	626,902	16	1,067	13	96,302	10,544	1,219,716	7.32
Canton-Massillon, OH	5.09	2,054	221,198	2,854	253,068	35	4,226	3	3,620	4,946	482,112	1.99
Mansfield, OH	0.37	150	12,538	196	20,097	18	2,414	0	0	364	35,049	0.15
Springfield, OH	2.03	1,128	103,058	833	71,064	13	2,071	2	2,791	1,976	178,984	1.11
Toledo, OH	6.83	3,356	379,073	3,232	279,872	42	3,667	15	107,182	6,645	769,794	4.14
Weirton-Steubenville, OH	0.98	472	32,897	479	29,426	3	450	1	659	955	63,432	0.82
Wheeling, WV-OH	0.73	315	33,024	394	27,395	0	0	0	0	709	60,419	0.50
Ohio Non-Metro 2014-2016	8.70	3,025	264,335	5,086	369,558	350	37,925	6	12,043	8,467	683,861	10.17
Statewide/Regional	NA	NA	NA	NA	NA	NA	NA	3	5,993	NA	NA	NA

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Community Development Loans is from January 01, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: OHIO				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016								
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:														
Cleveland-Elyria, OH	31.96	78	13,783	78	13,783	0	0	0	0	0	0	0	0	39.16
Columbus, OH 2014-2016	21.04	15	4,640	15	4,640	0	0	0	0	0	0	0	0	27.74
Dayton, OH	11.42	26	4,551	26	4,551	0	0	0	0	0	0	0	0	6.91
Limited-Scope Review:														
Akron, OH	10.84	35	7,471	35	7,471	0	0	0	0	0	0	0	0	7.32
Canton-Massillon, OH	5.09	8	1,380	8	1,380	0	0	0	0	0	0	0	0	1.99
Mansfield, OH	0.37	2	1,052	2	1,052	0	0	0	0	0	0	0	0	0.15
Springfield, OH	2.03	0	0	0	0	0	0	0	0	0	0	0	0	1.11
Toledo, OH	6.83	10	2,560	10	2,560	0	0	0	0	0	0	0	0	4.14
Weirton-Steubenville, OH	0.98	0	0	0	0	0	0	0	0	0	0	0	0	0.82
Wheeling, WV-OH	0.73	1	90	1	90	0	0	0	0	0	0	0	0	0.50
Ohio Non-Metro 2014-2016	8.70	9	2,302	9	2,302	0	0	0	0	0	0	0	0	10.17

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE			Geography: OHIO				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016							
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Cleveland-Elyria, OH	2,548	26.74	5.68	2.08	13.81	9.26	41.98	42.46	38.53	46.19	1.91	9.85	43.34	44.90
Columbus, OH 2014-2016	2,304	24.18	4.85	3.08	18.98	11.68	37.16	35.07	39.01	50.17	3.12	15.20	36.43	45.25
Dayton, OH	915	9.60	4.44	1.20	18.39	11.91	44.16	41.86	33.02	45.03	1.79	13.05	47.17	37.99
Limited-Scope Review:														
Akron, OH	877	9.20	4.58	2.17	18.89	11.29	42.20	38.43	34.33	48.12	1.88	15.18	42.75	40.18
Canton-Massillon, OH	508	5.33	3.09	0.98	9.84	3.74	60.24	58.46	26.83	36.81	0.71	5.46	61.65	32.18
Mansfield, OH	38	0.40	0.00	0.00	20.04	2.63	49.63	65.79	30.33	31.58	0.00	11.67	54.08	34.25
Springfield, OH	323	3.39	4.94	1.55	12.97	10.22	44.52	45.82	37.57	42.41	2.02	11.56	47.38	39.04
Toledo, OH	978	10.26	5.77	1.23	12.85	5.52	48.96	52.97	32.41	40.29	1.00	6.86	48.89	43.25
Weirton-Steubenville, OH	122	1.28	1.24	0.00	11.58	8.20	83.35	85.25	3.84	6.56	0.32	7.96	86.94	4.78
Wheeling, WV-OH	121	1.27	2.55	0.00	13.21	15.70	67.51	53.72	16.73	30.58	1.49	12.04	61.52	24.96
Ohio Non-Metro 2014-2016	795	8.34	0.82	0.63	13.49	10.69	69.30	63.77	16.39	24.91	0.46	12.29	68.04	19.21

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT			Geography: OHIO						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016					
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Cleveland-Elyria, OH	1,278	31.10	5.68	3.21	13.81	13.22	41.98	39.59	38.53	43.97	4.14	13.26	38.37	44.23
Columbus, OH 2014-2016	616	14.99	4.85	4.87	18.98	22.08	37.16	38.15	39.01	34.90	3.45	14.58	36.73	45.25
Dayton, OH	378	9.20	4.44	5.56	18.39	19.05	44.16	39.68	33.02	35.71	2.99	14.54	43.33	39.14
Limited-Scope Review:														
Akron, OH	430	10.46	4.58	3.95	18.89	15.12	42.20	35.81	34.33	45.12	3.51	15.93	39.93	40.63
Canton-Massillon, OH	203	4.94	3.09	0.99	9.84	6.40	60.24	58.13	26.83	34.48	4.10	10.93	57.36	27.62
Mansfield, OH	14	0.34	0.00	0.00	20.04	14.29	49.63	57.14	30.33	28.57	0.00	15.81	45.45	38.74
Springfield, OH	126	3.07	4.94	3.17	12.97	16.67	44.52	40.48	37.57	39.68	4.49	12.24	38.37	44.90
Toledo, OH	251	6.11	5.77	4.38	12.85	7.57	48.96	49.80	32.41	38.25	4.30	11.10	50.62	33.98
Weirton-Steubenville, OH	132	3.21	1.24	1.52	11.58	9.09	83.35	84.09	3.84	5.30	0.58	9.30	86.05	4.07
Wheeling, WV-OH	54	1.31	2.55	0.00	13.21	22.22	67.51	57.41	16.73	20.37	4.46	19.75	62.42	13.38
Ohio Non-Metro 2014-2016	627	15.26	0.82	0.64	13.49	15.79	69.30	67.78	16.39	15.79	0.78	12.83	68.35	18.05

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: OHIO					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016						
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Cleveland-Elyria, OH	5,776	28.62	5.68	2.08	13.81	7.46	41.98	35.68	38.53	54.78	1.49	7.72	38.68	52.10
Columbus, OH 2014-2016	2,303	11.41	4.85	2.82	18.98	14.59	37.16	37.95	39.01	44.64	2.14	11.07	33.50	53.29
Dayton, OH	3,317	16.44	4.44	2.41	18.39	12.96	44.16	41.63	33.02	42.99	1.70	11.60	41.99	44.70
Limited-Scope Review:														
Akron, OH	2,584	12.80	4.58	1.39	18.89	11.03	42.20	38.27	34.33	49.30	1.43	11.66	41.16	45.75
Canton-Massillon, OH	1,342	6.65	3.09	0.82	9.84	4.92	60.24	53.13	26.83	41.13	1.20	5.55	57.40	35.84
Mansfield, OH	98	0.49	0.00	0.00	20.04	4.08	49.63	71.43	30.33	24.49	0.00	11.41	49.51	39.08
Springfield, OH	679	3.36	4.94	1.33	12.97	9.57	44.52	43.45	37.57	45.66	2.71	7.52	43.18	46.59
Toledo, OH	2,123	10.52	5.77	1.13	12.85	6.12	48.96	47.24	32.41	45.50	1.01	6.40	45.71	46.88
Weirton-Steubenville, OH	218	1.08	1.24	0.92	11.58	7.80	83.35	83.49	3.84	7.80	0.50	8.73	86.28	4.49
Wheeling, WV-OH	140	0.69	2.55	0.00	13.21	5.00	67.51	51.43	16.73	43.57	1.57	10.09	58.52	29.82
Ohio Non-Metro 2014-2016	1,601	7.93	0.82	0.31	13.49	9.87	69.30	68.58	16.39	21.24	0.45	10.69	68.52	20.34

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY			Geography: OHIO				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016							
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Cleveland-Elyria, OH	32	53.33	15.05	6.25	27.16	34.38	38.98	43.75	18.81	15.63	12.98	24.52	42.31	20.19
Columbus, OH 2014-2016	5	8.33	21.69	0.00	27.71	0.00	31.88	60.00	18.72	40.00	22.33	27.18	29.61	20.87
Dayton, OH	10	16.67	10.65	0.00	27.74	40.00	41.68	40.00	19.94	20.00	12.68	22.54	50.70	14.08
Limited-Scope Review:														
Akron, OH	6	10.00	15.36	0.00	23.22	33.33	36.44	66.67	24.98	0.00	22.41	27.59	36.21	13.79
Canton-Massillon, OH	1	1.67	12.01	0.00	13.54	100.00	42.53	0.00	31.92	0.00	10.00	20.00	36.67	33.33
Mansfield, OH	0	0.00	0.00	0.00	45.41	0.00	40.13	0.00	14.46	0.00	0.00	33.33	55.56	11.11
Springfield, OH	0	0.00	18.92	0.00	15.56	0.00	45.05	0.00	20.47	0.00	0.00	14.29	28.57	57.14
Toledo, OH	4	6.67	12.49	25.00	26.96	25.00	44.10	25.00	16.45	25.00	10.89	26.73	43.56	18.81
Weirton-Steubenville, OH	0	0.00	21.26	0.00	25.17	0.00	45.45	0.00	8.12	0.00	0.00	0.00	100.00	0.00
Wheeling, WV-OH	0	0.00	14.67	0.00	18.08	0.00	48.12	0.00	19.13	0.00	0.00	50.00	0.00	50.00
Ohio Non-Metro 2014-2016	2	3.33	4.36	0.00	21.78	0.00	57.42	100.00	16.45	0.00	1.54	21.54	67.69	9.23

* Based on 2016 Peer Mortgage Data -- US and PR
** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.
*** Percentage of Multifamily Units is the number of multifamily units in a particular geography divided by the number of multifamily housing units in the area based on 2010 Census information.
**** Multifamily loan distribution includes Home Purchases, Home Improvement, and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES | Geography: OHIO | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Cleveland-Elyria, OH	21,342	34.08	7.61	8.99	12.96	13.50	38.51	36.71	40.53	40.80	6.14	11.31	36.30	46.25
Columbus, OH 2014-2016	15,149	24.19	8.20	5.83	19.78	57.88	31.76	15.49	39.91	20.81	6.94	21.47	28.33	43.27
Dayton, OH	6,442	10.29	6.90	8.86	18.35	19.02	41.92	37.38	32.78	34.74	5.96	16.66	39.89	37.49
Limited-Scope Review:														
Akron, OH	6,618	10.57	7.59	6.00	16.08	16.86	35.72	33.39	40.61	43.74	5.91	14.10	35.81	44.18
Canton-Massillon, OH	2,854	4.56	6.66	5.96	9.62	5.19	52.27	52.91	31.45	35.95	5.22	6.98	51.27	36.53
Mansfield, OH	196	0.31	0.00	0.00	28.27	30.61	45.12	55.61	26.61	13.78	0.00	29.62	43.19	27.19
Springfield, OH	833	1.33	8.78	5.88	18.35	19.45	33.91	29.53	38.96	45.14	7.33	16.18	32.29	44.20
Toledo, OH	3,232	5.16	6.47	5.48	14.03	11.63	45.07	46.29	34.15	36.60	4.55	10.67	43.22	41.56
Weirton-Steubenville, OH	479	0.76	11.71	18.37	10.71	4.59	70.64	69.52	6.93	7.52	11.47	9.15	74.48	4.90
Wheeling, WV-OH	394	0.63	6.44	15.74	12.39	5.84	50.66	37.82	30.51	40.61	6.19	13.19	46.16	34.45
Ohio Non-Metro 2014-2016	5,086	8.12	1.71	1.63	16.90	13.88	65.48	67.83	15.90	16.65	1.16	13.85	68.01	16.98

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS					Geography: OHIO					**Evaluation Period**: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Cleveland-Elyria, OH	56	9.27	2.48	0.00	8.20	0.00	44.23	60.71	45.06	39.29	0.65	3.23	46.45	49.68
Columbus, OH 2014-2016	37	6.13	3.36	0.00	13.28	21.62	47.59	56.76	35.71	21.62	1.20	9.09	62.92	26.79
Dayton, OH	34	5.63	2.45	0.00	11.24	14.71	53.77	58.82	32.54	26.47	0.00	7.92	54.95	37.13
Limited-Scope Review:														
Akron, OH	16	2.65	1.82	0.00	12.62	6.25	49.42	6.25	36.14	87.50	0.00	10.00	61.67	28.33
Canton-Massillon, OH	35	5.79	1.39	0.00	6.12	0.00	68.78	88.57	23.71	11.43	0.00	3.13	81.25	15.63
Mansfield, OH	18	2.98	0.00	0.00	5.60	0.00	62.24	61.11	32.15	38.89	0.00	0.00	61.82	38.18
Springfield, OH	13	2.15	2.41	0.00	6.02	0.00	34.94	100.00	56.63	0.00	0.00	3.48	24.35	72.17
Toledo, OH	42	6.95	1.58	0.00	5.73	0.00	62.24	80.95	30.46	19.05	0.00	0.00	80.36	19.64
Weirton-Steubenville, OH	3	0.50	1.79	0.00	10.71	100.00	86.61	0.00	0.89	0.00	0.00	5.88	94.12	0.00
Wheeling, WV-OH	0	0.00	0.61	0.00	3.05	0.00	75.61	0.00	20.73	0.00	0.00	5.88	82.35	11.76
Ohio Non-Metro 2014-2016	350	57.95	0.22	0.86	6.46	3.71	72.74	66.86	20.56	28.57	0.14	3.90	76.90	19.07

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE | Geography: OHIO | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Cleveland-Elyria, OH	2,548	26.74	21.71	12.89	17.29	26.75	20.69	21.72	40.30	38.63	9.90	24.80	24.09	41.21
Columbus, OH 2014-2016	2,304	24.18	21.27	9.95	17.18	25.18	20.61	22.82	40.94	42.05	8.42	23.10	23.56	44.91
Dayton, OH	915	9.60	20.98	9.47	18.16	24.13	20.62	23.67	40.24	42.73	7.67	22.87	26.23	43.23
Limited-Scope Review:														
Akron, OH	877	9.20	20.77	11.16	17.80	19.21	22.01	27.73	39.42	41.90	12.02	24.92	25.08	37.98
Canton-Massillon, OH	508	5.33	19.27	10.62	19.02	27.86	21.68	25.05	40.03	36.47	10.09	25.48	28.32	36.11
Mansfield, OH	38	0.40	18.37	0.00	20.51	15.79	21.55	47.37	39.57	36.84	5.76	21.40	30.70	42.14
Springfield, OH	323	3.39	19.82	7.57	17.52	28.39	22.90	30.91	39.76	33.12	12.26	28.07	28.20	31.48
Toledo, OH	978	10.26	21.88	10.89	16.99	25.21	20.48	28.32	40.65	35.58	8.76	22.98	28.37	39.90
Weirton-Steubenville, OH	122	1.28	20.21	5.74	18.42	23.77	22.34	35.25	39.04	35.25	5.61	24.11	31.03	39.25
Wheeling, WV-OH	121	1.27	19.91	12.40	20.36	15.70	21.44	21.49	38.29	50.41	9.32	26.69	24.50	39.49
Ohio Non-Metro 2014-2016	795	8.34	19.88	6.00	18.48	28.74	21.80	27.46	39.85	37.80	7.62	27.10	28.15	37.13

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 4.7% of loans originated and purchased by PNC.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT | Geography: OHIO | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Cleveland-Elyria, OH	1,278	31.10	21.71	9.18	17.29	20.67	20.69	24.78	40.30	45.37	9.22	19.47	22.02	49.29
Columbus, OH 2014-2016	616	14.99	21.27	12.66	17.18	23.54	20.61	23.21	40.94	40.58	7.37	16.15	22.20	54.29
Dayton, OH	378	9.20	20.98	10.34	18.16	20.16	20.62	21.49	40.24	48.01	7.30	16.37	21.27	55.06
Limited-Scope Review:														
Akron, OH	430	10.46	20.77	10.49	17.80	16.78	22.01	28.44	39.42	44.29	9.48	21.75	21.26	47.51
Canton-Massillon, OH	203	4.94	19.27	5.91	19.02	16.75	21.68	27.59	40.03	49.75	15.81	28.43	21.73	34.03
Mansfield, OH	14	0.34	18.37	0.00	20.51	7.14	21.55	57.14	39.57	35.71	6.28	17.57	30.54	45.61
Springfield, OH	126	3.07	19.82	10.40	17.52	26.40	22.90	20.80	39.76	42.40	10.82	29.00	21.21	38.96
Toledo, OH	251	6.11	21.88	11.16	16.99	22.31	20.48	29.88	40.65	36.65	11.27	20.52	28.00	40.21
Weirton-Steubenville, OH	132	3.21	20.21	5.30	18.42	15.15	22.34	35.61	39.04	43.94	5.26	12.28	29.82	52.63
Wheeling, WV-OH	54	1.31	19.91	3.70	20.36	12.96	21.44	38.89	38.29	44.44	11.89	27.97	22.38	37.76
Ohio Non-Metro 2014-2016	627	15.26	19.88	10.22	18.48	20.77	21.80	24.44	39.85	44.57	9.01	20.08	25.32	45.59

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 0.6% of loans originated and purchased by PNC.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: OHIO				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Cleveland-Elyria, OH	5,776	28.62	21.71	7.77	17.29	15.17	20.69	22.19	40.30	54.87	7.24	15.64	23.66	53.45
Columbus, OH 2014-2016	2,303	11.41	21.27	10.86	17.18	19.72	20.61	24.67	40.94	44.75	5.71	14.31	21.59	58.38
Dayton, OH	3,317	16.44	20.98	11.33	18.16	17.18	20.62	22.88	40.24	48.62	7.11	14.69	22.08	56.12
Limited-Scope Review:														
Akron, OH	2,584	12.80	20.77	8.89	17.80	14.52	22.01	23.81	39.42	52.78	8.67	18.54	24.35	48.44
Canton-Massillon, OH	1,342	6.65	19.27	7.74	19.02	16.54	21.68	24.96	40.03	50.76	8.84	19.59	26.53	45.03
Mansfield, OH	98	0.49	18.37	4.17	20.51	19.79	21.55	30.21	39.57	45.83	7.16	15.06	27.05	50.73
Springfield, OH	679	3.36	19.82	10.64	17.52	17.54	22.90	29.39	39.76	42.43	8.08	17.50	27.46	46.95
Toledo, OH	2,123	10.52	21.88	7.57	16.99	18.19	20.48	25.29	40.65	48.95	6.94	14.87	24.24	53.95
Weirton-Steubenville, OH	218	1.08	20.21	8.88	18.42	15.42	22.34	22.90	39.04	52.80	7.54	16.23	23.48	52.75
Wheeling, WV-OH	140	0.69	19.91	4.29	20.36	16.43	21.44	18.57	38.29	60.71	8.08	19.78	26.74	45.40
Ohio Non-Metro 2014-2016	1,601	7.93	19.88	9.19	18.48	21.08	21.80	26.12	39.85	43.61	6.96	18.55	25.92	48.57

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 3.1% of loans originated and purchased by PNC.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES			Geography: OHIO		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of $1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $1,000,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Cleveland-Elyria, OH	21,374	34.10	81.66	57.75	81.24	9.45	9.31	38,350	17,258
Columbus, OH 2014-2016	15,181	24.22	82.28	31.93	82.20	11.69	6.11	33,164	12,799
Dayton, OH	6,442	10.28	79.87	48.14	75.69	12.23	12.08	11,731	5,000
Limited-Scope Review:									
Akron, OH	6,618	10.56	80.95	56.78	80.73	9.97	9.29	11,321	4,747
Canton-Massillon, OH	2,854	4.55	80.94	58.48	85.00	7.11	7.88	5,423	2,474
Mansfield, OH	196	0.31	77.75	65.82	82.65	10.20	7.14	1,659	681
Springfield, OH	833	1.33	78.21	58.82	84.87	8.88	6.24	1,542	784
Toledo, OH	3,232	5.16	78.53	53.13	83.94	8.04	8.01	8,745	3,863
Weirton-Steubenville, OH	479	0.76	78.06	60.75	91.02	4.18	4.80	791	318
Wheeling, WV-OH	394	0.63	78.55	60.91	87.06	9.64	3.30	751	280
Ohio Non-Metro 2014-2016	5,086	8.11	78.95	63.35	87.40	7.06	5.54	15,729	7,349

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Businesses with revenues of $1 million or less as a percentage of all businesses (Source D&B - 2016).
**** Small loans to businesses with revenues of $1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 16.04% of small loans to businesses originated and purchased by PNC.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS			Geography: OHIO		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of $1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
	#	% of Total**	% of Farms***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $500,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Cleveland-Elyria, OH	56	9.27	95.87	62.50	73.21	8.93	17.86	156	93
Columbus, OH 2014-2016	37	6.13	95.63	40.54	62.16	24.32	13.51	419	190
Dayton, OH	34	5.63	96.23	61.76	47.06	29.41	23.53	203	102
Limited-Scope Review:									
Akron, OH	16	2.65	96.53	75.00	93.75	6.25	0.00	60	37
Canton-Massillon, OH	35	5.79	97.75	77.14	60.00	31.43	8.57	97	61
Mansfield, OH	18	2.98	97.64	72.22	66.67	16.67	16.67	56	27
Springfield, OH	13	2.15	97.89	69.23	53.85	7.69	38.46	115	74
Toledo, OH	42	6.95	95.77	73.81	71.43	26.19	2.38	392	282
Weirton-Steubenville, OH	3	0.50	99.11	100.00	0.00	100.00	0.00	17	9
Wheeling, WV-OH	0	0.00	97.56	0.00	0.00	0.00	0.00	17	10
Ohio Non-Metro 2014-2016	350	57.95	98.25	62.86	69.43	19.14	11.43	1,446	861

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Farms with revenues of $1 million or less as a percentage of all farms (Source D&B - 2016).
**** Small loans to farms with revenues of $1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 17.05% of small loans to farms originated and purchased by PNC.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS			Geography: OHIO				**Evaluation Period**: JULY 9, 2012 TO DECEMBER 31, 2016		
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	$ (000's)	#	$ (000's)	#	$ (000's)	% of Total	#	$ (000's)
Full-Scope Review:									
Cleveland-Elyria, OH	16	19,478	509	109,064	525	128,543	44.67	0	0
Columbus, OH	12	6,983	255	62,998	267	69,981	24.32	0	0
Dayton, OH	3	2,125	174	15,277	177	17,402	6.05	0	0
Limited-Scope Review:									
Akron, OH	0	0	95	5,776	95	5,776	2.01	0	0
Canton-Massillon, OH	0	0	32	1,744	32	1,744	0.61	0	0
Mansfield, OH	0	0	6	158	6	158	0.05	0	0
Springfield, OH	0	0	30	1,138	30	1,138	0.40	0	0
Toledo, OH	10	2,921	72	22,993	82	25,913	9.01	0	0
Weirton-Steubenville, OH	0	0	10	662	10	662	0.23	0	0
Wheeling, WV-OH	0	0	6	37	6	37	0.01	0	0
Ohio Non-Metro	2	419	80	15,109	82	15,529	5.40	0	0
Ohio State/Regional	3	9,870	3	11,000	6	20,870	7.25	0	0

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.
** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: OHIO **Evaluation Period**: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope Review:																	
Cleveland-Elyria, OH	39.16	71	27.63	5.63	16.90	43.66	32.39	1	11	-1	-1	-8	0	10.38	17.42	38.71	33.49
Columbus, OH	27.74	58	22.57	15.52	29.31	20.69	34.48	1	8	0	-2	-3	-2	10.05	21.45	34.90	33.01
Dayton, OH	6.91	25	9.73	8.00	20.00	40.00	32.00	1	7	0	-1	-2	-3	7.08	22.23	42.05	28.64
Limited-Scope Review:																	
Akron, OH	7.32	23	8.95	17.39	4.35	34.78	43.48	2	3	1	0	-2	0	9.27	20.30	39.41	31.03
Canton-Massillon, OH	1.99	12	4.67	8.33	0.00	58.33	33.33	0	1	0	0	-1	0	4.77	12.26	57.20	25.78
Mansfield, OH	0.15	1	0.39	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	27.88	45.91	26.21
Springfield, OH	1.11	5	1.95	20.00	20.00	40.00	20.00	0	1	0	-1	0	0	10.36	16.17	41.08	32.38
Toledo, OH	4.14	17	6.61	0.00	35.29	29.41	35.29	0	2	0	0	-1	-1	9.43	16.63	45.30	27.78
Weirton-Steubenville, OH	0.82	3	1.17	33.33	0.00	66.67	0.00	0	1	0	-1	0	0	5.58	15.33	75.71	3.37
Wheeling, WV-OH	0.50	2	0.78	50.00	0.00	0.00	50.00	0	1	0	0	-1	0	3.81	13.41	61.51	21.27
Ohio Non-Metro	10.17	40	15.56	2.50	15.00	67.50	15.00	0	19	0	-5	-14	0	1.46	15.71	67.63	14.87

Table 1. Lending Volume

LENDING VOLUME			Geography: PENNSYLVANIA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016			
Assessment Area (2016):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:												
Pittsburgh, PA	65.85	29,973	4,054,153	53,510	3,944,197	21	3,143	139	452,540	83,643	8,454,033	83.10
Scranton-Wilkes Barre-Hazleton, PA	6.38	2,884	247,662	5,170	398,785	5	125	40	28,323	8,099	674,895	4.07
Limited-Scope Review:												
Altoona, PA	0.10	63	6,365	62	15,799	0	0	1	500	126	22,664	0.00
Bloomsburg-Berwick, PA 2014-2016	0.26	107	9,377	225	15,773	0	0	2	600	334	25,750	0.16
East Stroudsburg, PA 2014-2016	1.08	380	40,031	993	54,906	0	0	4	3,724	1,377	98,661	0.77
Erie, PA	5.48	2,552	291,500	4,359	340,680	40	2,988	12	28,217	6,963	663,385	2.33
Gettysburg, PA 2014-2016	1.11	437	49,847	932	64,489	38	4,984	8	6,714	1,415	126,034	0.63
Harrisburg-Carlisle, PA	4.09	2,014	341,427	3,136	288,892	32	3,105	11	88,406	5,193	721,830	3.07
Lancaster, PA	5.52	2,514	314,343	4,170	424,581	329	33,421	4	2,108	7,017	774,453	1.85
Lebanon, PA	0.41	369	54,442	151	26,428	0	0	3	8,896	523	89,766	0.01
Reading, PA	0.60	333	46,167	424	64,047	0	0	0	0	757	110,214	0.00
State College, PA	1.15	578	106,577	872	66,928	5	250	0	0	1,455	173,755	1.02
Williamsport, PA	0.36	294	30,532	161	9,473	0	0	1	750	456	40,755	0.10
York-Hanover, PA	2.98	1,705	206,479	2,016	207,375	58	5,967	1	2,696	3,780	422,517	0.68
Pennsylvania Non-Metro 2014-2016	4.64	1,656	141,339	4,203	256,393	27	3,787	3	10,355	5,889	411,874	2.21
Statewide/Regional	NA	NA	NA	NA	NA	NA	NA	2	410	NA	NA	NA

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Community Development Loans is from July 9, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME						Geography: PENNSYLVANIA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016			
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:														
Pittsburgh, PA	65.85	295	46,173	295	46,173	0	0	0	0	0	0	0	0	83.10
Scranton-Wilkes Barre-Hazleton, PA	6.38	52	7,495	52	7,495	0	0	0	0	0	0	0	0	4.07
Limited-Scope Review:														
Altoona, PA	0.10	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Bloomsburg-Berwick, PA 2014-2016	0.26	3	210	3	210	0	0	0	0	0	0	0	0	0.16
East Stroudsburg, PA 2014-2016	1.08	3	125	3	125	0	0	0	0	0	0	0	0	0.77
Erie, PA	5.48	33	6,413	33	6,413	0	0	0	0	0	0	0	0	2.33
Gettysburg, PA 2014-2016	1.11	8	1,006	8	1,006	0	0	0	0	0	0	0	0	0.63
Harrisburg-Carlisle, PA	4.09	41	6,473	41	6,473	0	0	0	0	0	0	0	0	3.07
Lancaster, PA	5.52	61	11,744	61	11,744	0	0	0	0	0	0	0	0	1.85
Lebanon, PA	0.41	0	0	0	0	0	0	0	0	0	0	0	0	0.01
Reading, PA	0.60	2	292	2	292	0	0	0	0	0	0	0	0	0.00
State College, PA	1.15	14	1,706	14	1,706	0	0	0	0	0	0	0	0	1.02
Williamsport, PA	0.36	0	0	0	0	0	0	0	0	0	0	0	0	0.10
York-Hanover, PA	2.98	23	3,934	23	3,934	0	0	0	0	0	0	0	0	0.68
Pennsylvania Non-Metro 2014-2016	4.64	16	1,301	16	1,301	0	0	0	0	0	0	0	0	2.21

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE | Geography: PENNSYLVANIA | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Pittsburgh, PA	6,716	68.58	2.20	1.35	18.77	14.59	50.31	45.73	28.73	38.33	1.22	13.33	47.65	37.80
Scranton-Wilkes Barre-Hazleton, PA	563	5.75	0.71	0.89	15.25	13.85	59.47	58.61	24.57	26.64	0.78	11.68	58.10	29.45
Limited-Scope Review:														
Altoona, PA	13	0.13	0.35	0.00	8.96	15.38	79.40	76.92	11.29	7.69	0.08	9.45	76.17	14.30
Bloomsburg-Berwick, PA 2014-2016	19	0.19	0.00	0.00	6.68	10.53	87.35	63.16	5.97	26.32	0.00	8.08	86.28	5.64
East Stroudsburg, PA 2014-2016	95	0.97	0.00	0.00	3.84	5.26	79.53	82.11	16.63	12.63	0.00	6.74	74.60	18.67
Erie, PA	468	4.78	3.95	0.85	13.43	5.98	47.72	37.61	34.90	55.56	1.96	10.19	45.16	42.70
Gettysburg, PA 2014-2016	70	0.71	0.00	0.00	0.00	0.00	91.54	91.43	8.46	8.57	0.00	0.00	90.68	9.32
Harrisburg-Carlisle, PA	407	4.16	2.23	0.25	15.17	9.09	54.84	45.21	27.76	45.45	0.87	14.25	51.35	33.53
Lancaster, PA	322	3.29	1.85	3.11	6.49	5.90	77.96	72.36	13.70	18.63	2.48	8.74	75.40	13.39
Lebanon, PA	103	1.05	0.00	0.00	7.60	4.85	66.12	44.66	26.28	50.49	0.00	7.28	59.40	33.32
Reading, PA	63	0.64	7.11	3.17	5.12	0.00	60.26	63.49	27.51	33.33	3.97	4.22	63.63	28.18
State College, PA	154	1.57	0.05	0.00	12.86	7.14	59.40	52.60	27.69	40.26	0.28	8.66	58.83	32.23
Williamsport, PA	53	0.54	1.28	1.89	3.26	3.77	87.42	83.02	8.04	11.32	1.49	4.05	86.46	8.01
York-Hanover, PA	242	2.47	2.71	1.65	6.40	11.57	69.57	59.09	21.33	27.69	1.37	6.11	69.45	23.07
Pennsylvania Non-Metro 2014-2016	505	5.16	0.22	0.00	5.25	3.76	85.82	83.96	8.71	12.28	0.10	4.21	83.55	12.14

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT — Geography: PENNSYLVANIA — Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Pittsburgh, PA	5,325	61.21	2.20	1.48	18.77	16.62	50.31	47.79	28.73	34.10	1.71	16.55	50.01	31.72
Scranton-Wilkes Barre-Hazleton, PA	924	10.62	0.71	0.76	15.25	11.90	59.47	64.29	24.57	23.05	0.76	10.54	61.82	26.88
Limited-Scope Review:														
Altoona, PA	13	0.15	0.35	0.00	8.96	7.69	79.40	76.92	11.29	15.38	0.26	7.46	82.26	10.03
Bloomsburg-Berwick, PA 2014-2016	44	0.51	0.00	0.00	6.68	6.82	87.35	81.82	5.97	11.36	0.00	5.32	87.71	6.98
East Stroudsburg, PA 2014-2016	115	1.32	0.00	0.00	3.84	6.09	79.53	70.43	16.63	23.48	0.00	3.72	75.54	20.74
Erie, PA	464	5.33	3.95	0.86	13.43	10.78	47.72	43.97	34.90	44.40	3.08	12.82	43.77	40.32
Gettysburg, PA 2014-2016	96	1.10	0.00	0.00	0.00	0.00	91.54	88.54	8.46	11.46	0.00	0.00	90.78	9.22
Harrisburg-Carlisle, PA	306	3.52	2.23	1.31	15.17	9.48	54.84	53.59	27.76	35.62	0.93	14.59	59.16	25.32
Lancaster, PA	480	5.52	1.85	1.04	6.49	4.79	77.96	83.13	13.70	11.04	1.57	5.24	80.10	13.09
Lebanon, PA	24	0.28	0.00	0.00	7.60	0.00	66.12	54.17	26.28	45.83	0.00	6.49	68.18	25.32
Reading, PA	66	0.76	7.11	6.06	5.12	4.55	60.26	51.52	27.51	37.88	8.19	5.56	57.31	28.95
State College, PA	96	1.10	0.05	0.00	12.86	5.21	59.40	65.63	27.69	29.17	0.38	14.77	56.82	28.03
Williamsport, PA	63	0.72	1.28	4.76	3.26	7.94	87.42	84.13	8.04	3.17	1.40	3.86	88.77	5.96
York-Hanover, PA	249	2.86	2.71	0.80	6.40	10.84	69.57	59.44	21.33	28.92	2.33	4.55	70.02	23.10
Pennsylvania Non-Metro 2014-2016	435	5.00	0.22	0.23	5.25	5.06	85.82	82.07	8.71	12.64	0.09	6.06	85.58	8.27

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE Geography: PENNSYLVANIA Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Pittsburgh, PA	17,914	65.56	2.20	0.75	18.77	10.28	50.31	41.40	28.73	47.57	0.85	10.85	46.71	41.59
Scranton-Wilkes Barre-Hazleton, PA	1,392	5.09	0.71	0.72	15.25	9.70	59.47	58.55	24.57	31.03	0.50	10.44	58.52	30.53
Limited-Scope Review:														
Altoona, PA	37	0.14	0.35	2.70	8.96	18.92	79.40	64.86	11.29	13.51	0.00	5.53	78.77	15.70
Bloomsburg-Berwick, PA 2014-2016	44	0.16	0.00	0.00	6.68	6.82	87.35	88.64	5.97	4.55	0.00	5.74	88.15	6.12
East Stroudsburg, PA 2014-2016	168	0.61	0.00	0.00	3.84	14.29	79.53	69.05	16.63	16.67	0.00	6.41	75.88	17.71
Erie, PA	1,618	5.92	3.95	1.17	13.43	7.23	47.72	39.37	34.90	52.22	1.04	10.46	41.62	46.88
Gettysburg, PA 2014-2016	271	0.99	0.00	0.00	0.00	0.00	91.54	88.19	8.46	11.81	0.00	0.00	90.03	9.97
Harrisburg-Carlisle, PA	1,295	4.74	2.23	0.54	15.17	10.42	54.84	49.88	27.76	39.15	0.73	12.00	52.85	34.42
Lancaster, PA	1,708	6.25	1.85	1.11	6.49	2.87	77.96	81.73	13.70	14.29	1.37	4.92	77.12	16.59
Lebanon, PA	241	0.88	0.00	0.00	7.60	3.73	66.12	50.21	26.28	46.06	0.00	4.37	62.61	33.02
Reading, PA	204	0.75	7.11	0.00	5.12	3.92	60.26	67.16	27.51	28.92	2.07	2.80	59.04	36.09
State College, PA	326	1.19	0.05	0.00	12.86	4.60	59.40	53.37	27.69	42.02	0.07	9.25	55.48	35.20
Williamsport, PA	178	0.65	1.28	2.25	3.26	2.81	87.42	83.71	8.04	11.24	0.55	1.42	88.29	9.74
York-Hanover, PA	1,213	4.44	2.71	0.74	6.40	10.96	69.57	58.29	21.33	30.01	0.91	4.81	68.61	25.67
Pennsylvania Non-Metro 2014-2016	715	2.62	0.22	0.00	5.25	4.76	85.82	83.78	8.71	11.47	0.04	4.03	84.35	11.58

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY			Geography: PENNSYLVANIA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016					
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Pittsburgh, PA	17	41.46	8.98	11.76	23.40	11.76	43.21	47.06	24.41	29.41	7.35	35.10	39.18	18.37
Scranton-Wilkes Barre-Hazleton, PA	5	12.20	16.52	20.00	26.26	60.00	45.04	20.00	12.18	0.00	6.25	25.00	48.44	20.31
Limited-Scope Review:														
Altoona, PA	0	0.00	16.97	0.00	16.25	0.00	53.00	0.00	13.78	0.00	20.00	0.00	80.00	0.00
Bloomsburg-Berwick, PA 2014-2016	0	0.00	0.00	0.00	10.64	0.00	87.01	0.00	2.36	0.00	0.00	7.14	92.86	0.00
East Stroudsburg, PA 2014-2016	2	4.88	0.00	0.00	1.74	0.00	93.30	100.00	4.96	0.00	0.00	0.00	75.00	25.00
Erie, PA	2	4.88	22.73	0.00	13.35	0.00	27.67	0.00	36.25	100.00	15.79	31.58	15.79	36.84
Gettysburg, PA 2014-2016	0	0.00	0.00	0.00	0.00	0.00	92.94	0.00	7.06	0.00	0.00	0.00	100.00	0.00
Harrisburg-Carlisle, PA	6	14.63	7.18	0.00	30.50	16.67	48.17	50.00	14.15	33.33	6.02	51.81	28.92	13.25
Lancaster, PA	4	9.76	9.63	50.00	10.82	0.00	68.29	50.00	11.26	0.00	22.54	16.90	59.15	1.41
Lebanon, PA	1	2.44	0.00	0.00	18.77	100.00	61.19	0.00	20.05	0.00	0.00	18.75	62.50	18.75
Reading, PA	0	0.00	33.46	0.00	8.18	0.00	37.57	0.00	20.79	0.00	38.71	12.90	41.94	6.45
State College, PA	2	4.88	12.66	0.00	21.87	0.00	44.70	100.00	20.77	0.00	0.00	27.78	50.00	22.22
Williamsport, PA	0	0.00	17.31	0.00	12.17	0.00	60.72	0.00	9.80	0.00	15.38	7.69	76.92	0.00
York-Hanover, PA	1	2.44	12.11	0.00	13.68	100.00	64.91	0.00	9.29	0.00	25.00	6.25	62.50	6.25
Pennsylvania Non-Metro 2014-2016	1	2.44	0.11	0.00	19.39	0.00	72.96	100.00	7.54	0.00	0.00	17.50	77.50	5.00

* Based on 2016 Peer Mortgage Data -- US and PR
** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.
*** Percentage of Multifamily Units is the number of multifamily units in a particular geography divided by the number of multifamily housing units in the area based on 2010 Census information.
**** Multifamily loan distribution includes Home Purchases, Home Improvement, and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES Geography: PENNSYLVANIA Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Pittsburgh, PA	53,312	66.49	4.32	4.49	16.10	18.94	46.56	44.26	32.39	32.31	3.45	15.32	46.00	35.23
Scranton-Wilkes Barre-Hazleton, PA	5,170	6.45	5.88	5.40	15.52	14.47	56.94	59.81	21.52	20.33	4.57	13.32	57.54	24.57
Limited-Scope Review:														
Altoona, PA	62	0.08	3.70	8.06	12.55	24.19	70.37	56.45	13.37	11.29	1.78	9.90	72.89	15.43
Bloomsburg-Berwick, PA 2014-2016	225	0.28	0.00	0.00	10.01	8.00	78.09	73.33	11.89	18.67	0.00	11.21	74.60	14.20
East Stroudsburg, PA 2014-2016	993	1.24	0.00	0.00	3.11	4.23	85.40	82.38	11.49	13.39	0.00	2.85	82.52	14.63
Erie, PA	4,359	5.44	11.90	9.08	13.99	10.58	43.24	44.12	30.86	36.22	10.44	13.12	43.77	32.66
Gettysburg, PA 2014-2016	932	1.16	0.00	0.00	0.00	0.00	91.66	93.88	8.34	6.12	0.00	0.00	92.86	7.14
Harrisburg-Carlisle, PA	3,136	3.91	2.69	2.04	24.62	19.61	46.64	47.86	26.03	30.48	2.10	18.67	45.79	33.44
Lancaster, PA	4,170	5.20	5.54	5.92	5.93	4.05	75.21	76.28	13.33	13.74	4.20	4.53	77.50	13.77
Lebanon, PA	151	0.19	0.00	0.00	6.33	1.32	68.48	56.29	25.18	42.38	0.00	4.49	66.94	28.57
Reading, PA	424	0.53	10.18	6.60	7.88	3.54	54.60	60.85	27.33	29.01	6.76	6.41	56.34	30.49
State College, PA	869	1.08	6.47	12.77	10.60	8.86	48.50	38.90	31.11	39.47	6.05	11.90	50.03	32.02
Williamsport, PA	161	0.20	4.12	2.48	4.15	4.35	84.24	80.12	7.50	13.04	2.90	3.64	85.19	8.28
York-Hanover, PA	2,016	2.51	6.77	3.92	7.91	18.40	65.60	55.46	19.72	22.22	4.79	7.33	66.81	21.07
Pennsylvania Non-Metro 2014-2016	4,202	5.24	0.21	0.24	9.41	10.83	80.53	78.63	9.68	10.30	0.28	7.87	81.34	10.51

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS			Geography: PENNSYLVANIA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016					
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Pittsburgh, PA	21	3.78	1.33	0.00	13.40	14.29	58.00	61.90	27.18	23.81	0.00	28.36	58.21	13.43
Scranton-Wilkes Barre-Hazleton, PA	5	0.90	0.58	0.00	8.85	100.00	57.62	0.00	32.95	0.00	0.00	5.00	55.00	40.00
Limited-Scope Review:														
Altoona, PA	0	0.00	0.47	0.00	2.82	0.00	91.08	0.00	5.63	0.00	0.00	0.00	100.00	0.00
Bloomsburg-Berwick, PA 2014-2016	0	0.00	0.00	0.00	2.32	0.00	94.21	0.00	3.47	0.00	0.00	0.00	96.67	3.33
East Stroudsburg, PA 2014-2016	0	0.00	0.00	0.00	3.48	0.00	80.00	0.00	16.52	0.00	0.00	0.00	70.00	30.00
Erie, PA	40	7.21	1.50	0.00	9.19	37.50	63.23	52.50	26.08	10.00	0.00	18.42	65.79	15.79
Gettysburg, PA 2014-2016	38	6.85	0.00	0.00	0.00	0.00	91.85	100.00	8.15	0.00	0.00	0.00	94.74	5.26
Harrisburg-Carlisle, PA	32	5.77	0.32	0.00	13.74	28.13	65.09	71.88	20.85	0.00	0.62	16.67	74.07	8.64
Lancaster, PA	329	59.28	0.78	0.00	1.46	0.00	89.25	89.06	8.50	10.94	0.00	0.08	94.06	5.85
Lebanon, PA	0	0.00	0.00	0.00	0.00	0.00	73.36	0.00	26.64	0.00	0.00	0.00	92.89	7.11
Reading, PA	0	0.00	1.20	0.00	5.36	0.00	67.74	0.00	25.69	0.00	0.00	8.51	85.11	6.38
State College, PA	5	0.90	0.00	0.00	13.11	0.00	63.24	100.00	22.88	0.00	0.00	44.63	43.80	11.57
Williamsport, PA	0	0.00	0.00	0.00	0.63	0.00	92.77	0.00	6.60	0.00	0.00	0.00	98.21	1.79
York-Hanover, PA	58	10.45	0.90	0.00	2.79	0.00	76.01	98.28	20.31	1.72	0.00	1.29	87.10	11.61
Pennsylvania Non-Metro 2014-2016	27	4.86	0.00	0.00	2.75	0.00	90.78	100.00	6.47	0.00	0.00	2.87	91.40	5.73

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE			Geography: PENNSYLVANIA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016						
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Pittsburgh, PA	6,716	68.58	20.27	10.65	17.92	26.36	21.81	23.27	40.00	39.72	9.80	23.35	24.17	42.68
Scranton-Wilkes Barre-Hazleton, PA	563	5.75	20.44	12.30	18.03	24.77	21.57	24.23	39.96	38.70	10.54	25.06	25.90	38.50
Limited-Scope Review:														
Altoona, PA	13	0.13	19.37	15.38	18.28	15.38	23.04	7.69	39.32	61.54	11.99	25.09	26.30	36.62
Bloomsburg-Berwick, PA 2014-2016	19	0.19	15.55	0.00	21.91	10.53	23.73	31.58	38.82	57.89	8.60	19.12	29.30	42.98
East Stroudsburg, PA 2014-2016	95	0.97	20.07	6.52	17.27	21.74	22.89	29.35	39.77	42.39	4.58	19.74	29.64	46.04
Erie, PA	468	4.78	20.77	5.80	17.99	18.30	21.23	25.00	40.02	50.89	8.21	23.72	26.79	41.28
Gettysburg, PA 2014-2016	70	0.71	17.26	10.29	18.82	20.59	25.74	36.76	38.18	32.35	7.64	24.01	32.73	35.62
Harrisburg-Carlisle, PA	407	4.16	19.15	9.62	18.42	22.28	23.05	27.85	39.39	40.25	10.49	25.79	25.93	37.79
Lancaster, PA	322	3.29	17.38	6.69	19.06	26.11	24.77	24.52	38.79	42.68	8.01	28.13	28.37	35.49
Lebanon, PA	103	1.05	17.00	11.76	18.58	23.53	24.94	29.41	39.48	35.29	8.69	28.10	27.61	35.60
Reading, PA	63	0.64	20.50	3.23	17.37	19.35	23.18	27.42	38.95	50.00	10.93	29.15	27.57	32.35
State College, PA	154	1.57	18.29	5.92	19.03	16.45	22.77	24.34	39.91	53.29	8.39	19.33	26.17	46.12
Williamsport, PA	53	0.54	18.83	1.92	18.93	19.23	23.21	30.77	39.03	48.08	5.77	19.53	29.02	45.67
York-Hanover, PA	242	2.47	17.58	8.58	18.89	25.32	24.52	29.61	39.01	36.48	9.77	27.47	28.14	34.62
Pennsylvania Non-Metro 2014-2016	505	5.16	18.54	5.85	19.41	23.19	22.81	31.65	39.24	39.31	6.72	22.55	28.92	41.81

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 6.3% of loans originated and purchased by PNC.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT Geography: PENNSYLVANIA Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Pittsburgh, PA	5,325	61.21	20.27	9.76	17.92	19.16	21.81	24.46	40.00	46.62	9.93	18.95	24.13	46.99
Scranton-Wilkes Barre-Hazleton, PA	924	10.62	20.44	13.85	18.03	22.29	21.57	24.35	39.96	39.50	10.18	19.07	26.31	44.44
Limited-Scope Review:														
Altoona, PA	13	0.15	19.37	0.00	18.28	23.08	23.04	15.38	39.32	61.54	12.11	16.90	29.01	41.97
Bloomsburg-Berwick, PA 2014-2016	44	0.51	15.55	9.09	21.91	18.18	23.73	22.73	38.82	50.00	13.84	18.69	26.99	40.48
East Stroudsburg, PA 2014-2016	115	1.32	20.07	6.96	17.27	24.35	22.89	21.74	39.77	46.96	5.32	13.29	27.91	53.49
Erie, PA	464	5.33	20.77	10.13	17.99	18.32	21.23	23.71	40.02	47.84	8.07	17.40	23.20	51.32
Gettysburg, PA 2014-2016	96	1.10	17.26	10.42	18.82	22.92	25.74	28.13	38.18	38.54	9.95	21.33	23.22	45.50
Harrisburg-Carlisle, PA	306	3.52	19.15	10.49	18.42	18.69	23.05	25.57	39.39	45.25	8.95	18.94	27.34	44.77
Lancaster, PA	480	5.52	17.38	11.06	19.06	22.76	24.77	28.18	38.79	38.00	7.01	19.85	24.70	48.44
Lebanon, PA	24	0.28	17.00	12.50	18.58	12.50	24.94	29.17	39.48	45.83	7.12	20.00	24.41	48.47
Reading, PA	66	0.76	20.50	7.58	17.37	13.64	23.18	24.24	38.95	54.55	8.65	20.91	24.37	46.07
State College, PA	96	1.10	18.29	10.42	19.03	20.83	22.77	21.88	39.91	46.88	11.37	19.61	29.02	40.00
Williamsport, PA	63	0.72	18.83	9.52	18.93	22.22	23.21	28.57	39.03	39.68	6.27	17.71	23.25	52.77
York-Hanover, PA	249	2.86	17.58	11.29	18.89	18.95	24.52	34.68	39.01	35.08	9.29	15.39	27.74	47.58
Pennsylvania Non-Metro 2014-2016	435	5.00	18.54	7.14	19.41	20.74	22.81	30.88	39.24	41.24	10.90	19.37	26.60	43.13

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 0.3% of loans originated and purchased by PNC.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: PENNSYLVANIA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Pittsburgh, PA	17,915	65.56	20.27	5.46	17.92	14.45	21.81	22.10	40.00	57.98	7.52	16.82	23.76	51.90
Scranton-Wilkes Barre-Hazleton, PA	1,392	5.09	20.44	7.23	18.03	17.41	21.57	22.18	39.96	53.18	8.42	16.61	24.80	50.17
Limited-Scope Review:														
Altoona, PA	37	0.14	19.37	2.78	18.28	27.78	23.04	13.89	39.32	55.56	6.72	18.02	25.91	49.36
Bloomsburg-Berwick, PA 2014-2016	44	0.16	15.55	11.36	21.91	11.36	23.73	25.00	38.82	52.27	11.60	18.10	30.86	39.44
East Stroudsburg, PA 2014-2016	168	0.61	20.07	10.18	17.27	16.17	22.89	26.95	39.77	46.71	6.07	16.47	25.30	52.16
Erie, PA	1,618	5.92	20.77	5.27	17.99	14.45	21.23	22.46	40.02	57.82	5.63	16.14	24.69	53.53
Gettysburg, PA 2014-2016	271	0.99	17.26	10.78	18.82	26.77	25.74	25.65	38.18	36.80	6.26	17.94	26.59	49.22
Harrisburg-Carlisle, PA	1,295	4.74	19.15	9.41	18.42	19.61	23.05	25.65	39.39	45.33	8.34	18.99	25.71	46.96
Lancaster, PA	1,708	6.25	17.38	7.18	19.06	22.26	24.77	29.85	38.79	40.71	6.38	19.62	28.63	45.37
Lebanon, PA	241	0.88	17.00	6.19	18.58	14.16	24.94	26.55	39.48	53.10	6.42	20.56	26.98	46.05
Reading, PA	204	0.75	20.50	2.99	17.37	15.42	23.18	30.85	38.95	50.75	7.31	17.88	26.93	47.87
State College, PA	326	1.19	18.29	4.31	19.03	14.46	22.77	24.92	39.91	56.31	6.23	16.84	26.43	50.51
Williamsport, PA	178	0.65	18.83	4.62	18.93	18.50	23.21	26.59	39.03	50.29	6.10	16.99	26.33	50.58
York-Hanover, PA	1,213	4.44	17.58	9.49	18.89	22.42	24.52	28.04	39.01	40.05	7.78	19.12	26.21	46.89
Pennsylvania Non-Metro 2014-2016	715	2.62	18.54	6.18	19.41	16.71	22.81	26.97	39.24	50.14	7.21	17.89	25.77	49.13

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 1.3% of loans originated and purchased by PNC.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES			Geography: PENNSYLVANIA			Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016			
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of $1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $1,000,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Pittsburgh, PA	53,510	66.57	81.69	62.56	87.96	6.68	5.37	45,046	20,991
Scranton-Wilkes Barre-Hazleton, PA	5,170	6.43	82.10	64.33	87.54	7.56	4.89	8,907	4,084
Limited-Scope Review:									
Altoona, PA	62	0.08	78.37	46.77	59.68	12.90	27.42	1,604	627
Bloomsburg-Berwick, PA 2014-2016	225	0.28	80.93	82.22	90.22	4.89	4.89	807	374
East Stroudsburg, PA 2014-2016	993	1.24	85.98	67.67	93.05	4.23	2.72	2,919	1,518
Erie, PA	4,359	5.42	79.08	63.25	87.02	7.36	5.62	3,753	1,549
Gettysburg, PA 2014-2016	932	1.16	86.73	62.45	87.45	6.44	6.12	1,640	865
Harrisburg-Carlisle, PA	3,136	3.90	79.76	57.59	83.55	9.15	7.30	8,821	3,905
Lancaster, PA	4,170	5.19	83.71	49.74	78.37	11.73	9.90	11,762	5,299
Lebanon, PA	151	0.19	83.07	43.71	60.93	18.54	20.53	1,958	969
Reading, PA	424	0.53	83.10	44.10	71.70	9.43	18.87	6,660	3,089
State College, PA	872	1.08	80.38	71.56	88.65	3.67	7.68	1,976	887
Williamsport, PA	161	0.20	80.33	70.19	90.68	4.97	4.35	1,503	591
York-Hanover, PA	2,016	2.51	83.27	50.84	80.95	8.53	10.52	5,794	2,817
Pennsylvania Non-Metro 2014-2016	4,203	5.23	80.08	59.34	91.46	5.19	3.35	11,071	4,994

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* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Businesses with revenues of $1 million or less as a percentage of all businesses (Source D&B - 2016).
**** Small loans to businesses with revenues of $1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 16.99% of small loans to businesses originated and purchased by PNC.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS			Geography: PENNSYLVANIA		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of $1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
	#	% of Total**	% of Farms***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $500,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Pittsburgh, PA	21	3.78	96.26	52.38	61.90	14.29	23.81	135	74
Scranton-Wilkes Barre-Hazleton, PA	5	0.90	96.66	20.00	100.00	0.00	0.00	21	12
Limited-Scope Review:									
Altoona, PA	0	0.00	96.71	0.00	0.00	0.00	0.00	36	8
Bloomsburg-Berwick, PA 2014-2016	0	0.00	96.91	0.00	0.00	0.00	0.00	30	10
East Stroudsburg, PA 2014-2016	0	0.00	96.52	0.00	0.00	0.00	0.00	12	5
Erie, PA	40	7.21	96.81	60.00	75.00	22.50	2.50	38	16
Gettysburg, PA 2014-2016	38	6.85	96.14	52.63	73.68	7.89	18.42	95	58
Harrisburg-Carlisle, PA	32	5.77	96.92	53.13	75.00	12.50	12.50	162	95
Lancaster, PA	329	59.28	96.30	47.42	69.00	22.80	8.21	1,196	980
Lebanon, PA	0	0.00	97.07	0.00	0.00	0.00	0.00	197	138
Reading, PA	0	0.00	95.93	0.00	0.00	0.00	0.00	284	193
State College, PA	5	0.90	96.66	80.00	100.00	0.00	0.00	121	101
Williamsport, PA	0	0.00	97.48	0.00	0.00	0.00	0.00	56	34
York-Hanover, PA	58	10.45	96.86	51.72	75.86	12.07	12.07	156	94
Pennsylvania Non-Metro 2014-2016	27	4.86	98.40	55.56	62.96	18.52	18.52	352	174

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Farms with revenues of $1 million or less as a percentage of all farms (Source D&B - 2016).
**** Small loans to farms with revenues of $1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 37.55% of small loans to farms originated and purchased by PNC.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS			Geography: PENNSYLVANIA				**Evaluation Period**: JULY 9, 2012 TO DECEMBER 31, 2016		
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	$ (000's)	#	$ (000's)	#	$ (000's)	% of Total	#	$ (000's)
Full-Scope Review:									
Pittsburgh, PA	29	45,901	740	360,282	769	406,184	84.67	2	1,124
Scranton-Wilkes Barre-Hazleton, PA	1	420	144	9,583	145	10,003	2.09	0	0
Limited-Scope Review:									
Altoona, PA	0	0	1	25	1	25	0.01	0	0
Bloomsburg-Berwick, PA	0	0	12	518	12	518	0.11	0	0
East Stroudsburg, PA	0	0	14	1,933	14	1,933	0.40	0	0
Erie, PA	2	430	70	13,369	72	13,800	2.88	0	0
Gettysburg, PA	4	1,922	25	1,870	29	3,792	0.79	0	0
Harrisburg-Carlisle, PA	0	0	81	12,125	81	12,125	2.53	0	0
Lancaster, PA	0	0	54	4,914	54	4,914	1.02	0	0
Lebanon, PA	0	0	2	9,344	2	9,344	1.95	0	0
Reading, PA	0	0	10	846	10	846	0.18	0	0
State College, PA	0	0	19	2,574	19	2,574	0.54	0	0
Williamsport, PA	0	0	4	5,688	4	5,688	1.19	0	0
York-Hanover, PA	0	0	31	1,768	31	1,768	0.37	0	0
Pennsylvania Non-Metro	0	0	93	5,928	93	5,928	1.24	0	0
Pennsylvania State/Regional	0	0	7	308	7	308	0.06	0	0

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.
** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: PENNSYLVANIA **Evaluation Period**: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope Review:																	
Pittsburgh, PA	83.10	141	48.12	7.80	17.73	39.72	32.62	8	38	-1	-8	-16	-4	4.18	20.97	47.24	27.18
Scranton-Wilkes Barre-Hazleton, PA	4.07	27	9.22	7.41	18.52	55.56	18.52	0	5	0	0	-5	0	2.28	19.33	56.18	22.21
Limited-Scope Review:																	
Altoona, PA	0.00	0	0.00	0.00	0.00	0.00	0.00	3	3	0	0	0	0	1.26	12.28	76.00	10.46
Bloomsburg-Berwick, PA	0.16	3	1.02	0.00	33.33	33.33	33.33	0	1	0	0	-1	0	0.00	7.92	87.60	4.48
East Stroudsburg, PA	0.77	9	3.07	0.00	0.00	88.89	11.11	0	0	0	0	0	0	0.00	4.41	79.26	16.33
Erie, PA	2.33	13	4.44	7.69	15.38	38.46	38.46	0	5	0	0	-2	-3	8.42	16.82	42.19	31.78
Gettysburg, PA	0.63	7	2.39	0.00	0.00	100.00	0.00	0	2	0	0	-2	0	0.00	0.00	89.98	10.02
Harrisburg-Carlisle, PA	3.07	20	6.83	5.00	25.00	40.00	30.00	1	8	0	-2	-5	0	4.57	19.81	50.67	24.32
Lancaster, PA	1.85	23	7.85	4.35	4.35	86.96	4.35	0	9	0	0	-7	-2	4.71	8.28	75.44	11.58
Lebanon, PA	0.01	1	0.34	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	11.55	65.51	22.94
Reading, PA	0.00	0	0.00	0.00	0.00	0.00	0.00	0	2	0	-1	0	-1	14.95	6.51	53.63	24.92
State College, PA	1.02	6	2.05	16.67	0.00	33.33	33.33	0	0	0	0	0	0	2.87	13.81	49.37	24.15
Williamsport, PA	0.10	2	0.68	0.00	0.00	100.00	0.00	0	0	0	0	0	0	3.77	7.18	81.92	7.13
York-Hanover, PA	0.68	8	2.73	0.00	25.00	62.50	12.50	0	3	-1	0	0	-1	6.68	7.48	66.08	19.76
Pennsylvania Non-Metro	2.21	33	11.26	0.00	27.27	57.58	12.12	0	11	0	0	-11	0	0.25	6.54	84.12	8.75

Table 1. Lending Volume

LENDING VOLUME						Geography: SOUTH CAROLINA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016		
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:												
Charleston-North Charleston, SC	35.89	373	147,217	346	55,347	2	700	3	105,500	724	308,764	36.40
Limited-Scope Review:												
Columbia, SC	15.87	187	40,865	130	26,965	0	0	3	17,237	320	85,067	14.56
Florence, SC	7.44	62	6,050	87	15,489	0	0	1	1,475	150	23,014	17.56
Greenville-Anderson-Mauldin, SC	29.65	403	89,280	195	26,449	0	0	0	0	598	115,729	12.40
Hilton Head-Bluffton-Beaufort, SC 2014-2016	8.43	112	37,552	56	6,157	1	43	1	100	170	43,852	12.02
South Carolina Non-Metro 2014-2016	2.73	37	7,461	18	1,870	0	0	0	0	55	9,331	7.06
Statewide/Regional	NA	NA	NA	NA	NA	NA	NA	5	40,755	NA	NA	NA

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Community Development Loans is from July 9, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME						Geography: SOUTH CAROLINA					**Evaluation Period**: JANUARY 1, 2012 TO DECEMBER 31, 2016			
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:														
Charleston-North Charleston, SC	35.89	6	1,259	6	1,259	0	0	0	0	0	0	0	0	0.00
Limited-Scope Review:														
Columbia, SC	15.87	2	894	2	894	0	0	0	0	0	0	0	0	0.00
Florence, SC	7.44	1	69	1	69	0	0	0	0	0	0	0	0	0.00
Greenville-Anderson-Mauldin, SC	29.65	2	150	2	150	0	0	0	0	0	0	0	0	0.00
Hilton Head-Bluffton-Beaufort, SC 2014-2016	8.43	0	0	0	0	0	0	0	0	0	0	0	0	0.00
South Carolina Non-Metro 2014-2016	2.73	0	0	0	0	0	0	0	0	0	0	0	0	0.00

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE Geography: SOUTH CAROLINA Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Charleston-North Charleston, SC	115	33.14	3.30	0.87	17.11	11.30	39.14	28.70	40.44	59.13	1.91	13.79	39.77	44.53
Limited-Scope Review:														
Columbia, SC	45	12.97	2.26	4.44	22.47	15.56	29.66	35.56	45.61	44.44	0.90	10.32	28.88	59.90
Florence, SC	17	4.90	1.41	0.00	15.05	5.88	50.24	35.29	33.29	58.82	0.25	4.82	45.84	49.09
Greenville-Anderson-Mauldin, SC	86	24.78	2.99	0.00	14.01	10.47	49.09	39.53	33.91	50.00	1.61	10.58	44.66	43.15
Hilton Head-Bluffton-Beaufort, SC 2014-2016	62	17.87	0.80	0.00	19.36	6.45	37.26	29.03	42.58	64.52	0.46	12.15	44.92	42.46
South Carolina Non-Metro 2014-2016	22	6.34	0.00	0.00	19.04	0.00	21.71	0.00	59.25	100.00	0.00	6.73	8.04	85.23

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT Geography: SOUTH CAROLINA Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Charleston-North Charleston, SC	19	18.27	3.30	5.26	17.11	5.26	39.14	42.11	40.44	47.37	3.54	12.00	33.08	51.38
Limited-Scope Review:														
Columbia, SC	19	18.27	2.26	0.00	22.47	5.26	29.66	10.53	45.61	84.21	1.05	11.55	20.47	66.93
Florence, SC	17	16.35	1.41	0.00	15.05	0.00	50.24	35.29	33.29	64.71	0.38	18.18	54.17	27.27
Greenville-Anderson-Mauldin, SC	36	34.62	2.99	2.78	14.01	13.89	49.09	63.89	33.91	19.44	1.45	11.48	47.83	39.24
Hilton Head-Bluffton-Beaufort, SC 2014-2016	9	8.65	0.80	0.00	19.36	11.11	37.26	44.44	42.58	44.44	0.00	23.00	34.00	43.00
South Carolina Non-Metro 2014-2016	4	3.85	0.00	0.00	19.04	0.00	21.71	0.00	59.25	100.00	0.00	6.49	23.38	70.13

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE | Geography: SOUTH CAROLINA | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Charleston-North Charleston, SC	238	33.15	3.30	1.68	17.11	13.45	39.14	35.71	40.44	49.16	2.02	10.96	35.15	51.86
Limited-Scope Review:														
Columbia, SC	120	16.71	2.26	0.00	22.47	9.17	29.66	34.17	45.61	56.67	1.08	10.16	26.56	62.20
Florence, SC	28	3.90	1.41	0.00	15.05	0.00	50.24	46.43	33.29	53.57	0.11	6.22	43.10	50.57
Greenville-Anderson-Mauldin, SC	280	39.00	2.99	1.43	14.01	11.79	49.09	47.86	33.91	38.93	1.34	8.02	41.34	49.30
Hilton Head-Bluffton-Beaufort, SC 2014-2016	41	5.71	0.80	0.00	19.36	17.07	37.26	31.71	42.58	51.22	0.20	13.01	40.02	46.77
South Carolina Non-Metro 2014-2016	11	1.53	0.00	0.00	19.04	0.00	21.71	18.18	59.25	81.82	0.00	6.14	9.86	84.00

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY					Geography: SOUTH CAROLINA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Charleston-North Charleston, SC	1	20.00	9.42	100.00	22.15	0.00	44.24	0.00	24.19	0.00	14.71	32.35	44.12	8.82
Limited-Scope Review:														
Columbia, SC	3	60.00	18.72	66.67	36.80	0.00	20.63	33.33	23.84	0.00	15.15	39.39	24.24	21.21
Florence, SC	0	0.00	1.55	0.00	10.05	0.00	30.24	0.00	58.16	0.00	0.00	20.00	10.00	70.00
Greenville-Anderson-Mauldin, SC	1	20.00	6.08	0.00	28.30	100.00	34.57	0.00	31.05	0.00	10.42	31.25	35.42	22.92
Hilton Head-Bluffton-Beaufort, SC 2014-2016	0	0.00	4.75	0.00	24.20	0.00	13.72	0.00	57.33	0.00	0.00	75.00	0.00	25.00
South Carolina Non-Metro 2014-2016	0	0.00	0.00	0.00	10.17	0.00	4.17	0.00	85.65	0.00	0.00	0.00	100.00	0.00

* Based on 2016 Peer Mortgage Data -- US and PR
** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.
*** Percentage of Multifamily Units is the number of multifamily units in a particular geography divided by the number of multifamily housing units in the area based on 2010 Census information.
**** Multifamily loan distribution includes Home Purchases, Home Improvement, and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: SOUTH CAROLINA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016						
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Charleston-North Charleston, SC	346	41.64	6.98	7.23	23.80	18.50	34.28	30.35	34.94	43.93	6.08	18.20	34.58	41.13
Limited-Scope Review:														
Columbia, SC	129	15.52	4.96	1.55	20.80	24.03	35.23	34.11	37.91	40.31	3.21	20.44	32.58	43.77
Florence, SC	87	10.47	3.15	5.75	14.43	10.34	48.97	31.03	33.46	52.87	1.62	10.15	48.78	39.44
Greenville-Anderson-Mauldin, SC	195	23.47	4.64	7.18	17.96	20.00	37.84	24.62	39.57	48.21	3.73	15.49	35.74	45.03
Hilton Head-Bluffton-Beaufort, SC 2014-2016	56	6.74	4.27	0.00	15.37	16.07	35.95	19.64	44.40	64.29	4.18	12.48	32.79	50.55
South Carolina Non-Metro 2014-2016	18	2.17	0.00	0.00	19.31	0.00	14.21	0.00	66.48	100.00	0.00	12.57	9.73	77.70

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS			Geography: SOUTH CAROLINA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016							
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms ***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Charleston-North Charleston, SC	2	66.67	4.87	0.00	17.50	0.00	45.51	100.00	32.12	0.00	0.00	0.00	52.00	48.00
Limited-Scope Review:														
Columbia, SC	0	0.00	2.60	0.00	22.22	0.00	29.31	0.00	45.86	0.00	0.00	40.00	24.00	36.00
Florence, SC	0	0.00	0.88	0.00	19.91	0.00	56.64	0.00	22.57	0.00	0.00	47.06	26.47	26.47
Greenville-Anderson-Mauldin, SC	0	0.00	2.14	0.00	14.48	0.00	50.13	0.00	33.24	0.00	0.00	8.70	47.83	43.48
Hilton Head-Bluffton-Beaufort, SC 2014-2016	1	33.33	6.69	0.00	22.74	0.00	34.78	0.00	35.79	100.00	0.00	61.54	15.38	23.08
South Carolina Non-Metro 2014-2016	0	0.00	0.00	0.00	21.74	0.00	27.83	0.00	50.43	0.00	0.00	17.86	57.14	25.00

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE Geography: SOUTH CAROLINA Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Charleston-North Charleston, SC	115	33.14	22.99	3.64	16.59	6.36	17.99	16.36	42.43	73.64	3.50	15.58	21.26	59.66
Limited-Scope Review:														
Columbia, SC	45	12.97	21.95	4.65	16.68	18.60	19.27	30.23	42.10	46.51	8.75	24.43	24.10	42.72
Florence, SC	17	4.90	21.76	0.00	16.91	12.50	19.57	31.25	41.75	56.25	4.50	15.89	27.06	52.55
Greenville-Anderson-Mauldin, SC	86	24.78	20.47	5.95	16.87	11.90	19.02	15.48	43.63	66.67	6.02	19.88	25.96	48.15
Hilton Head-Bluffton-Beaufort, SC 2014-2016	62	17.87	18.57	0.00	17.60	8.33	20.67	11.67	43.17	80.00	2.75	12.89	21.76	62.60
South Carolina Non-Metro 2014-2016	22	6.34	18.21	0.00	14.53	4.55	14.81	18.18	52.44	77.27	0.99	5.64	14.14	79.23

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 3.8% of loans originated and purchased by PNC.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: SOUTH CAROLINA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016							
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Charleston-North Charleston, SC	19	18.27	22.99	10.53	16.59	10.53	17.99	26.32	42.43	52.63	3.65	15.92	16.92	63.52
Limited-Scope Review:														
Columbia, SC	19	18.27	21.95	0.00	16.68	5.26	19.27	15.79	42.10	78.95	3.62	11.98	18.38	66.02
Florence, SC	17	16.35	21.76	0.00	16.91	23.53	19.57	23.53	41.75	52.94	9.88	20.95	27.67	41.50
Greenville-Anderson-Mauldin, SC	36	34.62	20.47	19.44	16.87	19.44	19.02	22.22	43.63	38.89	9.73	16.25	21.59	52.43
Hilton Head-Bluffton-Beaufort, SC 2014-2016	9	8.65	18.57	0.00	17.60	11.11	20.67	11.11	43.17	77.78	5.44	15.31	22.79	56.46
South Carolina Non-Metro 2014-2016	4	3.85	18.21	0.00	14.53	0.00	14.81	0.00	52.44	100.00	6.85	2.74	16.44	73.97

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by PNC.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: SOUTH CAROLINA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Charleston-North Charleston, SC	238	33.15	22.99	7.17	16.59	13.00	17.99	16.59	42.43	63.23	4.65	12.49	20.26	62.61
Limited-Scope Review:														
Columbia, SC	120	16.71	21.95	7.96	16.68	18.58	19.27	18.58	42.10	54.87	5.80	15.60	22.39	56.21
Florence, SC	28	3.90	21.76	14.29	16.91	21.43	19.57	10.71	41.75	53.57	5.56	9.97	24.84	59.64
Greenville-Anderson-Mauldin, SC	280	39.00	20.47	9.78	16.87	14.49	19.02	21.38	43.63	54.35	6.07	14.15	22.64	57.15
Hilton Head-Bluffton-Beaufort, SC 2014-2016	41	5.71	18.57	9.76	17.60	12.20	20.67	24.39	43.17	53.66	3.22	11.06	19.93	65.79
South Carolina Non-Metro 2014-2016	11	1.53	18.21	10.00	14.53	0.00	14.81	30.00	52.44	60.00	1.93	5.43	14.71	77.93

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 3.9% of loans originated and purchased by PNC.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES Geography: SOUTH CAROLINA Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of $1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $1,000,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Charleston-North Charleston, SC	346	41.59	80.53	50.00	67.34	11.56	21.10	11,632	5,488
Limited-Scope Review:									
Columbia, SC	130	15.63	78.81	46.15	67.69	6.15	26.15	6,506	3,267
Florence, SC	87	10.46	78.16	24.14	73.56	4.60	21.84	1,779	776
Greenville-Anderson-Mauldin, SC	195	23.44	80.55	47.69	67.18	15.38	17.44	12,478	5,925
Hilton Head-Bluffton-Beaufort, SC 2014-2016	56	6.73	84.22	46.43	82.14	7.14	10.71	4,221	2,000
South Carolina Non-Metro 2014-2016	18	2.16	82.95	66.67	83.33	0.00	16.67	1,545	724

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Businesses with revenues of $1 million or less as a percentage of all businesses (Source D&B - 2016).
**** Small loans to businesses with revenues of $1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 22.96% of small loans to businesses originated and purchased by PNC.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: SOUTH CAROLINA			Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of $1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
	#	% of Total**	% of Farms***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $500,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Charleston-North Charleston, SC	2	66.67	93.15	100.00	0.00	0.00	100.00	29	21
Limited-Scope Review:									
Columbia, SC	0	0.00	96.93	0.00	0.00	0.00	0.00	25	9
Florence, SC	0	0.00	98.23	0.00	0.00	0.00	0.00	34	6
Greenville-Anderson-Mauldin, SC	0	0.00	96.11	0.00	0.00	0.00	0.00	25	10
Hilton Head-Bluffton-Beaufort, SC 2014-2016	1	33.33	93.31	0.00	100.00	0.00	0.00	13	7
South Carolina Non-Metro 2014-2016	0	0.00	93.91	0.00	0.00	0.00	0.00	28	9

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Farms with revenues of $1 million or less as a percentage of all farms (Source D&B - 2016).
**** Small loans to farms with revenues of $1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by PNC.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: SOUTH CAROLINA					**Evaluation Period**: JULY 9, 2012 TO DECEMBER 31, 2016		
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	$ (000's)	#	$ (000's)	#	$ (000's)	% of Total	#	$ (000's)
Full-Scope Review:									
Charleston-North Charleston, SC	0	0	19	484	$19	484	6.03	0	0
Limited-Scope Review:									
Columbia, SC	0	0	10	911	$10	911	11.35	0	0
Florence, SC	0	0	4	201	$4	201	2.50	0	0
Greenville-Anderson-Mauldin, SC	0	0	6	120	$6	120	1.49	0	0
Hilton Head-Bluffton-Beaufort, SC	0	0	2	147	$2	147	1.83	0	0
South Carolina Non-Metro	0	0	2	170	$2	170	2.12	0	0
South Carolina State/Regional	0	0	1	6,000	$1	6,000	74.68		

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.
** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: SOUTH CAROLINA						**Evaluation Period**: JANUARY 1, 2012 TO DECEMBER 31, 2016			
Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope Review:																	
Charleston-North Charleston, SC	36.40	2	25.00	0.00	50.00	0.00	50.00	0	0	0	0	0	0	7.55	23.17	36.92	32.36
Limited-Scope Review:																	
Columbia, SC	14.56	1	12.50	0.00	0.00	0.00	100.00	0	0	0	0	0	0	7.14	24.99	26.58	36.69
Florence, SC	17.56	1	12.50	0.00	0.00	0.00	100.00	0	0	0	0	0	0	2.21	18.11	50.91	28.78
Greenville-Anderson-Mauldin, SC	12.40	2	25.00	0.00	0.00	0.00	100.00	1	0	0	0	0	1	4.94	17.86	45.25	31.95
Hilton Head-Bluffton-Beaufort, SC	12.02	1	12.50	0.00	0.00	0.00	100.00	0	0	0	0	0	0	1.94	25.97	38.22	33.86
South Carolina Non-Metro	7.06	1	12.50	0.00	0.00	0.00	100.00	0	0	0	0	0	0	0.00	25.19	25.37	49.44

Table 1. Lending Volume

LENDING VOLUME		Geography: VIRGINIA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:												
Virginia Non-Metro	100.00	324	37,272	565	28,622	103	10,948	5	2,735	997	79,577	100.00

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Community Development Loans is from July 9, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME			Geography: VIRGINIA												Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:														
Virginia Non-Metro	100.00	8	592	8	592	0	0	0	0	0	0	0	0	100.00

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE Geography: VIRGINIA Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Virginia Non-Metro	77	100.00	0.00	0.00	8.94	12.99	63.59	49.35	27.46	37.66	0.00	5.81	61.20	32.99

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT			Geography: VIRGINIA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016					
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Virginia Non-Metro	104	100.00	0.00	0.00	8.94	3.85	63.59	52.88	27.46	43.27	0.00	13.92	60.76	25.32

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: VIRGINIA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016						
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Virginia Non-Metro	136	100.00	0.00	0.00	8.94	7.35	63.59	54.41	27.46	38.24	0.00	6.36	56.48	37.16

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: VIRGINIA								Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016			
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Virginia Non-Metro	558	100.00	0.00	0.00	9.89	5.91	54.15	56.09	35.43	37.99	0.00	10.79	54.75	34.47

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS						Geography: VIRGINIA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016			
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Virginia Non-Metro	102	100.00	0.00	0.00	8.23	5.88	67.97	85.29	23.81	8.82	0.00	10.87	76.09	13.04

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: VIRGINIA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016					
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Virginia Non-Metro	77	100.00	19.79	8.00	17.09	17.33	21.27	16.00	41.85	58.67	3.55	9.47	17.36	69.63

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 2.6% of loans originated and purchased by PNC.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: VIRGINIA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016					
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Virginia Non-Metro	107	100.00	19.79	11.32	17.09	23.58	21.27	24.53	41.85	40.57	5.48	13.70	23.29	57.53

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 0.9% of loans originated and purchased by PNC.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE | Geography: VIRGINIA | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Virginia Non-Metro	140	100.00	19.79	5.80	17.09	15.22	21.27	22.46	41.85	56.52	4.33	12.69	17.96	65.02

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 1.4% of loans originated and purchased by PNC.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES			Geography: VIRGINIA			Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016			
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of $1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $1,000,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Virginia Non-Metro	565	100.00	81.77	56.28	93.27	3.72	3.01	917	485

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Businesses with revenues of $1 million or less as a percentage of all businesses (Source D&B - 2016).
**** Small loans to businesses with revenues of $1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 24.78% of small loans to businesses originated and purchased by PNC.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS			Geography: VIRGINIA			Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016			
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of $1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
	#	% of Total**	% of Farms***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $500,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Virginia Non-Metro	103	100.00	96.10	51.46	66.02	24.27	9.71	48	20

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Farms with revenues of $1 million or less as a percentage of all farms (Source D&B - 2016).
**** Small loans to farms with revenues of $1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 25.24% of small loans to farms originated and purchased by PNC.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS			Geography: VIRGINIA				**Evaluation Period**: JULY 9, 2012 TO DECEMBER 31, 2016		
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	$ (000's)	#	$ (000's)	#	$ (000's)	% of Total	#	$ (000's)
Full-Scope Review:									
Virginia Non-Metro	1	250	24	1,208	25	1,458	12.14	0	0
Virginia State/Regional	0	0	3	10,552	3	10,552	87.86	0	0

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.
** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: VIRGINIA							**Evaluation Period**: JANUARY 1, 2012 TO DECEMBER 31, 2016		
Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope Review:																	
Virginia Non-Metro	100	4	100.00	0.00	0.00	50.00	50.00	0	1	0	0	-1	0	0.00	9.61	65.88	24.50

Table 1. Lending Volume

LENDING VOLUME		Geography: WEST VIRGINIA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:												
Morgantown, WV	100.00	448	135,427	193	9,531	0	0	1	250	642	145,208	100.00
Statewide/Regional	NA	NA	NA	NA	NA	NA	NA	2	8,231	NA	NA	NA

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Community Development Loans is from July 9, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: WEST VIRGINIA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016								
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:														
Morgantown, WV	100.00	1	500	1	500	0	0	0	0	0	0	0	0	100.00

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE			Geography: WEST VIRGINIA						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016					
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Morgantown, WV	329	100.00	1.70	2.13	12.63	9.73	49.58	38.30	36.09	49.85	2.57	14.00	41.10	42.32

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT			Geography: WEST VIRGINIA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016							
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Morgantown, WV	31	100.00	1.70	3.23	12.63	22.58	49.58	45.16	36.09	29.03	1.03	14.36	45.13	39.49

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE | Geography: WEST VIRGINIA | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Morgantown, WV	84	100.00	1.70	2.38	12.63	13.10	49.58	39.29	36.09	45.24	1.89	11.21	42.51	44.40

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY			Geography: WEST VIRGINIA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016							
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Morgantown, WV	4	100.00	27.77	50.00	8.63	25.00	37.18	0.00	26.42	25.00	30.00	10.00	20.00	40.00

* Based on 2016 Peer Mortgage Data -- US and PR
** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.
*** Percentage of Multifamily Units is the number of multifamily units in a particular geography divided by the number of multifamily housing units in the area based on 2010 Census information.
**** Multifamily loan distribution includes Home Purchases, Home Improvement, and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: WEST VIRGINIA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016							
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Morgantown, WV	190	100.00	12.00	17.89	15.50	17.37	45.22	50.00	26.91	14.74	12.38	16.32	40.27	31.03

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE			Geography: WEST VIRGINIA							Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Morgantown, WV	329	100.00	19.02	2.15	15.08	16.31	18.87	28.92	47.03	52.62	3.80	14.29	24.09	57.83

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 1.2% of loans originated and purchased by PNC.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: WEST VIRGINIA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016							
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Morgantown, WV	31	100.00	19.02	0.00	15.08	6.45	18.87	29.03	47.03	64.52	9.44	8.89	27.22	54.44

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by PNC.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE	Geography: WEST VIRGINIA		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016										
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Morgantown, WV	84	100.00	19.02	3.57	15.08	11.90	18.87	21.43	47.03	63.10	5.29	13.71	21.29	59.71

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by PNC.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES			Geography: WEST VIRGINIA			Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016		
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of $1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*
	#	% of Total**	% of Businesses***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $1,000,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Morgantown, WV	193	100.00	79.68	59.59	92.23	3.63	4.15	1,641	605

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Businesses with revenues of $1 million or less as a percentage of all businesses (Source D&B - 2016).
**** Small loans to businesses with revenues of $1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 27.46% of small loans to businesses originated and purchased by PNC.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS			Geography: WEST VIRGINIA				**Evaluation Period**: JULY 9, 2012 TO DECEMBER 31, 2016		
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	$ (000's)	#	$ (000's)	#	$ (000's)	% of Total	#	$ (000's)
Full-Scope Review:									
Morgantown, WV	1	250	10	1,084,350	11	1,334	9.54	0	0
West Virginia State/Regional	0	0	3	12,657	3	12,657	90.46	0	0

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.
** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: WEST VIRGINIA **Evaluation Period**: DECEMBER 31, 2012 TO DECEMBER 31, 2016

Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope Review:																	
Morgantown, WV	100	3	100.00	66.67	0.00	0.00	33.33	1	0	0	0	0	1	10.98	13.74	41.79	32.01

Table 1. Lending Volume

LENDING VOLUME		Geography: WISCONSIN						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016				
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:												
Milwaukee-Waukesha-West Allis, WI	94.70	2,141	307,554	2,902	255,679	5	40	12	37,780	5,060	38,344	96.90
Limited-Scope Review:												
Wisconsin Non-Metro	5.30	179	31,101	102	5,596	2	692	0	0	283	37,389	3.10
Statewide/Regional	NA	NA	NA	NA	NA	NA	NA	11	33,122	11	33,122	NA

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Community Development Loans is from July 9, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME							Geography: WISCONSIN							Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA***
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full-Scope Review:														
Milwaukee-Waukesha-West Allis, WI	94.70	41	9,774	41	9,774	0	0	0	0	0	0	0	0	96.90
Limited-Scope Review:														
Wisconsin Non-Metro	5.30	2	848	2	848	0	0	0	0	0	0	0	0	3.10

* Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.
** The evaluation period for Optional Product Line(s) is from January 01, 2012 to December 31, 2016.
*** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE Geography: WISCONSIN Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Milwaukee-Waukesha-West Allis, WI	446	88.32	6.74	2.02	12.89	9.19	39.84	47.09	40.52	41.70	2.61	10.36	44.41	42.62
Limited-Scope Review:														
Wisconsin Non-Metro	59	11.68	0.00	0.00	0.00	0.00	48.08	49.15	51.92	50.85	0.00	0.00	47.17	52.83

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT			Geography: WISCONSIN				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016							
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Milwaukee-Waukesha-West Allis, WI	246	94.62	6.74	2.44	12.89	10.16	39.84	52.44	40.52	34.96	5.48	9.41	39.72	45.40
Limited-Scope Review:														
Wisconsin Non-Metro	14	5.38	0.00	0.00	0.00	0.00	48.08	50.00	51.92	50.00	0.00	0.00	42.06	57.94

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: WISCONSIN						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016					
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Milwaukee-Waukesha-West Allis, WI	1,446	93.17	6.74	2.14	12.89	8.37	39.84	48.69	40.52	40.80	1.86	6.88	37.73	53.53
Limited-Scope Review:														
Wisconsin Non-Metro	106	6.83	0.00	0.00	0.00	0.00	48.08	55.66	51.92	44.34	0.00	0.00	41.91	58.09

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY | Geography: WISCONSIN | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016

Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Milwaukee-Waukesha-West Allis, WI	3	100.00	15.39	0.00	15.91	0.00	45.42	100.00	23.28	0.00	19.39	19.39	45.41	15.82
Limited-Scope Review:														
Wisconsin Non-Metro	0	0.00	0.00	0.00	0.00	0.00	71.25	0.00	28.75	0.00	0.00	0.00	73.91	26.09

* Based on 2016 Peer Mortgage Data -- US and PR
** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.
*** Percentage of Multifamily Units is the number of multifamily units in a particular geography divided by the number of multifamily housing units in the area based on 2010 Census information.
**** Multifamily loan distribution includes Home Purchases, Home Improvement, and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: WISCONSIN						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016					
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Milwaukee-Waukesha-West Allis, WI	2,900	96.60	8.74	7.66	13.50	9.76	38.62	47.00	39.09	35.59	5.65	9.43	37.00	47.92
Limited-Scope Review:														
Wisconsin Non-Metro	102	3.40	0.00	0.00	0.00	0.00	49.50	50.00	50.50	50.00	0.00	0.00	47.83	52.17

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS			Geography: WISCONSIN								Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016			
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Low	Mod	Mid	Upp
Full-Scope Review:														
Milwaukee-Waukesha-West Allis, WI	5	71.43	3.46	0.00	6.93	0.00	43.16	100.00	46.45	0.00	3.01	2.41	39.16	55.42
Limited-Scope Review:														
Wisconsin Non-Metro	2	28.57	0.00	0.00	0.00	0.00	40.54	50.00	59.46	50.00	0.00	0.00	55.21	44.79

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Source Data - Dun and Bradstreet (2016).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE			Geography: WISCONSIN						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016					
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families****	% BANK Loans****	% Families****	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Milwaukee-Waukesha-West Allis, WI	446	88.32	22.15	11.14	16.90	24.17	20.61	27.96	40.35	36.73	7.40	20.90	25.29	46.40
Limited-Scope Review:														
Wisconsin Non-Metro	59	11.68	13.66	0.00	15.68	20.34	21.79	15.25	48.87	64.41	4.09	16.64	22.05	57.23

* Based on 2016 Peer Mortgage Data -- US and PR
** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 4.8% of loans originated and purchased by PNC.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: WISCONSIN						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016					
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Milwaukee-Waukesha-West Allis, WI	246	94.62	22.15	6.56	16.90	17.62	20.61	33.20	40.35	42.62	6.77	15.34	24.91	52.97
Limited-Scope Review:														
Wisconsin Non-Metro	14	5.38	13.66	0.00	15.68	28.57	21.79	21.43	48.87	50.00	6.78	13.56	22.88	56.78

* Based on 2016 Peer Mortgage Data -- US and PR
** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 0.8% of loans originated and purchased by PNC.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: WISCONSIN						Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016					
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Low	Mod	Mid	Upp
Full-Scope Review:														
Milwaukee-Waukesha-West Allis, WI	1,446	93.17	22.15	10.00	16.90	20.49	20.61	28.67	40.35	40.84	4.32	13.86	23.88	57.94
Limited-Scope Review:														
Wisconsin Non-Metro	106	6.83	13.66	12.38	15.68	13.33	21.79	22.86	48.87	51.43	3.93	11.27	20.97	63.83

* Based on 2016 Peer Mortgage Data -- US and PR
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Families is based on the 2010 Census information.
**** As a percentage of loans with borrower income information available. No information was available for 1.1% of loans originated and purchased by PNC.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES			Geography: WISCONSIN			Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016			
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of $1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $1,000,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Milwaukee-Waukesha-West Allis, WI	2,902	96.60	78.03	55.41	82.80	8.03	9.17	30,115	12,937
Limited-Scope Review:									
Wisconsin Non-Metro	102	3.40	80.60	54.90	85.29	12.75	1.96	1,967	913

* Based on 2016 Peer Small Business Data -- us
** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
*** Businesses with revenues of $1 million or less as a percentage of all businesses (Source D&B - 2016).
**** Small loans to businesses with revenues of $1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 18.77% of small loans to businesses originated and purchased by PNC.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS			Geography: WISCONSIN			Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2016			
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of $1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
	#	% of Total**	% of Farms***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $500,000	All	Rev$ 1 Million or Less
Full-Scope Review:									
Milwaukee-Waukesha-West Allis, WI	5	71.43	93.70	40.00	100.00	0.00	0.00	172	92
Limited-Scope Review:									
Wisconsin Non-Metro	2	28.57	97.30	50.00	0.00	0.00	100.00	98	51

* Based on 2016 Peer Small Business Data -- us
** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
*** Farms with revenues of $1 million or less as a percentage of all farms (Source D&B - 2016).
**** Small loans to farms with revenues of $1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 57.14% of small loans to farms originated and purchased by PNC.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS			Geography: WISCONSIN				**Evaluation Period**: JULY 9, 2012 TO DECEMBER 31, 2016		
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	$ (000's)	#	$ (000's)	#	$ (000's)	% of Total	#	$ (000's)
Full-Scope Review:									
Milwaukee-Waukesha-West Allis, WI	8	56,556	144	64,975	152	121,531	70.20	0	0
Limited-Scope Review:									
Wisconsin Non-Metro	0	0	0	0	0	0	0.00	0	0
Wisconsin State/Regional	0	0	14	51,590	14	51,590	29.80	0	0

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.
** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: WISCONSIN						**Evaluation Period**: DECEMBER 31, 2012 TO DECEMBER 31, 2016			
Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope Review:																	
Milwaukee-Waukesha-West Allis, WI	96.90	32	96.97	9.38	9.38	46.88	34.38	7	4	1	0	1	1	14.65	16.20	36.13	33.02
Limited-Scope Review:																	
Wisconsin Non-Metro	3.10	1	3.03	0.00	0.00	0.00	100.00	0	0	0	0	0	0	0.00	0.00	52.40	47.60

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: NATIONWIDE				**Evaluation Period**: JULY 9, 2012 TO DECEMBER 31, 2016				
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**		
	#	$ (000's)	#	$ (000's)	#	$ (000's)	% of Total	#	$ (000's)	
Nationwide/Regional Funds	0	0	6	47,446	6	47,446	100.00	0	0	
Out-of-footprint Direct Investments	0	0	120	780,754	120	780,754	100.00	0	0	
Grow-up Great	0	0	1	55,463	1	55,463	100.00	0	0	

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.
** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2023
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-09718

The PNC Financial Services Group, Inc.

(Exact name of registrant as specified in its charter)

Pennsylvania	**25-1435979**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

The Tower at PNC Plaza, 300 Fifth Avenue, Pittsburgh, Pennsylvania 15222-2401
(Address of principal executive offices, including zip code)

(888) 762-2265
(Registrant's telephone number including area code)

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value $5.00	PNC	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of July 17, 2023, there were 398,254,594 shares of the registrant's common stock ($5 par value) outstanding.

Cross-Reference Index to Second Quarter 2023 Form 10-Q

MD&A TABLE REFERENCE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS TABLE REFERENCE

FINANCIAL REVIEW

THE PNC FINANCIAL SERVICES GROUP, INC.

This Financial Review, including the Consolidated Financial Highlights, should be read together with our unaudited Consolidated Financial Statements and unaudited Statistical Information included elsewhere in this Quarterly Report on Form 10-Q (the "Report" or "Form 10-Q") and with Items 6, 7, 8 and 9A of our 2022 Annual Report on Form 10-K (our "2022 Form 10-K"). For information regarding certain business, regulatory and legal risks, see the following: the Risk Management section of this Financial Review and of Item 7 in our 2022 Form 10-K; Item 1A Risk Factors included in our first quarter 2023 Form 10-Q and our 2022 Form 10-K; and the Commitments and Legal Proceedings Notes included in this Report and Item 8 of our 2022 Form 10-K. Also, see the Cautionary Statement Regarding Forward-Looking Information section in this Financial Review and the Critical Accounting Estimates and Judgments section in this Financial Review and in our 2022 Form 10-K for certain other factors that could cause actual results or future events to differ, perhaps materially, from historical performance and from those anticipated in the forward-looking statements included in this Report. See Note 14 Segment Reporting for a reconciliation of total business segment earnings to total PNC consolidated net income as reported on a GAAP basis. In this Report, "PNC," "we" or "us" refers to The PNC Financial Services Group, Inc. and its subsidiaries on a consolidated basis (except when referring to PNC as a public company, its common stock or other securities issued by PNC, which just refer to The PNC Financial Services Group, Inc.). References to The PNC Financial Services Group, Inc. or to any of its subsidiaries are specifically made where applicable.

See page 107 for a glossary of certain terms and acronyms used in this Report.

EXECUTIVE SUMMARY

Headquartered in Pittsburgh, Pennsylvania, we are one of the largest diversified financial institutions in the U.S. We have businesses engaged in retail banking, including residential mortgage, corporate and institutional banking and asset management, providing many of our products and services nationally. Our retail branch network is located coast-to-coast. We also have strategic international offices in four countries outside the U.S.

Key Strategic Goals

At PNC we manage our company for the long term. We are focused on the fundamentals of growing customers, loans, deposits and revenue and improving profitability, while investing for the future and managing risk, expenses and capital. We continue to invest in our products, markets and brand, and embrace our commitments to our customers, shareholders, employees and the communities where we do business.

We strive to serve our customers and expand and deepen relationships by offering a broad range of deposit, credit and fee-based products and services. We are focused on delivering those products and services to our customers with the goal of addressing their financial objectives and needs. Our business model is built on customer loyalty and engagement, understanding our customers' financial goals and offering our diverse products and services to help them achieve financial well-being. Our approach is concentrated on organically growing and deepening client relationships across our businesses that meet our risk/return measures.

We are focused on our strategic priorities, which are designed to enhance value over the long term, and consist of:
- Expanding our leading banking franchise to new markets and digital platforms,
- Deepening customer relationships by delivering a superior banking experience and financial solutions, and
- Leveraging technology to create efficiencies that help us better serve customers.

Our capital and liquidity priorities are to support customers, fund business investments and return excess capital to shareholders, while maintaining appropriate capital and liquidity in light of economic conditions, the Basel III framework and other regulatory expectations. For more detail, see the Capital Highlights portion of this Executive Summary, the Liquidity and Capital Management portion of the Risk Management section of this Financial Review and the Supervision and Regulation section in Item 1 Business of our 2022 Form 10-K.

Presentation of Noninterest Income

In the fourth quarter of 2022, PNC updated the name of the noninterest income line item "Capital markets related" to "Capital markets and advisory." This update did not impact the components of the category. All periods presented herein reflect these changes. For a description of each updated noninterest income revenue stream, see Note 1 Accounting Policies in our 2022 Form 10-K.

Selected Financial Data

The following tables include selected financial data, which should be reviewed in conjunction with the Consolidated Financial Statements and Notes included in Item 1 of this Report as well as the other disclosures in this Report concerning our historical financial performance, our future prospects and the risks associated with our business and financial performance.

Table 1: Summary of Operations, Per Common Share Data and Performance Ratios

Dollars in millions, except per share data Unaudited	Three months ended June 30 2023	Three months ended March 31 2023	Three months ended June 30 2022	Six months ended June 30 2023	Six months ended June 30 2022
Summary of Operations (a)					
Net interest income	$ 3,510	$ 3,585	$ 3,051	$ 7,095	$ 5,855
Noninterest income	1,783	2,018	2,065	3,801	3,953
Total revenue	5,293	5,603	5,116	10,896	9,808
Provision for (recapture of) credit losses	146	235	36	381	(172)
Noninterest expense	3,372	3,321	3,244	6,693	6,416
Income before income taxes and noncontrolling interests	$ 1,775	$ 2,047	$ 1,836	$ 3,822	$ 3,564
Income taxes	275	353	340	628	639
Net income	$ 1,500	$ 1,694	$ 1,496	$ 3,194	$ 2,925
Net income attributable to common shareholders	$ 1,354	$ 1,607	$ 1,409	$ 2,961	$ 2,770
Per Common Share					
Basic	$ 3.36	$ 3.98	$ 3.39	$ 7.35	$ 6.62
Diluted	$ 3.36	$ 3.98	$ 3.39	$ 7.34	$ 6.61
Book value per common share	$ 105.67	$ 104.76	$ 101.39		
Performance Ratios					
Net interest margin (b)	2.79 %	2.84 %	2.50 %	2.81 %	2.39 %
Noninterest income to total revenue	34 %	36 %	40 %	35 %	40 %
Efficiency	64 %	59 %	63 %	61 %	65 %
Return on:					
Average common shareholders’ equity	13.01 %	16.11 %	13.52 %	14.53 %	12.53 %
Average assets	1.08 %	1.22 %	1.10 %	1.15 %	1.07 %

(a) The Executive Summary and Consolidated Income Statement Review portions of this Financial Review section provide information regarding items impacting the comparability of the periods presented.
(b) See explanation and reconciliation of this non-GAAP measure in the Average Consolidated Balance Sheet and Net Interest Analysis and Reconciliation of Taxable-Equivalent Net Interest Income (non-GAAP) in the Statistical Information (Unaudited) section in Item 1 of this Report.

Table 2: Balance Sheet Highlights and Other Selected Ratios

Dollars in millions, except as noted Unaudited	June 30 2023	December 31 2022	June 30 2022
Balance Sheet Highlights (a)			
Assets	$ 558,207	$ 557,263	$ 540,786
Loans	$ 321,761	$ 326,025	$ 310,800
Allowance for loan and lease losses	$ 4,737	$ 4,741	$ 4,462
Interest-earning deposits with banks	$ 38,259	$ 27,320	$ 28,404
Investment securities	$ 135,661	$ 139,334	$ 132,732
Total deposits	$ 427,489	$ 436,282	$ 440,811
Borrowed funds	$ 65,384	$ 58,713	$ 35,984
Total shareholders’ equity	$ 49,320	$ 45,774	$ 47,652
Common shareholders’ equity	$ 42,083	$ 40,028	$ 41,648
Other Selected Ratios			
Common equity Tier 1	9.5 %	9.1 %	9.6 %
Loans to deposits	75 %	75 %	71 %
Common shareholders’ equity to total assets	7.5 %	7.2 %	7.7 %

(a) The Executive Summary and Consolidated Balance Sheet Review portions of this Financial Review provide information regarding items impacting the comparability of the periods presented.

Income Statement Highlights

Net income of $1.5 billion, or $3.36 per diluted common share, for the second quarter of 2023 decreased $194 million, or 11%, compared to $1.7 billion, or $3.98 per diluted common share, for the first quarter of 2023, primarily due to lower noninterest income, net interest income and increased expenses, partially offset by a lower provision for credit losses.

- For the three months ended June 30, 2023 compared to the three months ended March 31, 2023:
  - Total revenue decreased $310 million, or 6%, to $5.3 billion.
    - Net interest income of $3.5 billion decreased $75 million, or 2%, as higher yields on interest-earning assets were more than offset by increased funding costs as well as lower loan and securities balances.

            - Net interest margin decreased 5 basis points to 2.79% as the change in yields on interest-earning assets was more than offset by the change in rates on funding costs.
        - Noninterest income decreased $235 million, or 12%, due to lower private equity revenue, a decrease in mortgage servicing rights valuation, net of economic hedge and lower revenue from market sensitive businesses, partially offset by seasonally higher consumer transaction volumes and increased treasury management product revenue. The decrease also included negative Visa Class B derivative fair value adjustments of $83 million related to litigation escrow funding and other valuation changes. The first quarter of 2023 included negative Visa Class B derivative fair value adjustments of $45 million.
    - Provision for credit losses of $146 million in the second quarter of 2023 reflected portfolio activity and changes in macroeconomic variables. The first quarter of 2023 included a provision for credit losses of $235 million.
    - Noninterest expense increased $51 million, or 2%, to $3.4 billion, primarily due to seasonally higher marketing spend and the full quarter impact of annual employee merit increases.

Net income of $3.2 billion, or $7.34 per diluted common share, for the first six months of 2023 increased $269 million, or 9%, compared to $2.9 billion, or $6.61 per diluted common share, for the six months ended 2022, primarily as a result of higher net interest income, partially offset by a higher provision for credit losses and increased expenses.

- For the six months ended June 30, 2023 compared to the six months ended June 30, 2022:
    - Total revenue increased $1.1 billion, or 11%, to $10.9 billion.
        - Net interest income increased $1.2 billion, or 21%, as a result of higher interest-earning asset yields and balances, partially offset by higher funding costs.
            - Net interest margin increased 42 basis points reflecting the benefit of higher yields on interest-earning assets.
        - Noninterest income decreased $152 million, or 4%, and included lower merger and acquisition advisory activity.
    - Provision for credit losses of $381 million for the first six months of 2023 included the impact of our updated economic outlook and changes in portfolio composition and quality. The first six months of 2022 included a recapture of credit losses of $172 million.
    - Noninterest expense increased $277 million, or 4%, due to higher personnel costs, an increased FDIC assessment rate and higher marketing and technology costs to support business growth.

For additional detail, see the Consolidated Income Statement Review section of this Financial Review.

Balance Sheet Highlights

Our balance sheet was strong and well positioned at June 30, 2023. In comparison to December 31, 2022:

- Total assets of $558.2 billion were stable.
- Total loans decreased $4.3 billion, or 1%, to $321.8 billion.
    - Total commercial loans decreased $5.1 billion, or 2%, to $220.0 billion driven by a lower utilization of loan commitments in addition to paydowns outpacing new production.
    - Total consumer loans increased $828 million to $101.8 billion as growth in residential mortgages, automobile, home equity and credit card loans were partially offset by declines in the remaining portfolios as paydowns outpaced new originations.
- Investment securities decreased $3.7 billion, or 3%, to $135.7 billion, primarily due to prepayments and maturities outpacing purchases.
- Interest-earning deposits with banks, primarily with the Federal Reserve Bank, increased $10.9 billion, or 40%, to $38.3 billion, primarily due to higher borrowed funds and a decrease in loans, partially offset by lower deposits.
- Total deposits decreased $8.8 billion, or 2%, to $427.5 billion as a result of lower consumer and commercial deposits, reflecting seasonal declines and the impact of quantitative tightening by the Federal Reserve. In addition, noninterest-bearing balances decreased due to the continued shift into interest-bearing deposit products as interest rates have risen.
- Borrowed funds increased $6.7 billion, or 11%, to $65.4 billion due to parent company senior debt issuances and higher FHLB borrowings.

For additional detail, see the Consolidated Balance Sheet Review section of this Financial Review.

Credit Quality Highlights

The second quarter of 2023 reflected strong credit quality performance.

- At June 30, 2023 compared to December 31, 2022:
    - Nonperforming assets decreased $70 million, or 3%, to $1.9 billion.
    - Overall loan delinquencies of $1.2 billion decreased $278 million, or 19%, driven by lower consumer and commercial loan delinquencies.
    - The ACL related to loans, which consists of the ALLL and the allowance for unfunded lending related commitments, totaled $5.4 billion at both June 30, 2023 and December 31, 2022. During the six months ended June 30, 2023, reserves reflected our updated economic outlook and changes in portfolio composition and quality. ACL to total loans was 1.68% and 1.67% at June 30, 2023 and December 31, 2022, respectively.
- Net charge-offs of $194 million, or 0.24% of average loans, in the second quarter of 2023 were stable compared to the first quarter of 2023.

For additional detail see the Credit Risk Management portion of the Risk Management section of this Financial Review.

Capital and Liquidity Highlights

We maintained our strong capital and liquidity positions.

- Common shareholders' equity of $42.1 billion at June 30, 2023, increased $2.1 billion, or 5%, compared to December 31, 2022, increased due to the benefit of net income and an improvement in AOCI, partially offset by common dividends paid and common share repurchases.
- In the second quarter of 2023, PNC returned $0.7 billion of capital to shareholders, as a result of $0.6 billion of dividends on common shares and $0.1 billion of common share repurchases, representing 1.1 million shares.
    - Consistent with the SCB framework, which allows for capital return in amounts in excess of the SCB minimum levels, our Board of Directors has authorized a repurchase framework under the previously approved repurchase program of up to 100 million common shares, of which approximately 46% were still available for repurchase at June 30, 2023. PNC's SCB through September 30, 2023 is 2.9%. Based on the results of the Federal Reserve's 2023 annual stress test, PNC's SCB for the four-quarter period beginning October 1, 2023 will improve to the regulatory minimum of 2.5%.
- On July 3, 2023, the PNC Board of Directors raised the quarterly cash dividend on common stock to $1.55 per share, an increase of 5 cents per share. The dividend, with a payment date of August 5, 2023, will be payable the next business day.
- Our CET1 ratio increased to 9.5% at June 30, 2023 from 9.1% at December 31, 2022.
    - PNC elected a five-year transition provision effective March 31, 2020 to delay until December 31, 2021 the full impact of the CECL standard on regulatory capital, followed by a three-year transition period. Effective for the first quarter of 2022, PNC is now in the three-year transition period, and the full impact of the CECL standard is being phased-in to regulatory capital through December 31, 2024. The fully implemented ratios reflect the full impact of CECL and exclude the benefits of this transition provision. The estimated CET1 fully implemented ratio was 9.4% at June 30, 2023 compared to 8.9% at December 31, 2022.
- PNC's average LCR for the three months ended June 30, 2023 was 109% and exceeded the regulatory minimum requirement throughout the quarter.

See the Liquidity and Capital Management portion of the Risk Management section of this Financial Review for more detail on our 2023 liquidity and capital actions as well as our capital ratios.

PNC's ability to take certain capital actions, including returning capital to shareholders, is subject to PNC meeting or exceeding an SCB established by the Federal Reserve Board in connection with the Federal Reserve Board's CCAR process. For additional information, see Capital Management in the Risk Management section in this Financial Review and the Supervision and Regulation section in our 2022 Form 10-K.

Business Outlook

Statements regarding our business outlook are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Our forward-looking financial statements are subject to the risk that economic and financial market conditions will be substantially different than those we are currently expecting and do not take into account the potential impact of legal and regulatory contingencies. These statements are based on our views that:

- The economy continued to expand in the first half of 2023, but economic growth is slowing in response to the ongoing Federal Reserve monetary policy tightening to slow inflation. This has led to large increases in both short- and long-term interest rates. The housing market stabilized in the first half of 2023 as the Federal Reserve signaled a potential end to its federal funds rate hiking cycle. However, given the upward trajectory in mortgage rates and declining affordability, PNC continues to expect slower activity in the housing market in the second half of 2023 with a recovery in early 2024 as the

Federal Reserve starts cutting the federal funds rate.

- PNC's baseline outlook is for a mild recession starting in late 2023 or early 2024, with a smaller contraction in real GDP of less than 1%, lasting into mid-2024. The unemployment rate will increase in the second half of this year, ending 2023 at above 4%, and then peak slightly above 5% in early 2025. Inflation will slow with weaker demand, moving back to the Federal Reserve's 2% objective by this time next year.
- PNC expects the federal funds rate to remain between 5.25% and 5.50% through March 2024, when it is expected that the Federal Reserve will cut rates in response to the recession.

For the third quarter of 2023, compared to the second quarter of 2023, we expect:

- Average loans to be down approximately 1%,
- Net interest income to be down 3% to 4%,
- Noninterest income, excluding net securities gains and Visa activity, to be up 10% to 11%,
- Revenue to be up approximately 1%,
- Noninterest expense, excluding the proposed FDIC special assessment, to be stable, and
- Net loan charge-offs to be $200 million to $250 million.

For the full year 2023, compared to the full year of 2022, we expect:

- Period-end loans to be stable,
- Average loans to be up 5% to 6%,
- Net interest income to be up 5% to 6%,
- Noninterest income, excluding net securities gains and Visa activity, to be down 2% to 4%,
- Revenue to be up 2% to 2.5%,
- Noninterest expense, excluding the proposed FDIC special assessment, to be up approximately 2%, and
- The effective tax rate to be approximately 18%.

We cannot provide, without unreasonable effort, a meaningful or accurate reconciliation of forward-looking non-GAAP measures to their most directly comparable GAAP financial measures. This is due to the inherent difficulty of forecasting the timing and amounts necessary for the reconciliation when such amounts are subject to events that cannot be reasonably predicted, as noted in our Cautionary Statement. Accordingly, we cannot address the probable significance of unavailable information.

See the Cautionary Statement Regarding Forward-Looking Information section in this Financial Review and Item 1A Risk Factors included in our first quarter 2023 Form 10-Q and 2022 Form 10-K for other factors that could cause future events to differ, perhaps materially, from those anticipated in these forward-looking statements.

Consolidated Income Statement Review

Our Consolidated Income Statement is presented in Item 1 of this Report.

Net income of $1.5 billion, or $3.36 per diluted common share, for the second quarter of 2023 decreased $194 million, or 11%, compared to $1.7 billion, or $3.98 per diluted common share, for the first quarter of 2023, primarily due to lower noninterest income, net interest income and increased expenses, partially offset by a lower provision for credit losses. Net income of $3.2 billion, or $7.34 per diluted common share for the first six months of 2023 increased $269 million, or 9%, compared to $2.9 billion, or $6.61 per diluted common share for the same period in 2022, primarily as a result of higher net interest income, partially offset by a higher provision for credit losses and increased expenses.

Net Interest Income

Table 3: Summarized Average Balances and Net Interest Income (a)

Three months ended Dollars in millions	June 30, 2023 Average Balances	June 30, 2023 Average Yields/ Rates	June 30, 2023 Interest Income/ Expense	March 31, 2023 Average Balances	March 31, 2023 Average Yields/ Rates	March 31, 2023 Interest Income/ Expense
Assets						
Interest-earning assets						
Investment securities	$ 141,038	2.52 %	$ 889	$ 143,391	2.49 %	$ 891
Loans	324,534	5.57 %	4,554	325,526	5.29 %	4,290
Interest-earning deposits with banks	31,433	5.10 %	400	34,054	4.58 %	390
Other	9,215	5.96 %	138	8,806	5.75 %	126
Total interest-earning assets/interest income	$ 506,220	4.70 %	5,981	$ 511,777	4.46 %	5,697
Liabilities						
Interest-bearing liabilities						
Interest-bearing deposits	$ 312,559	1.96 %	1,531	$ 315,056	1.66 %	1,291
Borrowed funds	65,692	5.44 %	903	62,968	4.98 %	783
Total interest-bearing liabilities/interest expense	$ 378,251	2.56 %	2,434	$ 378,024	2.20 %	2,074
Net interest margin/income (non-GAAP)		2.79 %	3,547		2.84 %	3,623
Taxable-equivalent adjustments			(37)			(38)
Net interest income (GAAP)			$ 3,510			$ 3,585

Six months ended Dollars in millions	June 30, 2023 Average Balances	June 30, 2023 Average Yields/ Rates	June 30, 2023 Interest Income/ Expense	June 30, 2022 Average Balances	June 30, 2022 Average Yields/ Rates	June 30, 2022 Interest Income/ Expense
Assets						
Interest-earning assets						
Investment securities	$ 142,208	2.50 %	$ 1,780	$ 134,313	1.76 %	$ 1,184
Loans	325,027	5.43 %	8,844	297,785	3.24 %	4,835
Interest-earning deposits with banks	32,736	4.83 %	790	51,120	0.42 %	107
Other	9,012	5.86 %	264	9,677	2.42 %	116
Total interest-earning assets/interest income	$ 508,983	4.58 %	11,678	$ 492,895	2.53 %	6,242
Liabilities						
Interest-bearing liabilities						
Interest-bearing deposits	$ 313,801	1.81 %	2,822	$ 298,313	0.08 %	115
Borrowed funds	64,337	5.22 %	1,686	32,998	1.36 %	225
Total interest-bearing liabilities/interest expense	$ 378,138	2.38 %	4,508	$ 331,311	0.20 %	340
Net interest margin/income (non-GAAP)		2.81 %	7,170		2.39 %	5,902
Taxable-equivalent adjustments			(75)			(47)
Net interest income (GAAP)			$ 7,095			$ 5,855

(a) Interest income calculated as taxable-equivalent interest income. To provide more meaningful comparisons of interest income and yields for all interest-earning assets, as well as net interest margins, we use interest income on a taxable-equivalent basis in calculating average yields and net interest margins by increasing the interest income earned on tax-exempt assets to make it fully equivalent to interest income earned on taxable investments. This adjustment is not permitted under GAAP on the Consolidated Income Statement. For more information, see Reconciliation of Taxable-Equivalent Net Interest Income (non-GAAP) in the Statistical Information (Unaudited) section in Item 1 of this Report.

Changes in net interest income and margin result from the interaction of the volume and composition of interest-earning assets and related yields, interest-bearing liabilities and related rates paid, and noninterest-bearing sources of funding. See the Statistical Information (Unaudited) – Average Consolidated Balance Sheet And Net Interest Analysis section of this Report for additional information.

Net interest income decreased $75 million, or 2%, for the second quarter of 2023 compared to the first quarter of 2023, as higher yields on interest-earning assets were more than offset by increased funding costs as well as lower loan and securities balances. Net interest income increased $1.2 billion, or 21%, for the first six months of 2023 compared to the same period in 2022, as a result of higher interest-earning asset yields and balances, partially offset by higher funding costs. Net interest margin decreased 5 basis points compared to the first quarter of 2023 as the change in yields on interest-earning assets was more than offset by the change in rates on funding costs. Net interest margin increased 42 basis points in the year-to-date comparison reflecting the benefit of higher yields on interest-earning assets.

Average investment securities for the second quarter of 2023 decreased $2.4 billion, or 2% compared to the first quarter of 2023 primarily due to prepayments and maturities outpacing purchases. Average investment securities increased $7.9 billion, or 6% in the year-to-date comparison, due to net securities purchases, primarily of agency residential mortgage-backed securities. Average investment securities represented 28% of average interest-earning assets for both the second and first quarters of 2023, and 28% for the first six months of 2023 compared to 27% for the first six months of 2022.

Average loans for the second quarter of 2023 were stable compared to the first quarter of 2023. Average loans increased $27.2 billion, or 9% in the year-to-date comparison, reflecting growth in both commercial and consumer loans. Average loans represented 64% of average interest-earning assets for both the second and first quarters of 2023, and 64% for the first six months of 2023 compared to 60% for the first six months of 2022.

Average interest-earning deposits with banks for the second quarter of 2023 decreased $2.6 billion, or 8%, compared to the first quarter of 2023, reflecting lower deposit balances. In the year-to-date comparison, average interest-earning deposits with banks decreased $18.4 billion, or 36%, primarily due to higher loan balances and lower deposits, partially offset by higher borrowed funds.

Average interest-bearing deposits for the second quarter of 2023 decreased $2.5 billion, or 1%, compared to the first quarter of 2023, reflecting increased consumer spending, the impact of quantitative tightening by the Federal Reserve and consumer tax payments. Average interest-bearing deposits increased $15.5 billion, or 5%, in the year-to-date comparison, reflecting the continued shift from noninterest-bearing to interest-bearing as deposit rates have risen. In total, average interest-bearing deposits represented 83% of average interest-bearing liabilities for both the second and first quarters of 2023 and 83% for the first six months of 2023 compared to 90%, for the first six months of 2022.

Average borrowed funds increased $2.7 billion, or 4%, and $31.3 billion, or 95% in the quarterly and year-to-date comparisons, respectively. The increase in both comparisons was due to higher FHLB borrowings and parent company senior debt issuances.

Further details regarding average loans and deposits are included in the Business Segments Review section of this Financial Review.

Noninterest Income

Table 4: Noninterest Income

	Three months ended				Six months ended			
	June 30	March 31	Change		June 30	June 30	Change	
Dollars in millions	2023	2023	$	%	2023	2022	$	%
Noninterest income								
Asset management and brokerage	$ 348	$ 356	$ (8)	(2)%	$ 704	$ 742	$ (38)	(5)%
Capital markets and advisory	213	262	(49)	(19)%	475	661	(186)	(28)%
Card and cash management	697	659	38	6 %	1,356	1,291	65	5 %
Lending and deposit services	298	306	(8)	(3)%	604	551	53	10 %
Residential and commercial mortgage	98	177	(79)	(45)%	275	320	(45)	(14)%
Other	129	258	(129)	(50)%	387	388	(1)	—
Total noninterest income	$ 1,783	$ 2,018	$ (235)	(12)%	$ 3,801	$ 3,953	$ (152)	(4)%

Noninterest income as a percentage of total revenue was 34% for the second quarter of 2023 compared to 36% for the first quarter of 2023, and 35% for the first six months of 2023 compared to 40% for the same period in 2022.

Asset management and brokerage fees decreased compared to the first quarter of 2023, and included lower annuity sales. The decrease in the year-to-date comparison reflected the impact of lower average equity markets and annuity sales. PNC's discretionary client assets under management of $176 billion at June 30, 2023 decreased from $177 billion at March 31, 2023, and included the impact of client activity, partially offset by higher spot equity markets. PNC's discretionary client assets under management increased from $167 billion at June 30, 2022, driven by higher spot equity markets, partially offset by client activity.

Capital markets and advisory fees decreased compared to the first quarter of 2023 driven by lower merger and acquisition advisory fees and a decline in loan syndication revenue. The decrease in the year-to-date comparison was primarily due to lower merger and acquisition advisory fees.

Card and cash management revenue increased compared to the first quarter of 2023, reflecting seasonally higher consumer transaction volumes and increased treasury management product revenue. The increase compared to the first six months of 2022 was due to increased treasury management product revenue and higher customer transaction volumes.

Lending and deposit services decreased compared to the first quarter of 2023 and increased in the year-to-date comparison, reflecting client-related activity. In comparison to the first six months of 2022, the increase was also driven by growth in loan commitment fees.

Residential and commercial mortgage decreased compared to the first quarter of 2023 primarily due to a $58 million decrease in mortgage servicing rights valuation, net of economic hedge. The decrease compared to the first six months of 2022 was driven by lower commercial mortgage banking activities.

Other noninterest income decreased in the quarterly comparison and was stable in the year-to-date comparison. Both comparisons included lower private equity revenue and the impact of negative Visa Class B derivative fair value adjustments related to litigation escrow funding and other valuation changes. Negative Visa Class B fair value adjustments were $83 million for the second quarter of 2023 compared to $45 million for the first quarter of 2023, and $128 million for the first six months of 2023 compared to $12 million for the same period in 2022.

Noninterest Expense

Table 5: Noninterest Expense

	Three months ended				Six months ended			
	June 30	March 31	Change		June 30	June 30	Change	
Dollars in millions	2023	2023	$	%	2023	2022	$	%
Noninterest expense								
Personnel	$ 1,846	$ 1,826	$ 20	1 %	$ 3,672	$ 3,496	$ 176	5 %
Occupancy	244	251	(7)	(3)%	495	504	(9)	(2)%
Equipment	349	350	(1)	—	699	682	17	2 %
Marketing	109	74	35	47 %	183	156	27	17 %
Other	824	820	4	—	1,644	1,578	66	4 %
Total noninterest expense	$ 3,372	$ 3,321	$ 51	2 %	$ 6,693	$ 6,416	$ 277	4 %

Noninterest expense increased compared to the first quarter of 2023, primarily due to seasonally higher marketing spend and the full quarter impact of annual employee merit increases. The increase compared to the first six months of 2022 was due to higher personnel costs, an increased FDIC assessment rate and higher marketing and technology costs to support business growth.

In July 2023, we raised our continuous improvement program savings goal from $400 million to $450 million for 2023.

We expect the FDIC will enact a special deposit insurance assessment in the second half of 2023 that will significantly increase our FDIC deposit insurance costs. Based on the current proposal, PNC estimates our total cost to be approximately $468 million pre-tax, or $370 million after-tax, which would be incurred in the quarter the FDIC finalizes the rule. The total cost and timing is subject to change pending the assessment's finalization. See the Recent Regulatory Developments section in this Financial Review and Note 16 Regulatory Matters for additional details on this FDIC special deposit insurance assessment.

Effective Income Tax Rate

The effective income tax rate was 15.5% in the second quarter of 2023, compared to 17.2% in the first quarter of 2023, and 16.4% in the first six months of 2023 compared to 17.9% for the same period in 2022. The second quarter of 2023 included the favorable impact of certain tax matters.

Provision For (Recapture of) Credit Losses

Table 6: Provision for (Recapture of) Credit Losses

	Three months ended			Six months ended		
	June 30	March 31	Change	June 30	June 30	Change
Dollars in millions	2023	2023	$	2023	2022	$
Provision for (recapture of) credit losses						
Loans and leases	$ 189	$ 229	$ (40)	$ 418	$ (182)	$ 600
Unfunded lending related commitments	(9)	(22)	13	(31)	19	(50)
Investment securities		(1)	1	(1)	4	(5)
Other financial assets	(34)	29	(63)	(5)	(13)	8
Total provision for (recapture of) credit losses	$ 146	$ 235	$ (89)	$ 381	$ (172)	$ 553

Provision for credit losses of $146 million in the second quarter of 2023 reflected portfolio activity and changes in macroeconomic variables. The first quarter of 2023 included a provision for credit losses of $235 million. Provision for credit losses of $381 million for the first six months of 2023 included the impact of our updated economic outlook and changes in portfolio composition and quality. The first six months of 2022 included a recapture of credit losses of $172 million.

Consolidated Balance Sheet Review

The summarized balance sheet data in Table 7 is based upon our Consolidated Balance Sheet in Item 1 of this Report.

Table 7: Summarized Balance Sheet Data

Dollars in millions	June 30 2023	December 31 2022	Change $	Change %
Assets				
Interest-earning deposits with banks	$ 38,259	$ 27,320	$ 10,939	40 %
Loans held for sale	835	1,010	(175)	(17)%
Investment securities	135,661	139,334	(3,673)	(3)%
Loans	321,761	326,025	(4,264)	(1)%
Allowance for loan and lease losses	(4,737)	(4,741)	4	—
Mortgage servicing rights	3,455	3,423	32	1 %
Goodwill	10,987	10,987		—
Other	51,986	53,905	(1,919)	(4)%
Total assets	$ 558,207	$ 557,263	$ 944	—
Liabilities				
Deposits	$ 427,489	$ 436,282	$ (8,793)	(2)%
Borrowed funds	65,384	58,713	6,671	11 %
Allowance for unfunded lending related commitments	663	694	(31)	(4)%
Other	15,325	15,762	(437)	(3)%
Total liabilities	508,861	511,451	(2,590)	(1)%
Equity				
Total shareholders' equity	49,320	45,774	3,546	8 %
Noncontrolling interests	26	38	(12)	(32)%
Total equity	49,346	45,812	3,534	8 %
Total liabilities and equity	$ 558,207	$ 557,263	$ 944	—

Our balance sheet was strong and well positioned at June 30, 2023. In comparison to December 31, 2022:

- Total assets were stable.
- Total liabilities decreased due to lower deposits, partially offset by increased borrowed funds.
- Total equity increased due to the benefit of net income, a preferred stock issuance and an improvement in AOCI, partially offset by dividends paid and common share repurchases.

The ACL related to loans totaled $5.4 billion at both June 30, 2023 and December 31, 2022. During the six months ended June 30, 2023, reserves reflected our updated economic outlook and changes in portfolio composition and quality. See the following for additional information regarding our ACL related to loans:

- Allowance for Credit Losses in the Credit Risk Management section of this Financial Review,
- Critical Accounting Estimates and Judgments section of this Financial Review, and
- Note 3 Loans and Related Allowance for Credit Losses.

The following discussion provides additional information about the major components of our balance sheet. Information regarding our capital and regulatory compliance is included in the Liquidity and Capital Management portion of the Risk Management section in this Financial Review and in Note 20 Regulatory Matters in our 2022 Form 10-K.

Loans

Table 8: Loans

Dollars in millions	June 30 2023	December 31 2022	Change $	Change %
Commercial				
Commercial and industrial	$ 177,629	$ 182,219	$ (4,590)	(3)%
Commercial real estate	35,928	36,316	(388)	(1)%
Equipment lease financing	6,400	6,514	(114)	(2)%
Total commercial	219,957	225,049	(5,092)	(2)%
Consumer				
Residential real estate	46,834	45,889	945	2 %
Home equity	26,200	25,983	217	1 %
Automobile	15,065	14,836	229	2 %
Credit card	7,092	7,069	23	—
Education	2,058	2,173	(115)	(5)%
Other consumer	4,555	5,026	(471)	(9)%
Total consumer	101,804	100,976	828	1 %
Total loans	$ 321,761	$ 326,025	$ (4,264)	(1)%

Commercial loans decreased driven by a lower utilization of loan commitments in addition to paydowns outpacing new production.

Consumer loans increased as growth in residential mortgages, automobile, home equity and credit card loans were partially offset by declines in the remaining portfolios as paydowns outpaced new originations.

For additional information regarding our loan portfolio see the Credit Risk Management portion of the Risk Management section in this Financial Review and Note 3 Loans and Related Allowance for Credit Losses.

Investment Securities

Investment securities of $135.7 billion at June 30, 2023 decreased $3.7 billion, or 3%, compared to December 31, 2022, primarily due to prepayments and maturities outpacing purchases.

The level and composition of the investment securities portfolio fluctuates over time based on many factors, including market conditions, loan and deposit growth and balance sheet management activities. We manage our investment securities portfolio to optimize returns, while providing a reliable source of liquidity for our banking and other activities, considering the LCR, NSFR and other internal and external guidelines and constraints.

Table 9: Investment Securities (a)

	June 30, 2023		December 31, 2022	
Dollars in millions	Amortized Cost (b)	Fair Value	Amortized Cost (b)	Fair Value
U.S. Treasury and government agencies	$ 44,848	$ 42,403	$ 45,767	$ 43,330
Agency residential mortgage-backed	75,145	68,874	77,385	71,073
Non-agency residential mortgage-backed	911	1,015	973	1,074
Agency commercial mortgage-backed	2,598	2,405	2,693	2,501
Non-agency commercial mortgage-backed (c)	2,563	2,458	2,992	2,883
Asset-backed (d)	7,555	7,472	7,291	7,183
Other (e)	6,271	6,056	6,642	6,394
Total investment securities (f)	$ 139,891	$ 130,683	$ 143,743	$ 134,438

(a) Of our total securities portfolio, 97% were rated AAA/AA at both June 30, 2023 and December 31, 2022.
(b) Amortized cost is presented net of the allowance for investment securities, which totaled $148 million at June 30, 2023 and primarily related to non-agency commercial mortgage-backed securities. The comparable amount at December 31, 2022 was $149 million.
(c) Collateralized primarily by office buildings, multifamily housing, retail properties, lodging properties and industrial properties.
(d) Collateralized primarily by corporate debt, government guaranteed education loans and other consumer credit products.
(e) Includes state and municipal securities.
(f) Includes available for sale and held to maturity securities, which are recorded on our balance sheet at fair value and amortized cost, respectively.

Table 9 presents our investment securities portfolio by amortized cost and fair value. The relationship of fair value to amortized cost at June 30, 2023 was comparable to December 31, 2022 due primarily to the impact of higher interest rates on the valuation of fixed-rate securities offset by the passage of time. We continually monitor the credit risk in our portfolio and maintain the allowance for investment securities at an appropriate level to absorb expected credit losses on our investment securities portfolio for the remaining contractual term of the securities adjusted for expected prepayments. See Note 2 Investment Securities for additional details regarding the allowance for investment securities.

The duration of investment securities was 4.3 years and 4.5 years at June 30, 2023 and December 31, 2022, respectively. We estimate that at June 30, 2023 the effective duration of investment securities was 4.3 years for an immediate 50 basis points parallel increase in interest rates and 4.3 years for an immediate 50 basis points parallel decrease in interest rates. Comparable amounts at December 31, 2022 for the effective duration of investment securities were 4.4 years and 4.5 years, respectively.

Based on expected prepayment speeds, the weighted-average expected maturity of the investment securities portfolio was 5.7 years at June 30, 2023 compared to 6.0 years at December 31, 2022.

Table 10: Weighted-Average Expected Maturities of Mortgage and Asset-Backed Debt Securities

June 30, 2023	Years
Agency residential mortgage-backed	7.7
Non-agency residential mortgage-backed	9.9
Agency commercial mortgage-backed	5.2
Non-agency commercial mortgage-backed	1.3
Asset-backed	2.3

Additional information regarding our investment securities portfolio is included in Note 2 Investment Securities and Note 11 Fair Value.

Funding Sources

Table 11: Details of Funding Sources

Dollars in millions	June 30 2023	December 31 2022	Change $	Change %
Deposits				
Noninterest-bearing	$ 110,527	$ 124,486	$ (13,959)	(11)%
Interest-bearing				
Money market	63,607	64,150	(543)	(1)%
Demand	128,942	126,143	2,799	2 %
Savings	101,549	103,033	(1,484)	(1)%
Time deposits	22,864	18,470	4,394	24 %
Total interest-bearing deposits	316,962	311,796	5,166	2 %
Total deposits	427,489	436,282	(8,793)	(2)%
Borrowed funds				
Federal Home Loan Bank borrowings	34,000	32,075	1,925	6 %
Senior debt	22,005	16,657	5,348	32 %
Subordinated debt	5,548	6,307	(759)	(12)%
Other	3,831	3,674	157	4 %
Total borrowed funds	65,384	58,713	6,671	11 %
Total funding sources	$ 492,873	$ 494,995	$ (2,122)	—

Total deposits decreased as a result of lower consumer and commercial deposits, reflecting seasonal declines and the impact of quantitative tightening by the Federal Reserve. In addition, noninterest-bearing balances decreased due to the continued shift into interest-bearing deposit products as interest rates have risen.

Borrowed funds increased due to parent company senior debt issuances and higher FHLB borrowings.

The level and composition of borrowed funds fluctuates over time based on many factors, including market conditions, loan, investment securities and deposit growth and capital considerations. We manage our borrowed funds to provide a reliable source of liquidity for our banking and other activities, considering our LCR and NSFR requirements and other internal and external guidelines and constraints. See the Liquidity and Capital Management portion of the Risk Management section in this Financial Review for additional information regarding our liquidity and capital activities. See Note 7 Borrowed Funds in this Report and Note 10 Borrowed Funds in our 2022 Form 10-K for additional information related to our borrowings.

Shareholders' Equity

Total shareholders' equity was $49.3 billion at June 30, 2023, an increase of $3.5 billion compared to December 31, 2022, as increases related to net income of $3.2 billion, a preferred stock issuance of $1.5 billion and an improvement in AOCI of $0.6 billion were partially offset by dividends paid of $1.4 billion and common share repurchases of $0.5 billion.

Business Segments Review

We have three reportable business segments:

- Retail Banking
- Corporate & Institutional Banking
- Asset Management Group

Business segment results and a description of each business are included in Note 14 Segment Reporting. Certain amounts included in this Business Segments Review differ from those amounts shown in Note 14, primarily due to the presentation in this Financial Review of business net interest income on a taxable-equivalent basis.

Net interest income in business segment results reflects our internal funds transfer pricing methodology. Assets receive a funding charge and liabilities and capital receive a funding credit based on a transfer pricing methodology that incorporates product repricing characteristics, tenor and other factors.

Total business segment financial results differ from total consolidated net income. The impact of these differences is reflected in the "Other" category as shown in Table 79 in Note 14 Segment Reporting. "Other" includes residual activities that do not meet the criteria for disclosure as a separate reportable business, such as asset and liability management activities, including net securities gains or losses, ACL for investment securities, certain trading activities, certain runoff consumer loan portfolios, private equity investments, intercompany eliminations, certain corporate overhead, tax adjustments that are not allocated to business segments, exited businesses and differences between business segment performance reporting and financial statement reporting (GAAP).

Retail Banking

Retail Banking's core strategy is to build lifelong, primary relationships by creating a sense of financial well-being and ease for our clients. Over time, we seek to deepen those relationships by meeting the broad range of our clients' financial needs across savings, liquidity, lending, payments, investment and retirement solutions. We work to deliver these solutions in the most seamless and efficient way possible, meeting our customers where they want to be met – whether in a branch, through digital channels, at an ATM or through our phone-based customer contact centers – while continuously optimizing the cost to sell and service. We believe that, over time, we can grow our customer base, enhance the breadth and depth of our client relationships and improve our efficiency through differentiated products and leading digital channels.

Table 12: Retail Banking Table

(Unaudited) Six months ended June 30 Dollars in millions, except as noted	2023	2022	Change $	Change %
Income Statement				
Net interest income	$ 4,729	$ 3,193	$ 1,536	48 %
Noninterest income	1,445	1,493	(48)	(3)%
Total revenue	6,174	4,686	1,488	32 %
Provision for (recapture of) credit losses	224	(26)	250	*
Noninterest expense	3,831	3,805	26	1 %
Pretax earnings	2,119	907	1,212	134 %
Income taxes	497	214	283	132 %
Noncontrolling interests	21	31	(10)	(32)%
Earnings	$ 1,601	$ 662	$ 939	142 %
Average Balance Sheet				
Loans held for sale	$ 578	$ 1,070	$ (492)	(46)%
Loans				
Consumer				
Residential real estate	$ 35,285	$ 32,389	$ 2,896	9 %
Home equity	24,617	22,673	1,944	9 %
Automobile	14,962	15,918	(956)	(6)%
Credit card	6,960	6,455	505	8 %
Education	2,151	2,470	(319)	(13)%
Other consumer	1,959	2,261	(302)	(13)%
Total consumer	85,934	82,166	3,768	5 %
Commercial	11,574	11,325	249	2 %
Total loans	$ 97,508	$ 93,491	$ 4,017	4 %
Total assets	$ 115,103	$ 112,415	$ 2,688	2 %
Deposits				
Noninterest-bearing	$ 60,129	$ 64,833	$ (4,704)	(7)%
Interest-bearing	199,776	201,916	(2,140)	(1)%
Total deposits	$ 259,905	$ 266,749	$ (6,844)	(3)%
Performance Ratios				
Return on average assets	2.80 %	1.19 %		
Noninterest income to total revenue	23 %	32 %		
Efficiency	62 %	81 %		

At or for six months ended June 30 Dollars in millions, except as noted		2023		2022	Change $	Change %
Supplemental Noninterest Income Information						
Asset management and brokerage	$	254	$	269	$ (15)	(6)%
Card and cash management	$	668	$	659	$ 9	1 %
Lending and deposit services	$	357	$	331	$ 26	8 %
Residential and commercial mortgage	$	179	$	170	$ 9	5 %
Residential Mortgage Information						
Residential mortgage servicing statistics (in billions, except as noted) (a)						
Serviced portfolio balance (b)	$	191	$	145	$ 46	32 %
Serviced portfolio acquisitions	$	9	$	21	$ (12)	(57)%
MSR asset value (b)	$	2.3	$	1.6	$ 0.7	44 %
MSR capitalization value (in basis points) (b)		123		112	11	10 %
Servicing income: (in millions)						
Servicing fees, net (c)	$	145	$	69	$ 76	110 %
Mortgage servicing rights valuation, net of economic hedge	$	5	$	15	$ (10)	(67)%
Residential mortgage loan statistics						
Loan origination volume (in billions)	$	3.8	$	9.9	$ (6.1)	(62)%
Loan sale margin percentage		2.24 %		2.18 %		
Percentage of originations represented by:						
Purchase volume (d)		88 %		57 %		
Refinance volume		12 %		43 %		
Other Information (b)						
Customer-related statistics (average)						
Non-teller deposit transactions (e)		65 %		64 %		
Digital consumer customers (f)		74 %		78 %		
Credit-related statistics						
Nonperforming assets	$	981	$	1,088	$ (107)	(10)%
Net charge-offs - loans and leases	$	221	$	229	$ (8)	(3)%
Other statistics						
ATMs		8,566		9,301	(735)	(8)%
Branches (g)		2,361		2,535	(174)	(7)%
Brokerage account client assets (in billions) (h)	$	75	$	68	$ 7	10 %

*- Not Meaningful
(a) Represents mortgage loan servicing balances for third parties and the related income.
(b) Presented as of period end, except for average customer-related statistics and net charge-offs, which are both shown for the six months ended.
(c) Servicing fees net of impact of decrease in MSR value due to passage of time, including the impact from regularly scheduled loan principal payments, prepayments and loans paid off during the period.
(d) Mortgages with borrowers as part of residential real estate purchase transactions.
(e) Percentage of total consumer and business banking deposit transactions processed at an ATM or through our mobile banking application.
(f) Represents consumer checking relationships that process the majority of their transactions through non-teller channels.
(g) Reflects all branches and solution centers excluding standalone mortgage offices and satellite offices (*e.g.*, drive-ups, electronic branches and retirement centers) that provide limited products and/or services.
(h) Includes cash and money market balances.

Retail Banking earnings for the first six months of 2023 increased $939 million compared to the same period in 2022 primarily due to increased net interest income, partially offset by an increased provision for credit losses and lower noninterest income.

Net interest income increased in the comparison primarily due to wider interest rate spreads on the value of deposits, partially offset by narrower interest rate spreads on the value of loans.

Noninterest income decreased primarily due to the impact of higher negative Visa Class B fair value adjustments compared to the same period in 2022.

Provision for credit losses included the impact of our updated economic outlook and changes in portfolio composition and quality.

Noninterest expense increased, and included increased technology costs and higher marketing spend, partially offset by lower non-credit losses and personnel.

Retail Banking average total loans increased in the first six months of 2023 compared to the same period in 2022. Average consumer loans increased 5% driven by higher residential real estate and home equity loans as a result of new volume and draws on existing accounts outpacing liquidations, as well as growth in credit card loans due to new account production and purchase volume increases. The increase was partially offset by a decline in automobile, education and other consumer loans as paydowns outpaced new originations. Average commercial loans increased due to growth in automobile dealer segment balances, partially offset by forgiveness of PPP loans.

Our focus on growing primary customer relationships is at the core of our deposit strategy in Retail, which is based on attracting and retaining stable, low-cost deposits as a key funding source for PNC. We have taken a disciplined approach to pricing, focused on retaining relationship-based balances and executing on targeted deposit growth and retention strategies aimed at more rate sensitive customers. Our goal with regard to deposits is to optimize balances, economics and long-term customer growth. In the first six months of 2023, average total deposits decreased compared to the same period in 2022, reflecting the impact of increased consumer spending and quantitative tightening by the Federal Reserve.

As part of our strategic focus on growing customers and meeting their financial needs, we have established a coast-to-coast network of retail branches, solution centers and ATMs that operate alongside PNC's suite of digital capabilities.

Retail Banking continues to enhance the customer experience with refinements to product and service offerings that drive value for consumers and small businesses.

Corporate & Institutional Banking

Corporate & Institutional Banking's strategy is to be the leading relationship-based provider of traditional banking products and services to its customers through the economic cycles. We aim to grow our market share and drive higher returns by delivering value-added solutions that help our clients better run their organizations, all while maintaining prudent risk and expense management. We continue to focus on building client relationships where the risk-return profile is attractive.

Table 13: Corporate & Institutional Banking Table

(Unaudited) Six months ended June 30 Dollars in millions, except as noted	2023	2022	Change $	Change %
Income Statement				
Net interest income	$ 2,795	$ 2,413	$ 382	16 %
Noninterest income	1,707	1,772	(65)	(4)%
Total revenue	4,502	4,185	317	8 %
Provision for (recapture of) credit losses	181	(135)	316	*
Noninterest expense	1,860	1,771	89	5 %
Pretax earnings	2,461	2,549	(88)	(3)%
Income taxes	575	583	(8)	(1)%
Noncontrolling interests	10	7	3	43 %
Earnings	$ 1,876	$ 1,959	$ (83)	(4)%
Average Balance Sheet				
Loans held for sale	$ 448	$ 559	$ (111)	(20)%
Loans				
Commercial				
Commercial and industrial	$ 168,110	$ 147,819	$ 20,291	14 %
Commercial real estate	34,507	32,640	1,867	6 %
Equipment lease financing	6,408	6,150	258	4 %
Total commercial	209,025	186,609	22,416	12 %
Consumer	7	11	(4)	(36)%
Total loans	$ 209,032	$ 186,620	$ 22,412	12 %
Total assets	$ 234,354	$ 210,171	$ 24,183	12 %
Deposits				
Noninterest-bearing	$ 55,221	$ 83,589	$(28,368)	(34)%
Interest-bearing	87,956	66,780	21,176	32 %
Total deposits	$ 143,177	$ 150,369	$ (7,192)	(5)%
Performance Ratios				
Return on average assets	1.61 %	1.88 %		
Noninterest income to total revenue	38 %	42 %		
Efficiency	41 %	42 %		
Other Information				
Consolidated revenue from: (a)				
Treasury Management (b)	$ 1,563	$ 1,205	$ 358	30 %
Commercial mortgage banking activities:				
Commercial mortgage loans held for sale (c)	$ 40	$ 36	$ 4	11 %
Commercial mortgage loan servicing income (d)	83	138	(55)	(40)%
Commercial mortgage servicing rights valuation, net of economic hedge	45	46	(1)	(2)%
Total	$ 168	$ 220	$ (52)	(24)%
Commercial mortgage servicing statistics				
Serviced portfolio balance (in billions) (e)	$ 280	$ 282	$ (2)	(1)%
MSR asset value (e)	$ 1,106	$ 988	$ 118	12 %
Average loans by C&IB business (f)				
Corporate Banking	$ 118,424	$ 99,187	$ 19,237	19 %
Real Estate	47,495	43,710	3,785	9 %
Business Credit	30,398	27,395	3,003	11 %
Commercial Banking	8,327	9,751	(1,424)	(15)%
Other	4,388	6,577	(2,189)	(33)%
Total average loans	$ 209,032	$ 186,620	$ 22,412	12 %
Credit-related statistics				
Nonperforming assets (e)	$ 738	$ 674	$ 64	9 %
Net charge-offs - loans and leases	$ 178	$ 10	$ 168	*

*- Not Meaningful

(a) See the additional revenue discussion regarding treasury management and commercial mortgage banking activities in the Product Revenue section of this Corporate & Institutional Banking section.

(b) Amounts are reported in net interest income and noninterest income.
(c) Represents commercial mortgage banking income for valuations on commercial mortgage loans held for sale and related commitments, derivative valuations, origination fees, gains on sale of loans held for sale and net interest income on loans held for sale.
(d) Represents net interest income and noninterest income from loan servicing, net of reduction in commercial mortgage servicing rights due to amortization expense and payoffs. Commercial mortgage servicing rights valuation, net of economic hedge is shown separately.
(e) As of June 30.
(f) As the result of a business realignment within C&IB during the second quarter of 2023, certain loans were reclassified from Other to Corporate Banking in the prior periods to conform to the current period presentation.

Corporate & Institutional Banking earnings in the first six months of 2023 decreased $83 million compared to the same period in 2022 driven by higher provision for credit losses, increased noninterest expense and lower noninterest income, partially offset by higher net interest income.

Net interest income increased in the comparison primarily due to wider interest rate spreads on the value of deposits and higher average loan balances, partially offset by narrower interest rate spreads on the value of loans and lower average deposit balances.

Noninterest income decreased in the comparison driven by lower capital markets and advisory fees and lower commercial mortgage banking activities, partially offset by growth in treasury management product revenue.

Provision for credit losses included the impact of our updated economic outlook and changes in portfolio composition and quality.

Noninterest expense increased in the comparison due to continued investments to support business growth and the impact of a higher FDIC assessment rate.

Average loans increased compared with the six months ended June 30, 2022 due to increases in Corporate Banking, Real Estate and Business Credit, partially offset by a decrease in Commercial Banking:

- Corporate Banking provides lending, equipment finance, treasury management and capital markets products and services to mid-sized and large corporations, and government and not-for-profit entities. Average loans for this business increased driven by strong new production throughout 2022 and higher average utilization of loan commitments.
- Real Estate provides banking, financing and servicing solutions for commercial real estate clients across the country. Average loans for this business increased largely due to new production throughout 2022, partially offset by a lower average utilization of loan commitments.
- Business Credit provides asset-based lending and equipment financing solutions. The loan and lease portfolio is relatively high yielding, with acceptable risk as the loans are mainly secured by business assets. Average loans for this business increased primarily driven by new production, partially offset by lower average utilization of loan commitments.
- Commercial Banking provides lending, treasury management and capital markets related products and services to smaller corporations and businesses. Average loans for this business declined primarily driven by PPP loan forgiveness and lower average utilization of loan commitments.

The deposit strategy of Corporate & Institutional Banking is to remain disciplined on pricing and focused on growing and retaining relationship-based balances over time, executing on customer and segment-specific deposit growth strategies and continuing to provide funding and liquidity to PNC. Average total deposits decreased compared to the six months ended June 30, 2022, reflecting the impact of quantitative tightening by the Federal Reserve. We continue to actively monitor the interest rate environment and make adjustments to our deposit strategy in response to evolving market conditions, bank funding needs and client relationship dynamics.

Following the BBVA acquisition in 2021 and our de novo expansion efforts, we are now a coast-to-coast franchise and have a presence in the largest 30 U.S. metropolitan statistical areas. These expanded locations complement Corporate & Institutional Banking's existing national businesses with a significant presence in these cities, and our full suite of commercial products and services are offered nationally.

Product Revenue

In addition to credit and deposit products for commercial customers, Corporate & Institutional Banking offers other services, including treasury management, capital markets and advisory products and services and commercial mortgage banking activities, for customers of all business segments. On a consolidated basis, the revenue from these other services is included in net interest income and noninterest income, as appropriate. From a business perspective, the majority of the revenue and expense related to these services is reflected in the Corporate & Institutional Banking segment results, and the remainder is reflected in the results of other businesses where the customer relationship exists. The Other Information section in Table 13 includes the consolidated revenue to PNC for treasury management and commercial mortgage banking services. A discussion of the consolidated revenue from these services follows.

The Treasury Management business provides corporations with cash and investment management services, receivables and disbursement management services, funds transfer services, international payment services and access to online/mobile information management and reporting services. Treasury management revenue is reported in noninterest income and net interest income. Noninterest income includes treasury management product revenue less earnings credits provided to customers on compensating deposit balances used to pay for products and services. Net interest income includes funding credit from all treasury management customer deposit balances. Compared to the first six months of 2022, treasury management revenue increased due to wider interest rate spreads on the value of deposits and higher product revenue.

Commercial mortgage banking activities include revenue derived from commercial mortgage servicing (both net interest income and noninterest income), revenue derived from commercial mortgage loans held for sale and hedges related to those activities. Total revenue from commercial mortgage banking activities decreased in the comparison primarily due to lower commercial mortgage servicing income.

Capital markets and advisory includes services and activities primarily related to merger and acquisition advisory, equity capital markets advisory, asset-backed financing, loan syndication, securities underwriting and customer-related trading. The decrease in capital markets and advisory fees in the comparison was mostly driven by lower merger and acquisition advisory fees, partially offset by higher customer-related trading revenue for derivatives, foreign exchange and fixed income.

Asset Management Group

The Asset Management Group strives to be the leading relationship-based provider of investment, planning, credit and cash management solutions and fiduciary services to affluent individuals and institutions by endeavoring to proactively deliver value-added ideas, solutions and exceptional service. Asset Management Group's priorities are to serve our clients' financial objectives, grow and deepen customer relationships and deliver solid financial performance with prudent risk and expense management.

Table 14: Asset Management Group Table

(Unaudited) Six months ended June 30 Dollars in millions, except as noted	2023	2022	Change $	Change %
Income Statement				
Net interest income	$ 252	$ 291	$ (39)	(13)%
Noninterest income	458	482	(24)	(5)%
Total revenue	710	773	(63)	(8)%
Provision for (recapture of) credit losses	(1)	7	(8)	*
Noninterest expense	560	521	39	7 %
Pretax earnings	151	245	(94)	(38)%
Income taxes	36	57	(21)	(37)%
Earnings	$ 115	$ 188	$ (73)	(39)%
Average Balance Sheet				
Loans				
Consumer				
Residential real estate	$ 9,517	$ 7,414	$ 2,103	28 %
Other consumer	4,110	4,587	(477)	(10)%
Total consumer	13,627	12,001	1,626	14 %
Commercial	1,237	1,704	(467)	(27)%
Total loans	$ 14,864	$ 13,705	$ 1,159	8 %
Total assets	$ 15,282	$ 14,126	$ 1,156	8 %
Deposits				
Noninterest-bearing	$ 1,817	$ 3,140	$ (1,323)	(42)%
Interest-bearing	25,907	29,331	(3,424)	(12)%
Total deposits	$ 27,724	$ 32,471	$ (4,747)	(15)%
Performance Ratios				
Return on average assets	1.52 %	2.68 %		
Noninterest income to total revenue	65 %	62 %		
Efficiency	79 %	67 %		
Supplemental Noninterest Income Information				
Asset management fees	$ 446	$ 469	$ (23)	(5)%
Brokerage fees	4	4		—
Total	$ 450	$ 473	$ (23)	(5)%
Other Information				
Nonperforming assets (a)	$ 41	$ 114	$ (73)	(64)%
Net charge-offs - loans and leases	$ (2)	$ 1	$ (3)	*
Brokerage account client assets (in billions) (a)	$ 5	$ 4	$ 1	25 %
Client Assets Under Administration (in billions) (a) (b)				
Discretionary client assets under management	$ 176	$ 167	$ 9	5 %
Nondiscretionary client assets under administration	168	153	15	10 %
Total	$ 344	$ 320	$ 24	8 %
Discretionary client assets under management				
PNC Private Bank	$ 111	$ 103	$ 8	8 %
Institutional Asset Management	65	64	1	2 %
Total	$ 176	$ 167	$ 9	5 %

*- Not Meaningful
(a) As of June 30.
(b) Excludes brokerage account client assets.

The Asset Management Group consists of two primary businesses: PNC Private Bank and Institutional Asset Management.

The PNC Private Bank is focused on being a premier private bank in each of the markets it serves. This business seeks to deliver high quality banking, trust and investment management services to our emerging affluent, high net worth and ultra high net worth clients through a broad array of products and services.

Institutional Asset Management provides outsourced chief investment officer, custody, cash and fixed income client solutions, and retirement plan fiduciary investment services to institutional clients, including corporations, healthcare systems, insurance companies, municipalities and non-profits.

Asset Management Group earnings in the first six months of 2023 decreased $73 million compared to the same period in 2022, primarily driven by higher noninterest expense, lower net interest income and a decrease in noninterest income.

Net interest income decreased in the comparison due to a decline in average deposits as well as narrower interest rate spreads on the value of loans.

Noninterest income decreased in the comparison and is primarily attributable to the asset management fee impact from lower average equity markets and the impact of client activity.

Noninterest expense increased in the comparison reflecting continued investments to support business growth.

Discretionary client assets under management increased in comparison to the prior year, primarily due to higher equity markets as of June 30, 2023.

Risk Management

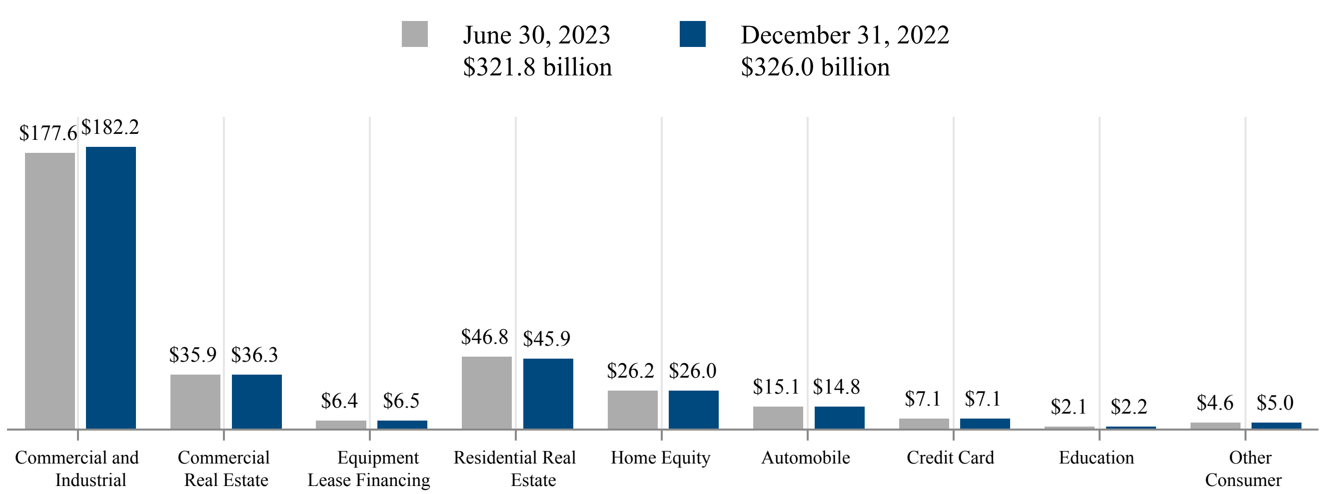
The Risk Management section included in Item 7 of our 2022 Form 10-K describes our enterprise risk management framework, including risk culture, enterprise strategy, risk governance and oversight framework, risk identification, risk assessments, risk controls and monitoring, and risk aggregation and reporting. Additionally, our 2022 Form 10-K provides an analysis of the firm's Capital Management and our key areas of risk, which include, but are not limited to, Credit, Market, Liquidity and Operational (including Compliance and Information Security).

Credit Risk Management

Credit risk, including our credit risk management processes, is described in further detail in the Credit Risk Management section of our 2022 Form 10-K. The following provides additional information around our loan portfolio, which is our most significant concentration of credit risk.

Loan Portfolio Characteristics and Analysis

Table 15: Details of Loans
In billions



We use several credit quality indicators, as further detailed in Note 3 Loans and Related Allowance for Credit Losses, to monitor and measure our exposure to credit risk within our loan portfolio. The following provides additional information about the significant loan classes that comprise our Commercial and Consumer portfolio segments.

Commercial

Commercial and Industrial

Commercial and industrial loans comprised 55% and 56% of our total loan portfolio at June 30, 2023 and December 31, 2022, respectively. The majority of our commercial and industrial loans are secured by collateral that provides a secondary source of repayment for a loan should a borrower experience cash generation difficulties. Examples of this collateral include short-term assets, such as accounts receivable, inventory and securities, and long-lived assets, such as equipment, owner-occupied real estate and other business assets.

We actively manage our commercial and industrial loans to assess any changes (both positive and negative) in the level of credit risk at both the borrower and portfolio level. To evaluate the level of credit risk, we assign internal risk ratings reflecting our estimates of the borrower's PD and LGD for each related credit facility. This two-dimensional credit risk rating methodology provides granularity in the risk monitoring process and is updated on an ongoing basis through our credit risk management processes. In addition to monitoring the level of credit risk, we also monitor concentrations of credit risk pertaining to both specific industries and geographies that may exist in our portfolio. Our commercial and industrial portfolio is well-diversified across industries as shown in the following table (based on the North American Industry Classification System).

Table 16: Commercial and Industrial Loans by Industry

	June 30, 2023		December 31, 2022	
Dollars in millions	Amount	% of Total	Amount	% of Total
Commercial and industrial				
Manufacturing	$ 30,586	17 %	$ 30,845	17 %
Retail/wholesale trade	28,751	16	29,176	16
Service providers	22,277	13	23,548	13
Financial services	21,823	12	21,320	12
Real estate related (a)	17,200	10	17,780	10
Technology, media & telecommunications	11,158	6	11,845	7
Health care	10,186	6	10,649	6
Transportation and warehousing	8,048	5	7,858	4
Other industries	27,600	15	29,198	15
Total commercial and industrial loans	$ 177,629	100 %	$ 182,219	100 %

(a) Represents loans to customers in the real estate and construction industries.

Commercial Real Estate

Commercial real estate loans comprised $22.1 billion related to commercial mortgages on income-producing properties, $7.2 billion of real estate construction project loans and $6.6 billion of intermediate-term financing loans as of June 30, 2023. Comparable amounts as of December 31, 2022 were $22.3 billion, $6.4 billion and $7.6 billion, respectively.

We monitor credit risk associated with our commercial real estate loans similar to commercial and industrial loans by analyzing PD and LGD. Additionally, risks associated with commercial real estate loans tend to be correlated to the loan structure, collateral location and quality, project progress and business environment. These attributes are also monitored and utilized in assessing credit risk. The portfolio is geographically diverse due to the nature of our business involving clients throughout the U.S.

The following table presents our commercial real estate loans by geography and property type:

Table 17: Commercial Real Estate Loans by Geography and Property Type

	June 30, 2023		December 31, 2022	
Dollars in millions	Amount	% of Total	Amount	% of Total
Geography (a)				
California	$ 6,190	17 %	$ 6,224	17 %
Texas	3,686	10	3,871	11
Florida	3,584	10	3,275	9
Pennsylvania	1,648	5	1,638	5
Virginia	1,550	4	1,638	5
Maryland	1,416	4	1,496	4
Illinois	1,267	4	1,321	4
Colorado	1,218	3	1,336	4
Ohio	1,172	3	1,236	3
North Carolina	1,146	3	1,150	3
Other	13,051	37	13,131	35
Total commercial real estate loans	$ 35,928	100 %	$ 36,316	100 %
Property Type (a)				
Multifamily	$ 14,835	41 %	$ 13,738	38 %
Office	8,685	24	9,123	25
Industrial/warehouse	3,907	11	4,035	11
Retail	2,807	8	2,855	8
Seniors housing	1,835	5	2,228	6
Hotel/motel	1,768	5	1,896	5
Mixed use	266	1	701	2
Other	1,825	5	1,740	5
Total commercial real estate loans	$ 35,928	100 %	$ 36,316	100 %

(a) Presented in descending order based on loan balances at June 30, 2023.

As remote work continues to be a feasible alternative and notable portions of leased space remain unoccupied, real estate related to the office sector is an area of continuing uncertainty. We continue to closely monitor and manage our office portfolio for elevated levels of credit risk given the ongoing shift in office demand.

At June 30, 2023, our outstanding loan balances in the office portfolio totaled $8.7 billion, or 2.7% of total loans, while additional unfunded loan commitments totaled $0.4 billion. Nonperforming loans totaled 3.3% of total office loans outstanding at June 30, 2023, while criticized loans totaled 22.5% of this portfolio. At June 30, 2023, there were no office loans outstanding that were 30 or more days delinquent. We have established reserves against these loans that we believe appropriately reflect the expected credit losses in the portfolio as of June 30, 2023.

Our office portfolio is well diversified geographically across our coast-to-coast franchise. From a tenancy category perspective, 57% of this portfolio represents multi-tenant properties at June 30, 2023, which is an area where we have noted increased stress. The remaining 43% of the portfolio is comprised of single-tenant, government tenant, and medical office tenant.

Consumer

Residential Real Estate
Residential real estate loans primarily consisted of residential mortgage loans at both June 30, 2023 and December 31, 2022.

We obtain loan attributes at origination, including FICO scores and LTVs, and we update these and other credit metrics at least quarterly. We track borrower performance monthly. We also segment the mortgage portfolio into pools based on product type (*e.g.*, nonconforming or conforming). This information is used for internal reporting and risk management. As part of our overall risk analysis and monitoring, we also segment the portfolio based upon loan delinquency, nonperforming status, modification and bankruptcy status, FICO scores, LTV and geographic concentrations.

The following table presents certain key statistics related to our residential real estate portfolio:

Table 18: Residential Real Estate Loan Statistics

	June 30, 2023		December 31, 2022	
Dollars in millions	Amount	% of Total	Amount	% of Total
Geography (a)				
California	$ 19,281	41 %	$ 18,609	41 %
Texas	4,112	9	4,194	9
Florida	3,376	7	3,360	7
Washington	3,246	7	3,009	7
New Jersey	1,905	4	1,925	4
New York	1,557	3	1,558	3
Arizona	1,449	3	1,436	3
Pennsylvania	1,197	3	1,188	3
Colorado	1,193	3	1,192	3
North Carolina	974	2	965	2
Other	8,544	18	8,453	18
Total residential real estate loans	$ 46,834	100 %	$ 45,889	100 %

	June 30, 2023	December 31, 2022
Weighted-average loan origination statistics (b)		
Loan origination FICO score	771	770
LTV of loan originations	73 %	71 %

(a) Presented in descending order based on loan balances at June 30, 2023.
(b) Weighted-averages calculated for the twelve months ended June 30, 2023 and December 31, 2022, respectively.

We originate residential mortgage loans nationwide through our national mortgage business as well as within our branch network. Residential mortgage loans underwritten to agency standards, including conforming loan amount limits, are typically sold with servicing retained by us. We also originate nonconforming residential mortgage loans that do not meet agency standards, which we retain on our balance sheet. Our portfolio of originated nonconforming residential mortgage loans totaled $41.6 billion at June 30, 2023 with 45% located in California. Comparable amounts at December 31, 2022 were $40.6 billion and 44%, respectively.

<u>Home Equity</u>
Home equity loans comprised $20.2 billion of home equity lines of credit and $6.0 billion of closed-end home equity installment loans at June 30, 2023. Comparable amounts were $19.5 billion and $6.5 billion as of December 31, 2022, respectively. Home equity lines of credit are a variable interest rate product with fixed rate conversion options available to certain borrowers.

Similar to residential real estate loans, we track borrower performance of this portfolio on a monthly basis. We also segment the population into pools based on product type (*e.g.*, home equity loans, legacy brokered home equity loans, home equity lines of credit, or legacy brokered home equity lines of credit) and track the historical performance of any related mortgage loans regardless of whether we hold such liens. This information is used for internal reporting and risk management. As part of our overall risk analysis and monitoring, we also segment the portfolio based upon loan delinquency, nonperforming status, modification and bankruptcy status, FICO scores, LTV, lien position and geographic concentration.

The credit performance of the majority of the home equity portfolio where we hold the first lien position is superior to the portion of the portfolio where we hold the second lien position but do not hold the first lien. Lien position information is generally determined at the time of origination and monitored on an ongoing basis for risk management purposes. We use a third-party service provider to obtain updated loan information, including lien and collateral data that is aggregated from public and private sources.

The following table presents certain key statistics related to our home equity portfolio:

Table 19: Home Equity Loan Statistics

	June 30, 2023		December 31, 2022	
Dollars in millions	Amount	% of Total	Amount	% of Total
Geography (a)				
Pennsylvania	$ 4,876	19 %	$ 5,051	19 %
New Jersey	3,237	12	3,266	13
Ohio	2,302	9	2,352	9
Florida	2,178	8	2,082	8
California	1,450	6	1,247	5
Maryland	1,243	5	1,254	5
Michigan	1,238	5	1,263	5
Texas	1,195	5	1,144	4
Illinois	1,095	4	1,126	4
North Carolina	1,010	4	995	4
Other	6,376	23	6,203	24
Total home equity loans	$ 26,200	100 %	$ 25,983	100 %
Lien type				
1st lien		55 %		58 %
2nd lien		45		42
Total		100 %		100 %
Weighted-average loan origination statistics (b)	June 30, 2023		December 31, 2022	
Loan origination FICO score		772		774
LTV of loan originations		66 %		67 %

(a) Presented in descending order based on loan balances at June 30, 2023.
(b) Weighted-averages calculated for the twelve months ended June 30, 2023 and December 31, 2022, respectively.

<u>*Automobile*</u>
Auto loans comprised $14.0 billion in the indirect auto portfolio and $1.1 billion in the direct auto portfolio as of June 30, 2023. Comparable amounts as of December 31, 2022 were $13.7 billion and $1.1 billion, respectively. The indirect auto portfolio consists of loans originated primarily through franchised dealers, including from expansion into newer markets. This business is strategically aligned with our core retail banking business.

The following table presents certain key statistics related to our indirect and direct auto portfolios:

Table 20: Auto Loan Statistics

	June 30, 2023	December 31, 2022
Weighted-average loan origination FICO score (a) (b)		
Indirect auto	781	784
Direct auto	779	776
Weighted-average term of loan originations - in months (a)		
Indirect auto	73	73
Direct auto	63	63

(a) Weighted-averages calculated for the twelve months ended June 30, 2023 and December 31, 2022, respectively.
(b) Calculated using the auto enhanced FICO scale.

We continue to focus on borrowers with strong credit profiles as evidenced by the weighted-average loan origination FICO scores noted in Table 20. We offer both new and used auto financing to customers through our various channels. At June 30, 2023, the portfolio balance was composed of 48% new vehicle loans and 52% used vehicle loans. Comparable amounts at December 31, 2022 were 50% and 50%, respectively.

The auto loan portfolio's performance is measured monthly, including updated collateral values that are obtained monthly and updated FICO scores that are obtained at least quarterly. For internal reporting and risk management, we analyze the portfolio by product channel and product type and regularly evaluate default and delinquency experience. As part of our overall risk analysis and monitoring, we segment the portfolio by geography, channel, collateral attributes and credit metrics which include FICO score, LTV and term.

Nonperforming Assets and Loan Delinquencies

Nonperforming Assets
Nonperforming assets include nonperforming loans and leases for which ultimate collectability of the full amount of contractual principal and interest is not probable and include nonperforming loans whose terms were modified as a result of a borrower's financial difficulty and PCD loans, OREO and foreclosed assets. Loans held for sale, certain government insured or guaranteed loans and loans accounted for under the fair value option are excluded from nonperforming loans. See Note 1 Accounting Policies of this Report for details on our nonaccrual policies.

The following table presents a summary of nonperforming assets by major category:

Table 21: Nonperforming Assets by Type

			Change	
Dollars in millions	June 30, 2023	December 31, 2022	$	%
Nonperforming loans (a)				
Commercial	$ 827	$ 858	$ (31)	(4)%
Consumer (b)	1,086	1,127	(41)	(4)%
Total nonperforming loans	1,913	1,985	(72)	(4)%
OREO and foreclosed assets	36	34	2	6 %
Total nonperforming assets	$ 1,949	$ 2,019	$ (70)	(3)%
Nonperforming loans to total loans	0.59 %	0.61 %		
Nonperforming assets to total loans, OREO and foreclosed assets	0.61 %	0.62 %		
Nonperforming assets to total assets	0.35 %	0.36 %		
Allowance for loan and lease losses to nonperforming loans	248 %	239 %		
Allowance for credit losses to nonperforming loans (c)	282 %	274 %		

(a) In connection with the adoption of ASU 2022-02 *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures,* nonperforming loans as of June 30, 2023 include certain loans where terms were modified as a result of a borrower's financial difficulty. Prior period amounts included nonperforming TDRs, for which accounting guidance was eliminated effective January 1, 2023. See Note 1 Accounting Policies and the Loan Modifications to Borrowers Experiencing Financial Difficulty section of Note 3 Loans and Related Allowance for more information on our adoption of this ASU.
(b) Excludes most unsecured consumer loans and lines of credit, which are charged off after 120 to 180 days past due and are not placed on nonperforming status.
(c) Calculated excluding allowances for investment securities and other financial assets.

The following table provides details on the change in nonperforming assets for the six months ended June 30, 2023 and 2022:

Table 22: Change in Nonperforming Assets

In millions	2023	2022
January 1	$ 2,019	$ 2,506
New nonperforming assets	862	739
Charge-offs and valuation adjustments	(257)	(117)
Principal activity, including paydowns and payoffs	(469)	(547)
Asset sales and transfers to loans held for sale	(58)	(27)
Returned to performing status	(148)	(479)
June 30	$ 1,949	$ 2,075

As of June 30, 2023, approximately 98% of total nonperforming loans were secured by collateral, which lessened reserve requirements and is expected to reduce credit losses.

Loan Delinquencies
We regularly monitor the level of loan delinquencies and believe these levels are a key indicator of credit quality in our loan portfolio. Measurement of delinquency status is based on the contractual terms of each loan. Loans that are 30 days or more past due in terms of payment are considered delinquent. Loan delinquencies include government insured or guaranteed loans, loans accounted for under the fair value option and PCD loans. Amounts exclude loans held for sale.

We manage credit risk based on the risk profile of the borrower, repayment sources, underlying collateral, and other support given current events, economic conditions and expectations. We refine our practices to meet the changing environment resulting from elevated inflation levels, labor-related supply chain pressures, higher interest rates and structural and secular changes fostered by the pandemic. To mitigate losses and enhance customer support, we offer loan modifications and collection programs to assist our customers. Under the CARES Act credit reporting rules, certain loans modified due to pandemic related hardships are not being reported as past due as of June 30, 2023 and December 31, 2022 based on the contractual terms of the loan, even where borrowers may not be making payments on their loans during the modification period. The CARES Act credit reporting rules expire in the third quarter of 2023.

The following table presents a summary of accruing loans past due by delinquency status:

Table 23: Accruing Loans Past Due (a)

	Amount		Change		% of Total Loans Outstanding	
Dollars in millions	June 30 2023	December 31 2022	$	%	June 30 2023	December 31 2022
Early stage loan delinquencies						
Accruing loans past due 30 to 59 days	$ 555	$ 747	$ (192)	(26)%	0.17 %	0.23 %
Accruing loans past due 60 to 89 days	238	261	(23)	(9)%	0.07 %	0.08 %
Total early stage loan delinquencies	793	1,008	(215)	(21)%	0.25 %	0.31 %
Late stage loan delinquencies						
Accruing loans past due 90 days or more	419	482	(63)	(13)%	0.13 %	0.15 %
Total accruing loans past due	$ 1,212	$ 1,490	$ (278)	(19)%	0.38 %	0.46 %

(a) Past due loan amounts include government insured or guaranteed loans of $0.4 billion at both June 30, 2023 and December 31, 2022.

The decrease in accruing loans past due from December 31, 2022 was the result of lower delinquencies in both the consumer and commercial portfolios.

Accruing loans past due 90 days or more continue to accrue interest because they are (i) well secured by collateral and are in the process of collection, (ii) managed in homogeneous portfolios with specified charge-off timeframes adhering to regulatory guidelines, or (iii) certain government insured or guaranteed loans. As such, they are excluded from nonperforming loans.

Loan Modifications

We provide relief to our customers experiencing financial hardships through a variety of solutions. Commercial loan and lease modifications are based on each individual borrower's situation, while consumer loan modifications are evaluated under our hardship relief programs.

On January 1, 2023, we adopted ASU 2022-02 *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*, which eliminates the accounting guidance for TDRs and enhances the disclosure requirements for certain loan modifications when a borrower is experiencing financial difficulty. Refer to Note 1 Accounting Policies and Note 3 Loans and Related Allowance for Credit Losses for additional information on our adoption of this ASU.

Allowance for Credit Losses

Our determination of the ACL is based on historical loss and performance experience, current economic conditions, reasonable and supportable forecasts of future conditions and other relevant factors, including current borrower and/or transaction characteristics. We maintain the ACL at an appropriate level for expected losses on our existing investment securities, loans, equipment finance leases, other financial assets and unfunded lending related commitments and determine this allowance based on assessments of the remaining estimated contractual term as of the balance sheet date.

See Note 1 Accounting Policies for additional discussion of our ACL, including details of our methodologies. Also see the Critical Accounting Estimates and Judgments section of this Report for further discussion of the assumptions used in the determination of the ACL as of June 30, 2023.

The following table summarizes our ACL related to loans:

Table 24: Allowance for Credit Losses by Loan Class (a)

	June 30, 2023			December 31, 2022		
Dollars in millions	Allowance Amount	Total Loans	% of Total Loans	Allowance Amount	Total Loans	% of Total Loans
Allowance for loans and lease losses						
Commercial						
Commercial and industrial	$ 1,836	$ 177,629	1.03 %	$ 1,957	$ 182,219	1.07 %
Commercial real estate	1,206	35,928	3.36 %	1,047	36,316	2.88 %
Equipment lease financing	100	6,400	1.56 %	110	6,514	1.69 %
Total commercial	3,142	219,957	1.43 %	3,114	225,049	1.38 %
Consumer						
Residential real estate	72	46,834	0.15 %	92	45,889	0.20 %
Home equity	294	26,200	1.12 %	274	25,983	1.05 %
Automobile	188	15,065	1.25 %	226	14,836	1.52 %
Credit card	765	7,092	10.79 %	748	7,069	10.58 %
Education	61	2,058	2.96 %	63	2,173	2.90 %
Other consumer	215	4,555	4.72 %	224	5,026	4.46 %
Total consumer	1,595	101,804	1.57 %	1,627	100,976	1.61 %
Total	4,737	$ 321,761	1.47 %	4,741	$ 326,025	1.45 %
Allowance for unfunded lending related commitments	663			694		
Allowance for credit losses	$ 5,400			$ 5,435		
Allowance for credit losses to total loans			1.68 %			1.67 %
Commercial			1.68 %			1.66 %
Consumer			1.67 %			1.69 %

(a) Excludes allowances for investment securities and other financial assets, which together totaled $171 million and $176 million at June 30, 2023 and December 31, 2022, respectively.

The following table summarizes our loan charge-offs and recoveries:

Table 25: Loan Charge-Offs and Recoveries

Six months ended June 30 Dollars in millions	Gross Charge-offs	Recoveries	Net Charge-offs / (Recoveries)	% of Average Loans (Annualized)
2023				
Commercial				
Commercial and industrial	$ 149	$ 53	$ 96	0.11 %
Commercial real estate	99	2	97	0.54 %
Equipment lease financing	7	6	1	0.03 %
Total commercial	255	61	194	0.17 %
Consumer				
Residential real estate	5	7	(2)	(0.01)%
Home equity	11	24	(13)	(0.10)%
Automobile	61	51	10	0.13 %
Credit card	154	22	132	3.82 %
Education	9	4	5	0.47 %
Other consumer	80	17	63	2.65 %
Total consumer	320	125	195	0.39 %
Total	$ 575	$ 186	$ 389	0.24 %
2022				
Commercial				
Commercial and industrial	$ 71	$ 45	$ 26	0.03 %
Commercial real estate	15	2	13	0.08 %
Equipment lease financing	3	6	(3)	(0.10)%
Total commercial	89	53	36	0.04 %
Consumer				
Residential real estate	7	11	(4)	(0.02)%
Home equity	6	39	(33)	(0.27)%
Automobile	86	70	16	0.20 %
Credit card	135	31	104	3.24 %
Education	8	3	5	0.41 %
Other consumer	115	19	96	3.45 %
Total consumer	357	173	184	0.39 %
Total	$ 446	$ 226	$ 220	0.15 %

Total net charge-offs increased $169 million, or 77%, for the first six months of 2023 compared to the same period in 2022. The increase in the comparison was primarily attributable to higher net charge-offs in our commercial portfolio.

See Note 1 Accounting Policies in our 2022 Form 10-K and Note 3 Loans and Related Allowance for Credit Losses of this Report for additional information.

Liquidity and Capital Management

Liquidity risk, including our liquidity monitoring measures and tools, is described in further detail in the Liquidity and Capital Management section of our 2022 Form 10-K.

One of the ways we monitor our liquidity is by reference to the LCR, a regulatory minimum liquidity requirement designed to ensure that covered banking organizations maintain an adequate level of liquidity to meet net liquidity needs over the course of a hypothetical 30-day stress scenario. PNC and PNC Bank calculate the LCR daily and are required to maintain a regulatory minimum of 100%. The LCR for each of PNC and PNC Bank exceeded the regulatory minimum requirement throughout the second quarter of 2023. Fluctuations in our average LCR result from changes to the components of the calculation, including high-quality liquid assets and net cash outflows, as a result of ongoing business activity.

The NSFR is designed to measure the stability of the maturity structure of assets and liabilities of banking organizations over a one-year time horizon. PNC and PNC Bank calculate the NSFR on an ongoing basis and are required to maintain a regulatory minimum of 100%. The NSFR for each of PNC and PNC Bank exceeded the regulatory minimum requirement throughout the second quarter of 2023.

We provide additional information regarding regulatory liquidity requirements and their potential impact on us in the Supervision and Regulation section of Item 1 Business and Item 1A Risk Factors of our 2022 Form 10-K.

Sources of Liquidity

Our largest source of liquidity on a consolidated basis is the customer deposit base generated by our banking businesses. These deposits provide relatively stable and low-cost funding. Total deposits decreased to $427.5 billion at June 30, 2023 from $436.3 billion at December 31, 2022, and included a continued shift from noninterest-bearing to interest-bearing deposit products, as interest rates have risen. As of June 30, 2023, uninsured deposits represented approximately 46% of our total deposit base. The majority of our uninsured deposits are related to commercial operating and relationship accounts, which we define as commercial deposit customers who utilize two or more PNC products. See the Funding Sources portion of the Consolidated Balance Sheet Review and Business Segments Review sections of this Financial Review for additional information on our deposits and related strategies.

We also obtain liquidity through various forms of funding, including long-term debt (senior notes, subordinated debt and FHLB borrowings) and short-term borrowings (securities sold under repurchase agreements, commercial paper and other short-term borrowings). See the Funding Sources section of the Consolidated Balance Sheet Review in this Financial Review, Note 7 Borrowed Funds included in this Report and Note 10 Borrowed Funds in our 2022 Form 10-K for additional information related to our borrowings.

Total senior and subordinated debt, on a consolidated basis, increased due to the following activity:

Table 26: Senior and Subordinated Debt

In billions	2023
January 1	$ 23.0
Issuances	6.2
Calls and maturities	(1.5)
Other	(0.1)
June 30	$ 27.6

Additionally, certain liquid assets and unused borrowing capacity from a number of sources are also available to manage our liquidity position. The following table summarizes our contingent liquidity from on-balance sheet and off-balance sheet funding sources:

Table 27:Contingent Liquidity Sources

Dollars in billions	June 30, 2023	December 31, 2022
Cash balance with Federal Reserve Bank	$ 37.8	$ 26.9
Available investment securities (a)	103.1	109.8
Unused borrowing capacity from FHLB and Federal Reserve Bank	86.4	67.2
Total available contingent liquidity	$ 227.3	$ 203.9

(a) Available investment securities represents the fair value of investment securities that are available for sale or that can be used for pledging or to secure other sources of funding.

Bank Liquidity

Under PNC Bank’s 2014 bank note program, as amended, PNC Bank may from time to time offer up to $40.0 billion aggregate principal amount outstanding at any one time of its unsecured senior and subordinated notes with maturity dates more than nine months (in the case of senior notes) and five years or more (in the case of subordinated notes) from their date of issue. At June 30, 2023, PNC Bank had $7.0 billion of notes outstanding under this program of which $3.9 billion were senior notes and $3.1 billion were subordinated notes.

Under PNC Bank’s 2013 commercial paper program, PNC Bank has the ability to offer up to $10.0 billion of its commercial paper to provide additional liquidity. At June 30, 2023, there were no issuances outstanding under this program.

Additionally, PNC Bank may also access funding from the parent company through deposits placed at the bank or through issuing its senior unsecured notes.

Parent Company Liquidity

In addition to managing liquidity risk at the bank level, we monitor the parent company’s liquidity. The parent company’s contractual obligations consist primarily of debt service related to parent company borrowings and funding non-bank affiliates. Additionally, the parent company maintains liquidity to fund discretionary activities such as paying dividends to our shareholders, share repurchases and acquisitions.

At June 30, 2023, available parent company liquidity totaled $17.2 billion. Parent company liquidity is held in intercompany cash and investments. For investments with longer durations, the related maturities are aligned with scheduled cash needs, such as the maturity of parent company debt obligations.

The principal source of parent company liquidity is the dividends or other capital distributions it receives from PNC Bank, which may be impacted by the following:

- Bank-level capital needs,
- Laws, regulations and the results of supervisory activities,
- Corporate policies,
- Contractual restrictions, and
- Other factors.

There are statutory and regulatory limitations on the ability of a national bank to pay dividends or make other capital distributions or to extend credit to the parent company or its non-bank subsidiaries. The amount available for dividend payments by PNC Bank to the parent company without prior regulatory approval was $5.2 billion at June 30, 2023. See Note 20 Regulatory Matters in our 2022 Form 10-K for further discussion of these limitations.

In addition to dividends from PNC Bank, other sources of parent company liquidity include cash and investments, as well as dividends and loan repayments from other subsidiaries and dividends or distributions from equity investments. We can also generate liquidity for the parent company and PNC's non-bank subsidiaries through the issuance of debt and equity securities, including certain capital instruments, in public or private markets and commercial paper. Under the parent company's 2014 commercial paper program, the parent company has the ability to offer up to $5.0 billion of commercial paper to provide additional liquidity. At June 30, 2023, there were no issuances outstanding under this program.

The following table details Parent Company note issuances in the second quarter of 2023:

Table 28: Parent Company Notes Issued

Issuance Date	Amount	Description of Issuance
June 12, 2023	$1.0 billion	$1.0 billion of senior fixed-to-floating notes with a maturity date of June 12, 2026. Interest is payable semi-annually in arrears at a fixed rate of 5.812% per annum, on June 12 and December 12 of each year, beginning on December 12, 2023. Beginning on June 12, 2025, interest is payable quarterly in arrears at a floating rate per annum equal to Compounded SOFR (determined with respect to each quarterly interest period using the SOFR Index as described in the Prospectus Supplement), plus 1.322%, on September 12, 2025, December 12, 2025, March 12, 2026 and at the maturity date.
June 12, 2023	$2.5 billion	$2.5 billion of senior fixed-to-floating notes with a maturity date of June 12, 2029. Interest is payable semi-annually in arrears at a fixed rate of 5.582% per annum, on June 12 and December 12 of each year, beginning on December 12, 2023. Beginning on June 12, 2028, interest is payable quarterly in arrears at a floating rate per annum equal to Compounded SOFR (determined with respect to each quarterly interest period using the SOFR Index as described in the Prospectus Supplement), plus 1.841%, on September 12, 2028, December 12, 2028, March 12, 2029 and at the maturity date.

Parent company senior and subordinated debt outstanding totaled $19.2 billion and $13.1 billion at June 30, 2023 and December 31, 2022, respectively.

Contractual Obligations and Commitments

We have contractual obligations representing required future payments on borrowed funds, time deposits, leases, pension and postretirement benefits and purchase obligations. See the Liquidity and Capital Management portion of the Risk Management section of our 2022 Form 10-K for more information on these future cash outflows. Additionally, in the normal course of business, we have various commitments outstanding, certain of which are not included on our Consolidated Balance Sheet. We provide information on our commitments in Note 8 Commitments.

Credit Ratings

PNC's credit ratings affect the cost and availability of short and long-term funding, collateral requirements for certain derivative instruments and the ability to offer certain products.

In general, rating agencies base their ratings on many quantitative and qualitative factors, including capital adequacy, liquidity, asset quality, business mix, level and quality of earnings, and the current legislative and regulatory environment, including implied government support. A decrease, or potential decrease, in credit ratings could impact access to the capital markets and/or increase the cost of debt, and thereby adversely affect liquidity and financial condition.

The following table presents credit ratings for PNC and PNC Bank as of June 30, 2023:

Table 29: Credit Ratings for PNC and PNC Bank

	June 30, 2023		
	Moody's	Standard & Poor's	Fitch
PNC			
Senior debt	A3	A-	A
Subordinated debt	A3	BBB+	A-
Preferred stock	Baa2	BBB-	BBB
PNC Bank			
Senior debt	A2	A	A+
Subordinated debt	A3	A-	A
Long-term deposits	Aa3	A	AA-
Short-term deposits	P-1	A-1	F1+
Short-term notes	P-1	A-1	F1

Capital Management

Detailed information on our capital management processes and activities is included in the Supervision and Regulation section of Item 1 of our 2022 Form 10-K.

We manage our funding and capital positions by making adjustments to our balance sheet size and composition, issuing or redeeming debt, issuing equity or other capital instruments, executing treasury stock transactions and capital redemptions or repurchases, and managing dividend policies and retaining earnings.

In the second quarter of 2023, PNC returned $0.7 billion of capital to shareholders, as a result of $0.6 billion of dividends on common shares and $0.1 billion of common share repurchases, representing 1.1 million shares. Consistent with the SCB framework, which allows for capital return in amounts in excess of the SCB minimum levels (the regulatory minimum (4.5%) plus our SCB), our Board of Directors has authorized a repurchase framework under the previously approved repurchase program of up to 100 million common shares, of which approximately 46% were still available for repurchase at June 30, 2023. PNC's SCB through September 30, 2023 is 2.9%. Based on the results of the Federal Reserve's 2023 annual stress test, PNC's SCB for the four-quarter period beginning October 1, 2023 will improve to the regulatory minimum of 2.5%.

Due to the proposed rules issued by the Federal banking agencies on July 27, 2023 to adjust the Basel III capital framework, share repurchase activity is expected to be reduced in the third quarter of 2023 compared to recent prior quarters. PNC continues to evaluate and may adjust share repurchase activity, as actual amounts and timing are dependent on market and economic conditions, as well as other factors.

On July 3, 2023, the PNC Board of Directors raised the quarterly cash dividend on common stock to $1.55 per share, an increase of 5 cents per share. The dividend, with a payment date of August 5, 2023, will be payable the next business day.

The following table summarizes our Basel III Capital balances and ratios as of June 30, 2023:

Table 30: Basel III Capital

	June 30, 2023	
Dollars in millions	Basel III (a)	Fully Implemented (estimated) (b)
Common equity Tier 1 capital		
Common stock plus related surplus, net of treasury stock	$ (3,738)	$ (3,738)
Retained earnings	55,829	55,346
Goodwill, net of associated deferred tax liabilities	(10,755)	(10,755)
Other disallowed intangibles, net of deferred tax liabilities	(346)	(346)
Other adjustments/(deductions)	(89)	(90)
Common equity Tier 1 capital (c)	$ 40,901	$ 40,417
Additional Tier 1 capital		
Preferred stock plus related surplus	7,237	7,237
Tier 1 capital	$ 48,138	$ 47,654
Additional Tier 2 capital		
Qualifying subordinated debt	3,222	3,222
Eligible credit reserves includable in Tier 2 capital	4,764	5,241
Total Basel III capital	$ 56,124	$ 56,117
Risk-weighted assets		
Basel III standardized approach risk-weighted assets (d)	$ 429,634	$ 429,826
Average quarterly adjusted total assets	$ 549,471	$ 548,987
Supplementary leverage exposure (e)	$ 651,342	$ 651,341
Basel III risk-based capital and leverage ratios (f)		
Common equity Tier 1	9.5 %	9.4 %
Tier 1	11.2 %	11.1 %
Total	13.1 %	13.1 %
Leverage (g)	8.8 %	8.7 %
Supplementary leverage ratio (e)	7.4 %	7.3 %

(a) The ratios are calculated to reflect PNC's election to adopt the CECL five-year transition provisions. Effective for the first quarter 2022, PNC is now in the three-year transition period and the full impact of the CECL standard is being phased-in to regulatory capital through December 31, 2024.
(b) The ratios are calculated to reflect the full impact of CECL and exclude the benefits of the optional five-year transition.
(c) As permitted, PNC and PNC Bank have elected to exclude AOCI related to both available for sale securities and pension and other post-retirement plans from CET1 capital.
(d) Basel III standardized approach risk-weighted assets are based on the Basel III standardized approach rules and include credit and market risk-weighted assets.
(e) The Supplementary leverage ratio is calculated based on Tier 1 capital divided by Supplementary leverage exposure, which takes into account the quarterly average of both on balance sheet assets as well as certain off-balance sheet items, including loan commitments and potential future exposure under derivative contracts.
(f) All ratios are calculated using the regulatory capital methodology applicable to PNC and calculated based on the standardized approach.
(g) Leverage ratio is calculated based on Tier 1 capital divided by Average quarterly adjusted total assets.

PNC's regulatory risk-based capital ratios are calculated using the standardized approach for determining risk-weighted assets. Under the standardized approach for determining credit risk-weighted assets, exposures are generally assigned a pre-defined risk weight. Exposures to high volatility commercial real estate, nonaccruals, FDMs, past due exposures and equity exposures are generally subject to higher risk weights than other types of exposures.

The regulatory agencies have adopted a rule permitting certain banks, including PNC, to delay the estimated impact on regulatory capital stemming from implementing CECL. CECL's estimated impact on CET1 capital, as defined by the rule, is the change in retained earnings at adoption plus or minus 25% of the change in CECL ACL at the balance sheet date, excluding the allowance for PCD loans, compared to CECL ACL at adoption. Effective for the first quarter of 2022, PNC is now in the three-year transition period, and the full impact of the CECL standard is being phased-in to regulatory capital through December 31, 2024. See additional discussion of this rule in the Supervision and Regulation section of Item 1 Business and Item 1A Risk Factors of our 2022 Form 10-K.

At June 30, 2023, PNC and PNC Bank were considered "well capitalized" based on applicable U.S. regulatory capital ratio requirements. To qualify as "well capitalized," PNC must have Basel III capital ratios of at least 6% for Tier 1 risk-based capital and 10% for Total risk-based capital, and PNC Bank must have Basel III capital ratios of at least 6.5% for Common equity Tier 1 risk-based capital, 8% for Tier 1 risk-based capital, 10% for Total risk-based capital and a Leverage ratio of at least 5%. For more information on the interagency proposed expanded risk-based capital rules, see the Recent Regulatory Developments section.

Federal banking regulators have stated that they expect the largest U.S. BHCs, including PNC, to have a level of regulatory capital well in excess of the regulatory minimum and have required the largest U.S. BHCs, including PNC, to have a capital buffer sufficient to withstand losses and allow them to meet the credit needs of their customers through estimated stress scenarios. We seek to manage our capital consistent with these regulatory principles, and we believe that our June 30, 2023 capital levels were aligned with them.

We provide additional information regarding regulatory capital requirements and some of their potential impacts on us in the Supervision and Regulation section of Item 1 Business, Item 1A Risk Factors and Note 20 Regulatory Matters in the Notes To Consolidated Financial Statements in Item 8 of our 2022 Form 10-K.

Market Risk Management

See the Market Risk Management portion of the Risk Management Section in our 2022 Form 10-K for additional discussion regarding market risk.

Market Risk Management – Interest Rate Risk

Interest rate risk results primarily from our traditional banking activities of gathering deposits and extending loans. Many factors, including economic and financial conditions, movements in interest rates and consumer preferences, affect the difference between the interest that we earn on assets and the interest that we pay on liabilities and the level of our noninterest-bearing funding sources. Due to the repricing term mismatches and embedded options inherent in certain of these products, changes in market interest rates not only affect expected near-term earnings, but also the economic values of these assets and liabilities.

Our Asset and Liability Management group centrally manages interest rate risk as prescribed in our market risk-related risk management policies, which are approved by management's Asset and Liability Committee and the Risk Committee of the Board of Directors.

Sensitivity results and market interest rate benchmarks for the second quarters of 2023 and 2022 follow:

Table 31: Interest Sensitivity Analysis

	Second Quarter 2023	Second Quarter 2022
Net Interest Income Sensitivity Simulation		
Effect on net interest income in first year from gradual parallel interest rate change over the following 12 months of:		
100 basis point increase	0.0 %	3.2 %
100 basis point decrease	0.0 %	(3.4)%
Effect on net interest income in second year from gradual parallel interest rate change over the preceding 12 months of:		
100 basis point increase	1.4 %	5.6 %
100 basis point decrease	(1.6)%	(6.4)%

In addition to measuring the effect on net interest income assuming parallel changes in current interest rates, we routinely simulate the effects of a number of nonparallel interest rate environments. Table 32 reflects the percentage change in net interest income over the next two twelve-month periods, assuming (i) the PNC Economist's most likely rate forecast, (ii) implied market forward rates, and (iii) yield curve slope flattening (a 100 basis point yield curve slope flattening between one-month and ten-year rates superimposed on current base rates) scenario.

All changes in forecasted net interest income are relative to results in a base rate scenario where current market rates are assumed to remain unchanged over the forecast horizon.

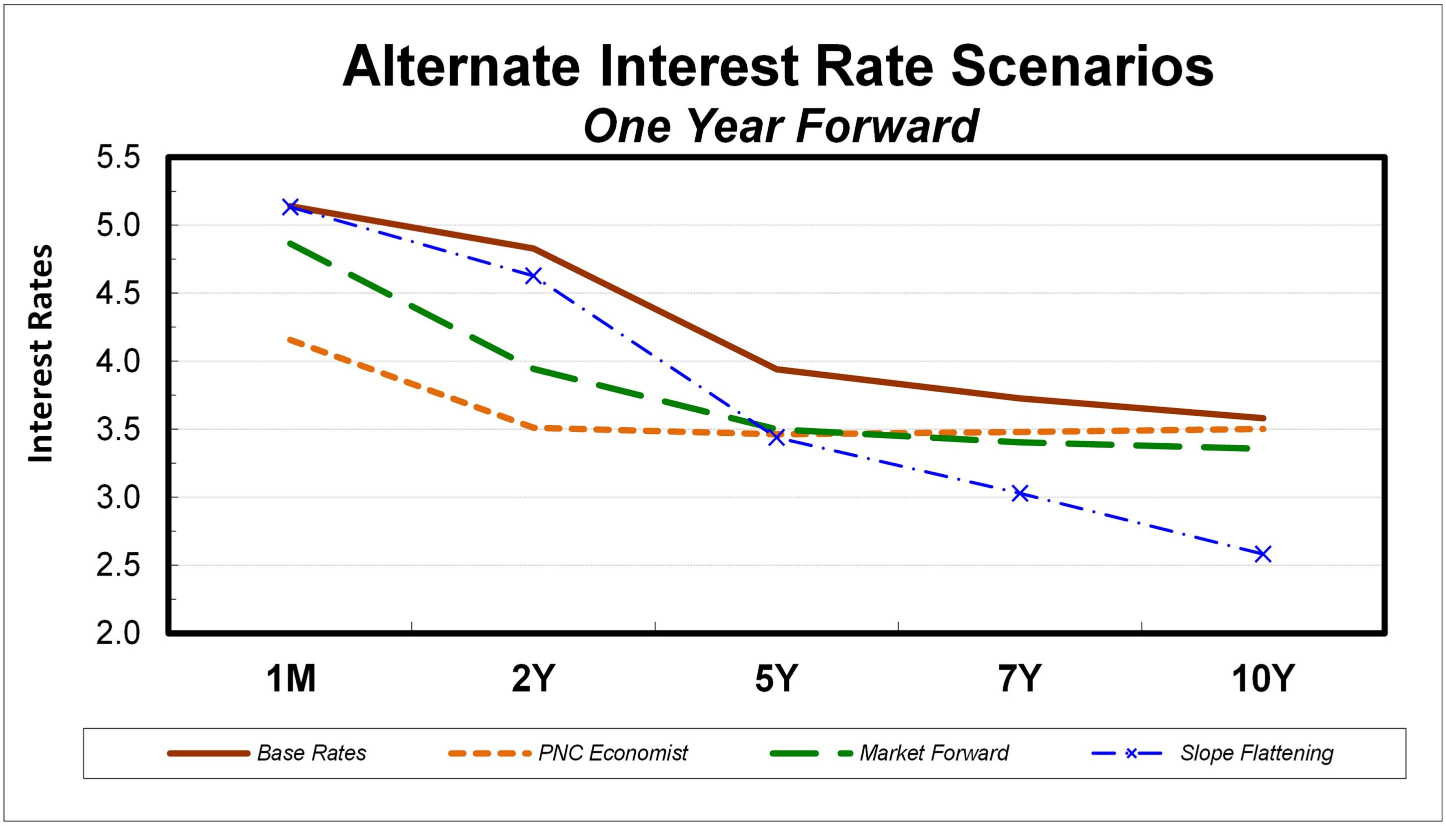
Table 32: Net Interest Income Sensitivity to Alternative Rate Scenarios

	June 30, 2023		
	PNC Economist	Market Forward	Slope Flattening
First year sensitivity	(0.9)%	0.0 %	(0.5)%
Second year sensitivity	0.2 %	(0.7)%	(2.4)%

When forecasting net interest income, we make assumptions about interest rates and the shape of the yield curve, the volume and characteristics of new business and the behavior of existing on- and off-balance sheet positions. These assumptions determine the future level of simulated net interest income in the base interest rate scenario and the other interest rate scenarios presented in Tables 31 and 32. These simulations assume that as assets and liabilities mature, they are replaced or repriced at then-current market rates.

The following graph presents the SOFR curves for the base rate scenario and each of the alternate scenarios one year forward:

Table 33: Alternate Interest Rate Scenarios: One Year Forward



The second quarter 2023 interest sensitivity analyses indicate that our Consolidated Balance Sheet is positioned to benefit from an increase in interest rates over the longer term and an upward sloping interest rate yield curve. We believe that we have the deposit funding base and balance sheet flexibility to adjust, where appropriate and permissible, to changing interest rates and market conditions.

Market Risk Management – Customer-Related Trading Risk

We engage in fixed income securities, derivatives and foreign exchange transactions to support our customers' investing and hedging activities. These transactions, related hedges and the credit valuation adjustment related to our customer derivatives portfolio are marked-to-market daily and reported as customer-related trading activities. We do not engage in proprietary trading of these products. We use VaR as the primary means to measure and monitor market risk in customer-related trading activities. VaR is used to estimate the probability of portfolio losses based on the statistical analysis of historical market risk factors. VaR is calculated for each of the portfolios that comprise our customer-related trading activities of which the majority are covered positions as defined by the Market Risk Rule. VaR is computed with positions and market risk factors updated daily to ensure each portfolio is operating within its acceptable limits. See the Market Risk Management – Customer-Related Trading Risk section of our 2022 Form 10-K for more information on our models used to calculate VaR and our backtesting process.

Customer-related trading revenue was $107 million for the six months ended June 30, 2023, compared to $198 million for the six months ended June 30, 2022. The decrease was mainly due to higher funding costs on the trading positions inventory and lower derivative client sales revenues, partially offset by improved foreign exchange client revenues.

Market Risk Management – Equity And Other Investment Risk

Equity investment risk is the risk of potential losses associated with investing in both private and public equity markets. In addition to extending credit, taking deposits, underwriting securities and trading financial instruments, we make and manage direct investments in a variety of transactions, including management buyouts, recapitalizations and growth financings in a variety of industries. We also have investments in affiliated and non-affiliated funds that make similar investments in private equity, consistent with regulatory limitations. The economic and/or book value of these investments and other assets are directly affected by changes in market factors.

Various PNC business units manage our equity and other investment activities. Our businesses are responsible for making investment decisions within the approved policy limits and associated guidelines.

A summary of our equity investments follows:

Table 34: Equity Investments Summary

Dollars in millions	June 30 2023	December 31 2022	Change $	Change %
Tax credit investments	$ 4,267	$ 4,308	$ (41)	(1)%
Private equity and other	3,748	4,129	(381)	(9)%
Total	$ 8,015	$ 8,437	$ (422)	(5)%

Tax Credit Investments

Included in our equity investments are direct tax credit investments and equity investments held by consolidated entities. These tax credit investment balances included unfunded commitments totaling $2.4 billion and $2.5 billion at June 30, 2023 and December 31, 2022, respectively. These unfunded commitments are included in Other liabilities on our Consolidated Balance Sheet.

Note 5 Loan Sale and Servicing Activities and Variable Interest Entities in our 2022 Form 10-K has further information on tax credit investments.

Private Equity and Other

The largest component of our other equity investments is our private equity portfolio. The private equity portfolio is an illiquid portfolio consisting of mezzanine and equity investments that vary by industry, stage and type of investment. Private equity investments carried at estimated fair value totaled $1.8 billion at both June 30, 2023 and December 31, 2022, respectively. As of June 30, 2023, $1.6 billion was invested directly in a variety of companies and $0.2 billion was invested indirectly through various private equity funds.

Included in our other equity investments are Visa Class B common shares, which are recorded at cost. Visa Class B common shares that we own are transferable only under limited circumstances until they can be converted into shares of the publicly-traded Class A common shares, which cannot happen until the resolution of the pending interchange litigation. Based upon the June 30, 2023 per share closing price of $237.48 for a Visa Class A common share, the estimated value of our total investment in the Class B common shares was approximately $1.3 billion at the current conversion rate of Visa B shares to Visa A shares, while our cost basis was insignificant. See Note 15 Fair Value and Note 21 Legal Proceedings in our 2022 Form 10-K for additional information regarding our Visa agreements. The estimated value does not represent fair value of the Visa B common shares given the shares' limited transferability and the lack of observable transactions in the marketplace.

We also have certain other equity investments, the majority of which represent investments in affiliated and non-affiliated funds with both traditional and alternative investment strategies. Net gains related to these investments were $19 million for the six months ended June 30, 2023 and $23 million for the six months ended June 30, 2022.

Financial Derivatives

We use a variety of financial derivatives as part of the overall asset and liability risk management process to help manage exposure to market (primarily interest rate) and credit risk inherent in our business activities. We also enter into derivatives with customers to facilitate their risk management activities.

Financial derivatives involve, to varying degrees, market and credit risk. Derivatives represent contracts between parties that usually require little or no initial net investment and result in one party delivering cash or another type of asset to the other party based on a notional and an underlying as specified in the contract. Therefore, cash requirements and exposure to credit risk are significantly less than the notional amount on these instruments.

Further information on our financial derivatives is presented in Note 1 Accounting Policies, Note 15 Fair Value and Note 16 Financial Derivatives in our 2022 Form 10-K and in Note 11 Fair Value and Note 12 Financial Derivatives in this Report.

Not all elements of market and credit risk are addressed through the use of financial derivatives, and such instruments may be ineffective for their intended purposes due to unanticipated market changes, among other reasons.

LIBOR Transition

The cessation after June 30, 2023 of the requirement that banks submit rates for the calculation of LIBOR presents risks to the financial instruments originated, held or serviced by PNC that use LIBOR as a reference rate. For more discussion regarding the transition from LIBOR, see Item 1 Risk Factors and the Risk Management section in Item 7 of our 2022 Form 10-K.
As previously announced, PNC's Series O, Series R and Series S preferred stock will transition to three-month CME Term SOFR plus a tenor spread adjustment of 0.26161% per annum ("Adjusted three-month CME Term SOFR") as the replacement reference rate. Adjusted three-month CME Term SOFR will be used with respect to applicable floating-rate dividend periods with dividend

determination dates occurring after June 30, 2023. The calculation of interest on the junior subordinated debentures issued by The PNC Financial Services Group, Inc. and owned by PNC Capital Trust C, a wholly-owned finance subsidiary of The PNC Financial Services Group, Inc., as well as the calculation of distributions on the trust preferred securities issued by PNC Capital Trust C will transition to a replacement reference rate of Adjusted three-month CME Term SOFR for interest or distribution periods, as applicable, with determination dates occurring after June 30, 2023. Further, two series of debt securities issued by a predecessor banking subsidiary, National City Bank, will also transition the calculation of interest. The National City Bank Notes due April 1, 2043 will use Adjusted three-month CME Term SOFR as the replacement reference rate for interest periods with determination dates occurring after June 30, 2023. The National City Bank Notes due April 1, 2037 will use one-month CME Term SOFR plus a tenor spread adjustment of 0.11448% per annum as the replacement reference rate with respect to interest periods with determination dates occurring after June 30, 2023.

As of June 30, 2023, PNC had approximately $32.1 billion in loans and securities and $347.8 billion notional value in derivatives tied to LIBOR. The vast majority of PNC's LIBOR exposures have already transitioned or will transition to a non-LIBOR rate on their next reset date. As previously anticipated, a small subset of these exposures will leverage the Adjustable Interest Rate LIBOR Act for its intended purpose to address difficult exposures when necessary or will transition to "synthetic LIBOR," a substitute version of LIBOR to be published through the end of September 2024 and calculated under an alternative methodology based on CME Term SOFR plus the applicable tenor spread adjustment.

RECENT REGULATORY DEVELOPMENTS

Bank Failures and Resolutions

Following the bank failures in March 2023 of Silicon Valley Bank, Santa Clara, California, and Signature Bank, New York, New York, and after recommendations by the boards of the FDIC and Federal Reserve and a determination by the Secretary of the Treasury in consultation with the President, the FDIC invoked the systemic risk exception to certain resolution-related and Deposit Insurance Fund restrictions in order to fully protect all depositors of both institutions, including uninsured deposits. The FDIC currently estimates the cost of protecting the uninsured depositors to the Deposit Insurance Fund at approximately $15.8 billion. By law, any losses to the Deposit Insurance Fund to support uninsured depositors under the systemic risk exception must be recovered by one or more special assessments on insured depository institutions or depository institution holding companies, or both. In May 2023, the FDIC proposed a rule to implement the special assessment. Under the proposal, the FDIC would collect from PNC, along with other BHCs and insured depository institutions, special assessments at an annual rate of 12.5 basis points of PNC's uninsured deposits reported as of December 31, 2022 (adjusted to exclude the first $5 billion), over eight quarterly assessment periods, beginning after the first quarter 2024. See Note 16 Regulatory Matters for additional information.

Capital, Capital Planning, and Liquidity

In June 2023, the Federal Reserve announced the results of its supervisory stress tests conducted as part of the 2023 CCAR process. PNC remained well above its risk-based minimum capital requirements in the supervisory stress tests, and PNC's SCB for the four-quarter period beginning October 1, 2023, will improve to the regulatory minimum of 2.5%. See the Liquidity and Capital Management portion of the Risk Management section in this Financial Review for a discussion of PNC's capital actions.

Proposed Expanded Risk-Based Capital Rules

On July 27, 2023, the Federal Reserve, OCC, and FDIC proposed for public comment an interagency rule to implement the final components of the Basel III framework that would significantly revise the capital requirements for large banking organizations, including PNC and PNC Bank. In general, the proposed rule would align the regulatory capital elements and required deductions for Category III banking organizations such as PNC and PNC Bank with those currently applicable to Category I and II banking organizations and apply a new expanded risk-based approach which leverages the Basel rules, including the calculation of risk-weighted assets (the "expanded risk-based approach") in addition to the current U.S. standardized approach. Our review of the proposal is ongoing. Among other impacts, PNC and PNC Bank would be required to recognize most elements of AOCI in regulatory capital and deduct from CET1 capital, among other items, mortgage servicing assets and deferred tax assets that individually exceed 10 percent of CET1 capital or in the aggregate with other threshold items that exceed 15 percent of CET1 capital. The new expanded risk-based approach to calculating risk-weighted assets would apply more granular and standardized risk-weighting methodologies for credit, operational, market, equity and credit valuation adjustment risks. PNC and PNC Bank would be required to calculate their risk-based capital ratios under the existing standardized approach and the expanded risk-based approach and would be subject to the lower of the two resulting ratios for their risk-based capital minimums and buffer requirements, including the SCB. Based on our initial review of the proposal, we expect the proposal, if finalized in its current form, would result in lower pro forma capital ratios for PNC and PNC Bank that would remain above current minimum capital and buffer requirements. The proposal indicates the effective date of the final rule would be July 1, 2025, with certain provisions—including the recognition of AOCI elements in regulatory capital and the increase in risk-weighted assets due to the expanded risk-based approach—having a three-year phase-in period. Comments on the proposal are due by November 30, 2023.

Critical Accounting Estimates and Judgments

Our consolidated financial statements are prepared by applying certain accounting policies. Note 1 Accounting Policies in our 2022 Form 10-K describes the most significant accounting policies that we use. Certain of these policies require us to make estimates or economic assumptions that may vary under different assumptions or conditions, and such variations may significantly affect our reported results and financial position for the period or in future periods. The policies and judgments related to residential and commercial MSRs and Level 3 fair value measurements are described in Critical Accounting Estimates and Judgments in our 2022 Form 10-K. The following details the critical estimates and judgments around the ACL.

Allowance for Credit Losses

We maintain the ACL at levels that we believe to be appropriate as of the balance sheet date to absorb expected credit losses on our existing investment securities, loans, equipment finance leases, other financial assets and unfunded lending related commitments, for the remaining contractual term of the assets or exposures, taking into consideration expected prepayments and estimated recoveries. Our determination of the ACL is based on historical loss and performance experience, as well as current borrower and transaction characteristics including collateral type and quality, current economic conditions, reasonable and supportable forecasts of future conditions and other relevant factors. We use methods sensitive to changes in economic conditions to interpret these factors and to estimate expected credit losses. We evaluate and, when appropriate, enhance the quality of our data and models and other methods used to estimate the ACL on an ongoing basis. We incorporate qualitative factors in the ACL that reflect our best estimate of expected losses that may not be adequately represented in our quantitative methods or economic assumptions. The major drivers of ACL estimates include, but are not limited to:

- Current economic conditions: Our forecast of expected losses depends on economic conditions as of the estimation date. As current economic conditions evolve, forecasted losses could be materially affected.
- Scenario weights and design: Our loss estimates are sensitive to the shape, direction and rate of change of macroeconomic forecasts and thus vary significantly between upside and downside scenarios. Changes to probability weights assigned to these scenarios and timing of peak business cycles reflected by the scenarios could materially affect our loss estimates.
- Current borrower quality: Our forecast of expected losses depends on current borrower and transaction characteristics, including credit metrics and collateral type/quality. As borrower quality evolves, forecasted losses could be materially affected.
- Portfolio volume and mix: Changes to portfolio volume and mix could materially affect our estimates, as CECL reserves would be recognized upon origination or acquisition and derecognized upon paydown, maturity or sale.

For all assets and unfunded lending related commitments within the scope of the CECL standard, the applicable ACL is composed of one or a combination of the following components: (i) collectively assessed or pooled reserves, (ii) individually assessed reserves, and (iii) qualitative (judgmental) reserves. Our methodologies and key assumptions for each of these components are discussed in Note 1 Accounting Policies.

Reasonable and Supportable Economic Forecast

Under the CECL standard, we are required to consider reasonable and supportable forecasts in estimating expected credit losses. For this purpose, we have established a framework that includes a three-year forecast period and the use of four economic scenarios with associated probability weights, which in combination create a forecast of expected economic outcomes. Credit losses estimated in our reasonable and supportable forecast period are sensitive to the shape and severity of the scenarios used and weights assigned to them.

To generate the four economic forecast scenarios, we use a combination of quantitative macroeconomic models, other measures of economic activity and forward-looking expert judgment to forecast the distribution of economic outcomes over the reasonable and supportable forecast period. Each scenario is then given an associated probability (weight) to represent our current expectation within that distribution over the forecast period. This process is informed by current economic conditions, expected business cycle evolution and the expert judgment of PNC's RAC. This approach seeks to provide a reasonable representation of the forecast of expected economic outcomes and is used to estimate expected credit losses across a variety of loans and securities. Each quarter, the scenarios are presented to RAC for approval, and the committee also approves CECL scenarios' weights for use for the current reporting period.

The scenarios used for the period ended June 30, 2023 reflect a slight increase in downside risk compared to December 31, 2022. The current outlook considers, among other factors, the ongoing inflationary pressures and the corresponding tightening of monetary policy and credit availability. Our most-likely expectation at June 30, 2023 is that the U.S. economy will be impacted by a mild recession starting in late 2023 or early 2024.

We used a number of economic variables in our scenarios, with two of the most significant drivers being real GDP and the U.S. unemployment rate. The following table presents a comparison of these two economic variables based on the weighted-average scenario forecasts used in determining our ACL at June 30, 2023 and December 31, 2022.

Table 35: Key Macroeconomic Variables in CECL Weighted-Average Scenarios

	Assumptions as of June 30, 2023		
	2023	2024	2025
U.S. real GDP (a)	0.9%	(0.1)%	1.9%
U.S. unemployment rate (b)	4.0%	4.9%	4.5%
	Assumptions as of December 31, 2022		
	2023	2024	2025
U.S. real GDP (a)	(0.4)%	1.4%	1.9%
U.S. unemployment rate (b)	4.9%	4.9%	4.4%

(a) Represents year-over-year growth (loss) rates.
(b) Represents quarterly average rate at December 31, 2023, 2024 and 2025, respectively.

Real GDP growth is expected to end 2023 at 0.9% on a weighted average basis, up from the (0.4%) assumed at December 31, 2022 primarily due to stronger economic activity at the start of 2023. Growth then drops to (0.1)% in 2024, before jumping to 1.9% in 2025. In line with stronger-than-anticipated job growth at the start of 2023, the weighted-average projection of the unemployment rate is expected to end 2023 at 4.0%, down from the 4.9% assumed at December 31, 2022. In line with the slowing in overall economic activity, the weighted-average unemployment rate is expected to increase through the end of 2023 and 2024, reaching 4.9% by year-end 2024, and gradually improving to 4.5% by the fourth quarter of 2025.

The current state of the economy reflects an environment with receding pandemic-related risks and labor-related supply chain pressures. However, heightened uncertainty remains due to structural and secular changes fostered by the pandemic for certain sectors of the economy combined with inflation and rising interest rates. As such, for both our commercial and consumer loan portfolios, PNC identified and performed significant analysis around segments impacted by such uncertainties to ensure our reserves are adequate, given our current macroeconomic expectations.

We believe the economic scenarios effectively reflect the distribution of potential economic outcomes. Additionally, through in-depth and granular analysis, we have addressed reserve requirements for the specific populations most affected in the current environment. Through this approach, we believe the reserve levels appropriately reflect the expected credit losses in the portfolio as of the balance sheet date.

See the following for additional details on the components of our ACL:
- Allowance For Credit Losses in the Credit Risk Management section of this Financial Review, and
- Note 2 Investment Securities and Note 3 Loans and Related Allowance for Credit Losses in this Report.

Recently Issued Accounting Standards

Accounting Standards Update	Description	Financial Statement Impact
Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method – ASU 2023-02 Issued March 2023	• Required effective date of January 1, 2024; early adoption is permitted. • The amendments in this Update must be applied on either a modified retrospective or a retrospective basis. • The amendments in this Update permit reporting entities to elect to account for their tax equity investments, regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method if certain conditions are met. • A reporting entity makes an accounting policy election to apply the proportional amortization method on a tax-credit-program-by-tax-credit-program basis rather than electing to apply the proportional amortization method at the reporting entity level or to individual investments.	• We are currently evaluating when to adopt the amendments in ASU 2023-02 and the impact of the ASU on our consolidated results of operations and our consolidated financial position.

Recently Adopted Accounting Pronouncements

See Note 1 Accounting Policies regarding the impact of new accounting pronouncements that we have adopted.

Internal Controls And Disclosure Controls And Procedures

As of June 30, 2023, we performed an evaluation under the supervision of and with the participation of our management, including the Chairman, President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures and of changes in our internal control over financial reporting.

Based on that evaluation, our Chairman, President and Chief Executive Officer and our Executive Vice President and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) were effective as of June 30, 2023, and that there has been no change in PNC's internal control over financial reporting that occurred during the second quarter of 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Cautionary Statement Regarding Forward-Looking Information

We make statements in this Report, and we may from time to time make other statements, regarding our outlook for financial performance, such as earnings, revenues, expenses, tax rates, capital and liquidity levels and ratios, asset levels, asset quality, financial position, and other matters regarding or affecting us and our future business and operations, including our sustainability strategy, that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. Forward-looking statements are typically identified by words such as "believe," "plan," "expect," "anticipate," "see," "look," "intend," "outlook," "project," "forecast," "estimate," "goal," "will," "should" and other similar words and expressions.

Forward-looking statements are necessarily subject to numerous assumptions, risks and uncertainties, which change over time. Future events or circumstances may change our outlook and may also affect the nature of the assumptions, risks and uncertainties to which our forward-looking statements are subject. Forward-looking statements speak only as of the date made. We do not assume any duty and do not undertake any obligation to update forward-looking statements. Actual results or future events could differ, possibly materially, from those anticipated in forward-looking statements, as well as from historical performance. As a result, we caution against placing undue reliance on any forward-looking statements.

Our forward-looking statements are subject to the following principal risks and uncertainties.

- Our businesses, financial results and balance sheet values are affected by business and economic conditions, including:
  - Changes in interest rates and valuations in debt, equity and other financial markets,

    - Disruptions in the U.S. and global financial markets,
    - Actions by the Federal Reserve Board, U.S. Treasury and other government agencies, including those that impact money supply, market interest rates and inflation,
    - Changes in customer behavior due to changing business and economic conditions or legislative or regulatory initiatives,
    - Changes in customers', suppliers' and other counterparties' performance and creditworthiness,
    - Impacts of sanctions, tariffs and other trade policies of the U.S. and its global trading partners,
    - A continuation of turmoil in the banking industry, responsive measures to mitigate and manage it and related supervisory and regulatory actions and costs,
    - Impacts of changes in federal, state and local governmental policy, including on the regulatory landscape, capital markets, taxes, infrastructure spending and social programs,
    - PNC's ability to attract, recruit and retain skilled employees, and
    - Commodity price volatility.
- Our forward-looking financial statements are subject to the risk that economic and financial market conditions will be substantially different than those we are currently expecting and do not take into account the potential impact of legal and regulatory contingencies. These statements are based on our views that:
    - The economy continued to expand in the first half of 2023, but economic growth is slowing in response to the ongoing Federal Reserve monetary policy tightening to slow inflation. This has led to large increases in both short- and long-term interest rates. The housing market stabilized in the first half of 2023 as the Federal Reserve signaled a potential end to its federal funds rate hiking cycle. However, given the upward trajectory in mortgage rates and declining affordability, PNC continues to expect slower activity in the housing market in the second half of 2023 with a recovery in early 2024 as the Federal Reserve starts cutting the federal funds rate.
    - PNC's baseline outlook is for a mild recession starting in late 2023 or early 2024, with a smaller contraction in real GDP of less than 1%, lasting into mid-2024. The unemployment rate will increase in the second half of this year, ending 2023 at above 4%, and then peak slightly above 5% in early 2025. Inflation will slow with weaker demand, moving back to the Federal Reserve's 2% objective by this time next year.
    - PNC expects the federal funds rate to remain between 5.25% and 5.50% through March 2024, when it is expected that the Federal Reserve will cut rates in response to the recession.
- PNC's ability to take certain capital actions, including returning capital to shareholders, is subject to PNC meeting or exceeding minimum capital levels, including an SCB established by the Federal Reserve Board in connection with the Federal Reserve Board's CCAR process.
- PNC's regulatory capital ratios in the future will depend on, among other things, the company's financial performance, the scope and terms of final capital regulations then in effect and management actions affecting the composition of PNC's balance sheet. In addition, PNC's ability to determine, evaluate and forecast regulatory capital ratios, and to take actions (such as capital distributions) based on actual or forecasted capital ratios, will be dependent at least in part on the development, validation and regulatory review of related models and the reliability of and risks resulting from extensive use of such models.
- Legal and regulatory developments could have an impact on our ability to operate our businesses, financial condition, results of operations, competitive position, reputation, or pursuit of attractive acquisition opportunities. Reputational impacts could affect matters such as business generation and retention, liquidity, funding, and ability to attract and retain employees. These developments could include:
    - Changes to laws and regulations, including changes affecting oversight of the financial services industry, changes in the enforcement and interpretation of such laws and regulations, and changes in accounting and reporting standards.
    - Unfavorable resolution of legal proceedings or other claims and regulatory and other governmental investigations or other inquiries resulting in monetary losses, costs, or alterations in our business practices, and potentially causing reputational harm to PNC.
    - Results of the regulatory examination and supervision process, including our failure to satisfy requirements of agreements with governmental agencies.
    - Costs associated with obtaining rights in intellectual property claimed by others and of adequacy of our intellectual property protection in general.
- Business and operating results are affected by our ability to identify and effectively manage risks inherent in our businesses, including, where appropriate, through effective use of systems and controls, third-party insurance, derivatives, and capital management techniques, and to meet evolving regulatory capital and liquidity standards.
- Our reputation and business and operating results may be affected by our ability to appropriately meet or address environmental, social or governance targets, goals, commitments or concerns that may arise.
- We grow our business in part through acquisitions and new strategic initiatives. Risks and uncertainties include those presented by the nature of the business acquired and strategic initiative, including in some cases those associated with our entry into new businesses or new geographic or other markets and risks resulting from our inexperience in those new areas, as well as risks and uncertainties related to the acquisition transactions themselves, regulatory issues, the integration of the acquired businesses into PNC after closing or any failure to execute strategic or operational plans.

- Competition can have an impact on customer acquisition, growth and retention and on credit spreads and product pricing, which can affect market share, deposits and revenues. Our ability to anticipate and respond to technological changes can also impact our ability to respond to customer needs and meet competitive demands.
- Business and operating results can also be affected by widespread manmade, natural and other disasters (including severe weather events), health emergencies, dislocations, geopolitical instabilities or events, terrorist activities, system failures or disruptions, security breaches, cyberattacks, international hostilities, or other extraordinary events beyond PNC's control through impacts on the economy and financial markets generally or on us or our counterparties, customers or third-party vendors and service providers specifically.

We provide greater detail regarding these as well as other factors in our 2022 Form 10-K and subsequent Form 10-Qs and elsewhere in this Report, including in the Risk Factors and Risk Management sections and the Legal Proceedings and Commitments Notes of the Notes To Consolidated Financial Statements in these reports. Our forward-looking statements may also be subject to other risks and uncertainties, including those discussed elsewhere in this Report or in our other filings with the SEC.

CONSOLIDATED INCOME STATEMENT

THE PNC FINANCIAL SERVICES GROUP, INC.

Unaudited In millions, except per share data	Three months ended June 30 2023	Three months ended June 30 2022	Six months ended June 30 2023	Six months ended June 30 2022
Interest Income				
Loans	$ 4,523	$ 2,504	$ 8,781	$ 4,797
Investment securities	883	631	1,768	1,175
Other	538	146	1,054	223
Total interest income	5,944	3,281	11,603	6,195
Interest Expense				
Deposits	1,531	88	2,822	115
Borrowed funds	903	142	1,686	225
Total interest expense	2,434	230	4,508	340
Net interest income	3,510	3,051	7,095	5,855
Noninterest Income				
Asset management and brokerage	348	365	704	742
Capital markets and advisory	213	409	475	661
Card and cash management	697	671	1,356	1,291
Lending and deposit services	298	282	604	551
Residential and commercial mortgage	98	161	275	320
Other	129	177	387	388
Total noninterest income	1,783	2,065	3,801	3,953
Total revenue	5,293	5,116	10,896	9,808
Provision For (Recapture of) Credit Losses	146	36	381	(172)
Noninterest Expense				
Personnel	1,846	1,779	3,672	3,496
Occupancy	244	246	495	504
Equipment	349	351	699	682
Marketing	109	95	183	156
Other	824	773	1,644	1,578
Total noninterest expense	3,372	3,244	6,693	6,416
Income before income taxes and noncontrolling interests	1,775	1,836	3,822	3,564
Income taxes	275	340	628	639
Net income	1,500	1,496	3,194	2,925
Less: Net income attributable to noncontrolling interests	17	15	34	36
Preferred stock dividends	127	71	195	116
Preferred stock discount accretion and redemptions	2	1	4	3
Net income attributable to common shareholders	$ 1,354	$ 1,409	$ 2,961	$ 2,770
Earnings Per Common Share				
Basic	$ 3.36	$ 3.39	$ 7.35	$ 6.62
Diluted	$ 3.36	$ 3.39	$ 7.34	$ 6.61
Average Common Shares Outstanding				
Basic	401	414	401	417
Diluted	401	414	401	417

See accompanying Notes To Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

THE PNC FINANCIAL SERVICES GROUP, INC.

Unaudited In millions	Three months ended June 30		Six Months Ended June 30	
	2023	2022	2023	2022
Net income	$ 1,500	$ 1,496	$ 3,194	$ 2,925
Other comprehensive income (loss), before tax and net of reclassifications into Net income				
Net change in debt securities	(241)	(2,715)	628	(9,030)
Net change in cash flow hedge derivatives	(316)	(701)	211	(2,459)
Pension and other postretirement benefit plan adjustments	6	8	(4)	62
Net change in Other	3	(4)	7	(7)
Other comprehensive income (loss), before tax and net of reclassifications into Net income	(548)	(3,412)	842	(11,434)
Income tax benefit (expense) related to items of other comprehensive income	131	785	(195)	2,667
Other comprehensive income (loss), after tax and net of reclassifications into Net income	(417)	(2,627)	647	(8,767)
Comprehensive income (loss)	1,083	(1,131)	3,841	(5,842)
Less: Comprehensive income attributable to noncontrolling interests	17	15	34	36
Comprehensive income (loss) attributable to PNC	$ 1,066	$ (1,146)	$ 3,807	$ (5,878)

See accompanying Notes To Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET

THE PNC FINANCIAL SERVICES GROUP, INC.

Unaudited In millions, except par value	June 30 2023	December 31 2022
Assets		
Cash and due from banks	$ 6,191	$ 7,043
Interest-earning deposits with banks	38,259	27,320
Loans held for sale (a)	835	1,010
Investment securities – available for sale	41,787	44,159
Investment securities – held to maturity	93,874	95,175
Loans (a)	321,761	326,025
Allowance for loan and lease losses	(4,737)	(4,741)
Net loans	317,024	321,284
Equity investments	8,015	8,437
Mortgage servicing rights	3,455	3,423
Goodwill	10,987	10,987
Other (a)	37,780	38,425
Total assets	$ 558,207	$ 557,263
Liabilities		
Deposits		
Noninterest-bearing	$ 110,527	$ 124,486
Interest-bearing	316,962	311,796
Total deposits	427,489	436,282
Borrowed funds		
Federal Home Loan Bank borrowings	34,000	32,075
Senior debt	22,005	16,657
Subordinated debt	5,548	6,307
Other (b)	3,831	3,674
Total borrowed funds	65,384	58,713
Allowance for unfunded lending related commitments	663	694
Accrued expenses and other liabilities (b)	15,325	15,762
Total liabilities	508,861	511,451
Equity		
Preferred stock (c)		
Common stock ($5 par value, Authorized 800 shares, issued 543 shares)	2,715	2,714
Capital surplus	19,934	18,376
Retained earnings	55,346	53,572
Accumulated other comprehensive income (loss)	(9,525)	(10,172)
Common stock held in treasury at cost: 145 and 142 shares	(19,150)	(18,716)
Total shareholders' equity	49,320	45,774
Noncontrolling interests	26	38
Total equity	49,346	45,812
Total liabilities and equity	$ 558,207	$ 557,263

(a) Our consolidated assets included the following for which we have elected the fair value option: Loans held for sale of $0.8 billion, Loans held for investment of $1.3 billion and Other assets of $0.1 billion at June 30, 2023. Comparable amounts at December 31, 2022 were $0.9 billion, $1.3 billion and $0.1 billion, respectively.

(b) Our consolidated liabilities included the following for which we have elected the fair value option: Other borrowed funds of less than $0.1 billion and Other liabilities of $0.1 billion at June 30, 2023. Comparable amounts at December 31, 2022 were less than $0.1 billion and $0.2 billion, respectively.

(c) Par value less than $0.5 million at each date.

See accompanying Notes To Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
THE PNC FINANCIAL SERVICES GROUP, INC.

Unaudited In millions	Six months ended June 30 2023	2022
Operating Activities		
Net income	$ 3,194	$ 2,925
Adjustments to reconcile net income to net cash provided (used) by operating activities		
Provision for (recapture of) credit losses	381	(172)
Depreciation, amortization and accretion	125	529
Deferred income taxes (benefit)	(75)	203
Net losses on sales of securities	2	4
Changes in fair value of mortgage servicing rights	136	(435)
Net change in		
Trading securities and other short-term investments	(601)	(1,325)
Loans held for sale and related securitization activity	522	997
Other assets	1,410	(2,989)
Accrued expenses and other liabilities	(494)	1,491
Other	532	415
Net cash provided (used) by operating activities	$ 5,132	$ 1,643
Investing Activities		
Sales		
Securities available for sale	$ (70)	$ 2,575
Loans	605	525
Repayments/maturities		
Securities available for sale	4,038	9,403
Securities held to maturity	3,076	1,395
Purchases		
Securities available for sale	(1,272)	(22,145)
Securities held to maturity	(1,513)	(1,289)
Loans	(416)	(1,298)
Net change in		
Federal funds sold and resale agreements	229	(919)
Interest-earning deposits with banks	(10,794)	45,846
Loans	3,305	(21,929)
Other	(590)	(1,147)
Net cash provided (used) by investing activities	$ (3,402)	$ 11,017

CONSOLIDATED STATEMENT OF CASH FLOWS
THE PNC FINANCIAL SERVICES GROUP, INC.

(Continued from previous page)

Unaudited In millions	Six months ended June 30 2023	2022
Financing Activities		
Net change in		
Noninterest-bearing deposits	$ (13,982)	$ (8,717)
Interest-bearing deposits	5,166	(7,730)
Federal funds purchased and repurchase agreements	94	(5)
Other borrowed funds	(35)	1,098
Sales/issuances		
Federal Home Loan Bank borrowings	2,000	10,000
Senior debt	6,235	
Subordinated debt		847
Other borrowed funds	486	435
Preferred stock	1,484	990
Common and treasury stock	36	34
Repayments/maturities		
Federal Home Loan Bank borrowings	(75)	
Senior debt	(750)	(5,250)
Subordinated debt	(750)	
Other borrowed funds	(495)	(435)
Acquisition of treasury stock	(588)	(2,076)
Preferred stock cash dividends paid	(195)	(116)
Common stock cash dividends paid	(1,213)	(1,157)
Net cash provided (used) by financing activities	$ (2,582)	$ (12,082)
Net Increase (Decrease) In Cash And Due From Banks And Restricted Cash	$ (852)	$ 578
Cash and due from banks and restricted cash at beginning of period	7,043	8,004
Cash and due from banks and restricted cash at end of period	$ 6,191	$ 8,582
Cash And Due From Banks And Restricted Cash		
Cash and due from banks at end of period (unrestricted cash)	$ 5,604	$ 7,950
Restricted cash	587	632
Cash and due from banks and restricted cash at end of period	$ 6,191	$ 8,582
Supplemental Disclosures		
Interest paid	$ 2,586	$ 420
Income taxes paid	$ 719	$ 62
Income taxes refunded	$ 824	$ 8
Leased assets obtained in exchange for new operating lease liabilities	$ 113	$ 103
Non-cash Investing And Financing Items		
Transfer from securities available for sale to securities held to maturity		$ 83,419
Transfer from loans to loans held for sale, net	$ 712	$ 330
Transfer from loans to foreclosed assets	$ 32	$ 25

See accompanying Notes To Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THE PNC FINANCIAL SERVICES GROUP, INC.
Unaudited

See page 107 for a glossary of certain terms and acronyms used in this Report.

BUSINESS

PNC is one of the largest diversified financial services companies in the U.S. and is headquartered in Pittsburgh, Pennsylvania.

We have businesses engaged in retail banking, including residential mortgage, corporate and institutional banking and asset management, providing many of our products and services nationally. Our retail branch network is located coast-to-coast. We also have strategic international offices in four countries outside the U.S.

NOTE 1 ACCOUNTING POLICIES

Basis of Financial Statement Presentation

Our consolidated financial statements include the accounts of the parent company and its subsidiaries, most of which are wholly-owned, certain partnership interests and VIEs.

We prepared these consolidated financial statements in accordance with GAAP. We have eliminated intercompany accounts and transactions.

In our opinion, the unaudited interim consolidated financial statements reflect all normal, recurring adjustments needed to state fairly our results for the interim periods. The results of operations for interim periods are not necessarily indicative of the results that may be expected for the full year or any other interim period.

We have also considered the impact of subsequent events on these consolidated financial statements.

When preparing these unaudited interim consolidated financial statements, we have assumed that you have read the audited consolidated financial statements included in our 2022 Form 10-K. These interim consolidated financial statements serve to update our 2022 Form 10-K and may not include all information and Notes necessary to constitute a complete set of financial statements. There have been changes to certain of our accounting policies as disclosed in our 2022 Form 10-K due to the adoption of ASU 2022-02 *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures* (ASU 2022-02) in the first quarter of 2023. The updated policies impacted by this adoption are included in this Note 1. Reference is made to Note 1 Accounting Policies in our 2022 Form 10-K for a detailed description of all other significant accounting policies.

Use of Estimates

We prepared these consolidated financial statements using financial information available at the time of preparation, which requires us to make estimates and assumptions that affect the amounts reported. Our most significant estimates pertain to the ACL and our fair value measurements. Actual results may differ from the estimates and the differences may be material to the consolidated financial statements.

Loans

Loans are classified as held for investment when management has both the intent and ability to hold the loan for the foreseeable future, or until maturity or payoff. Management's intent and view of the foreseeable future may change based on changes in business strategies, the economic environment, market conditions and the availability of government programs.

Measurement of delinquency status is based on the contractual terms of each loan. Loans that are 30 days or more past due in terms of payment are considered delinquent. Under the CARES Act credit reporting rules, certain loans modified due to pandemic related hardships are not being reported as past due based on the contractual terms of the loan, even where borrowers may not be making payments on their loans during the modification period. The CARES Act credit reporting rules expire in the third quarter of 2023.

Loans held for investment, excluding PCD loans, are recorded at amortized cost basis unless we elect to measure these under the fair value option. Amortized cost basis represents principal amounts outstanding, net of unearned income, unamortized deferred fees and costs on originated loans, premiums or discounts on purchased loans and charge-offs. Amortized cost basis does not include accrued interest, as we include accrued interest in Other assets on our Consolidated Balance Sheet. Interest on performing loans is accrued based on the principal amount outstanding and recorded in Interest income as earned using the constant effective yield method over the contractual life. Loan origination fees, direct loan origination costs, and loan premiums and discounts are deferred and accreted or amortized into Net interest income using the constant effective yield method, over the contractual life of the loan. The processing fee received for loans originated through PPP lending under the CARES Act is deferred and accreted into Net interest income using the effective yield method, over the contractual life of the loan. Loans under the fair value option are reported at their fair value, with any changes to fair value reported as Noninterest income on the Consolidated Income Statement, and are excluded from the measurement of ALLL.

In addition to originating loans, we also acquire loans through the secondary loan market, portfolio purchases or acquisitions of other financial services companies. Certain acquired loans that have experienced a more-than-insignificant deterioration of credit quality since origination (*i.e.*, PCD) are recognized at an amortized cost basis equal to their purchase price plus an ALLL measured at the acquisition date. PNC considers a variety of factors in connection with the identification of more-than-insignificant deterioration in credit quality, including but not limited to nonperforming status, delinquency, risk ratings and other qualitative factors that indicate deterioration in credit quality since origination. Subsequent decreases in expected cash flows that are attributable, at least in part, to credit quality are recognized through a charge to the provision for credit losses resulting in an increase in the ALLL. Subsequent increases in expected cash flows are recognized as a provision recapture of previously recorded ALLL.

We consider a loan to be collateral dependent when we determine that substantially all of the expected cash flows will be generated from the operation or sale of the collateral underlying the loan, or when the borrower is experiencing financial difficulty and we have elected to measure the loan at the estimated fair value of collateral (less costs to sell if sale or foreclosure of the property is expected). Additionally, we consider a loan to be collateral dependent when foreclosure or liquidation of the underlying collateral is probable.

On January 1, 2023, we adopted ASU 2022-02, which eliminates the accounting guidance for TDRs. See Note 1 Accounting Policies in our 2022 Form 10-K for a description of our accounting policies for TDRs that were in effect prior to adoption.

Loan modifications to borrowers experiencing financial difficulty, or FDMs, result from our loss mitigation activities and include principal forgiveness, interest rate reductions, term extensions, payment delays, repayment plans or combinations thereof. FDMs continue to be subject to our existing nonaccrual policies. Expected losses or recoveries on FDMs have been factored into the ALLL estimates for each loan class under the methodologies described in this Note. Refer to Note 3 Loans and Related Allowance for Credit Losses for more information on FDMs.

See the following for additional information related to loans, including further discussion regarding our policies, the methodologies and significant inputs used to determine the ALLL and additional details on the composition of our loan portfolio:

- Nonperforming Loans and Leases section of this Note 1,
- Allowance for Credit Losses section of this Note 1,
- Note 3 Loans and Related Allowance for Credit Losses in this Report, and
- Note 4 Loans and Related Allowance for Credit Losses in our 2022 Form 10-K.

Nonperforming Loans and Leases

The matrix that follows summarizes our policies for classifying certain loans as nonperforming loans and/or discontinuing the accrual of loan interest income.

	Commercial
Loans classified as nonperforming and accounted for as nonaccrual	• Loans accounted for at amortized cost where: – The loan is 90 days or more past due. – The loan is rated substandard or worse due to the determination that full collection of principal and interest is not probable as demonstrated by the following conditions: • The collection of principal or interest is 90 days or more past due, • Reasonable doubt exists as to the certainty of the borrower's future debt service ability, according to the terms of the credit arrangement, regardless of whether 90 days have passed or not, • The borrower has filed, or will likely file for bankruptcy, and it is not probable the borrower will be able to repay contractual payments due under the loan, • The bank advances additional funds to cover principal or interest, • We are in the process of liquidating a commercial borrower, or • We are pursuing remedies under a guarantee.
Loans excluded from nonperforming classification but accounted for as nonaccrual	• Loans accounted for under the fair value option and full collection of principal and interest is not probable. • Loans accounted for at the lower of cost or market less costs to sell (held for sale) and full collection of principal and interest is not probable.
Loans excluded from nonperforming classification and nonaccrual accounting	• Loans that are well secured and in the process of collection. • Certain government insured or guaranteed loans where substantially all principal and interest is insured. • Commercial purchasing card assets that do not accrue interest.

Consumer	
Loans classified as nonperforming and accounted for as nonaccrual	• Loans accounted for at amortized cost where full collection of contractual principal and interest is not deemed probable as demonstrated in the policies below: – The loan is 90 days past due for home equity and installment loans, and 180 days past due for well secured residential real estate loans, – The loan has been modified due to a borrower experiencing financial difficulty and is not government insured or guaranteed, – The loan has been modified to defer prior payments in forbearance to the end of the loan term, – Notification of bankruptcy has been received, – The bank holds a subordinate lien position in the loan and the first lien mortgage loan is seriously stressed (*i.e.*, 90 days or more past due), – Other loans within the same borrower relationship have been placed on nonaccrual or charge-offs have been taken on them, – The bank has ordered the repossession of non-real estate collateral securing the loan, or – The bank has charged-off the loan to the value of the collateral.
Loans excluded from nonperforming classification but accounted for as nonaccrual	• Loans accounted for under the fair value option and full collection of principal and interest is not probable. • Loans accounted for at the lower of cost or market less costs to sell (held for sale) and full collection of principal and interest is not probable.
Loans excluded from nonperforming classification and nonaccrual accounting	• Certain government insured or guaranteed loans where substantially all principal and interest is insured. • Residential real estate loans that are well secured and in the process of collection. • Consumer loans and lines of credit, not secured by residential real estate or automobiles, as permitted by regulatory guidance.

Commercial

We generally charge-off commercial (commercial and industrial, commercial real estate and equipment lease financing) nonperforming loans when we determine that a specific loan, or portion thereof, is uncollectible. This determination is based on the specific facts and circumstances of the individual loans. In making this determination, we consider the viability of the business or project as a going concern, the past due status when the asset is not well-secured, the expected cash flows to repay the loan, the value of the collateral and the ability and willingness of any guarantors to perform. For commercial loans and leases less than a defined dollar threshold, balances are generally charged-off in full after 180 days for loans and 120 days for leases.

Consumer

We generally charge-off secured consumer (home equity, residential real estate and automobile) nonperforming loans to the fair value of collateral less costs to sell if the fair value is lower than the amortized cost basis of the loan outstanding and the delinquency of the loan, combined with other risk factors such as bankruptcy or lien position, indicates that the loan (or a portion thereof) is uncollectible as per our historical experience. These nonperforming loans would also be charged-off when the collateral has been repossessed. We charge-off secured consumer loans no later than 180 days past due. Most consumer loans and lines of credit, not secured by automobiles or residential real estate, are charged-off once they have reached 120-180 days past due.

For secured collateral dependent loans, collateral values are updated at least annually and subsequent declines in collateral values are charged-off resulting in incremental provision for credit loss. Subsequent increases in collateral values may be reflected as an adjustment to the ALLL to reflect the expectation of recoveries in an amount greater than previously expected, limited to amounts previously charged-off.

Accounting for Nonperforming Assets and Leases and Other Nonaccrual Loans

For nonaccrual loans, interest income accrual and deferred fee/cost recognition is discontinued. Additionally, depending on whether the accrued interest has been incorporated into the ACL estimates, as discussed in the Accrued Interest section of this Note 1, the accrued and uncollected interest is either reversed through Net interest income (if a CECL reserve is not maintained for accrued interest) or charged-off against the allowance (if a CECL reserve is maintained for accrued interest), except for credit cards, where we reverse any accrued interest through Net interest income at the time of charge-off, as per industry standard practice. Nonaccrual loans that are also collateral dependent may be charged-off to reduce the basis to the fair value of collateral less costs to sell.

If payment is received on a nonaccrual loan, generally the payment is first applied to the remaining principal balance. Payments are then applied to recover any charged-off amounts related to the loan. Finally, if both principal balance and any charge-offs have been recovered, then the payment will be recorded as fee and interest income. For certain consumer loans, the receipt of interest payments is recognized as interest income on a cash basis. Cash basis income recognition is applied if a loan's amortized cost basis is deemed fully collectible and the loan has performed for at least six months. For loans modified due to a borrower experiencing financial difficulty, payments are applied based upon their contractual terms unless the related loan is deemed nonperforming. Loans modified due to a borrower experiencing financial difficulty are generally included in nonperforming and nonaccrual loans if they are not government insured or guaranteed. However, after a reasonable period of time, generally six months, in which the loan performs under modified terms and meets other performance indicators, it is returned to performing/accruing status. This return to performing/accruing status demonstrates that the bank expects to collect all of the loan's remaining contractual principal and interest. Loan modifications granted to borrowers experiencing financial difficulty resulting from (i) borrowers that have been discharged from personal liability through Chapter 7 bankruptcy and have not formally reaffirmed their loan obligations to us, and (ii) borrowers that are not currently obligated to make both principal and interest payments under the modified terms are not returned to accrual status.

Other nonaccrual loans are generally not returned to accrual status until the borrower has performed in accordance with the contractual terms and other performance indicators for at least six months, the period of time which was determined to demonstrate the expected collection of the loan's remaining contractual principal and interest. Nonaccrual loans with partially charged-off principal are not returned to accrual. When a nonperforming loan is returned to accrual status, it is then considered a performing loan.

Foreclosed assets consist of any asset seized or property acquired through a foreclosure proceeding or acceptance of a deed-in-lieu of foreclosure. OREO comprises principally residential and commercial real estate properties obtained in partial or total satisfaction of loan obligations. After obtaining a foreclosure judgment, or in some jurisdictions the initiation of proceedings under a power of sale in the loan instruments, the property will be sold. When we are awarded title or completion of deed-in-lieu of foreclosure, we transfer the loan to foreclosed assets included in Other assets on our Consolidated Balance Sheet. Property obtained in satisfaction of a loan is initially recorded at estimated fair value less cost to sell. Based upon the estimated fair value less cost to sell, the amortized cost basis of the loan is adjusted and a charge-off/recovery is recognized to the ALLL. We estimate fair values primarily based on appraisals, or sales agreements with third parties. Subsequently, foreclosed assets are valued at the lower of the amount recorded at acquisition date or estimated fair value less cost to sell. Valuation adjustments on these assets and gains or losses realized from disposition of such property are reflected in Other noninterest expense.

For certain mortgage loans that have a government guarantee, we establish a separate other receivable upon foreclosure. The receivable is measured based on the loan balance (inclusive of principal and interest) that is expected to be recovered from the guarantor.

See Note 3 Loans and Related Allowance for Credit Losses for additional information on FDMs, nonperforming assets and credit quality indicators related to our loan portfolio.

Allowance for Credit Losses

Our ACL is based on historical loss experience, current borrower risk characteristics, current economic conditions, reasonable and supportable forecasts of future conditions and other relevant factors. We maintain the ACL at an appropriate level for expected losses on our existing investment securities, loans, equipment finance leases, other financial assets and unfunded lending related commitments, for the estimated contractual term of the assets or exposures as of the balance sheet date. The remaining contractual term of assets in scope of CECL is estimated considering contractual maturity dates, prepayment expectations, utilization or draw expectations and any contractually embedded extension options that do not allow us to unilaterally cancel the extension options. For products without a fixed contractual maturity date (*e.g.*, credit cards), we rely on historical payment behavior to determine the length of the paydown or default time period.

We estimate expected losses on a pooled basis using a combination of (i) the expected losses over a reasonable and supportable forecast period, (ii) a period of reversion to long-run average expected losses, where applicable and (iii) the long-run average expected losses for the remaining estimated contractual term. For all assets and unfunded lending related commitments in the scope of CECL, the ACL also includes individually assessed reserves and qualitative reserves, as applicable.

We use forward-looking information in estimating expected credit losses for our reasonable and supportable forecast period. For this purpose, we use forecasted scenarios produced by PNC's Economics Team, which are designed to reflect business cycles and their related estimated probabilities. The forecast length that we have currently determined to be reasonable and supportable is three years. As noted in the methodology discussions that follow, forward-looking information is incorporated into the expected credit loss estimates. Such forward looking information includes forecasted relevant macroeconomic variables, which are estimated using quantitative macroeconomic models, analysis from PNC economists and management judgment.

The reversion period is used to bridge our three-year reasonable and supportable forecast period and the long-run average expected credit losses. We consider a number of factors in determining the duration of the reversion period, such as contractual maturity of the asset, observed historical patterns and the estimated credit loss rates at the end of the forecast period relative to the beginning of the long-run average period. The reversion period is typically one to three years, if not immediate.

The long-run average expected credit losses are derived from long-run historical credit loss information adjusted for the credit quality of the current portfolio and, therefore, do not consider current and forecasted economic conditions.

See the following sections related to loans and unfunded lending related commitments for details about specific methodologies.

Allowance for Loan and Lease Losses

Our pooled expected loss methodology is based upon the quantification of risk parameters, such as PD, LGD and EAD for a loan, loan segment or lease. We also consider the impact of prepayments and amortization on contractual maturity in our expected loss estimates. We use historical credit loss information, current borrower risk characteristics and forecasted economic variables for the reasonable and supportable forecast period, coupled with analytical methods, to estimate these risk parameters by loan, loan segment or lease. PD, LGD and EAD parameters are calculated for each forecasted scenario and the long-run average period, and combined to generate expected loss estimates by scenario. The following matrix provides key credit risk characteristics that we use to estimate these risk parameters.

Loan Class	Probability of Default	Loss Given Default	Exposure at Default
Commercial			
Commercial and industrial / Equipment lease financing	• For wholesale obligors: internal risk ratings based on borrower characteristics and industry • For retail small balance obligors: credit score, delinquency status, and product type	• Collateral type, LTV, industry, size and outstanding exposure for secured loans • Capital structure, industry and size for unsecured loans • For retail small balance obligors, product type and credit scores	• Outstanding balances, commitment, contractual maturities and historical prepayment experience for loans • Current utilization and historical pre-default draw experience for lines
Commercial real estate (CRE)	• Property performance metrics, property type, market and risk pool for the forecast period • For the long-run average period, internal risk ratings based on borrower characteristics	• Property type, LTV and costs to sell	• Outstanding balances, commitment, contractual maturities and historical prepayment experience for loans
Consumer			
Home equity / Residential real estate	• Borrower credit scores, delinquency status, origination vintage, LTV and contractual maturity	• Collateral characteristics, LTV and costs to sell	• Outstanding balances, contractual maturities and historical prepayment experience for loans • Current utilization and historical pre-default draw experience for lines
Automobile	• Borrower credit scores, delinquency status, borrower income, LTV and contractual maturity	• New vs. used, LTV and borrower credit scores	• Outstanding balances, contractual maturities and historical prepayment experience
Credit card	• Borrower credit scores, delinquency status, utilization, payment behavior and months on book	• Borrower credit scores and credit line amount	• Pay-down curves are developed using a pro-rata method and estimated using borrower behavior segments, payment ratios and borrower credit scores
Education / Other consumer	• Modeled using either discrete risk parameters or net charge-off and pay-down rates		

The following matrix describes the key economic variables that are consumed during our forecast period by loan class, as well as other assumptions that are used for our reversion and long-run average approaches.

Loan Class	Forecast Period - Key Economic Variables	Reversion Method	Long-Run Average
Commercial			
Commercial and industrial / Equipment lease financing	• GDP and Gross Domestic Investment measures, employment related variables and personal income and consumption measures	• Immediate reversion	• Average parameters determined based on internal and external historical data • Modeled parameters using long-run economic conditions for retail small balance obligors
Commercial real estate (CRE)	• CRE Price Index, unemployment rates, GDP, corporate bond yield and interest rates	• Immediate reversion	• Average parameters determined based on internal and external historical data
Consumer			
Home equity / Residential real estate	• Unemployment rates, HPI and interest rates	• Straight-line over 3 years	• Modeled parameters using long-run economic conditions
Automobile	• Unemployment rates, HPI, personal consumption expenditure and Manheim used car index	• Straight-line over 1 year	• Average parameters determined based on internal and external historical data
Credit card	• Unemployment rates, personal consumption expenditure and HPI	• Straight-line over 2 years	• Modeled parameters using long-run economic conditions
Education / Other consumer	• Modeled using either discrete risk parameters or net charge-off and pay-down rates		

After the forecast period, we revert to the long-run average over the reversion period noted above, which is the period between the end of the forecast period and when losses are estimated to have completely reverted to the long-run average.

Once we have developed a combined estimate of credit losses (*i.e.*, for the forecast period, reversion period and long-run average) under each of the forecasted scenarios, we produce a probability-weighted credit loss estimate by loan class. We then add or deduct any qualitative components and other adjustments, such as individually assessed loans, to produce the ALLL. See the Individually Assessed Component and Qualitative Component discussions that follow in this Note 1 for additional information about those adjustments.

Discounted Cash Flow

Prior to January 1, 2023, we used a discounted cash flow methodology for our home equity and residential real estate loan classes. Effective January 1, 2023, we discontinued our use of a discounted cash flow methodology, and we now use a pooled expected loss methodology based upon the quantification of risk parameters, such as PD, LGD and EAD for a loan or loan segment. See Note 1 Accounting Policies in our 2022 Form 10-K for a description of our use of a discounted cash flow methodology prior to January 1, 2023.

Individually Assessed Component

Loans and leases that do not share similar risk characteristics with a pool of loans are individually assessed as follows:

- For commercial nonperforming loans greater than or equal to a defined dollar threshold, reserves are based on an analysis of the present value of the loan's expected future cash flows or the fair value of the collateral, if appropriate under our policy for collateral dependent loans. Nonperforming commercial loans below the defined threshold are reserved for under a pooled basis.
- For consumer nonperforming loans classified as collateral dependent, charge-off and ALLL related to recovery of amounts previously charged-off are evaluated through an analysis of the fair value of the collateral less costs to sell.

Qualitative Component

While our reserve methodologies strive to reflect all relevant credit risk factors, there continues to be uncertainty associated with, but not limited to, potential imprecision in the estimation process due to the inherent time lag of obtaining information and normal variations between expected and actual outcomes. We may hold additional reserves that are designed to provide coverage for losses

attributable to such risks. The ACL also takes into account factors that may not be directly measured in the determination of individually assessed or pooled reserves. Such qualitative factors may include, but are not limited to:

- Industry concentrations and conditions,
- Changes in market conditions, including regulatory and legal requirements,
- Changes in the nature and volume of our portfolio,
- Recent credit quality trends,
- Recent loss experience in particular portfolios, including specific and unique events,
- Recent macroeconomic factors that may not be reflected in the forecast information,
- Limitations of available input data, including historical loss information and recent data such as collateral values,
- Model imprecision and limitations,
- Changes in lending policies and procedures, including changes in loss recognition and mitigation policies and procedures, and
- Timing of available information.

See Note 3 Loans and Related Allowance for Credit Losses for additional information about our loan portfolio and the related allowance.

Accrued Interest

When accrued interest is reversed or charged-off in a timely manner, the CECL standard provides a practical expedient to exclude accrued interest from ACL measurement. We consider our nonaccrual and charge-off policies to be timely for all of our investment securities, loans and leases, with the exception of consumer credit cards, education loans and certain unsecured consumer lines of credit. We consider the length of time before nonaccrual/charge-off and the use of appropriate other triggering events for nonaccrual and charge-offs in making this determination. Pursuant to these policy elections, we calculate reserves for accrued interest on credit cards, education loans and certain unsecured consumer lines of credit, which are then included within the ALLL. See the Debt Securities section of Note 1 Accounting Policies in our 2022 Form 10-K and the Nonperforming Loans and Leases section of this Note 1 for additional information on our nonaccrual and charge-off policies.

See Note 1 Accounting Policies in our 2022 Form 10-K for a description of the accounting policies related to the applicable reserves on accrued interest for our home equity and residential real estate loan classes prior to January 1, 2023.

Purchased Credit Deteriorated Loans or Securities

The allowance for PCD loans or securities is determined at the time of acquisition, as the estimated expected credit loss of the outstanding balance or par value, based on the methodologies described previously for loans and securities. In accordance with CECL, the allowance recognized at acquisition is added to the acquisition date purchase price to determine the asset's amortized cost basis.

Allowance for Unfunded Lending Related Commitments

We maintain the allowance for unfunded lending related commitments on off-balance sheet credit exposures that are not unconditionally cancelable (*e.g.*, unfunded loan commitments, letters of credit and certain financial guarantees), at a level we believe is appropriate as of the balance sheet date to absorb expected credit losses on these exposures. Other than the estimation of the probability of funding, this reserve is estimated in a manner similar to the methodology used for determining reserves for loans and leases. See the Allowance for Loan and Lease Losses section of this Note 1 for the key credit risk characteristics for unfunded lending related commitments. The allowance for unfunded lending related commitments is recorded as a liability on the Consolidated Balance Sheet. Net adjustments to this reserve are included in the provision for credit losses.

See Note 3 Loans and Related Allowance for Credit Losses for additional information about this allowance.

Recently Adopted Accounting Standards

Accounting Standards Update	Description	Financial Statement Impact
Reference Rate Reform - ASU 2020-04 Issued March 2020 **Reference Rate Reform Scope - ASU 2021-01** Issued January 2021 **Reference Rate Reform Deferral of Sunset Date – ASU 2022-06** Issued December 2022	• Provides optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform (codified in ASC 848). • Includes optional expedients related to contract modifications that allow an entity to account for modifications (if certain criteria are met) as if the modifications were only minor (assets within the scope of ASC 310, Receivables), were not substantial (assets within the scope of ASC 470, Debt) and/or did not result in remeasurements or reclassifications (assets within the scope of ASC 842, Leases, and other Topics) of the existing contract. • Includes optional expedients related to hedging relationships within the scope of ASC 815, Derivatives & Hedging, whereby changes to the critical terms of a hedging relationship do not require dedesignation if certain criteria are met. In addition, potential sources of ineffectiveness as a result of reference rate reform may be disregarded when performing some effectiveness assessments. • Includes optional expedients and exceptions for contract modifications and hedge accounting that apply to derivative instruments impacted by the market-wide discounting transition. • Guidance in these ASUs is effective as of March 12, 2020 through December 31, 2024.	• ASU 2020-04 was adopted March 12, 2020. ASU 2021-01 was retrospectively adopted October 1, 2020. ASU 2022-06 was adopted upon issuance. • Refer to Note 1 Accounting Policies in our 2022 Form 10-K for more information on elections of optional expedients that occurred in 2020, 2021 and 2022. We applied these optional expedients consistently to all eligible LIBOR cessation-related contract modifications and hedging relationships since election. • During the second quarter of 2023, we elected and applied certain optional expedients for contract modifications and hedging relationships impacted by the central clearing counterparties conversion processes for LIBOR-indexed derivative instruments. These optional expedients remove the requirement to remeasure contract modifications or dedesignate hedging relationships due to reference rate reform. The elections made apply only to derivatives instruments impacted by the central clearinghouse conversion process. • During the second quarter of 2023, we applied certain optional expedients for investment security, debt and preferred stock instrument contract modifications impacted by LIBOR cessation. These optional expedients remove the requirement to remeasure contract modifications. • We may elect additional optional expedients for contract modifications and hedge relationships affected by reference rate reform through the effective date of this guidance.

Accounting Standards Update	Description	Financial Statement Impact
Troubled Debt Restructurings and Vintage Disclosures - ASU 2022-02 Issued March 2022	• Eliminates the accounting guidance for TDRs and requires an entity to apply the loan refinancing and restructuring guidance to determine whether a modification results in a new loan or a continuation of an existing loan. • Eliminates the requirement to use a discounted cash flow approach to measure the allowance for credit losses for TDRs. • Enhances disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. • Requires disclosure of current-period gross charge-offs by year of origination for financing receivables and net investments in leases within the scope of CECL. • Requires a prospective transition approach to all amendments except those related to the recognition and measurement of TDRs (which allow the option to apply a modified retrospective transition approach through a cumulative-effect adjustment to retained earnings in the period of adoption).	• Adopted January 1, 2023 using a modified retrospective transition approach for the amendments related to the recognition and measurement of TDRs. • The impact of adoption resulted in a decrease to the beginning period ALLL of $35 million, resulting in an increase to Retained Earnings of $26 million, net of tax, as of January 1, 2023. • The presentation of our loan modification disclosures have been updated to reflect information on loan modifications given to borrowers experiencing financial difficulty and can be found within Note 3 Loans and Related Allowance for Credit Losses. TDR disclosures are presented for comparative periods only and are not required to be updated in current periods. Additionally, our vintage disclosure has been updated to reflect gross charge-offs by year of origination.

NOTE 2 INVESTMENT SECURITIES

The following table summarizes our available for sale and held to maturity portfolios by major security type:

Table 36: Investment Securities Summary (a)(b)

	June 30, 2023				December 31, 2022			
		Unrealized				Unrealized		
In millions	Amortized Cost (c)	Gains	Losses	Fair Value	Amortized Cost (c)	Gains	Losses	Fair Value
Securities Available for Sale								
U.S. Treasury and government agencies	$ 7,863	$ 7	$ (760)	$ 7,110	$ 9,196	$ 10	$ (836)	$ 8,370
Residential mortgage-backed								
Agency	30,867	6	(3,218)	27,655	32,114	13	(3,304)	28,823
Non-agency	642	133	(7)	768	697	131	(9)	819
Commercial mortgage-backed								
Agency	1,759	1	(167)	1,593	1,845		(170)	1,675
Non-agency	1,014		(67)	947	1,325		(69)	1,256
Asset-backed	910	28	(4)	934	103	27	(1)	129
Other	2,962	39	(221)	2,780	3,288	44	(245)	3,087
Total securities available for sale	$ 46,017	$ 214	$ (4,444)	$ 41,787	$ 48,568	$ 225	$ (4,634)	$ 44,159
Securities Held to Maturity								
U.S. Treasury and government agencies	$ 36,985	$ 3	$ (1,695)	$ 35,293	$ 36,571	$ 6	$ (1,617)	$ 34,960
Residential mortgage-backed								
Agency	44,278	60	(3,119)	41,219	45,271	74	(3,095)	42,250
Non-agency	269		(22)	247	276		(21)	255
Commercial mortgage-backed								
Agency	839	3	(30)	812	848	4	(26)	826
Non-agency	1,549		(38)	1,511	1,667		(40)	1,627
Asset-backed	6,645	5	(112)	6,538	7,188	6	(140)	7,054
Other	3,309	27	(60)	3,276	3,354	25	(72)	3,307
Total securities held to maturity (d)	$ 93,874	$ 98	$ (5,076)	$ 88,896	$ 95,175	$ 115	$ (5,011)	$ 90,279

(a) At June 30, 2023, the accrued interest associated with our held to maturity and available for sale portfolios totaled $288 million and $143 million, respectively. The comparable amounts at December 31, 2022 were $282 million and $144 million, respectively. These amounts are included in Other assets on the Consolidated Balance Sheet.
(b) Credit ratings represent a primary credit quality indicator used to monitor and manage credit risk. Of our total securities portfolio, 97% were rated AAA/AA at both June 30, 2023 and December 31, 2022.
(c) Amortized cost is presented net of allowance of $141 million for securities available for sale, primarily related to non-agency commercial mortgage-backed securities and $7 million for securities held to maturity at June 30, 2023. The comparable amounts at December 31, 2022 were $142 million and $7 million, respectively.
(d) Held to maturity securities transferred from available for sale are included in held to maturity at fair value at the time of the transfer. The amortized cost of held to maturity securities included net unrealized losses of $4.7 billion at June 30, 2023 related to securities transferred, which are offset in AOCI, net of tax.

The fair value of investment securities is impacted by interest rates, credit spreads, market volatility and liquidity conditions. Securities available for sale are carried at fair value with net unrealized gains and losses included in Total shareholders' equity as AOCI, unless credit-related. Net unrealized gains and losses are determined by taking the difference between the fair value of a security and its amortized cost, net of any allowance. Securities held to maturity are carried at amortized cost, net of any allowance. Investment securities at June 30, 2023 included $0.2 billion of net unsettled purchases that represent non-cash investing activity, and accordingly, are not reflected on the Consolidated Statement of Cash Flows. The comparable amount for June 30, 2022 was $0.4 billion of net unsettled purchases.

We maintain the allowance for investment securities at levels that we believe to be appropriate as of the balance sheet date to absorb expected credit losses on our portfolio. At June 30, 2023, the allowance for investment securities was $148 million and primarily related to non-agency commercial mortgage-backed securities in the available for sale portfolio. The comparable amount at December 31, 2022 was $149 million. See Note 1 Accounting Policies in our 2022 Form 10-K for a discussion of the methodologies used to determine the allowance for investment securities.

At June 30, 2023, AOCI included pretax losses of $301 million from derivatives that hedged the purchase of investment securities classified as held to maturity. The losses will be accreted to interest income as an adjustment of yield on the securities.

Table 37 presents the gross unrealized losses and fair value of securities available for sale that do not have an associated allowance for investment securities at June 30, 2023 and December 31, 2022. These securities are segregated between investments that had been in a continuous unrealized loss position for less than twelve months and twelve months or more, based on the point in time that the fair value declined below the amortized cost basis. All securities included in the table have been evaluated to determine if a credit loss exists. As part of that assessment, as of June 30, 2023, we concluded that we do not intend to sell and believe we will not be required to sell these securities prior to recovery of the amortized cost basis.

Table 37: Gross Unrealized Loss and Fair Value of Securities Available for Sale Without an Allowance for Credit Losses

	Unrealized loss position less than 12 months		Unrealized loss position 12 months or more		Total	
In millions	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value
June 30, 2023						
U.S. Treasury and government agencies	$ (9)	$ 898	$ (751)	$ 5,983	$ (760)	$ 6,881
Residential mortgage-backed						
Agency	(51)	2,309	(3,167)	24,700	(3,218)	27,009
Non-agency	(1)	46	(6)	67	(7)	113
Commercial mortgage-backed						
Agency	(2)	89	(165)	1,485	(167)	1,574
Non-agency			(57)	808	(57)	808
Asset-backed	(3)	502	(1)	12	(4)	514
Other	(6)	243	(180)	2,022	(186)	2,265
Total securities available for sale	$ (72)	$ 4,087	$ (4,327)	$ 35,077	$ (4,399)	$ 39,164
December 31, 2022						
U.S. Treasury and government agencies	$ (601)	$ 5,868	$ (235)	$ 2,208	$ (836)	$ 8,076
Residential mortgage-backed						
Agency	(1,744)	19,036	(1,560)	8,971	(3,304)	28,007
Non-agency	(6)	112	(2)	17	(8)	129
Commercial mortgage-backed						
Agency	(125)	1,283	(45)	372	(170)	1,655
Non-agency	(44)	750	(18)	394	(62)	1,144
Asset-backed			(1)	5	(1)	5
Other	(96)	1,418	(112)	1,144	(208)	2,562
Total securities available for sale	$ (2,616)	$ 28,467	$ (1,973)	$ 13,111	$ (4,589)	$ 41,578

Information related to gross realized securities gains and losses from the sales of securities is set forth in the following table:

Table 38: Gains (Losses) on Sales of Securities Available for Sale

Six months ended June 30 In millions	Gross Gains	Gross Losses	Net Gains (Losses)	Tax Expense (Benefit)
2023		$ (2)	$ (2)	
2022	$ 11	$ (15)	$ (4)	$ (1)

The following table presents, by remaining contractual maturity, the amortized cost, fair value and weighted-average yield of debt securities at June 30, 2023:

Table 39: Contractual Maturity of Debt Securities

June 30, 2023 Dollars in millions	1 Year or Less	After 1 Year through 5 Years	After 5 Years through 10 Years	After 10 Years	Total
Securities Available for Sale					
U.S. Treasury and government agencies	$ 1,230	$ 2,918	$ 1,724	$ 1,991	$ 7,863
Residential mortgage-backed					
Agency	1	134	3,675	27,057	30,867
Non-agency			8	634	642
Commercial mortgage-backed					
Agency	49	409	905	396	1,759
Non-agency		119	100	795	1,014
Asset-backed		249	106	555	910
Other	307	2,008	495	152	2,962
Total securities available for sale at amortized cost	$ 1,587	$ 5,837	$ 7,013	$ 31,580	$ 46,017
Fair value	$ 1,550	$ 5,460	$ 6,385	$ 28,392	$ 41,787
Weighted-average yield, GAAP basis (a)	2.01 %	2.17 %	2.39 %	2.98 %	2.75 %
Securities Held to Maturity					
U.S. Treasury and government agencies	$ 2,075	$ 31,522	$ 2,477	$ 911	$ 36,985
Residential mortgage-backed					
Agency		7	333	43,938	44,278
Non-agency				269	269
Commercial mortgage-backed					
Agency		133	430	276	839
Non-agency	43	49		1,457	1,549
Asset-backed	11	2,103	1,949	2,582	6,645
Other	230	1,116	603	1,360	3,309
Total securities held to maturity at amortized cost	$ 2,359	$ 34,930	$ 5,792	$ 50,793	$ 93,874
Fair value	$ 2,330	$ 33,471	$ 5,526	$ 47,569	$ 88,896
Weighted-average yield, GAAP basis (a)	1.30 %	1.39 %	3.65 %	2.93 %	2.36 %

(a) Weighted-average yields are based on amortized cost with effective yields weighted for the contractual maturity of each security. Actual maturities and yields may differ as certain securities may be prepaid.

At June 30, 2023, there were no securities of a single issuer, other than FNMA and FHLMC, that exceeded 10% of Total shareholders' equity. The FNMA and FHLMC investments had a total amortized cost of $38.5 billion and $32.4 billion and fair value of $35.3 billion and $30.0 billion, respectively.

The following table presents the fair value of securities that have been either pledged to or accepted from others to collateralize outstanding borrowings:

Table 40: Fair Value of Securities Pledged and Accepted as Collateral

In millions	June 30, 2023	December 31, 2022
Pledged to others	$ 27,347	$ 24,708
Accepted from others:		
Permitted by contract or custom to sell or repledge	$ 1,160	$ 1,266
Permitted amount repledged to others	$ 1,160	$ 1,266

The securities pledged to others include positions held in our portfolio of investment securities, trading securities and securities accepted as collateral from others that we are permitted by contract or custom to sell or repledge, and were used to secure public and trust deposits, repurchase agreements and for other purposes. See Note 12 Financial Derivatives for information related to securities pledged and accepted as collateral for derivatives.

NOTE 3 LOANS AND RELATED ALLOWANCE FOR CREDIT LOSSES

Loan Portfolio

Our loan portfolio consists of two portfolio segments – Commercial and Consumer. Each of these segments comprises multiple loan classes. Classes are characterized by similarities in risk attributes and the manner in which we monitor and assess credit risk.

Commercial	Consumer
• Commercial and industrial	• Residential real estate
• Commercial real estate	• Home equity
• Equipment lease financing	• Automobile
	• Credit card
	• Education
	• Other consumer

See Note 1 Accounting Policies for additional information on our loan related policies.

Credit Quality

We closely monitor economic conditions and loan performance trends to manage and evaluate our exposure to credit risk within the loan portfolio based on our defined loan classes. In doing so, we use several credit quality indicators, including trends in delinquency rates, nonperforming status, analysis of PD and LGD ratings, updated credit scores and originated and updated LTV ratios.

We manage credit risk based on the risk profile of the borrower, repayment sources, underlying collateral and other support given current events, economic conditions and expectations. We refine our practices to meet the changing environment resulting from elevated inflation levels, labor-related supply chain pressures, higher interest rates, and structural and secular changes fostered by the pandemic. To mitigate losses and enhance customer support, we offer loan modifications and collection programs to assist our customers.

Table 41 presents the composition and delinquency status of our loan portfolio at June 30, 2023 and December 31, 2022. Loan delinquencies include government insured or guaranteed loans and loans accounted for under the fair value option.

Table 41: Analysis of Loan Portfolio (a) (b) (c)

Dollars in millions	Accruing: Current or Less Than 30 Days Past Due	Accruing: 30-59 Days Past Due	Accruing: 60-89 Days Past Due	Accruing: 90 Days or More Past Due	Accruing: Total Past Due (d)		Nonperforming Loans	Fair Value Option Nonaccrual Loans (e)	Total Loans (f)(g)
June 30, 2023									
Commercial									
Commercial and industrial	$ 176,936	$ 64	$ 47	$ 112	$ 223		$ 470		$ 177,629
Commercial real estate	35,568	10			10		350		35,928
Equipment lease financing	6,374	14	5		19		7		6,400
Total commercial	218,878	88	52	112	252		827		219,957
Consumer									
Residential real estate	45,374	228	86	174	488	(d)	429	$ 543	46,834
Home equity	25,546	56	18		74		506	74	26,200
Automobile	14,823	84	20	5	109		133		15,065
Credit card	6,926	49	36	71	156		10		7,092
Education	1,960	33	17	48	98	(d)			2,058
Other consumer	4,512	17	9	9	35		8		4,555
Total consumer	99,141	467	186	307	960		1,086	617	101,804
Total	$ 318,019	$ 555	$ 238	$ 419	$ 1,212		$ 1,913	$ 617	$ 321,761
Percentage of total loans	98.84 %	0.17 %	0.07 %	0.13 %	0.38 %		0.59 %	0.19 %	100.00 %
December 31, 2022									
Commercial									
Commercial and industrial	$ 181,223	$ 169	$ 27	$ 137	$ 333		$ 663		$ 182,219
Commercial real estate	36,104	19	4		23		189		36,316
Equipment lease financing	6,484	20	4		24		6		6,514
Total commercial	223,811	208	35	137	380		858		225,049
Consumer									
Residential real estate	44,306	281	112	199	592	(d)	424	$ 567	45,889
Home equity	25,305	53	20		73		526	79	25,983
Automobile	14,543	106	25	7	138		155		14,836
Credit card	6,906	50	35	70	155		8		7,069
Education	2,058	34	22	59	115	(d)			2,173
Other consumer	4,975	15	12	10	37		14		5,026
Total consumer	98,093	539	226	345	1,110		1,127	646	100,976
Total	$ 321,904	$ 747	$ 261	$ 482	$ 1,490		$ 1,985	$ 646	$ 326,025
Percentage of total loans	98.73 %	0.23 %	0.08 %	0.15 %	0.46 %		0.61 %	0.20 %	100.00 %

(a) Amounts in table represent loans held for investment and do not include any associated ALLL.
(b) Under the CARES Act credit reporting rules, certain loans modified due to pandemic related hardships are not being reported as past due as of June 30, 2023 and December 31, 2022 based on the contractual terms of the loan, even where borrowers may not be making payments on their loans during the modification period. The CARES Act credit reporting rules expire in the third quarter of 2023.
(c) The accrued interest associated with our loan portfolio totaled $1.3 billion and $1.2 billion at June 30, 2023 and December 31, 2022, respectively. These amounts are included in Other assets on the Consolidated Balance Sheet.
(d) Past due loan amounts include government insured or guaranteed Residential real estate loans and Education loans totaling $0.3 billion and $0.1 billion at both June 30, 2023 and December 31, 2022.
(e) Consumer loans accounted for under the fair value option for which we do not expect to collect substantially all principal and interest are subject to nonaccrual accounting and classification upon meeting any of our nonaccrual policy criteria. Given that these loans are not accounted for at amortized cost, they have been excluded from the nonperforming loan population.
(f) Includes unearned income, unamortized deferred fees and costs on originated loans and premiums or discounts on purchased loans totaling $0.8 billion and $0.9 billion at June 30, 2023 and December 31, 2022, respectively.
(g) Collateral dependent loans totaled $1.2 billion and $1.3 billion at June 30, 2023 and December 31, 2022, respectively.

At June 30, 2023, we pledged $48.3 billion of commercial and other loans to the Federal Reserve Bank and $92.5 billion of residential real estate and other loans to the FHLB as collateral for the ability to borrow, if necessary. The comparable amounts at December 31, 2022 were $28.1 billion and $90.4 billion, respectively. Amounts pledged reflect the unpaid principal balances.

Nonperforming Assets

Nonperforming assets include nonperforming loans and leases, OREO and foreclosed assets. Nonperforming loans are those loans accounted for at amortized cost whose credit quality has deteriorated to the extent that full collection of contractual principal and interest is not probable. Interest income is not recognized on these loans. Loans accounted for under the fair value option are reported as performing loans; however, when nonaccrual criteria is met, interest income is not recognized on these loans. Additionally, certain government insured or guaranteed loans for which we expect to collect substantially all principal and interest are not reported as nonperforming loans and continue to accrue interest. See Note 1 Accounting Policies for additional information on our nonperforming loan and lease policies.

The following table presents our nonperforming assets as of June 30, 2023 and December 31, 2022, respectively:

Table 42: Nonperforming Assets

Dollars in millions	June 30, 2023	December 31, 2022
Nonperforming loans (a)		
Commercial	$ 827	$ 858
Consumer (b)	1,086	1,127
Total nonperforming loans (c)	1,913	1,985
OREO and foreclosed assets	36	34
Total nonperforming assets	$ 1,949	$ 2,019
Nonperforming loans to total loans	0.59 %	0.61 %
Nonperforming assets to total loans, OREO and foreclosed assets	0.61 %	0.62 %
Nonperforming assets to total assets	0.35 %	0.36 %

(a) In connection with the adoption of ASU 2022-02, nonperforming loans as of June 30, 2023 include certain loans where terms were modified as a result of a borrower's financial difficulty. Prior period amounts included nonperforming TDRs, for which accounting guidance was eliminated effective January 1, 2023. See Note 1 Accounting Policies and the Loan Modifications to Borrowers Experiencing Financial Difficulty section of this Note 3 for more information on our adoption of this ASU.

(b) Excludes most unsecured consumer loans and lines of credit, which are charged off after 120 to 180 days past due and are not placed on nonperforming status.

(c) Nonperforming loans for which there is no related ALLL totaled $0.8 billion at June 30, 2023 and primarily include loans with a fair value of collateral that exceeds the amortized cost basis. The comparable amount at December 31, 2022 was $0.7 billion.

Additional Credit Quality Indicators by Loan Class

Commercial Loan Classes

See Note 4 Loans and Related Allowance for Credit Losses in our 2022 Form 10-K for additional information related to these loan classes, including discussion around the credit quality indicators that we use to monitor and manage the credit risk associated with each loan class.

The following table presents credit quality indicators for our commercial loan classes:

Table 43: Commercial Credit Quality Indicators (a) (b)

June 30, 2023 In millions	Term Loans by Origination Year 2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Commercial and industrial									
Pass Rated	$ 15,699	$ 32,220	$ 8,328	$ 6,279	$ 4,694	$ 14,114	$ 88,198	$ 61	$ 169,593
Criticized	102	1,820	556	344	268	819	4,092	35	8,036
Total commercial and industrial loans	$ 15,801	$ 34,040	$ 8,884	$ 6,623	$ 4,962	$ 14,933	$ 92,290	$ 96	$ 177,629
Gross charge-offs	$ 10 (c)	$ 9	$ 27	$ 6	$ 1	$ 14	$ 74	$ 8	$ 149
Commercial real estate									
Pass Rated	$ 2,589	$ 9,428	$ 3,773	$ 2,513	$ 5,139	$ 8,571	$ 339		$ 32,352
Criticized	59	294	253	321	668	1,963	18		3,576
Total commercial real estate loans	$ 2,648	$ 9,722	$ 4,026	$ 2,834	$ 5,807	$ 10,534	$ 357		$ 35,928
Gross charge-offs					$ 12	$ 87			$ 99
Equipment lease financing									
Pass Rated	$ 658	$ 1,673	$ 845	$ 819	$ 559	$ 1,567			$ 6,121
Criticized	30	64	50	53	37	45			279
Total equipment lease financing loans	$ 688	$ 1,737	$ 895	$ 872	$ 596	$ 1,612			$ 6,400
Gross charge-offs		$ 1	$ 1	$ 3	$ 1	$ 1			$ 7
Total commercial loans	$ 19,137	$ 45,499	$ 13,805	$ 10,329	$ 11,365	$ 27,079	$ 92,647	$ 96	$ 219,957
Total commercial gross charge-offs	$ 10	$ 10	$ 28	$ 9	$ 14	$ 102	$ 74	$ 8	$ 255

December 31, 2022 In millions	Term Loans by Origination Year 2022	2021	2020	2019	2018	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Commercial and industrial									
Pass Rated	$ 41,685	$ 12,493	$ 8,134	$ 6,261	$ 4,209	$ 13,165	$ 89,384	$ 69	$ 175,400
Criticized	1,259	423	277	299	297	551	3,682	31	6,819
Total commercial and industrial	42,944	12,916	8,411	6,560	4,506	13,716	93,066	100	182,219
Commercial real estate									
Pass Rated	8,835	4,153	3,266	5,511	3,005	7,454	450		32,674
Criticized	348	37	322	758	807	1,367	3		3,642
Total commercial real estate	9,183	4,190	3,588	6,269	3,812	8,821	453		36,316
Equipment lease financing									
Pass Rated	1,797	962	942	670	410	1,495			6,276
Criticized	60	55	56	39	17	11			238
Total equipment lease financing	1,857	1,017	998	709	427	1,506			6,514
Total commercial	$ 53,984	$ 18,123	$ 12,997	$ 13,538	$ 8,745	$ 24,043	$ 93,519	$ 100	$ 225,049

(a) Loans in our commercial portfolio are classified as Pass Rated or Criticized based on the regulatory definitions, which are driven by the PD and LGD ratings that we assign. The Criticized classification includes loans that were rated special mention, substandard or doubtful as of June 30, 2023 and December 31, 2022.
(b) Gross charge-offs are presented on a year-to-date basis, as of the reporting date.
(c) Includes charge-offs of deposit overdrafts.

Consumer Loan Classes

See Note 4 Loans and Related Allowance for Credit Losses in our 2022 Form 10-K for additional information related to these loan classes, including discussion around the credit quality indicators that we use to monitor and manage the credit risk associated with each loan class.

Residential Real Estate and Home Equity

The following table presents credit quality indicators for our residential real estate and home equity loan classes:

Table 44: Credit Quality Indicators for Residential Real Estate and Home Equity Loan Classes (a)

June 30, 2023 In millions	Term Loans by Origination Year 2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Residential real estate									
Current estimated LTV ratios									
Greater than 100%	$ 22	$ 129	$ 122	$ 40	$ 11	$ 38			$ 362
Greater than or equal to 80% to 100%	1,191	4,612	1,441	249	79	127			7,699
Less than 80%	1,804	5,571	14,351	6,715	2,232	7,367			38,040
No LTV available	52		13			5			70
Government insured or guaranteed loans	4	16	17	69	38	519			663
Total residential real estate loans	$ 3,073	$ 10,328	$ 15,944	$ 7,073	$ 2,360	$ 8,056			$ 46,834
Updated FICO scores									
Greater than or equal to 780	$ 1,570	$ 7,692	$ 12,519	$ 5,207	$ 1,565	$ 4,253			$ 32,806
720 to 779	1,090	2,033	2,508	1,172	446	1,500			8,749
660 to 719	201	511	691	338	162	786			2,689
Less than 660	81	63	114	110	90	710			1,168
No FICO score available	127	13	95	177	59	288			759
Government insured or guaranteed loans	4	16	17	69	38	519			663
Total residential real estate loans	$ 3,073	$ 10,328	$ 15,944	$ 7,073	$ 2,360	$ 8,056			$ 46,834
Gross charge-offs		$ 1		$ 1		$ 3			$ 5
Home equity									
Current estimated LTV ratios									
Greater than 100%			$ 3	$ 15	$ 8	$ 16	$ 325	$ 292	$ 659
Greater than or equal to 80% to 100%			6	53	26	32	1,315	2,074	3,506
Less than 80%			163	1,963	895	2,819	6,937	9,258	22,035
Total home equity loans			$ 172	$ 2,031	$ 929	$ 2,867	$ 8,577	$ 11,624	$ 26,200
Updated FICO scores									
Greater than or equal to 780			$ 110	$ 1,319	$ 522	$ 1,770	$ 4,854	$ 6,020	$ 14,595
720 to 779			39	467	230	554	2,230	3,109	6,629
660 to 719			18	188	123	295	1,168	1,656	3,448
Less than 660			5	55	53	239	313	780	1,445
No FICO score available				2	1	9	12	59	83
Total home equity loans			$ 172	$ 2,031	$ 929	$ 2,867	$ 8,577	$ 11,624	$ 26,200
Gross charge-offs						$ 2		$ 9	$ 11

(Continued from previous page)	Term Loans by Origination Year								
December 31, 2022 In millions	2022	2021	2020	2019	2018	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Residential real estate									
Current estimated LTV ratios									
Greater than 100%	$ 4	$ 52	$ 20	$ 10	$ 4	$ 41			$ 131
Greater than or equal to 80% to 100%	1,185	678	232	84	24	92			2,295
Less than 80%	9,396	15,844	7,074	2,346	822	7,220			42,702
No LTV available		61		3		4			68
Government insured or guaranteed loans	9	15	66	39	28	536			693
Total residential real estate	$ 10,594	$ 16,650	$ 7,392	$ 2,482	$ 878	$ 7,893			$ 45,889
Updated FICO scores									
Greater than or equal to 780	$ 6,825	$ 12,596	$ 5,276	$ 1,623	$ 463	$ 4,027			$ 30,810
720 to 779	3,172	3,024	1,369	476	180	1,457			9,678
660 to 719	514	744	378	189	98	796			2,719
Less than 660	63	108	110	88	71	740			1,180
No FICO score available	11	163	193	67	38	337			809
Government insured or guaranteed loans	9	15	66	39	28	536			693
Total residential real estate	$ 10,594	$ 16,650	$ 7,392	$ 2,482	$ 878	$ 7,893			$ 45,889
Home equity									
Current estimated LTV ratios									
Greater than 100%		$ 4	$ 14	$ 9	$ 2	$ 15	$ 268	$ 137	$ 449
Greater than or equal to 80% to 100%		4	51	27	4	31	854	1,149	2,120
Less than 80%		172	2,078	961	285	2,851	7,780	9,287	23,414
Total home equity		$ 180	$ 2,143	$ 997	$ 291	$ 2,897	$ 8,902	$ 10,573	$ 25,983
Updated FICO scores									
Greater than or equal to 780		$ 110	$ 1,357	$ 554	$ 155	$ 1,791	$ 5,093	$ 5,545	$ 14,605
720 to 779		47	515	248	64	567	2,305	2,843	6,589
660 to 719		19	211	140	42	288	1,146	1,449	3,295
Less than 660		4	57	54	29	242	342	671	1,399
No FICO score available			3	1	1	9	16	65	95
Total home equity		$ 180	$ 2,143	$ 997	$ 291	$ 2,897	$ 8,902	$ 10,573	$ 25,983

(a) Gross charge-offs are presented on a year-to-date basis, as of the reporting date.

Automobile, Credit Card, Education and Other Consumer

The following table presents credit quality indicators for our automobile, credit card, education and other consumer loan classes:

Table 45: Credit Quality Indicators for Automobile, Credit Card, Education and Other Consumer Loan Classes (a)

June 30, 2023 In millions	Term Loans by Origination Year 2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Automobile									
Updated FICO scores									
Greater than or equal to 780	$ 1,706	$ 1,907	$ 1,846	$ 728	$ 554	$ 180			$ 6,921
720 to 779	1,066	1,426	1,005	411	374	160			4,442
660 to 719	538	766	510	251	275	137			2,477
Less than 660	74	254	260	185	272	180			1,225
Total automobile loans	$ 3,384	$ 4,353	$ 3,621	$ 1,575	$ 1,475	$ 657			$ 15,065
Gross charge-offs		$ 10	$ 12	$ 9	$ 17	$ 13			$ 61
Credit card									
Updated FICO scores									
Greater than or equal to 780							$ 1,954	$ 1	$ 1,955
720 to 779							2,022	5	2,027
660 to 719							1,967	13	1,980
Less than 660							983	38	1,021
No FICO score available or required (b)							106	3	109
Total credit card loans							$ 7,032	$ 60	$ 7,092
Gross charge-offs							$ 141	$ 13	$ 154
Education									
Updated FICO scores									
Greater than or equal to 780	$ 15	$ 94	$ 50	$ 44	$ 56	$ 373			$ 632
720 to 779	14	51	26	22	27	147			287
660 to 719	6	16	7	7	8	59			103
Less than 660	1	3	1	1	2	23			31
No FICO score available or required (b)	4	6	5	5	2	1			23
Total loans using FICO credit metric	40	170	89	79	95	603			1,076
Other internal credit metrics						982			982
Total education loans	$ 40	$ 170	$ 89	$ 79	$ 95	$ 1,585			$ 2,058
Gross charge-offs				$ 1	$ 1	$ 7			$ 9
Other consumer									
Updated FICO scores									
Greater than or equal to 780	$ 136	$ 183	$ 69	$ 34	$ 27	$ 19	$ 41	$ 2	$ 511
720 to 779	186	224	85	41	35	19	82	1	673
660 to 719	70	166	80	45	39	19	88	2	509
Less than 660	5	49	39	26	25	14	42	2	202
Total loans using FICO credit metric	397	622	273	146	126	71	253	7	1,895
Other internal credit metrics	21	116	31	19	74	26	2,358	15	2,660
Total other consumer loans	$ 418	$ 738	$ 304	$ 165	$ 200	$ 97	$ 2,611	$ 22	$ 4,555
Gross charge-offs	$ 32 (c)	$ 9	$ 10	$ 8	$ 9	$ 5	$ 6	$ 1	$ 80

(Continued from previous page)

December 31, 2022 In millions	Term Loans by Origination Year 2022	2021	2020	2019	2018	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Updated FICO Scores									
Automobile									
Greater than or equal to 780	$ 2,390	$ 2,162	$ 922	$ 760	$ 241	$ 75			$ 6,550
720 to 779	1,702	1,312	561	538	222	69			4,404
660 to 719	854	660	341	401	187	56			2,499
Less than 660	193	290	230	368	228	74			1,383
Total automobile	$ 5,139	$ 4,424	$ 2,054	$ 2,067	$ 878	$ 274			$ 14,836
Credit card									
Greater than or equal to 780							$ 1,954	$ 2	$ 1,956
720 to 779							1,994	6	2,000
660 to 719							1,957	13	1,970
Less than 660							1,001	35	1,036
No FICO score available or required (b)							104	3	107
Total credit card							$ 7,010	$ 59	$ 7,069
Education									
Greater than or equal to 780	$ 42	$ 53	$ 48	$ 61	$ 51	$ 357			$ 612
720 to 779	39	27	24	30	24	143			287
660 to 719	21	8	8	9	8	59			113
Less than 660	4	1	1	2	2	24			34
No FICO score available or required (b)	20	8	7	3		1			39
Education loans using FICO credit metric	126	97	88	105	85	584			1,085
Other internal credit metrics						1,088			1,088
Total education	$ 126	$ 97	$ 88	$ 105	$ 85	$ 1,672			$ 2,173
Other consumer									
Greater than or equal to 780	$ 224	$ 97	$ 53	$ 46	$ 14	$ 18	$ 47	$ 2	$ 501
720 to 779	302	122	68	62	20	15	89	2	680
660 to 719	229	110	68	66	28	8	95	2	606
Less than 660	32	48	37	40	20	6	44	2	229
Other consumer loans using FICO credit metric	787	377	226	214	82	47	275	8	2,016
Other internal credit metrics	125	43	40	34	7	29	2,720	12	3,010
Total other consumer	$ 912	$ 420	$ 266	$ 248	$ 89	$ 76	$ 2,995	$ 20	$ 5,026

(a) Gross charge-offs are presented on a year-to-date basis, as of the reporting date.
(b) Loans with no FICO score available or required generally refers to new accounts issued to borrowers with limited credit history, accounts for which we cannot obtain an updated FICO score (*e.g.*, recent profile changes), cards issued with a business name and/or cards secured by collateral. Management proactively assesses the risk and size of this loan category and, when necessary, takes actions to mitigate the credit risk.
(c) Includes charge-offs of deposit overdrafts.

Loan Modifications to Borrowers Experiencing Financial Difficulty

On January 1, 2023, we adopted ASU 2022-02, which eliminates the accounting guidance for TDRs and enhances the disclosure requirements for certain loan modifications when a borrower is experiencing financial difficulty (FDMs).

FDMs occur as a result of our loss mitigation activities. A variety of solutions are offered to borrowers, including loan modifications that may result in principal forgiveness, interest rate reductions, term extensions, payment delays, repayment plans or combinations thereof:

- Principal forgiveness includes principal and accrued interest forgiveness.
- Interest rate reductions include modifications where the interest rate is reduced and/or interest is deferred.
- Term extensions extend the original contractual maturity date of the loan.
- Payment delays consist of modifications where we expect to collect contractual amounts due, but that result in a delay in the receipt of payments specified under the original loan terms. We generally consider payment delays to be insignificant when the delay is three months or less.
- Repayment plans are offered for some of our credit card and unsecured line of credit products, which provide for a reduced payment and interest rate for a specific period of time.

Additionally, modifications to borrowers experiencing financial difficulty also result from borrowers that have been discharged from personal liability through Chapter 7 bankruptcy and have not formally reaffirmed their obligations to us, and those that enter into trial modifications.

FDMs exclude loans held for sale and loans accounted for under the fair value option. Our disclosed FDM population also excludes government insured or guaranteed education loans as loss mitigation activities for these loans are either required by law or they are considered separate from PNC’s loss mitigation treatments. Commercial loans with an appraised value of collateral that exceeds the loan value, loans with guarantor support, and residential mortgage government insured or guaranteed loans are included in our disclosed population of FDMs when those loan modifications are granted to a borrower experiencing financial difficulty.

Refer to Note 1 Accounting Policies for additional information around our adoption of ASU 2022-02.

The following table presents the amortized cost basis, as of June 30, 2023, of FDMs granted during the three and six months ended June 30, 2023:

Table 46: Loan Modifications Granted to Borrowers Experiencing Financial Difficulty (a)

Three months ended June 30, 2023 Dollars in millions	Principal Forgiveness	Interest Rate Reduction	Term Extension	Payment Delay	Repayment Plan	Interest Rate Reduction and Term Extension	Other (b)	Total	% of Loan Class
Commercial									
Commercial and industrial			$ 366	$ 59			$ 87	$ 512	0.29 %
Commercial real estate			228				60	288	0.80 %
Total commercial			594	59			147	800	0.36 %
Consumer									
Residential real estate		$ 1		35		$ 1	2	39	0.08 %
Home equity				3		2	5	10	0.04 %
Credit card					$ 18			18	0.25 %
Education			1					1	0.05 %
Other consumer					1			1	0.02 %
Total consumer		1	1	38	19	3	7	69	0.07 %
Total		$ 1	$ 595	$ 97	$ 19	$ 3	$ 154	$ 869	0.27 %
Six months ended June 30, 2023 Dollars in millions									
Commercial									
Commercial and industrial	$ 1		$ 432	$ 72			$ 91	$ 596	0.34 %
Commercial real estate			493				60	553	1.54 %
Total commercial	1		925	72			151	1,149	0.52 %
Consumer									
Residential real estate		$ 1		72		$ 2	3	78	0.17 %
Home equity				4		5	6	15	0.06 %
Credit card					$ 30			30	0.42 %
Education			2					2	0.10 %
Other consumer					1			1	0.02 %
Total consumer		1	2	76	31	7	9	126	0.12 %
Total	$ 1	$ 1	$ 927	$ 148	$ 31	$ 7	$ 160	$ 1,275	0.40 %

(a) At June 30, 2023, there were $0.1 billion of unfunded lending related commitments associated with FDMs.
(b) Includes loans where we have received notification that a borrower has filed for Chapter 7 bankruptcy relief, but specific instructions as to the terms of the relief have not been formally ruled upon by the court. Amounts also include trial modifications.

Table 47 presents the financial effect of FDMs granted during the three and six months ended June 30, 2023:

Table 47: Financial Effect of FDMs (a)

Three months ended June 30, 2023 Dollars in millions	Total Principal Forgiveness	Weighted-Average Interest Rate Reduction	Weighted-Average Term Extension (in Months)	Weighted-Average Payment Delay (in Months)
Commercial				
Commercial and industrial			9	10
Commercial real estate			20	
Consumer				
Residential real estate		1.17 %	123	8
Home equity		1.29 %	66	3
Education			19	
Six months ended June 30, 2023 Dollars in millions				
Commercial				
Commercial and industrial	$ 2		10	6
Commercial real estate			17	
Consumer				
Residential real estate		1.34 %	111	8
Home equity		1.41 %	58	4
Education			17	

(a) Excludes the financial effects of modifications for loans that were paid off, charged-off or otherwise liquidated as of period end.

Repayment plans are excluded from Table 47. The terms of these programs, which are offered for certain credit card and unsecured line of credit products, are as follows:

- Short-term programs are granted for periods of 6 and 12 months. These programs are structurally similar such that the interest rate is reduced to a standard rate of 4.99% and the minimum payment percentage is adjusted to 1.90% of the outstanding balance. At the end of the 6 or 12 months, the borrower is returned to the original contractual interest rate and minimum payment amount specified in the original lending agreement.
- Fully-amortized repayment plans are also granted, the most common of which being a 60-month program. In this program, we convert the borrower's drawn and unpaid balances into a fully-amortized repayment plan consisting of an interest rate of 4.99% and a minimum payment amount of 1.90%. This fully-amortized program is designed in a manner that allows the drawn and unpaid amounts to be recaptured at the end of the 60 months.

After we modify a loan, we continue to track its performance under its most recent modified terms. The following table presents the performance, as of June 30, 2023, of FDMs granted during the six months ended June 30, 2023:

Table 48: Delinquency Status of FDMs (a)

Six months ended June 30, 2023 Dollars in millions	Current or Less Than 30 Days Past Due	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Nonperforming Loans	Total
Commercial						
Commercial and industrial	$ 494		$ 4	$ 1	$ 97	$ 596
Commercial real estate	520				33	553
Total commercial	1,014		4	1	130	1,149
Consumer						
Residential real estate	1				77	78
Home equity					15	15
Credit card	20	$ 3	3	4		30
Education	2					2
Other consumer					1	1
Total consumer	23	3	3	4	93	126
Total	$ 1,037	$ 3	$ 7	$ 5	$ 223	$ 1,275

(a) Represents amortized cost basis.

We generally consider FDMs to have subsequently defaulted when they become 60 days past due after the most recent date the loan was modified. Loans that were both (i) modified due to a financial difficulty during the period, and (ii) subsequently defaulted during the three and six months ended June 30, 2023 were $46 million and $48 million, respectively.

Troubled Debt Restructuring Disclosures Prior to the Adoption of ASU 2022-02

Table 49 quantifies the number of loans that were classified as TDRs as well as the change in the loans' balance as a result of becoming a TDR during the three and six months ended June 30, 2022. Additionally, the table provides information about the types of TDR concessions. See Note 1 Accounting Policies and Note 4 Loans and Related Allowance for Credit Losses in our 2022 Form 10-K for additional discussion of TDRs.

Table 49: Financial Impact and TDRs by Concession Type (a)

			Post-TDR Amortized Cost Basis (c)			
During the three months ended June 30, 2022 Dollars in millions	Number of Loans	Pre-TDR Amortized Cost Basis (b)	Principal Forgiveness	Rate Reduction	Other	Total
Commercial	15	$ 35	$ 9		$ 22	$ 31
Consumer	3,025	50		$ 40	5	45
Total TDRs	3,040	$ 85	$ 9	$ 40	$ 27	$ 76
During the six months ended June 30, 2022 Dollars in millions						
Commercial	27	$ 88	$ 9		$ 68	$ 77
Consumer	5,920	86		$ 66	12	78
Total TDRs	5,947	$ 174	$ 9	$ 66	$ 80	$ 155

(a) Impact of partial charge-offs at TDR date is included in this table.
(b) Represents the amortized cost basis of the loans as of the quarter end prior to TDR designation.
(c) Represents the amortized cost basis of the TDRs as of the end of the quarter in which the TDR occurred.

After a loan was determined to be a TDR, we continued to track its performance under its most recent restructured terms. We considered a TDR to have subsequently defaulted when it became 60 days past due after the most recent date the loan was restructured. Loans that were both (i) classified as TDRs within the last twelve months from the balance sheet date, and (ii) subsequently defaulted during the three and six months ended June 30, 2022 totaled $20 million and $27 million, respectively.

Allowance for Credit Losses

We maintain the ACL related to loans at levels that we believe to be appropriate to absorb expected credit losses in the portfolios as of the balance sheet date. See Note 1 Accounting Policies for a discussion of the methodologies used to determine this allowance. A rollforward of the ACL related to loans follows:

Table 50: Rollforward of Allowance for Credit Losses

	Three months ended June 30						Six months ended June 30					
	2023			2022			2023			2022		
In millions	Commercial	Consumer	Total	Commercial	Consumer	Total	Commercial	Consumer	Total	Commercial	Consumer	Total
Allowance for loan and lease losses												
Beginning balance	$ 3,046	$ 1,695	$ 4,741	$ 3,003	$ 1,555	$ 4,558	$ 3,114	$ 1,627	$ 4,741	$ 3,185	$ 1,683	$ 4,868
Adoption of ASU 2022-02 (a)								(35)	(35)			
Beginning balance, adjusted	3,046	1,695	4,741	3,003	1,555	4,558	3,114	1,592	4,706	3,185	1,683	4,868
Charge-offs	(135)	(158)	(293)	(37)	(158)	(195)	(255)	(320)	(575)	(89)	(357)	(446)
Recoveries	36	63	99	19	93	112	61	125	186	53	173	226
Net (charge-offs)	(99)	(95)	(194)	(18)	(65)	(83)	(194)	(195)	(389)	(36)	(184)	(220)
Provision for (recapture of) credit losses	195	(6)	189	(45)	35	(10)	220	198	418	(208)	26	(182)
Other		1	1	(3)		(3)	2		2	(4)		(4)
Ending balance	$ 3,142	$ 1,595	$ 4,737	$ 2,937	$ 1,525	$ 4,462	$ 3,142	$ 1,595	$ 4,737	$ 2,937	$ 1,525	$ 4,462
Allowance for unfunded lending related commitments (b)												
Beginning balance	$ 560	$ 112	$ 672	$ 587	$ 52	$ 639	$ 613	$ 81	$ 694	$ 564	$ 98	$ 662
Provision for (recapture of) credit losses	(5)	(4)	(9)	43	(1)	42	(58)	27	(31)	66	(47)	19
Ending balance	$ 555	$ 108	$ 663	$ 630	$ 51	$ 681	$ 555	$ 108	$ 663	$ 630	$ 51	$ 681
Allowance for credit losses at June 30 (c)	$ 3,697	$ 1,703	$ 5,400	$ 3,567	$ 1,576	$ 5,143	$ 3,697	$ 1,703	$ 5,400	$ 3,567	$ 1,576	$ 5,143

(a) Represents the impact of adopting ASU 2022-02 on January 1, 2023. As a result of adoption, we eliminated the accounting guidance for TDRs, including the use of a discounted cash flow approach to measure the allowance for TDRs.
(b) See Note 8 Commitments for additional information about the underlying commitments related to this allowance.
(c) Represents the ALLL plus allowance for unfunded lending related commitments and excludes allowances for investment securities and other financial assets, which together totaled $171 million and $163 million at June 30, 2023 and 2022, respectively.

The ACL related to loans totaled $5.4 billion at both June 30, 2023 and December 31, 2022. During the six months ended June 30, 2023, reserves reflected our updated economic outlook and changes in portfolio composition and quality.

NOTE 4 LOAN SALE AND SERVICING ACTIVITIES AND VARIABLE INTEREST ENTITIES

Loan Sale and Servicing Activities

As more fully described in Note 5 Loan Sale and Servicing Activities and Variable Interest Entities in our 2022 Form 10-K, we have transferred residential and commercial mortgage loans in securitization or sales transactions in which we have continuing involvement. Our continuing involvement in the FNMA, FHLMC and GNMA securitizations, Non-agency securitizations and loan sale transactions generally consists of servicing, repurchasing previously transferred loans under certain conditions and loss share arrangements, and, in limited circumstances, holding of mortgage-backed securities issued by the securitization SPEs.

We earn servicing and other ancillary fees for our role as servicer and, depending on the contractual terms of the servicing arrangement, we can be terminated as servicer with or without cause. At the consummation date of each type of loan transfer where we retain the servicing, we recognize a servicing right at fair value. See Note 8 Commitments and Note 11 Fair Value for information on our servicing rights, including the carrying value of servicing assets.

The following table provides our loan sale and servicing activities:

Table 51: Loan Sale and Servicing Activities

In millions	Residential Mortgages	Commercial Mortgages (a)
Cash Flows - Three months ended June 30, 2023		
Sales of loans and related securitization activity (b)	$ 655	$ 1,202
Repurchases of previously transferred loans (c)	$ 22	
Servicing fees (d)	$ 127	$ 49
Servicing advances recovered/(funded), net	$ 11	$ (15)
Cash flows on mortgage-backed securities held (e)	$ 695	$ 18
Cash Flows - Three months ended June 30, 2022		
Sales of loans and related securitization activity (b)	$ 1,454	$ 929
Repurchases of previously transferred loans (c)	$ 57	
Servicing fees (d)	$ 91	$ 47
Servicing advances recovered/(funded), net	$ 1	$ (17)
Cash flows on mortgage-backed securities held (e)	$ 1,029	$ 14
Cash Flows - Six months ended June 30, 2023		
Sales of loans and related securitization activity (b)	$ 1,171	$ 2,156
Repurchases of previously transferred loans (c)	$ 51	$ 9
Servicing fees (d)	$ 255	$ 95
Servicing advances recovered/(funded), net	$ 39	$ (64)
Cash flows on mortgage-backed securities held (e)	$ 1,298	$ 30
Cash Flows - Six months ended June 30, 2022		
Sales of loans and related securitization activity (b)	$ 3,348	$ 1,839
Repurchases of previously transferred loans (c)	$ 105	$ 27
Servicing fees (d)	$ 184	$ 89
Servicing advances recovered/(funded), net	$ 33	$ 4
Cash flows on mortgage-backed securities held (e)	$ 2,325	$ 28

(a) Represents both commercial mortgage loan transfer and servicing activities.
(b) Gains/losses recognized on sales of loans were insignificant for the periods presented.
(c) Includes both residential and commercial mortgage government insured or guaranteed loans eligible for repurchase through the exercise of our ROAP option, as well as residential mortgage loans repurchased due to alleged breaches of origination covenants or representations and warranties made to purchasers.
(d) Includes contractually specified servicing fees, late charges and ancillary fees.
(e) Represents cash flows on securities where we transferred to and/or service loans for a securitization SPE and we hold securities issued by that SPE. The carrying values of such securities held were $21.2 billion, $21.4 billion and $19.1 billion in residential mortgage-backed securities and $0.7 billion, $0.7 billion and $0.8 billion in commercial mortgage-backed securities at June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

Table 52 presents information about the principal balances of transferred loans that we service and are not recorded on our Consolidated Balance Sheet. We would only experience a loss on these transferred loans if we were required to repurchase a loan, where the repurchase price exceeded the loan's fair value, due to a breach in representations and warranties or a loss sharing arrangement associated with our continuing involvement with these loans. The estimate of losses related to breaches in representations and warranties was insignificant at June 30, 2023.

Table 52: Principal Balance, Delinquent Loans and Net Charge-offs Related to Serviced Loans For Others

In millions	Residential Mortgages	Commercial Mortgages (a)
June 30, 2023		
Total principal balance	$ 39,893	$ 39,306
Delinquent loans (b)	$ 317	
December 31, 2022		
Total principal balance	$ 41,031	$ 57,974
Delinquent loans (b)	$ 346	
Three months ended June 30, 2022 (c)		
Net charge-offs (d)	$ 1	$ 3
Six months ended June 30, 2023		
Net charge-offs (d)	$ 2	$ 4
Six months ended June 30, 2022		
Net charge-offs (d)	$ 2	$ 3

(a) Represents information at the securitization level in which we have sold loans and we are the servicer for the securitization.
(b) Serviced delinquent loans are 90 days or more past due or are in process of foreclosure.
(c) There were no net charge-offs for Residential or Commercial mortgages for the three months ended June 30, 2023.
(d) Net charge-offs for Residential mortgages represent credit losses less recoveries distributed and as reported to investors during the period. Net charge-offs for commercial mortgages represent credit losses less recoveries distributed and as reported by the trustee for commercial mortgage-backed securitizations. Realized losses for Agency securitizations are not reflected as we do not manage the underlying real estate upon foreclosure and, as such, do not have access to loss information.

Variable Interest Entities (VIEs)

As discussed in Note 5 Loan Sale and Servicing Activities and Variable Interest Entities included in our 2022 Form 10-K, we are involved with various entities in the normal course of business that are deemed to be VIEs.

The following table provides a summary of non-consolidated VIEs with which we have significant continuing involvement but are not the primary beneficiary. We have excluded certain transactions with non-consolidated VIEs from the balances presented in Table 53 where we have determined that our continuing involvement is insignificant. We do not consider our continuing involvement to be significant when it relates to a VIE where we only invest in securities issued by the VIE and were not involved in the design of the VIE or where no transfers have occurred between us and the VIE. In addition, where we only have lending arrangements in the normal course of business with entities that could be VIEs, we have excluded these transactions with non-consolidated entities from the balances presented in Table 53. These loans are included as part of the credit quality disclosures that we make in Note 3 Loans and Related Allowance for Credit Losses.

Table 53: Non-Consolidated VIEs

In millions	PNC Risk of Loss (a)	Carrying Value of Assets Owned by PNC	Carrying Value of Liabilities Owned by PNC
June 30, 2023			
Mortgage-backed securitizations (b)	$ 22,732	$ 22,735 (c)	$ 1
Tax credit investments and other	4,424	4,263 (d)	2,047 (e)
Total	$ 27,156	$ 26,998	$ 2,048
December 31, 2022			
Mortgage-backed securitizations (b)	$ 22,666	$ 22,670 (c)	$ 1
Tax credit investments and other	4,411	4,240 (d)	2,063 (e)
Total	$ 27,077	$ 26,910	$ 2,064

(a) Represents loans, investments and other assets related to non-consolidated VIEs, net of collateral (if applicable). The risk of loss excludes any potential tax recapture associated with tax credit investments.
(b) Amounts reflect involvement with securitization SPEs where we transferred to and/or service loans for an SPE and we hold securities issued by that SPE. Values disclosed in the PNC Risk of Loss column represent our maximum exposure to loss for those securities' holdings.
(c) Included in Investment securities, Mortgage servicing rights and Other assets on our Consolidated Balance Sheet.
(d) Included in Investment securities, Loans, Equity investments and Other assets on our Consolidated Balance Sheet.
(e) Included in Deposits and Other liabilities on our Consolidated Balance Sheet.

We make certain equity investments in various tax credit limited partnerships or LLCs. The purpose of these investments is to achieve a satisfactory return on capital and to assist us in achieving goals associated with the Community Reinvestment Act. Within Income taxes, during the six months ended June 30, 2023, we recognized $0.2 billion of amortization, $0.2 billion of tax credits and less than $0.1 billion of other tax benefits associated with qualified investments in LIHTCs. During the six months ended June 30, 2022, we recognized less than $0.1 billion of amortization, tax credits and other tax benefits associated with qualified investments in LIHTCs.

NOTE 5 GOODWILL AND MORTGAGE SERVICING RIGHTS

Goodwill

See Note 6 Goodwill and Mortgage Servicing Rights in our 2022 Form 10-K for more information regarding our goodwill.

Mortgage Servicing Rights

We recognize the right to service mortgage loans for others as an intangible asset when the benefits of servicing are expected to be more than adequate compensation to a servicer for performing the servicing. MSRs are recognized either when purchased or when originated loans are sold with servicing retained. MSRs totaled $3.5 billion at June 30, 2023 and $3.4 billion at December 31, 2022, and consisted of loan servicing contracts for commercial and residential mortgages which are measured at fair value.

We recognize gains (losses) on changes in the fair value of MSRs. MSRs are subject to changes in value from actual or expected prepayment of the underlying loans and defaults, as well as market driven changes in interest rates. We manage this risk by economically hedging the fair value of MSRs with securities, derivative instruments and resale agreements, which are expected to increase (or decrease) in value when the value of MSRs decreases (or increases).

See the Sensitivity Analysis section of this Note 5 for more detail on our fair value measurement of MSRs. See Note 6 Goodwill and Mortgage Servicing Rights and Note 15 Fair Value in our 2022 Form 10-K for more detail on our fair value measurement and our accounting of MSRs.

Changes in the commercial and residential MSRs follow:

Table 54: Mortgage Servicing Rights

	Commercial MSRs		Residential MSRs	
In millions	2023	2022	2023	2022
January 1	$ 1,113	$ 740	$ 2,310	$ 1,078
Additions:				
From loans sold with servicing retained	32	35	10	38
Purchases	17	25	109	257
Changes in fair value due to:				
Time and payoffs (a)	(164)	(74)	(113)	(123)
Other (b)	108	262	33	370
June 30	$ 1,106	$ 988	$ 2,349	$ 1,620
Related unpaid principal balance of loans serviced at June 30	$ 280,023	$ 281,671	$ 191,274	$ 144,533
Servicing advances at June 30	$ 485	$ 459	$ 126	$ 143

(a) Represents decrease in MSR value due to passage of time, including the impact from regularly scheduled loan principal payments, prepayments and loans that were paid off during the period.
(b) Represents MSR value changes resulting primarily from market-driven changes in interest rates.

Sensitivity Analysis

The fair value of commercial and residential MSRs and significant inputs to the valuation models as of June 30, 2023 and December 31, 2022 are shown in Tables 55 and 56. The expected and actual rates of mortgage loan prepayments are significant factors driving the fair value. Management uses both internal proprietary models and a third-party model to estimate future commercial mortgage loan prepayments and a third-party model to estimate future residential mortgage loan prepayments. These models have been refined based on current market conditions and management judgment. Future interest rates are another important factor in the valuation of MSRs. Management utilizes market implied forward interest rates to estimate the future direction of mortgage and discount rates. The forward rates utilized are derived from the current yield curve for U.S. dollar interest rate swaps and are consistent with pricing of capital markets instruments. Changes in the shape and slope of the forward curve in future periods may result in volatility in the fair value estimate.

A sensitivity analysis of the hypothetical effect on the fair value of MSRs to adverse changes in key assumptions is presented in Tables 55 and 56. These sensitivities do not include the impact of the related hedging activities. Changes in fair value generally cannot be extrapolated because the relationship of the change in the assumption to the change in fair value may not be linear. Also, the effect of a variation in a particular assumption on the fair value of the MSRs is calculated independently without changing any other assumption. In reality, changes in one factor may result in changes in another (*e.g.*, changes in mortgage interest rates, which drive changes in prepayment rate estimates, could result in changes in the interest rate spread), which could either magnify or counteract the sensitivities.

The following tables set forth the fair value of commercial and residential MSRs and the sensitivity analysis of the hypothetical effect on the fair value of MSRs to immediate adverse changes of 10% and 20% in those assumptions:

Table 55: Commercial Mortgage Servicing Rights – Key Valuation Assumptions

Dollars in millions	June 30, 2023	December 31, 2022
Fair value	$ 1,106	$ 1,113
Weighted-average life (years)	3.9	4.0
Weighted-average constant prepayment rate	4.38 %	4.28 %
Decline in fair value from 10% adverse change	$ 7	$ 8
Decline in fair value from 20% adverse change	$ 14	$ 15
Effective discount rate	9.89 %	9.77 %
Decline in fair value from 10% adverse change	$ 33	$ 34
Decline in fair value from 20% adverse change	$ 65	$ 68

Table 56: Residential Mortgage Servicing Rights – Key Valuation Assumptions

Dollars in millions	June 30, 2023	December 31, 2022
Fair value	$ 2,349	$ 2,310
Weighted-average life (years)	7.8	8.0
Weighted-average constant prepayment rate	6.91 %	6.72 %
Decline in fair value from 10% adverse change	$ 56	$ 55
Decline in fair value from 20% adverse change	$ 108	$ 107
Weighted-average option adjusted spread	767 bps	766 bps
Decline in fair value from 10% adverse change	$ 69	$ 69
Decline in fair value from 20% adverse change	$ 135	$ 134

Fees from mortgage loan servicing, which include contractually specified servicing fees, late fees and ancillary fees were $0.2 billion for both the three months ended June 30, 2023 and 2022, and $0.4 billion and $0.3 billion for the six months ended June 30, 2023 and 2022, respectively. We also generate servicing fees from fee-based activities provided to others for which we do not have an associated servicing asset. Fees from commercial and residential MSRs are reported within Noninterest income on our Consolidated Income Statement in Residential and commercial mortgage.

Note 6 Leases

PNC's lessor arrangements primarily consist of direct financing, sales-type and operating leases for equipment. Lease agreements may include options to renew and for the lessee to purchase the leased equipment at the end of the lease term. For more information on lease accounting, see Note 1 Accounting Policies and Note 7 Leases in our 2022 Form 10-K.

Table 57: Lessor Income

	Three months ended June 30		Six months ended June 30	
In millions	2023	2022	2023	2022
Sales-type and direct financing leases (a)	$ 73	$ 57	$ 143	$ 116
Operating leases (b)	15	16	31	33
Lease income	$ 88	$ 73	$ 174	$ 149

(a) Included in Loans interest income on the Consolidated Income Statement.
(b) Included in Lending and deposit services on the Consolidated Income Statement.

NOTE 7 BORROWED FUNDS

The following table shows the carrying value of total borrowed funds at June 30, 2023 (including adjustments related to accounting hedges, purchase accounting and unamortized original issuance discounts) by remaining contractual maturity:

Table 58: Borrowed Funds

In millions	
Less than 1 year	$ 7,487
1 to 2 years	26,319
2 to 3 years	11,611
3 to 4 years	3,492
4 to 5 years	1,805
Over 5 years	14,670
Total	$ 65,384

The following table presents the contractual rates and maturity dates of our FHLB borrowings, senior debt and subordinated debt as of June 30, 2023, and the carrying values as of June 30, 2023 and December 31, 2022.

Table 59: FHLB Borrowings, Senior Debt and Subordinated Debt

	Stated Rate	Maturity	Carrying Value	
Dollars in millions	June 30, 2023	June 30, 2023	June 30, 2023	December 31, 2022
Parent Company				
Senior debt	1.15% - 6.04%	2024-2034	$ 17,480	$ 11,374
Subordinated debt	3.90% - 4.63%	2024-2033	1,526	1,524
Junior subordinated debt	6.07 %	2028	206	205
Total Parent Company			19,212	13,103
Bank				
Federal Home Loan Bank borrowings (a)	5.25% - 5.48%	2024-2026	34,000	32,075
Senior debt	2.50% - 5.88%	2024-2043	4,525	5,283
Subordinated debt	2.70% - 5.90%	2023-2029	3,816	4,578
Total Bank			42,341	41,936
Total			$ 61,553	$ 55,039

(a) FHLB borrowings are generally collateralized by residential mortgage loans, other mortgage-related loans and investment securities.

In Table 59, the carrying values for Parent Company senior and subordinated debt include basis adjustments of $(869) million and $(70) million, respectively, whereas Bank senior and subordinated debt include basis adjustments of $(249) million and $(229) million, respectively, related to fair value accounting hedges as of June 30, 2023.

Certain borrowings are reported at fair value. Refer to Note 11 Fair Value for more information on those borrowings.

For further information regarding junior subordinated debentures, refer to Note 10 Borrowed Funds in our 2022 Form 10-K.

NOTE 8 COMMITMENTS

In the normal course of business, we have various commitments outstanding, certain of which are not included on our Consolidated Balance Sheet. The following table presents our outstanding commitments to extend credit along with other commitments as of June 30, 2023 and December 31, 2022, respectively.

Table 60: Commitments to Extend Credit and Other Commitments

In millions	June 30, 2023	December 31, 2022
Commitments to extend credit		
Commercial	$ 196,185	$ 198,542
Home equity	23,939	22,783
Credit card	33,932	33,066
Other	7,849	7,337
Total commitments to extend credit	261,905	261,728
Net outstanding standby letters of credit (a)	10,157	10,575
Standby bond purchase agreements (b)	1,184	1,208
Other commitments (c)	3,322	3,661
Total commitments to extend credit and other commitments	$ 276,568	$ 277,172

(a) Net outstanding standby letters of credit include $3.4 billion and $3.6 billion at June 30, 2023 and December 31, 2022, respectively, which support remarketing programs.
(b) We enter into standby bond purchase agreements to support municipal bond obligations.
(c) Includes $2.1 billion and $2.2 billion related to investments in qualified affordable housing projects at June 30, 2023 and December 31, 2022, respectively.

Commitments to Extend Credit

Commitments to extend credit, or net unfunded loan commitments, represent arrangements to lend funds or provide liquidity subject to specified contractual conditions. These commitments generally have fixed expiration dates, may require payment of a fee and generally contain termination clauses in the event the customer's credit quality deteriorates.

Net Outstanding Standby Letters of Credit

We issue standby letters of credit and share in the risk of standby letters of credit issued by other financial institutions, in each case to support obligations of our customers to third parties, such as insurance requirements and the facilitation of transactions involving capital markets product execution. Approximately 98% of our net outstanding standby letters of credit were rated as Pass at June 30, 2023, with the remainder rated as Criticized. An internal credit rating of Pass indicates the expected risk of loss is currently low, while a rating of Criticized indicates a higher degree of risk.

If the customer fails to meet its financial or performance obligation to the third party under the terms of the contract or there is a need to support a remarketing program, then upon a draw by a beneficiary, subject to the terms of the letter of credit, we would be obligated to make payment to them. The standby letters of credit outstanding on June 30, 2023 had terms ranging from less than one year to eight years.

As of June 30, 2023, assets of $1.2 billion secured certain specifically identified standby letters of credit. In addition, a portion of the remaining standby letters of credit issued on behalf of specific customers is secured by collateral or guarantees that secure the customers' other obligations to us. The carrying amount of the liability for our obligations related to standby letters of credit and participations in standby letters of credit was $0.2 billion at June 30, 2023 and is included in Other liabilities on our Consolidated Balance Sheet.

NOTE 9 TOTAL EQUITY AND OTHER COMPREHENSIVE INCOME

Activity in total equity for the three months ended June 30, 2023 and 2022 is as follows:

Table 61: Rollforward of Total Equity

		Shareholders' Equity							
In millions	Shares Outstanding Common Stock	Common Stock	Capital Surplus - Preferred Stock	Capital Surplus - Common Stock and Other	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Non-controlling Interests	Total Equity
Three months ended									
Balance at March 31, 2022 (a)	415	$ 2,713	$ 5,011	$ 12,476	$ 51,058	$ (5,731)	$ (16,346)	$ 35	$ 49,216
Net income					1,481			15	1,496
Other comprehensive income (loss), net of tax						(2,627)			(2,627)
Cash dividends declared - Common					(626)				(626)
Cash dividends declared - Preferred					(71)				(71)
Preferred stock discount accretion			1		(1)				
Preferred stock issuance (b)			992						992
Common Stock activity		1		14					15
Treasury stock activity	(4)			5			(730)		(725)
Other				32				(14)	18
Balance at June 30, 2022 (a)	411	$ 2,714	$ 6,004	$ 12,527	$ 51,841	$ (8,358)	$ (17,076)	$ 36	$ 47,688
Balance at March 31, 2023 (a)	399	$ 2,714	$ 7,235	$ 12,629	$ 54,598	$ (9,108)	$ (19,024)	$ 30	$ 49,074
Net income					1,483			17	1,500
Other comprehensive income (loss), net of tax						(417)			(417)
Cash dividends declared - Common					(606)				(606)
Cash dividends declared - Preferred					(127)				(127)
Preferred stock discount accretion			2		(2)				
Common stock activity		1		16					17
Treasury stock activity	(1)			3			(126)		(123)
Other				49				(21)	28
Balance at June 30, 2023 (a)	398	$ 2,715	$ 7,237	$ 12,697	$ 55,346	$ (9,525)	$ (19,150)	$ 26	$ 49,346
Six months ended									
Balance at December 31, 2021 (a)	420	$ 2,713	$ 5,009	$ 12,448	$ 50,228	$ 409	$ (15,112)	$ 31	$ 55,726
Net income					2,889			36	2,925
Other comprehensive income (loss), net of tax						(8,767)			(8,767)
Cash dividends declared - Common					(1,157)				(1,157)
Cash dividends declared - Preferred					(116)				(116)
Preferred stock discount accretion			3		(3)				
Preferred stock issuance (b)			992						992
Common stock activity		1		14					15
Treasury stock activity	(9)			50			(1,964)		(1,914)
Other				15				(31)	(16)
Balance at June 30, 2022 (a)	411	$ 2,714	$ 6,004	$ 12,527	$ 51,841	$ (8,358)	$ (17,076)	$ 36	$ 47,688
Balance at December 31, 2022 (a)	401	$ 2,714	$ 5,746	$ 12,630	$ 53,572	$ (10,172)	$ (18,716)	$ 38	$ 45,812
Cumulative effect of ASU adoptions (c)					26				26
Balance at January 1, 2023 (a)	401	$ 2,714	$ 5,746	$ 12,630	$ 53,598	$ (10,172)	$ (18,716)	$ 38	$ 45,838
Net income					3,160			34	3,194
Other comprehensive income (loss), net of tax						647			647
Cash dividends declared - Common					(1,213)				(1,213)
Cash dividends declared - Preferred					(195)				(195)
Preferred stock discount accretion			4		(4)				
Preferred stock issuance (d)			1,487						1,487
Common stock activity		1		16					17
Treasury stock activity	(3)			73			(434)		(361)
Other				(22)				(46)	(68)
Balance at June 30, 2023 (a)	398	$ 2,715	$ 7,237	$ 12,697	$ 55,346	$ (9,525)	$ (19,150)	$ 26	$ 49,346

(a) The par value of our preferred stock outstanding was less than $0.5 million at each date and, therefore, is excluded from this presentation.
(b) On April 26, 2022, PNC issued 1,000,000 depositary shares each representing 1/100th ownership in a share of 6.000% fixed-rate reset non-cumulative perpetual preferred stock, Series U, with a par value of $1 per share.
(c) Represents the cumulative effect of adopting ASU 2022-02.
(d) On February 7, 2023, PNC issued 1,500,000 depositary shares each representing 1/100th ownership in a share of 6.250% fixed-rate reset non-cumulative perpetual preferred stock, Series W, with a par value of $1 per share.

Details of other comprehensive income (loss) are as follows:

Table 62: Other Comprehensive Income (Loss)

	Three months ended June 30						Six months ended June 30					
	2023			2022			2023			2022		
In millions	Pre-tax	Tax effect	After-tax	Pre-tax	Tax effect	After-tax	Pre-tax	Tax effect	After-tax	Pre-tax	Tax effect	After-tax
Debt securities												
Net unrealized gains (losses) on securities	$ (476)	$ 112	$ (364)	$(2,929)	$ 690	$ (2,239)	$ 178	$ (42)	$ 136	$ (9,247)	$2,179	$ (7,068)
Less: Net realized gains (losses) reclassified to earnings (a)	(235)	55	(180)	(214)	50	(164)	(450)	106	(344)	(217)	51	(166)
Net change	(241)	57	(184)	(2,715)	640	(2,075)	628	(148)	480	(9,030)	2,128	(6,902)
Cash flow hedge derivatives												
Net unrealized gains (losses) on cash flow hedge derivatives	(689)	162	(527)	(676)	159	(517)	(492)	116	(376)	(2,332)	549	(1,783)
Less: Net realized gains (losses) reclassified to earnings (a)	(373)	88	(285)	25	(6)	19	(703)	166	(537)	127	(30)	97
Net change	(316)	74	(242)	(701)	165	(536)	211	(50)	161	(2,459)	579	(1,880)
Pension and other postretirement benefit plan adjustments												
Net pension and other postretirement benefit plan activity and other reclassified to earnings (b)	6	(1)	5	8	(2)	6	(4)	1	(3)	62	(15)	47
Net change	6	(1)	5	8	(2)	6	(4)	1	(3)	62	(15)	47
Other												
Net unrealized gains (losses) on other transactions	3	1	4	(4)	(18)	(22)	7	2	9	(7)	(25)	(32)
Net change	3	1	4	(4)	(18)	(22)	7	2	9	(7)	(25)	(32)
Total other comprehensive income (loss)	$ (548)	$ 131	$ (417)	$(3,412)	$ 785	$ (2,627)	$ 842	$ (195)	$ 647	$ (11,434)	$2,667	$ (8,767)

(a) Reclassifications for pre-tax debt securities and cash flow hedges are recorded in Interest income and Noninterest income on the Consolidated Income Statement.
(b) Reclassifications include amortization of actuarial losses (gains) and amortization of prior period services costs (credits) which are recorded in Noninterest expense on the Consolidated Income Statement.

Table 63: Accumulated Other Comprehensive Income (Loss) Components

In millions, after-tax	Debt securities	Cash flow hedge derivatives	Pension and other postretirement benefit plan adjustments	Other	Total
Three months ended					
Balance at March 31, 2022	$ (4,238)	$ (1,545)	$ 68	$ (16)	$ (5,731)
Net activity	(2,075)	(536)	6	(22)	(2,627)
Balance at June 30, 2022 (a)	$ (6,313)	$ (2,081)	$ 74	$ (38)	$ (8,358)
Balance at March 31, 2023	$ (6,500)	$ (2,302)	$ (259)	$ (47)	$ (9,108)
Net activity	(184)	(242)	5	4	(417)
Balance at June 30, 2023 (a)	$ (6,684)	$ (2,544)	$ (254)	$ (43)	$ (9,525)
Six months ended					
Balance at December 31, 2021	$ 589	$ (201)	$ 27	$ (6)	$ 409
Net activity	(6,902)	(1,880)	47	(32)	(8,767)
Balance at June 30, 2022 (a)	$ (6,313)	$ (2,081)	$ 74	$ (38)	$ (8,358)
Balance at December 31, 2022	$ (7,164)	$ (2,705)	$ (251)	$ (52)	$(10,172)
Net activity	480	161	(3)	9	647
Balance at June 30, 2023 (a)	$ (6,684)	$ (2,544)	$ (254)	$ (43)	$ (9,525)

(a) AOCI included pretax losses of $301 million and $141 million from derivatives that hedged the purchase of investment securities classified as held to maturity at June 30, 2023 and June 30, 2022, respectively.

The following table provides the dividends per share for PNC's common and preferred stock:

Table 64: Dividends Per Share (a)

	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Common Stock	$ 1.50	$ 1.50	$ 3.00	$ 2.75
Preferred Stock				
Series B	$ 0.45	$ 0.45	$ 0.90	$ 0.90
Series O	$ 2,100	$ 987	$ 4,174	$ 1,961
Series P		$ 1,532		$ 3,063
Series R	$ 2,425	$ 2,425	$ 2,425	$ 2,425
Series S	$ 2,500	$ 2,500	$ 2,500	$ 2,500
Series T	$ 850	$ 850	$ 1,700	$ 1,700
Series U	$ 1,500		$ 3,000	
Series V	$ 1,550		$ 3,100	
Series W	$ 2,222		$ 2,222	

(a) Dividends are payable quarterly other than Series R and S preferred stock, which are payable semiannually.

On July 3, 2023, the PNC Board of Directors raised the quarterly cash dividend on common stock to $1.55 per share, an increase of 5 cents per share. The dividend, with a payment date of August 5, 2023, will be payable the next business day.

NOTE 10 EARNINGS PER SHARE

Table 65: Basic and Diluted Earnings Per Common Share

	Three months ended June 30		Six months ended June 30	
In millions, except per share data	2023	2022	2023	2022
Basic				
Net income	$ 1,500	$ 1,496	$ 3,194	$ 2,925
Less:				
Net income attributable to noncontrolling interests	17	15	34	36
Preferred stock dividends	127	71	195	116
Preferred stock discount accretion and redemptions	2	1	4	3
Net income attributable to common shareholders	1,354	1,409	2,961	2,770
Less: Dividends and undistributed earnings allocated to nonvested restricted shares	7	7	15	13
Net income attributable to basic common shareholders	$ 1,347	$ 1,402	$ 2,946	$ 2,757
Basic weighted-average common shares outstanding	401	414	401	417
Basic earnings per common share (a)	$ 3.36	$ 3.39	$ 7.35	$ 6.62
Diluted				
Net income attributable to diluted common shareholders	$ 1,347	$ 1,402	$ 2,946	$ 2,757
Basic weighted-average common shares outstanding	401	414	401	417
Dilutive potential common shares				
Diluted weighted-average common shares outstanding	401	414	401	417
Diluted earnings per common share (a)	$ 3.36	$ 3.39	$ 7.34	$ 6.61

(a) Basic and diluted earnings per share under the two-class method are determined on net income reported on the income statement less earnings allocated to nonvested restricted shares and restricted share units with nonforfeitable dividends and dividend rights (participating securities).

NOTE 11 FAIR VALUE

Fair Value Measurement

We measure certain financial assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability on the measurement date and is determined using an exit price in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. The fair value hierarchy established by GAAP requires us to maximize the use of observable inputs when measuring fair value. For more information regarding the fair value hierarchy, see Note 15 Fair Value in our 2022 Form 10-K.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

For more information on the valuation methodologies used to measure assets and liabilities at fair value on a recurring basis, see Note 15 Fair Value in our 2022 Form 10-K. The following table summarizes our assets and liabilities measured at fair value on a recurring basis, including instruments for which we have elected the fair value option.

Table 66: Fair Value Measurements – Recurring Basis Summary

	June 30, 2023				December 31, 2022			
In millions	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value
Assets								
Residential mortgage loans held for sale		$ 495	$ 191	$ 686		$ 411	$ 243	$ 654
Commercial mortgage loans held for sale		39	25	64		243	33	276
Securities available for sale								
U.S. Treasury and government agencies	$ 6,874	236		7,110	$ 8,108	262		8,370
Residential mortgage-backed								
Agency		27,655		27,655		28,823		28,823
Non-agency			768	768			819	819
Commercial mortgage-backed								
Agency		1,593		1,593		1,675		1,675
Non-agency		944	3	947		1,253	3	1,256
Asset-backed		817	117	934		5	124	129
Other		2,726	54	2,780		3,032	55	3,087
Total securities available for sale	6,874	33,971	942	41,787	8,108	35,050	1,001	44,159
Loans		514	745	1,259		541	769	1,310
Equity investments (a)	807		1,623	2,610	1,173		1,778	3,147
Residential mortgage servicing rights			2,349	2,349			2,310	2,310
Commercial mortgage servicing rights			1,106	1,106			1,113	1,113
Trading securities (b)	570	1,999		2,569	798	1,168		1,966
Financial derivatives (b) (c)	2	3,212	6	3,220	16	3,747	5	3,768
Other assets	387	65		452	352	80		432
Total assets (d)	$ 8,640	$ 40,295	$ 6,987	$ 56,102	$ 10,447	$ 41,240	$ 7,252	$ 59,135
Liabilities								
Other borrowed funds	$ 1,139	$ 100	$ 5	$ 1,244	$ 1,230	$ 232	$ 4	$ 1,466
Financial derivatives (c) (e)	1	6,862	140	7,003	4	7,491	123	7,618
Other liabilities			239	239			294	294
Total liabilities (f)	$ 1,140	$ 6,962	$ 384	$ 8,486	$ 1,234	$ 7,723	$ 421	$ 9,378

(a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.
(b) Included in Other assets on the Consolidated Balance Sheet.
(c) Amounts at June 30, 2023 and December 31, 2022 are presented gross and are not reduced by the impact of legally enforceable master netting agreements that allow us to net positive and negative positions and cash collateral held or placed with the same counterparty. See Note 12 Financial Derivatives for additional information related to derivative offsetting.
(d) Total assets at fair value as a percentage of total consolidated assets was 10% and 11% as of June 30, 2023 and December 31, 2022, respectively. Level 3 assets as a percentage of total assets at fair value was 12% at both June 30, 2023 and December 31, 2022. Level 3 assets as a percentage of total consolidated assets was 1% at both June 30, 2023 and December 31, 2022.
(e) Included in Other liabilities on the Consolidated Balance Sheet.
(f) Total liabilities at fair value as a percentage of total consolidated liabilities was 2% at both June 30, 2023 and December 31, 2022. Level 3 liabilities as a percentage of total liabilities at fair value was 5% and 4% at June 30, 2023 and December 31, 2022, respectively. Level 3 liabilities as a percentage of total consolidated liabilities was less than 1% at both June 30, 2023 and December 31, 2022.

Reconciliations of assets and liabilities measured at fair value on a recurring basis using Level 3 inputs for the three and six months ended June 30, 2023 and 2022 are as follows:

Table 67: Reconciliation of Level 3 Assets and Liabilities

Three Months Ended June 30, 2023

		Total realized / unrealized gains or losses for the period (a)									
Level 3 Instruments Only In millions	Fair Value Mar. 31, 2023	Included in Earnings	Included in Other comprehensive income (b)	Purchases	Sales	Issuances	Settlements	Transfers into Level 3	Transfers out of Level 3	Fair Value June 30, 2023	Unrealized gains / losses for the period on assets and liabilities held on Consolidated Balance Sheet at June 30, 2023 (a) (c)
Assets											
Residential mortgage loans held for sale	$ 242	$ (4)		$ 3	$ (41)		$ (2)		$ (7) (e)	$ 191	$ (3)
Commercial mortgage loans held for sale	32	1					(8)			25	
Securities available for sale											
Residential mortgage-backed non-agency	787	4	$ 14				(37)			768	
Commercial mortgage-backed non-agency	3									3	
Asset-backed	121	1	(1)				(4)			117	
Other	53			3			(2)			54	
Total securities available for sale	964	5	13	3			(43)			942	
Loans	757	3		11	(1)		(28)	$ 8	(5) (e)	745	3
Equity investments	1,835	24		92	(328)					1,623	2
Residential mortgage servicing rights	2,232	81		91		$ 5	(60)			2,349	80
Commercial mortgage servicing rights	1,061	99		9		19	(82)			1,106	100
Financial derivatives	19	(10)		2			(5)			6	4
Total assets	$ 7,142	$ 199	$ 13	$ 211	$(370)	$ 24	$ (228)	$ 8	$ (12)	$6,987	$ 186
Liabilities											
Other borrowed funds	$ 5					$ 3	$ (3)			$ 5	
Financial derivatives	97	$ 79			$ 1		(37)			140	$ 80
Other liabilities	229	31				89	(110)			239	21
Total liabilities	$ 331	$ 110			$ 1	$ 92	$ (150)			$ 384	$ 101
Net gains (losses)		$ 89 (f)									$ 85 (g)

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Three Months Ended June 30, 2022

Level 3 Instruments Only In millions	Fair Value Mar. 31, 2022	Total realized / unrealized gains or losses for the period (a): Included in Earnings	Total realized / unrealized gains or losses for the period (a): Included in Other comprehensive income (b)	Purchases	Sales	Issuances	Settlements	Transfers into Level 3	Transfers out of Level 3	Fair Value June 30, 2022	Unrealized gains/losses on assets and liabilities held on Consolidated Balance Sheet at June 30, 2022 (a) (c)
Assets											
Residential mortgage loans held for sale	$ 108	$ (1)		$ 8	$ (30)		$ (4)	$ 9	$ (7) (e)	$ 83	$ (1)
Commercial mortgage loans held for sale	45						(7)			38	
Securities available for sale											
Residential mortgage-backed non-agency	1,019	7	$ (43)				(58)			925	
Commercial mortgage-backed non-agency	3									3	
Asset-backed	152	1	(9)				(6)			138	
Other	66		(1)	2						67	
Total securities available for sale	1,240	8	(53)	2			(64)			1,133	
Loans	851	10		7	(1)		(48)		(15) (e)	804	9
Equity investments	1,751	92		87	(63)					1,867	94
Residential mortgage servicing rights	1,322	163		181		$ 17	(63)			1,620	163
Commercial mortgage servicing rights	886	111		17		14	(40)			988	111
Financial derivatives	10	7		2			(6)			13	13
Total assets	$ 6,213	$ 390	$ (53)	$ 304	$ (94)	$ 31	$ (232)	$ 9	$ (22)	$ 6,546	$ 389
Liabilities											
Other borrowed funds	$ 3					$ 2	$ (2)			$ 3	
Financial derivatives	234	$ 18			$ 3		(42)			213	$ 19
Other liabilities	158	14				171	(161)			182	10
Total liabilities	$ 395	$ 32			$ 3	$ 173	$ (205)			$ 398	$ 29
Net gains (losses)		$ 358 (f)									$ 360 (g)

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Six Months Ended June 30, 2023

Level 3 Instruments Only In millions	Fair Value Dec. 31, 2022	Total realized / unrealized gains or losses for the period (a) Included in Earnings	Included in Other comprehensive income (b)	Purchases	Sales	Issuances	Settlements	Transfers into Level 3	Transfers out of Level 3	Fair Value June 30, 2023	Unrealized gains / losses for the period on assets and liabilities held on Consolidated Balance Sheet at June 30, 2023 (a) (c)
Assets											
Residential mortgage loans held for sale	$ 243			$ 9	$ (42)		$ (7)	$ 3	$ (15) (e)	$ 191	$ 1
Commercial mortgage loans held for sale	33						(8)			25	
Securities available for sale											
Residential mortgage-backed non-agency	819	$ 8	$ 4				(63)			768	
Commercial mortgage-backed non-agency	3									3	
Asset-backed	124	1					(8)			117	
Other	55		(4)	3			(3)	3		54	
Total securities available for sale	1,001	9		3			(74)	3		942	
Loans	769	6		20	(1)		(50)	15	(14) (e)	745	6
Equity investments	1,778	145		232	(398)				(134) (d)	1,623	119
Residential mortgage servicing rights	2,310	33		109		$ 10	(113)			2,349	33
Commercial mortgage servicing rights	1,113	108		17		32	(164)			1,106	108
Financial derivatives	5	7		3			(9)			6	10
Total assets	$ 7,252	$ 308		$ 393	$ (441)	$ 42	$ (425)	$ 21	$ (163)	$ 6,987	$ 277
Liabilities											
Other borrowed funds	$ 4					$ 6	$ (5)			$ 5	
Financial derivatives	123	$ 118			$ 3		(104)			140	$ 122
Other liabilities	294	55				107	(217)			239	42
Total liabilities	$ 421	$ 173			$ 3	$ 113	$ (326)			$ 384	$ 164
Net gains (losses)		$ 135 (f)									$ 113 (g)

(Continued from previous page)

Six Months Ended June 30, 2022

Level 3 Instruments Only In millions	Fair Value Dec. 31, 2021	Total realized / unrealized gains or losses for the period (a): Included in Earnings	Total realized / unrealized gains or losses for the period (a): Included in Other comprehensive income (b)	Purchases	Sales	Issuances	Settlements	Transfers into Level 3	Transfers out of Level 3	Fair Value June 30, 2022	Unrealized gains / losses for the period on assets and liabilities held on Consolidated Balance Sheet at June 30, 2022 (a) (c)
Assets											
Residential mortgage loans held for sale	$ 81	$ (2)		$ 45	$ (32)		$ (9)	$ 14	$ (14) (e)	$ 83	$ (2)
Commercial mortgage loans held for sale	49	(4)					(7)			38	(4)
Other consumer loans held for sale											
Securities available for sale											
Residential mortgage-backed non-agency	1,097	15	$ (66)				(121)			925	
Commercial mortgage-backed non-agency	3									3	
Asset-backed	163	1	(13)				(13)			138	
Other	69		(2)	3			(3)			67	
Total securities available for sale	1,332	16	(81)	3			(137)			1,133	
Loans	884	21		20	(8)		(97)		(16) (e)	804	21
Equity investments	1,680	145		116	(74)					1,867	146
Residential mortgage servicing rights	1,078	370		257		$ 38	(123)			1,620	371
Commercial mortgage servicing rights	740	262		25		35	(74)			988	262
Financial derivatives	38	(6)		3			(22)			13	12
Total assets	$ 5,882	$ 802	$ (81)	$ 469	$ (114)	$ 73	$ (469)	$ 14	$ (30)	$ 6,546	$ 806
Liabilities											
Other borrowed funds	$ 3					$ 4	$ (4)			$ 3	
Financial derivatives	285	$ 23			$ 6		(101)			213	$ 18
Other liabilities	175	21				242	(256)			182	15
Total liabilities	$ 463	$ 44			$ 6	$ 246	$ (361)			$ 398	$ 33
Net gains (losses)		$ 758 (f)									$ 773 (g)

(a) Losses for assets are bracketed while losses for liabilities are not.
(b) The difference in unrealized gains and losses for the period included in Other comprehensive income and changes in unrealized gains and losses for the period included in Other comprehensive income for securities available for sale held at the end of the reporting period were insignificant.
(c) The amount of the total gains or losses for the period included in earnings that is attributable to the change in unrealized gains or losses related to those assets and liabilities held at the end of the reporting period.
(d) Transfers out of Level 3 during the current period were due to valuation methodology changes for certain private company investments. See Note 1 Accounting Policies in our 2022 Form 10-K for more information on our accounting for private company investments.
(e) Residential mortgage loan transfers out of Level 3 are primarily driven by residential mortgage loans transferring to OREO as well as reclassification of mortgage loans held for sale to held for investment.
(f) Net gains (losses) realized and unrealized included in earnings related to Level 3 assets and liabilities included amortization and accretion. The amortization and accretion amounts were included in Interest income on the Consolidated Income Statement and the remaining net gains (losses) realized and unrealized were included in Noninterest income on the Consolidated Income Statement.
(g) Net unrealized gains (losses) related to assets and liabilities held at the end of the reporting period were included in Noninterest income on the Consolidated Income Statement.

An instrument's categorization within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Changes from one quarter to the next related to the observability of inputs to a fair value measurement may result in a reclassification (transfer) of assets or liabilities between hierarchy levels.

Quantitative information about the significant unobservable inputs within Level 3 recurring assets and liabilities follows:

Table 68: Fair Value Measurements – Recurring Quantitative Information

June 30, 2023

Level 3 Instruments Only Dollars in millions	Fair Value	Valuation Techniques	Unobservable Inputs	Range (Weighted-Average) (a)
Commercial mortgage loans held for sale	$ 25	Discounted cash flow	Spread over the benchmark curve (b)	590bps - 2,440bps (1,275bps)
Residential mortgage-backed non-agency securities	768	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 27.9% (4.7%)
			Constant default rate	0.0% - 12.0% (3.0%)
			Loss severity	15.0% - 83.3% (45.5%)
			Spread over the benchmark curve (b)	231bps weighted-average
Asset-backed securities	117	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 40.0% (6.1%)
			Constant default rate	0.0% - 7.3% (2.0%)
			Loss severity	30.0% - 100.0% (50.6%)
			Spread over the benchmark curve (b)	285bps weighted-average
Loans - Residential real estate - Uninsured	556	Consensus pricing (c)	Cumulative default rate	3.6% - 100.0% (61.0%)
			Loss severity	0.0% - 100.0% (5.7%)
			Discount rate	5.5% - 7.5% (5.8%)
Loans - Residential real estate	76	Discounted cash flow	Loss severity	6.0% weighted-average
			Discount rate	8.4% weighted-average
Loans - Home equity - First-lien	21	Consensus pricing (c)	Cumulative default rate	3.6% -100.0% (68.2%)
			Loss severity	0.0% - 100.0% (15.9%)
			Discount rate	5.5% - 7.5% (6.3%)
Loans - Home equity	92	Consensus pricing (c)	Credit and liquidity discount	0.4% - 100.0% (45.0%)
Equity investments	1,623	Multiple of adjusted earnings	Multiple of earnings	4.5x - 20.0x (9.3x)
Residential mortgage servicing rights	2,349	Discounted cash flow	Constant prepayment rate	0.0% - 41.9% (6.9%)
			Spread over the benchmark curve (b)	254bps - 1,652bps (767bps)
Commercial mortgage servicing rights	1,106	Discounted cash flow	Constant prepayment rate	4.0% - 11.1% (4.4%)
			Discount rate	6.7% - 10.3% (9.9%)
Financial derivatives - Swaps related to sales of certain Visa Class B common shares	(131)	Discounted cash flow	Estimated conversion factor of Visa Class B shares into Class A shares	159.0% weighted-average
			Estimated annual growth rate of Visa Class A share price	16.0%
			Estimated litigation resolution date	Q4 2023
Insignificant Level 3 assets, net of liabilities (d)	1			
Total Level 3 assets, net of liabilities (e)	$ 6,603			

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December 31, 2022

Level 3 Instruments Only Dollars in millions	Fair Value	Valuation Techniques	Unobservable Inputs	Range (Weighted-Average) (a)
Commercial mortgage loans held for sale	$ 33	Discounted cash flow	Spread over the benchmark curve (b)	585bps - 2,465bps (959bps)
Residential mortgage-backed non-agency securities	819	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 27.9% (9.9%)
			Constant default rate	0.0% - 13.0% (4.0%)
			Loss severity	15.0% - 80.0% (46.1%)
			Spread over the benchmark curve (b)	289bps weighted-average
Asset-backed securities	124	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 40.0% (7.5%)
			Constant default rate	0.0% - 7.3% (2.1%)
			Loss severity	20.0% - 100.0% (49.0%)
			Spread over the benchmark curve (b)	296bps weighted-average
Loans - Residential real estate - Uninsured	570	Consensus pricing (c)	Cumulative default rate	3.6% - 100.0% (66.2%)
			Loss severity	0.0% - 100.0% (6.2%)
			Discount rate	5.5% - 7.5% (5.9%)
Loans - Residential real estate	76	Discounted cash flow	Loss severity	6.0% weighted-average
			Discount rate	7.9% weighted-average
Loans - Home equity - First-lien	25	Consensus pricing (c)	Cumulative default rate	3.6% - 100.0% (72.5%)
			Loss severity	0.0% - 100.0% (15.3%)
			Discount rate	5.5% - 7.5% (6.5%)
Loans - Home equity	98	Consensus pricing (c)	Credit and Liquidity discount	0.4% - 100.0% (46.2%)
Equity investments	1,778	Multiple of adjusted earnings	Multiple of earnings	4.5x - 25.0x (9.1x)
Residential mortgage servicing rights	2,310	Discounted cash flow	Constant prepayment rate	0.0% - 34.5% (6.7%)
			Spread over the benchmark curve (b)	254bps - 1,653bps (766bps)
Commercial mortgage servicing rights	1,113	Discounted cash flow	Constant prepayment rate	3.9% - 9.8% (4.3%)
			Discount rate	7.8% - 10.1% (9.8%)
Financial derivatives - Swaps related to sales of certain Visa Class B common shares	(107)	Discounted cash flow	Estimated conversion factor of Visa Class B shares into Class A shares	160.6% weighted-average
			Estimated annual growth rate of Visa Class A share price	16.0%
			Estimated litigation resolution date	Q2 2023
Insignificant Level 3 assets, net of liabilities (d)	(8)			
Total Level 3 assets, net of liabilities (e)	$ 6,831			

(a) Unobservable inputs were weighted by the relative fair value of the instruments.
(b) The assumed yield spread over the benchmark curve for each instrument is generally intended to incorporate non-interest rate risks, such as credit and liquidity risks.
(c) Consensus pricing refers to fair value estimates that are generally internally developed using information such as dealer quotes or other third-party provided valuations or comparable asset prices.
(d) Represents the aggregate amount of Level 3 assets and liabilities measured at fair value on a recurring basis that are individually and in the aggregate insignificant. The amount includes certain financial derivative assets and liabilities, trading securities, other securities, residential mortgage loans held for sale, other assets, other borrowed funds and other liabilities.
(e) Consisted of total Level 3 assets of $7.0 billion and total Level 3 liabilities of $0.4 billion as of June 30, 2023 and $7.3 billion and $0.4 billion as of December 31, 2022, respectively.

Financial Assets Accounted for at Fair Value on a Nonrecurring Basis

We may be required to measure certain financial assets at fair value on a nonrecurring basis. These adjustments to fair value usually result from the application of lower of amortized cost or fair value accounting or write-downs of individual assets due to impairment and are included in Table 69. For more information regarding the valuation methodologies of our financial assets measured at fair value on a nonrecurring basis, see Note 15 Fair Value in our 2022 Form 10-K.

Assets measured at fair value on a nonrecurring basis follow:

Table 69: Fair Value Measurements – Nonrecurring (a) (b) (c)

	Fair Value		Gains (Losses) Three months ended		Gains (Losses) Six months ended	
In millions	June 30 2023	December 31 2022	June 30 2023	June 30 2022	June 30 2023	June 30 2022
Assets						
Nonaccrual loans	$ 373	$ 280	$ (99)	$ (19)	$ (174)	$ (28)
Equity investments	87	135	(5)	1	(8)	
OREO and foreclosed assets	8	10			(1)	
Long-lived assets	435	23	(10)	(3)	(15)	(5)
Total assets	$ 903	$ 448	$ (114)	$ (21)	$ (198)	$ (33)

(a) All Level 3 for the periods presented, except for $22 million and $42 million included in Equity investments which were categorized as Level 1 as of June 30, 2023 and December 31, 2022, respectively.
(b) Valuation techniques applied were fair value of property or collateral.
(c) Unobservable inputs used were appraised value/sales price, broker opinions or projected income/required improvement costs. Additional quantitative information was not meaningful for the periods presented.

Financial Instruments Accounted for under Fair Value Option

We elect the fair value option to account for certain financial instruments. For more information on these financial instruments for which the fair value option election has been made, see Note 15 Fair Value in our 2022 Form 10-K.

Fair values and aggregate unpaid principal balances of items for which we elected the fair value option are as follows:

Table 70: Fair Value Option – Fair Value and Principal Balances

	June 30, 2023			December 31, 2022		
In millions	Fair Value	Aggregate Unpaid Principal Balance	Difference	Fair Value	Aggregate Unpaid Principal Balance	Difference
Assets						
Residential mortgage loans held for sale						
Accruing loans less than 90 days past due	$ 651	$ 671	$ (20)	$ 609	$ 633	$ (24)
Accruing loans 90 days or more past due	2	2		5	5	
Nonaccrual loans	33	40	(7)	40	49	(9)
Total	$ 686	$ 713	$ (27)	$ 654	$ 687	$ (33)
Commercial mortgage loans held for sale (a)						
Accruing loans less than 90 days past due	$ 49	$ 51	$ (2)	$ 261	$ 256	$ 5
Nonaccrual loans	15	44	(29)	15	44	(29)
Total	$ 64	$ 95	$ (31)	$ 276	$ 300	$ (24)
Loans						
Accruing loans less than 90 days past due	$ 510	$ 523	$ (13)	$ 509	$ 521	$ (12)
Accruing loans 90 days or more past due	132	143	(11)	155	167	(12)
Nonaccrual loans	617	841	(224)	646	880	(234)
Total	$ 1,259	$ 1,507	$ (248)	$ 1,310	$ 1,568	$ (258)
Other assets	$ 64	$ 65	$ (1)	$ 80	$ 80	
Liabilities						
Other borrowed funds	$ 32	$ 33	$ (1)	$ 31	$ 32	$ (1)
Other liabilities	$ 127		$ 127	$ 196		$ 196

(a) There were no accruing loans 90 days or more past due within this category at June 30, 2023 or December 31, 2022.

The changes in fair value for items for which we elected the fair value option are as follows:

Table 71: Fair Value Option – Changes in Fair Value (a)

In millions	Gains (Losses) Three months ended June 30 2023	Gains (Losses) Three months ended June 30 2022	Gains (Losses) Six months ended June 30 2023	Gains (Losses) Six months ended June 30 2022
Assets				
Residential mortgage loans held for sale	$ 2	$ (23)	$ 17	$ (63)
Commercial mortgage loans held for sale	$ 22	$ 14	$ 23	$ 20
Loans	$ 5	$ 15	$ 9	$ 36
Other assets	$ 2	$ (11)	$ (12)	$ (18)
Liabilities				
Other liabilities	$ (21)	$ (10)	$ (41)	$ (16)

(a) The impact on earnings of offsetting hedged items or hedging instruments is not reflected in these amounts.

Additional Fair Value Information Related to Financial Instruments Not Recorded at Fair Value

The following table presents the carrying amounts and estimated fair values, as well as the level within the fair value hierarchy, of all other financial instruments that are not recorded on our Consolidated Balance Sheet at fair value as of June 30, 2023 and December 31, 2022. For more information regarding the methods and assumptions used to estimate the fair values of financial instruments included in Table 72, see Note 15 Fair Value in our 2022 Form 10-K.

Table 72: Additional Fair Value Information Related to Other Financial Instruments

In millions	Carrying Amount	Fair Value Total	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
June 30, 2023					
Assets					
Cash and due from banks	$ 6,191	$ 6,191	$ 6,191		
Interest-earning deposits with banks	38,259	38,259		$ 38,259	
Securities held to maturity	93,879	88,896	30,939	57,808	$ 149
Net loans (excludes leases)	309,365	301,597			301,597
Other assets	5,971	5,971		5,958	13
Total assets	$ 453,665	$ 440,914	$ 37,130	$ 102,025	$ 301,759
Liabilities					
Time deposits	$ 22,864	$ 22,696		$ 22,696	
Borrowed funds	64,060	64,278		62,441	$ 1,837
Unfunded lending related commitments	663	663			663
Other liabilities	948	948		948	
Total liabilities	$ 88,535	$ 88,585		$ 86,085	$ 2,500
December 31, 2022					
Assets					
Cash and due from banks	$ 7,043	$ 7,043	$ 7,043		
Interest-earning deposits with banks	27,320	27,320		$ 27,320	
Securities held to maturity	95,183	90,279	30,748	59,377	$ 154
Net loans (excludes leases)	313,460	310,864			310,864
Other assets	6,022	6,022		6,020	2
Total assets	$ 449,028	$ 441,528	$ 37,791	$ 92,717	$ 311,020
Liabilities					
Time deposits	$ 18,470	$ 18,298		$ 18,298	
Borrowed funds	57,182	57,557		55,922	$ 1,635
Unfunded lending related commitments	694	694			694
Other liabilities	660	660		660	
Total liabilities	$ 77,006	$ 77,209		$ 74,880	$ 2,329

The aggregate fair values in Table 72 represent only a portion of the total market value of our assets and liabilities as, in accordance with the guidance related to fair values about financial instruments, we exclude the following:

- financial instruments recorded at fair value on a recurring basis (as they are disclosed in Table 66),
- investments accounted for under the equity method,
- equity securities without a readily determinable fair value that apply for the alternative measurement approach to fair value under ASU 2016-01,
- real and personal property,
- lease financing,
- loan customer relationships,
- deposit customer intangibles,
- MSRs,
- retail branch networks,
- fee-based businesses, such as asset management and brokerage,
- trademarks and brand names,
- trade receivables and payables due in one year or less,
- deposit liabilities with no defined or contractual maturities under ASU 2016-01, and
- insurance contracts.

NOTE 12 FINANCIAL DERIVATIVES

We use a variety of financial derivatives to both mitigate exposure to market (primarily interest rate) and credit risks inherent in our business activities, as well as to facilitate customer risk management activities. We manage these risks as part of our overall asset and liability management process and through our credit policies and procedures. Derivatives represent contracts between parties that usually require little or no initial net investment and result in one party delivering cash or another type of asset to the other party based on a notional amount and an underlying as specified in the contract.

Derivative transactions are often measured in terms of notional amount, but this amount is generally not exchanged and it is not recorded on the balance sheet. The notional amount is the basis to which the underlying is applied to determine required payments under the derivative contract. The underlying is a referenced interest rate, security price, credit spread or other index. Residential and commercial real estate loan commitments associated with loans to be sold also qualify as derivative instruments.

For more information regarding derivatives see Note 1 Accounting Policies and Note 16 Financial Derivatives in our 2022 Form 10-K.

Table 73 presents the notional and gross fair value amounts of all derivative assets and liabilities held by us.

During the second quarter, in anticipation of LIBOR's cessation on June 30, 2023, LIBOR-indexed interest-rate swap contracts with central clearing counterparties were subject to a conversion process whereby an individual LIBOR swap contract was exchanged for a SOFR replacement swap contract, along with one or more overlay swap contracts replicating the final LIBOR cash flows on the original swap contract. The swap contracts exchanged were substantially economically equivalent. Conversion-related valuation differences were settled in cash on the conversion dates and were not material. The SOFR replacement and overlay swaps are considered separate contracts, and the overlay swaps will result in a gross-up of the notional amounts presented until those swaps mature upon settlement of the final LIBOR payment. The majority of overlay swaps will mature in the third quarter of 2023.

Table 73: Total Gross Derivatives (a)

In millions	June 30, 2023 Notional / Contract Amount	June 30, 2023 Asset Fair Value (b)	June 30, 2023 Liability Fair Value (c)	December 31, 2022 Notional / Contract Amount	December 31, 2022 Asset Fair Value (b)	December 31, 2022 Liability Fair Value (c)
Derivatives used for hedging						
Interest rate contracts (d):						
Fair value hedges (e)	$ 48,088			$ 24,231		
Cash flow hedges (e)	86,922		$ 3	40,310		$ 1
Foreign exchange contracts:						
Net investment hedges	1,101		22	1,120	$ 24	
Total derivatives designated for hedging	$ 136,111		$ 25	$ 65,661	$ 24	$ 1
Derivatives not used for hedging						
Derivatives used for mortgage banking activities (f):						
Interest rate contracts:						
Swaps (g)	$ 73,477		$ 1	$ 47,908	$ 7	$ 1
Futures (h)	8,026			5,537		
Mortgage-backed commitments	5,277	$ 68	63	4,516	85	89
Other	12,561	65	12	18,017	90	14
Total interest rate contracts	99,341	133	76	75,978	182	104
Derivatives used for customer-related activities:						
Interest rate contracts:						
Swaps (g)	811,705	1,798	5,501	354,150	1,597	5,397
Futures (h)	72			32		
Mortgage-backed commitments	3,531	11	5	2,799	10	6
Other	28,779	314	292	29,071	334	321
Total interest rate contracts	844,087	2,123	5,798	386,052	1,941	5,724
Commodity contracts:						
Swaps	6,084	525	552	5,792	1,003	1,067
Other	3,251	97	97	4,488	205	202
Total commodity contracts	9,335	622	649	10,280	1,208	1,269
Foreign exchange contracts and other	30,426	308	256	30,512	366	293
Total derivatives for customer-related activities	883,848	3,053	6,703	426,844	3,515	7,286
Derivatives used for other risk management activities:						
Foreign exchange contracts and other	21,875	34	199	12,785	47	227
Total derivatives not designated for hedging	$ 1,005,064	$ 3,220	$ 6,978	$ 515,607	$ 3,744	$ 7,617
Total gross derivatives	$ 1,141,175	$ 3,220	$ 7,003	$ 581,268	$ 3,768	$ 7,618
Less: Impact of legally enforceable master netting agreements		1,303	1,303		1,523	1,523
Less: Cash collateral received/paid		1,134	1,135		714	1,571
Total derivatives		$ 783	$ 4,565		$ 1,531	$ 4,524

(a) Centrally cleared derivatives are settled in cash daily and result in no derivative asset or derivative liability being recognized on our Consolidated Balance Sheet.
(b) Included in Other assets on our Consolidated Balance Sheet.
(c) Included in Other liabilities on our Consolidated Balance Sheet.
(d) Represents primarily swaps.
(e) At June 30, 2023, the gross-up of the notional amounts due to overlay swap contracts for fair value and cash flow hedges were $18.8 billion and $47.0 billion, respectively.
(f) Includes both residential and commercial mortgage banking activities.
(g) At June 30, 2023, the gross-up of the notional amounts due to overlay swap contracts used for mortgage banking and customer-related activities were $26.0 billion and $423.0 billion, respectively.
(h) Futures contracts are settled in cash daily and result in no derivative asset or derivative liability being recognized on our Consolidated Balance Sheet.

All derivatives are carried on our Consolidated Balance Sheet at fair value. Derivative balances are presented on the Consolidated Balance Sheet on a net basis taking into consideration the effects of legally enforceable master netting agreements and, when appropriate, any related cash collateral exchanged with counterparties. Further discussion regarding the offsetting rights associated with these legally enforceable master netting agreements is included in the Offsetting and Counterparty Credit Risk section of this Note 12. Any nonperformance risk, including credit risk, is included in the determination of the estimated net fair value of the derivatives.

Derivatives Designated As Hedging Instruments

Certain derivatives used to manage interest rate and foreign exchange risk as part of our asset and liability risk management activities are designated as accounting hedges. Derivatives hedging the risks associated with changes in the fair value of assets or liabilities are considered fair value hedges, derivatives hedging the variability of expected future cash flows are considered cash flow hedges and derivatives hedging a net investment in a foreign subsidiary are considered net investment hedges. Designating derivatives as accounting hedges allows for gains and losses on those derivatives to be recognized in the same period and in the same income statement line item as the earnings impact of the hedged items.

Fair Value Hedges

We enter into receive-fixed, pay-variable interest rate swaps to hedge changes in the fair value of outstanding fixed-rate debt caused by fluctuations in market interest rates. We also enter into pay-fixed, receive-variable interest rate swaps and zero-coupon swaps to hedge changes in the fair value of fixed rate and zero-coupon investment securities caused by fluctuations in market interest rates. Gains and losses on the interest rate swaps designated in these hedge relationships, along with the offsetting gains and losses on the hedged items attributable to the hedged risk, are recognized in current earnings within the same income statement line item.

Cash Flow Hedges

We enter into receive-fixed, pay-variable interest rate swaps and interest rate caps and floors to modify the interest rate characteristics of designated commercial loans from variable to fixed in order to reduce the impact of changes in future cash flows due to market interest rate changes. We also periodically enter into forward purchase and sale contracts to hedge the variability of the consideration that will be paid or received related to the purchase or sale of investment securities. The forecasted purchase or sale is consummated upon gross settlement of the forward contract itself. For these cash flow hedges, gains and losses on the hedging instruments are recorded in AOCI and are then reclassified into earnings in the same period the hedged cash flows affect earnings and within the same income statement line as the hedged cash flows.

In the 12 months that follow June 30, 2023, we expect to reclassify net derivative losses of $1.5 billion pretax, or $1.2 billion after-tax, from AOCI to interest income for these cash flow hedge strategies. This reclassified amount could differ from amounts actually recognized due to changes in interest rates, hedge de-designations and the addition of other hedges subsequent to June 30, 2023. As of June 30, 2023, the maximum length of time over which forecasted transactions are hedged is ten years.

Further detail regarding gains (losses) related to our fair value and cash flow hedge derivatives is presented in the following table:

Table 74: Gains (Losses) Recognized on Fair Value and Cash Flow Hedges in the Consolidated Income Statement (a) (b)

	Location and Amount of Gains (Losses) Recognized in Income			
	Interest Income		Interest Expense	Noninterest Income
In millions	Loans	Investment Securities	Borrowed Funds	Other
For the three months ended June 30, 2023				
Total amounts in the Consolidated Income Statement	$ 4,523	$ 883	$ 903	$ 129
Gains (losses) on fair value hedges recognized on:				
Hedged items (c)		$ (48)	$ 432	
Derivatives		$ 50	$ (439)	
Amounts related to interest settlements on derivatives		$ 7	$ (147)	
Gains (losses) on cash flow hedges (d):				
Amount of derivative gains (losses) reclassified from accumulated other comprehensive income	$ (365)	$ (8)		
For the three months ended June 30, 2022				
Total amounts in the Consolidated Income Statement	$ 2,504	$ 631	$ 142	$ 177
Gains (losses) on fair value hedges recognized on:				
Hedged items (c)		$ (28)	$ 443	
Derivatives		$ 30	$ (451)	
Amounts related to interest settlements on derivatives		$ (2)	$ 74	
Gains (losses) on cash flow hedges (d):				
Amount of derivative gains (losses) reclassified from accumulated other comprehensive income	$ 25			
For the six months ended June 30, 2023				
Total amounts on the Consolidated Income Statement	$ 8,781	$ 1,768	$ 1,686	$ 387
Gains (losses) on fair value hedges recognized on:				
Hedged items (c)		$ (1)	$ 135	
Derivatives		$ 5	$ (148)	
Amounts related to interest settlements on derivatives		$ 12	$ (260)	
Gains (losses) on cash flow hedges (d):				
Amount of derivative gains (losses) reclassified from accumulated other comprehensive income	$ (690)	$ (13)		
For the six months ended June 30, 2022				
Total amounts on the Consolidated Income Statement	$ 4,797	$ 1,175	$ 225	$ 388
Gains (losses) on fair value hedges recognized on:				
Hedged items (c)		$ (46)	$ 1,377	
Derivatives		$ 49	$ (1,395)	
Amounts related to interest settlements on derivatives		$ (3)	$ 184	
Gains (losses) on cash flow hedges (d):				
Amount of derivative gains (losses) reclassified from accumulated other comprehensive income	$ 117	$ 10		

(a) For all periods presented, there were no components of derivative gains or losses excluded from the assessment of hedge effectiveness for any of the fair value or cash flow hedge strategies.
(b) All cash flow and fair value hedge derivatives were interest rate contracts for the periods presented.
(c) Includes an insignificant amount of fair value hedge adjustments related to discontinued hedge relationships.
(d) For all periods presented, there were no gains or losses from cash flow hedge derivatives reclassified to income because it became probable that the original forecasted transaction would not occur.

Detail regarding the impact of fair value hedge accounting on the carrying value of the hedged items is presented in the following table:

Table 75: Hedged Items - Fair Value Hedges

	June 30, 2023		December 31, 2022	
In millions	Carrying Value of the Hedged Items	Cumulative Fair Value Hedge Adjustment included in the Carrying Value of Hedged Items (a)	Carrying Value of the Hedged Items	Cumulative Fair Value Hedge Adjustment included in the Carrying Value of Hedged Items (a)
Investment securities - available for sale (b)	$ 1,915	$ (124)	$ 2,376	$ (121)
Borrowed funds	$ 26,360	$ (1,417)	$ 21,781	$ (1,283)

(a) Includes less than $(0.1) billion of fair value hedge adjustments primarily related to discontinued borrowed funds hedge relationships at both June 30, 2023 and December 31, 2022.
(b) Carrying value shown represents amortized cost.

Net Investment Hedges
We enter into foreign currency forward contracts to hedge non-U.S. dollar net investments in foreign subsidiaries against adverse changes in foreign exchange rates. We assess whether the hedging relationship is highly effective in achieving offsetting changes in the value of the hedge and hedged item by qualitatively verifying that the critical terms of the hedge and hedged item match at the inception of the hedging relationship and on an ongoing basis. Net investment hedge derivatives are classified as foreign exchange contracts. There were no components of derivative gains or losses excluded from the assessment of the hedge effectiveness for the periods presented. Net gains (losses) on net investment hedge derivatives recognized in OCI were $(28) million and $(46) million for the three and six months ended June 30, 2023, respectively, and insignificant for both the three and six months ended June 30, 2022.

Derivatives Not Designated As Hedging Instruments

For additional information on derivatives not designated as hedging instruments under GAAP, see Note 16 Financial Derivatives in our 2022 Form 10-K.

Further detail regarding the gains (losses) on derivatives not designated in hedging relationships is presented in the following table:

Table 76: Gains (Losses) on Derivatives Not Designated for Hedging

	Three months ended June 30		Six months ended June 30	
In millions	2023	2022	2023	2022
Derivatives used for mortgage banking activities:				
Interest rate contracts (a)	$ (184)	$ (190)	$ (77)	$ (455)
Derivatives used for customer-related activities:				
Interest rate contracts	33	69	35	166
Foreign exchange contracts and other	58	(20)	114	24
Gains from customer-related activities (b)	91	49	149	190
Derivatives used for other risk management activities:				
Foreign exchange contracts and other (b)	(137)	216	(214)	263
Total gains (losses) from derivatives not designated as hedging instruments	$ (230)	$ 75	$ (142)	$ (2)

(a) Included in Residential and commercial mortgage noninterest income on our Consolidated Income Statement.
(b) Included in Capital markets and advisory and Other noninterest income on our Consolidated Income Statement.

Offsetting and Counterparty Credit Risk

We generally utilize a net presentation on the Consolidated Balance Sheet for those derivative financial instruments entered into with counterparties under legally enforceable master netting agreements. The master netting agreements reduce credit risk by permitting the closeout netting of all outstanding derivative instruments under the master netting agreement with the same counterparty upon the occurrence of an event of default. The master netting agreement also may require the exchange of cash or marketable securities to collateralize either party's net position. For additional information on derivative offsetting and counterparty credit risk, see Note 16 Financial Derivatives in our 2022 Form 10-K.

Table 77 shows the impact legally enforceable master netting agreements had on our derivative assets and derivative liabilities at June 30, 2023 and December 31, 2022. The table includes cash collateral held or pledged under legally enforceable master netting agreements. The table also includes the fair value of any securities collateral held or pledged under legally enforceable master netting agreements. Cash and securities collateral amounts are included in the table only to the extent of the related net derivative fair values.

Table 77 includes OTC derivatives not settled through an exchange ("OTC derivatives") and OTC derivatives cleared through a central clearing house ("OTC cleared derivatives"). OTC derivatives represent contracts executed bilaterally with counterparties that are not settled through an organized exchange or directly cleared through a central clearing house. The majority of OTC derivatives are governed by the ISDA documentation or other legally enforceable master netting agreements. OTC cleared derivatives represent contracts executed bilaterally with counterparties in the OTC market that are novated to a central clearing house that then becomes our counterparty. OTC cleared derivative instruments are typically settled in cash each day based on the prior day value.

Table 77: Derivative Assets and Liabilities Offsetting

		Amounts Offset on the Consolidated Balance Sheet					
In millions	Gross Fair Value	Fair Value Offset Amount	Cash Collateral	Net Fair Value		Securities Collateral Held/ Pledged Under Master Netting Agreements	Net Amounts
June 30, 2023							
Derivative assets							
Interest rate contracts:							
Over-the-counter cleared	$ 26			$ 26			$ 26
Over-the-counter	2,230	$ 846	$ 911	473		$ 75	398
Commodity contracts	622	337	104	181			181
Foreign exchange and other contracts	342	120	119	103			103
Total derivative assets	$ 3,220	$ 1,303	$ 1,134	$ 783	(a)	$ 75	$ 708
Derivative liabilities							
Interest rate contracts:							
Over-the-counter cleared	$ 19			$ 19			$ 19
Over-the-counter	5,858	$ 633	$ 1,104	4,121		$ 75	4,046
Commodity contracts	649	497	23	129			129
Foreign exchange and other contracts	477	173	8	296			296
Total derivative liabilities	$ 7,003	$ 1,303	$ 1,135	$ 4,565	(b)	$ 75	$ 4,490
December 31, 2022							
Derivative assets							
Interest rate contracts:							
Over-the-counter cleared	$ 23			$ 23			$ 23
Over-the-counter	2,100	$ 974	$ 630	496		$ 34	462
Commodity contracts	1,208	335	2	871			871
Foreign exchange and other contracts	437	214	82	141			141
Total derivative assets	$ 3,768	$ 1,523	$ 714	$ 1,531	(a)	$ 34	$ 1,497
Derivative liabilities							
Interest rate contracts:							
Over-the-counter cleared	$ 28			$ 28			$ 28
Over-the-counter	5,801	$ 625	$ 1,041	4,135		$ 78	4,057
Commodity contracts	1,269	679	520	70		4	66
Foreign exchange and other contracts	520	219	10	291			291
Total derivative liabilities	$ 7,618	$ 1,523	$ 1,571	$ 4,524	(b)	$ 82	$ 4,442

(a) Represents the net amount of derivative assets included in Other assets on our Consolidated Balance Sheet.
(b) Represents the net amount of derivative liabilities included in Other liabilities on our Consolidated Balance Sheet.

In addition to using master netting agreements and other collateral agreements to reduce credit risk associated with derivative instruments, we also seek to manage credit risk by evaluating credit ratings of counterparties and by using internal credit analysis, limits, and monitoring procedures.

At June 30, 2023, cash and debt securities (primarily agency mortgage-backed securities) totaling $2.1 billion were pledged to us under master netting agreements and other collateral agreements to collateralize net derivative assets due from counterparties and to meet initial margin requirements, and we pledged cash and debt securities (primarily agency mortgage-backed securities) totaling $2.1 billion under these agreements to collateralize net derivative liabilities owed to counterparties and to meet initial margin requirements. These totals may differ from the amounts presented in the preceding offsetting table because these totals may include collateral exchanged under an agreement that does not qualify as a master netting agreement or because the total amount of collateral pledged exceeds the net derivative fair values with the counterparty as of the balance sheet date due to timing or other factors, such as initial margin. To the extent not netted against the derivative fair values under a master netting agreement, the receivable for cash pledged is included in Other assets and the obligation for cash held is included in Other liabilities on our Consolidated Balance Sheet. Securities pledged to us by counterparties are not recognized on our balance sheet. Likewise, securities we have pledged to counterparties remain on our balance sheet.

Credit-Risk Contingent Features

Certain derivative agreements contain various credit-risk-related contingent provisions, such as those that require our debt to maintain a specified credit rating from one or more of the major credit rating agencies. If our debt ratings were to fall below such specified ratings, the counterparties to the derivative instruments could request immediate payment or demand immediate and ongoing full collateralization on derivative instruments in net liability positions. The following table presents the aggregate fair value of derivative instruments with credit-risk-related contingent features, the associated collateral posted in the normal course of business and the maximum amount of collateral we would be required to post if the credit-risk-related contingent features underlying these agreements had been triggered on June 30, 2023 and December 31, 2022.

Table 78: Credit-Risk Contingent Features

In billions	June 30, 2023	December 31, 2022
Net derivative liabilities with credit-risk contingent features	$ 5.4	$ 5.8
Collateral posted	1.2	1.7
Maximum additional amount of collateral exposure	$ 4.2	$ 4.1

NOTE 13 LEGAL PROCEEDINGS

We establish accruals for legal proceedings, including litigation and regulatory and governmental investigations and inquiries, when information related to the loss contingencies represented by those matters indicates both that a loss is probable and that the amount of loss can be reasonably estimated. Any such accruals are adjusted thereafter as appropriate to reflect changed circumstances. When we are able to do so, we also determine estimates of reasonably possible losses or ranges of reasonably possible losses, whether in excess of any related accrued liability or where there is no accrued liability, for disclosed legal proceedings ("Disclosed Matters," which are those matters disclosed in this Note 13 as well as those matters disclosed in Note 21 Legal Proceedings in our 2022 Form 10-K and in Note 13 Legal Proceedings in our first quarter 2023 Form 10-Q (such prior disclosure referred to as "Prior Disclosure")). For Disclosed Matters where we are able to estimate such possible losses or ranges of possible losses, as of June 30, 2023, we estimate that it is reasonably possible that we could incur losses in excess of related accrued liabilities, if any, in an aggregate amount less than $300 million. The estimates included in this amount are based on our analysis of currently available information and are subject to significant judgment and a variety of assumptions and uncertainties. As new information is obtained we may change our estimates. Due to the inherent subjectivity of the assessments and unpredictability of outcomes of legal proceedings, any amounts accrued or included in this aggregate amount may not represent the ultimate loss to us from the legal proceedings in question. Thus, our exposure and ultimate losses may be higher, and possibly significantly so, than the amounts accrued or this aggregate amount.

As a result of the types of factors described in Note 21 Legal Proceedings in our 2022 Form 10-K, we are unable, at this time, to estimate the losses that are reasonably possible to be incurred or ranges of such losses with respect to some of the matters disclosed, and the aggregate estimated amount provided above does not include an estimate for every Disclosed Matter. Therefore, as the estimated aggregate amount disclosed above does not include all of the Disclosed Matters, the amount disclosed above does not represent our maximum reasonably possible loss exposure for all of the Disclosed Matters. The estimated aggregate amount also does not reflect any of our exposure to matters not so disclosed, as discussed below under "Other."

We include in some of the descriptions of individual Disclosed Matters certain quantitative information related to the plaintiff's claim against us as alleged in the plaintiff's pleadings or other public filings or otherwise publicly available information. While information of this type may provide insight into the potential magnitude of a matter, it does not necessarily represent our estimate of reasonably possible loss or our judgment as to any currently appropriate accrual.

Some of our exposure in Disclosed Matters may be offset by applicable insurance coverage. We do not consider the possible availability of insurance coverage in determining the amounts of any accruals (although we would record the amount of related insurance recoveries that are deemed probable up to the amount of the accrual) or in determining any estimates of possible losses or ranges of possible losses.

USAA Patent Infringement Litigation

In April 2023, in *United Services Automobile Association v. PNC Bank N.A.* (Case No. 2:21-cv-246) (the “third Texas case”) and the case for PNC’s patent infringement counterclaims (originally asserted in *United Services Automobile Association v. PNC Bank N.A.* (Case No. 2:20-cv-319)) (the “first Texas case”) (together, the “second consolidated cases”), USAA noticed a cross-appeal to the U.S. Court of Appeals for the Federal Circuit regarding the final judgment in the second consolidated cases. This appeal was consolidated with PNC’s previously noticed appeal to the U.S. Court of Appeals for the Federal Circuit regarding the final judgment in the second consolidated cases as *United Services Automobile Association v. PNC Bank N.A.* (Case No. 23-1639).

In May and June 2023, USAA appealed the Final Written Decisions of the Patent Trial and Appeal Board that concluded that the claims in three of the patents originally at issue in *United Services Automobile Association v. PNC Bank N.A*. (Case No. 2:21-cv-110) and the first Texas case (together, the “first consolidated cases”) and in *United Services Automobile Association v. BBVA USA* (Case No. 2:21-cv-311) were unpatentable. Because of USAA’s case narrowing in the first consolidated cases, only one of these three patents was presented to the jury in the first consolidated cases.

Also in May 2023, the Patent Trial and Appeal Board entered its Final Written Decision concluding that most of the claims of one of the patents presented to the jury in the third Texas case were unpatentable and other claims were not unpatentable. In June 2023, the Patent Trial and Appeal Board entered its Final Written Decision concluding that all of the claims of the other patent subject to inter partes review, but not ultimately presented to the jury in the third Texas Case, were unpatentable.

Regulatory and Governmental Inquiries

We are the subject of investigations, audits, examinations and other forms of regulatory and governmental inquiry covering a broad range of issues in our consumer, mortgage, brokerage, securities and other financial services businesses, as well as other aspects of our operations. In some cases, these inquiries are part of reviews of specified activities at multiple industry participants; in others, they are directed at PNC individually. From time to time, these inquiries have involved and may in the future involve or lead to regulatory enforcement actions and other administrative proceedings. These inquiries have also led to and may in the future lead to civil or criminal judicial proceedings. Some of these inquiries result in remedies including fines, penalties, restitution, or alterations in our business practices, and in additional expenses and collateral costs and other consequences. Such remedies and other consequences typically have not been material to us from a financial standpoint, but could be in the future. Even if not financially material, they may result in significant reputational harm or other adverse consequences.

Our practice is to cooperate fully with regulatory and governmental investigations, audits and other inquiries.

Other

In addition to the proceedings or other matters described in Prior Disclosure, PNC and persons to whom we may have indemnification obligations, in the normal course of business, are subject to various other pending and threatened legal proceedings in which claims for monetary damages and other relief are asserted. We do not anticipate, at the present time, that the ultimate aggregate liability, if any, arising out of such other legal proceedings will have a material adverse effect on our financial position. However, we cannot now determine whether or not any claims asserted against us or others to whom we may have indemnification obligations, whether in the proceedings or other matters described above or otherwise, will have a material adverse effect on our results of operations in any future reporting period, which will depend on, among other things, the amount of the loss resulting from the claim and the amount of income otherwise reported for the reporting period.

NOTE 14 SEGMENT REPORTING

We have three reportable business segments:

- Retail Banking
- Corporate & Institutional Banking
- Asset Management Group

Results of individual businesses are presented based on our internal management reporting practices. There is no comprehensive, authoritative body of guidance for management accounting equivalent to GAAP; therefore, the financial results of our individual businesses are not necessarily comparable with similar information for any other company. We periodically refine our internal methodologies as management reporting practices are enhanced. To the extent significant and practicable, retrospective application of new methodologies is made to prior period reportable business segment results and disclosures to create comparability with the current period.

Total business segment financial results differ from total consolidated net income. These differences are reflected in the “Other” category in Table 79. “Other” includes residual activities that do not meet the criteria for disclosure as a separate reportable business, such as asset and liability management activities, including net securities gains or losses, ACL for investment securities, certain trading activities, certain runoff consumer loan portfolios, private equity investments, intercompany eliminations, certain corporate overhead, tax adjustments that are not allocated to business segments, exited businesses and differences between business segment performance reporting and financial statement reporting (GAAP). Assets, revenue and earnings attributable to foreign activities were not material in the periods presented for comparison.

Financial results are presented, to the extent practicable, as if each business operated on a standalone basis. Additionally, we have aggregated the results for corporate support functions within “Other” for financial reporting purposes.

Net interest income in business segment results reflects our internal funds transfer pricing methodology. Assets receive a funding charge and liabilities and capital receive a funding credit based on a transfer pricing methodology that incorporates product repricing characteristics, tenor and other factors.

We have allocated the ALLL and the allowance for unfunded lending related commitments based on the loan exposures within each business segment’s portfolio. Key reserve assumptions and estimation processes react to and are influenced by observed changes in loan portfolio performance experience, the financial strength of the borrower and economic conditions. Key reserve assumptions are periodically updated.

Business Segment Results

Table 79: Results of Businesses

Three months ended June 30 In millions	Retail Banking	Corporate & Institutional Banking	Asset Management Group	Other	Consolidated (a)
2023					
Income Statement					
Net interest income	$ 2,448	$ 1,349	$ 125	$ (412)	$ 3,510
Noninterest income	702	821	228	32	1,783
Total revenue	3,150	2,170	353	(380)	5,293
Provision for (recapture of) credit losses	(14)	209	(10)	(39)	146
Depreciation and amortization	81	53	7	143	284
Other noninterest expense	1,823	868	273	124	3,088
Income (loss) before income taxes (benefit) and noncontrolling interests	1,260	1,040	83	(608)	1,775
Income taxes (benefit)	295	218	20	(258)	275
Net income (loss)	965	822	63	(350)	1,500
Less: Net income attributable to noncontrolling interests	11	5		1	17
Net income (loss) excluding noncontrolling interests	$ 954	$ 817	$ 63	$ (351)	$ 1,483
Average Assets	$ 114,826	$ 234,174	$ 15,562	$ 190,945	$ 555,507
2022					
Income Statement					
Net interest income	$ 1,662	$ 1,232	$ 153	$ 4	$ 3,051
Noninterest income	748	968	234	115	2,065
Total revenue	2,410	2,200	387	119	5,116
Provision for (recapture of) credit losses	55	(17)	5	(7)	36
Depreciation and amortization	83	51	8	147	289
Other noninterest expense	1,830	883	262	(20)	2,955
Income (loss) before income taxes (benefit) and noncontrolling interests	442	1,283	112	(1)	1,836
Income taxes (benefit)	105	277	26	(68)	340
Net income	337	1,006	86	67	1,496
Less: Net income (loss) attributable to noncontrolling interests	15	3		(3)	15
Net income excluding noncontrolling interests	$ 322	$ 1,003	$ 86	$ 70	$ 1,481
Average Assets	$ 113,068	$ 219,513	$ 14,449	$ 199,848	$ 546,878

(Continued from previous page)

Six months ended June 30 In millions	Retail Banking	Corporate & Institutional Banking	Asset Management Group	Other	Consolidated (a)
2023					
Income Statement					
Net interest income	$ 4,729	$ 2,732	$ 252	$ (618)	$ 7,095
Noninterest income	1,445	1,707	458	191	3,801
Total revenue	6,174	4,439	710	(427)	10,896
Provision for (recapture of) credit losses	224	181	(1)	(23)	381
Depreciation and amortization	159	107	13	286	565
Other noninterest expense	3,672	1,753	547	156	6,128
Income (loss) before income taxes (benefit) and noncontrolling interests	2,119	2,398	151	(846)	3,822
Income taxes (benefit)	497	512	36	(417)	628
Net income (loss)	1,622	1,886	115	(429)	3,194
Less: Net income (loss) attributable to noncontrolling interests	21	10		3	34
Net income (loss) excluding noncontrolling interests	$ 1,601	$ 1,876	$ 115	$ (432)	$ 3,160
Average Assets	$ 115,103	$ 234,354	$ 15,282	$ 194,162	$ 558,901
2022					
Income Statement					
Net interest income	$ 3,193	$ 2,375	$ 291	$ (4)	$ 5,855
Noninterest income	1,493	1,772	482	206	3,953
Total revenue	4,686	4,147	773	202	9,808
Provision for (recapture of) credit losses	(26)	(135)	7	(18)	(172)
Depreciation and amortization	157	103	14	292	566
Other noninterest expense	3,648	1,668	507	27	5,850
Income (loss) before income taxes (benefit) and noncontrolling interests	907	2,511	245	(99)	3,564
Income taxes (benefit)	214	545	57	(177)	639
Net income	693	1,966	188	78	2,925
Less: Net income (loss) attributable to noncontrolling interests	31	7		(2)	36
Net income excluding noncontrolling interests	$ 662	$ 1,959	$ 188	$ 80	$ 2,889
Average Assets	$ 112,415	$ 210,171	$ 14,126	$ 212,415	$ 549,127

(a) There were no material intersegment revenues for the three and six months ended June 30, 2023 and 2022.

Business Segment Products and Services

Retail Banking provides deposit, lending, brokerage, insurance services, investment management and cash management products and services to consumer and small business customers who are serviced through our coast-to-coast branch network, digital channels, ATMs, or through our phone-based customer contact centers. Deposit products include checking, savings and money market accounts and time deposits. Lending products include residential mortgages, home equity loans and lines of credit, auto loans, credit cards, education loans and personal and small business loans and lines of credit. The residential mortgage loans are directly originated within our branch network and nationwide, and are typically underwritten to agency and/or third-party standards, and either sold, servicing retained or held on our balance sheet. Brokerage, investment management and cash management products and services include managed, education, retirement and trust accounts.

Corporate & Institutional Banking provides lending, treasury management, capital markets and advisory products and services to mid-sized and large corporations and government and not-for-profit entities. Lending products include secured and unsecured loans, letters of credit and equipment leases. The Treasury Management business provides corporations with cash and investment management services, receivables and disbursement management services, funds transfer services, international payment services and access to online/mobile information management and reporting services. Capital markets and advisory includes services and activities primarily related to merger and acquisitions advisory, equity capital markets advisory, asset-backed financing, loan syndication, securities underwriting and customer-related trading. We also provide commercial loan servicing and technology solutions for the commercial real estate finance industry. Products and services are provided nationally.

Asset Management Group provides private banking for high net worth and ultra high net worth clients and institutional asset management. The Asset Management group is composed of two operating units:

- PNC Private Bank provides products and services to emerging affluent, high net worth and ultra high net worth individuals and their families, including investment and retirement planning, customized investment management, credit and cash management solutions, trust management and administration. In addition, multi-generational family planning services are also provided to ultra high net worth individuals and their families, which include estate, financial, tax, fiduciary and customized performance reporting through PNC Private Bank Hawthorn.

- Institutional Asset Management provides outsourced chief investment officer, custody, private real estate, cash and fixed income client solutions, retirement plan fiduciary investment services to institutional clients, including corporations, healthcare systems, insurance companies, unions, municipalities and non-profits.

Note 15 Fee-based Revenue from Contracts with Customers

As more fully described in Note 24 Fee-based Revenue from Contracts with Customers in our 2022 Form 10-K, a subset of our noninterest income relates to certain fee-based revenue within the scope of ASC Topic 606 - *Revenue from Contracts with Customers* (Topic 606).

Fee-based revenue within the scope of Topic 606 is recognized within our three reportable business segments: Retail Banking, Corporate & Institutional Banking and Asset Management Group. Interest income, income from lease contracts, fair value gains from financial instruments (including derivatives), income from mortgage servicing rights and guarantee products, letter of credit fees, non-refundable fees associated with acquiring or originating a loan and gains from the sale of financial assets are outside of the scope of Topic 606.

In the fourth quarter of 2022, PNC updated the name of the noninterest income line item “Capital markets related” to “Capital markets and advisory.” This update did not impact the components of the category. All periods presented herein reflect these changes. For a description of each updated noninterest income revenue stream, see Note 1 Accounting Policies.

Table 80 presents the noninterest income recognized within the scope of Topic 606 for each of our three reportable business segments’ principal products and services, along with the relationship to the noninterest income revenue streams shown on our Consolidated Income Statement. For a description of the fee-based revenue and how it is recognized for each segment’s principal products and services, see Note 24 Fee-based Revenue from Contracts with Customers in our 2022 Form 10-K.

Table 80: Noninterest Income by Business Segment and Reconciliation to Consolidated Noninterest Income

	Three Months Ended June 30, 2023			Three Months Ended June 30, 2022		
In millions	Retail Banking	Corporate & Institutional Banking	Asset Management Group	Retail Banking	Corporate & Institutional Banking	Asset Management Group
Asset management and brokerage						
Asset management fees			$ 222			$ 228
Brokerage fees	$ 124		2	$ 135		2
Total asset management and brokerage	124		224	135		230
Card and cash management						
Treasury management fees	11	$ 345		10	$ 327	
Debit card fees	178			177		
Net credit card fees (a)	61			63		
Merchant services	45	19		52	14	
Other	25			27		
Total card and cash management	320	364		329	341	
Lending and deposit services						
Deposit account fees	151			145		
Other	18	8		17	9	
Total lending and deposit services	169	8		162	9	
Residential and commercial mortgage (b)		40			33	
Capital markets and advisory		130			272	
Other		14			9	
Total in-scope noninterest income	613	556	224	626	664	230
Out-of-scope noninterest income (c)	89	265	4	122	304	4
Noninterest income by business segment	$ 702	$ 821	$ 228	$ 748	$ 968	$ 234
Reconciliation to consolidated noninterest income						
Total in-scope business segment noninterest income			$ 1,393			$ 1,520
Out-of-scope business segment noninterest income (c)			358			430
Noninterest income from other segments			32			115
Noninterest income as shown on the Consolidated Income Statement			$ 1,783			$ 2,065

(Continued from previous page)	Six Months Ended June 30, 2023			Six Months Ended June 30, 2022		
In millions	Retail Banking	Corporate & Institutional Banking	Asset Management Group	Retail Banking	Corporate & Institutional Banking	Asset Management Group
Asset management and brokerage						
Asset management fees			$ 446			$ 469
Brokerage fees	$ 254		4	$ 269		4
Total asset management and brokerage	254		450	269		473
Card and cash management						
Treasury management fees	21	$ 673		19	$ 629	
Debit card fees	343			338		
Net credit card fees (a)	119			118		
Merchant services	84	38		93	31	
Other	49			50		
Total card and cash management	616	711		618	660	
Lending and deposit services						
Deposit account fees	306			287		
Other	36	16		34	17	
Total lending and deposit services	342	16		321	17	
Residential and commercial mortgage (b)		82			64	
Capital markets and advisory		286			409	
Other		22			22	
Total in-scope noninterest income	1,212	1,117	450	1,208	1,172	473
Out-of-scope noninterest income (c)	233	590	8	285	600	9
Noninterest income by business segment	$ 1,445	$ 1,707	$ 458	$ 1,493	$ 1,772	$ 482
Reconciliation to consolidated noninterest income						
Total in-scope business segment noninterest income			$ 2,779			$ 2,853
Out-of-scope business segment noninterest income (c)			831			894
Noninterest income from other segments			191			206
Noninterest income as shown on the Consolidated Income Statement			$ 3,801			$ 3,953

(a) Net credit card fees consists of interchange fees of $173 million and $172 million and credit card reward costs of $112 million and $109 million for the three months ended June 30, 2023 and 2022, respectively. Net credit card fees consists of interchange fees of $333 million and $320 million and credit card reward costs of $214 million and $202 million for the six months ended June 30, 2023 and 2022, respectively.
(b) Residential mortgage noninterest income falls under the scope of other accounting and disclosure requirements outside of Topic 606 and is included within the out-of-scope noninterest income line for the Retail Banking segment.
(c) Out-of-scope noninterest income includes revenue streams that fall under the scope of other accounting and disclosure requirements outside of Topic 606.

NOTE 16 REGULATORY MATTERS

FDIC Special Assessment Pursuant to Systemic Risk Determination

In May 2023, the FDIC proposed a rule to implement a special assessment, in connection with the systemic risk determination announced in March 2023, to recover the cost associated with protecting uninsured depositors following the closures of Silicon Valley Bank and Signature Bank. Under the proposal, the FDIC would collect from PNC, along with other BHCs and insured depository institutions, special assessments at an annual rate of 12.5 basis points of PNC's uninsured deposits reported as of December 31, 2022 (adjusted to exclude the first $5 billion), over eight quarterly assessment periods, beginning after the first quarter 2024. We expect the FDIC will enact a special deposit insurance assessment in the second half of 2023 that will significantly increase our FDIC deposit insurance costs. Based on the current proposal, PNC estimates our total cost to be approximately $468 million pre-tax, or $370 million after-tax, which would be incurred in the quarter the FDIC finalizes the rule. The total cost and timing is subject to change pending the assessment's finalization.

Proposed Expanded Risk-Based Capital Rules

On July 27, 2023, the Federal Reserve, OCC, and FDIC proposed for public comment an interagency rule to implement the final components of the Basel III framework that would significantly revise the capital requirements for large banking organizations, including PNC and PNC Bank. The proposed rule will apply an expanded risk-based approach which leverages the Basel rules, including the calculation of risk-weighted assets, in addition to the current U.S. standardized approach. In addition, this proposal would align the regulatory capital elements and required deductions for Category III banking organizations such as PNC and PNC Bank with those currently applicable to Category I and II banking organizations. PNC and PNC Bank would be required to recognize most elements of AOCI in regulatory capital and deduct from CET1 capital, among other items, mortgage servicing assets and deferred tax assets that individually exceed 10 percent of CET1 capital or in the aggregate with other threshold items that exceed 15 percent of CET1 capital. PNC and PNC Bank would be required to calculate their risk-based capital ratios under the existing standardized approach and the expanded risk-based approach and would be subject to the lower of the two resulting ratios for their risk-based capital minimums and buffer requirements, including the SCB. The proposed effective date is July 1, 2025, with certain provisions—including the recognition of AOCI elements in regulatory capital and the increase in risk-weighted assets due to the expanded risk-based approach—having a three-year phase-in period.

STATISTICAL INFORMATION (UNAUDITED)
THE PNC FINANCIAL SERVICES GROUP, INC.
Average Consolidated Balance Sheet And Net Interest Analysis (a) (b) (c)

	Six months ended June 30					
	2023			2022		
Taxable-equivalent basis Dollars in millions	Average Balances	Interest Income/ Expense	Average Yields/ Rates	Average Balances	Interest Income/ Expense	Average Yields/ Rates
Assets						
Interest-earning assets:						
Investment securities						
Securities available for sale						
Residential mortgage-backed						
Agency	$ 31,513	$ 421	2.67 %	$ 52,308	$ 495	1.89 %
Non-agency	676	30	8.95 %	954	36	7.55 %
Commercial mortgage-backed	3,025	41	2.72 %	4,793	58	2.40 %
Asset-backed	397	13	6.67 %	4,296	32	1.49 %
U.S. Treasury and government agencies	8,657	92	2.12 %	32,391	210	1.29 %
Other	3,129	40	2.51 %	4,536	60	2.67 %
Total securities available for sale	47,397	637	2.69 %	99,278	891	1.79 %
Securities held to maturity						
Residential mortgage-backed	45,323	618	2.73 %	16,687	164	1.96 %
Commercial mortgage-backed	2,424	62	5.15 %	591	7	2.29 %
Asset-backed	6,868	138	4.03 %	2,071	20	1.91 %
U.S. Treasury and government agencies	36,831	245	1.33 %	14,618	80	1.09 %
Other	3,365	80	4.63 %	1,068	22	4.19 %
Total securities held to maturity	94,811	1,143	2.41 %	35,035	293	1.67 %
Total investment securities	142,208	1,780	2.50 %	134,313	1,184	1.76 %
Loans						
Commercial and industrial	181,444	5,041	5.52 %	161,256	2,297	2.83 %
Commercial real estate	36,023	1,121	6.19 %	34,237	518	3.01 %
Equipment lease financing	6,408	141	4.40 %	6,150	113	3.68 %
Consumer	55,045	1,762	6.46 %	54,757	1,271	4.68 %
Residential real estate	46,107	779	3.38 %	41,385	636	3.07 %
Total loans	325,027	8,844	5.43 %	297,785	4,835	3.24 %
Interest-earning deposits with banks	32,736	790	4.83 %	51,120	107	0.42 %
Other interest-earning assets	9,012	264	5.86 %	9,677	116	2.42 %
Total interest-earning assets/interest income	508,983	11,678	4.58 %	492,895	6,242	2.53 %
Noninterest-earning assets	49,918			56,232		
Total assets	$ 558,901			$ 549,127		
Liabilities and Equity						
Interest-bearing liabilities:						
Interest-bearing deposits						
Money market	$ 64,716	832	2.59 %	$ 60,295	31	0.10 %
Demand	124,243	1,069	1.74 %	116,024	51	0.09 %
Savings	103,406	585	1.14 %	108,799	22	0.04 %
Time deposits	21,436	336	3.14 %	13,195	11	0.15 %
Total interest-bearing deposits	313,801	2,822	1.81 %	298,313	115	0.08 %
Borrowed funds						
Federal Home Loan Bank borrowings	32,909	835	5.04 %	3,508	22	1.24 %
Bank notes and senior debt	20,298	577	5.66 %	17,089	112	1.30 %
Subordinated debt	5,974	177	5.94 %	6,886	58	1.68 %
Other	5,156	97	3.74 %	5,515	33	1.22 %
Total borrowed funds	64,337	1,686	5.22 %	32,998	225	1.36 %
Total interest-bearing liabilities/interest expense	378,138	4,508	2.38 %	331,311	340	0.20 %
Noninterest-bearing liabilities and equity:						
Noninterest-bearing deposits	117,155			151,567		
Accrued expenses and other liabilities	15,536			16,245		
Equity	48,072			50,004		
Total liabilities and equity	$ 558,901			$ 549,127		
Interest rate spread			2.20 %			2.33 %
Impact of noninterest-bearing sources			0.61			0.06
Net interest income/margin		$ 7,170	2.81 %		$ 5,902	2.39 %

STATISTICAL INFORMATION (UNAUDITED)
THE PNC FINANCIAL SERVICES GROUP, INC.
Average Consolidated Balance Sheet And Net Interest Analysis (a) (b) (c)

(Continued from previous page)

Taxable-equivalent basis Dollars in millions	Three months ended June 30 2023 Average Balances	2023 Interest Income/ Expense	2023 Average Yields/Rates	2022 Average Balances	2022 Interest Income/ Expense	2022 Average Yields/ Rates
Assets						
Interest-earning assets:						
Investment securities						
Securities available for sale						
Residential mortgage-backed						
Agency	$ 31,180	$ 208	2.67 %	$ 37,285	$ 202	2.17 %
Non-agency	663	15	9.39 %	902	17	7.56 %
Commercial mortgage-backed	2,948	21	2.84 %	4,362	27	2.45 %
Asset-backed	575	9	6.56 %	2,388	11	1.84 %
U.S. Treasury and government agencies	8,231	45	2.20 %	17,480	70	1.60 %
Other	2,997	21	2.55 %	4,200	28	2.59 %
Total securities available for sale	46,594	319	2.73 %	66,617	355	2.13 %
Securities held to maturity						
Residential mortgage-backed	45,033	306	2.72 %	33,086	164	1.98 %
Commercial mortgage-backed	2,396	32	5.35 %	1,175	7	2.30 %
Asset-backed	6,712	68	4.10 %	4,119	20	1.92 %
U.S. Treasury and government agencies	36,912	123	1.34 %	28,167	74	1.05 %
Other	3,391	41	4.65 %	1,560	16	4.21 %
Total securities held to maturity	94,444	570	2.41 %	68,107	281	1.65 %
Total investment securities	141,038	889	2.52 %	134,724	636	1.89 %
Loans						
Commercial and industrial	180,878	2,608	5.70 %	166,968	1,225	2.90 %
Commercial real estate	35,938	578	6.37 %	34,467	276	3.15 %
Equipment lease financing	6,364	72	4.51 %	6,200	56	3.62 %
Consumer	55,070	901	6.57 %	54,551	637	4.68 %
Residential real estate	46,284	395	3.41 %	42,604	330	3.11 %
Total loans	324,534	4,554	5.57 %	304,790	2,524	3.29 %
Interest-earning deposits with banks	31,433	400	5.10 %	39,689	78	0.79 %
Other interest-earning assets	9,215	138	5.96 %	9,935	68	2.76 %
Total interest-earning assets/interest income	506,220	5,981	4.70 %	489,138	3,306	2.69 %
Noninterest-earning assets	49,287			57,740		
Total assets	$ 555,507			$ 546,878		
Liabilities and Equity						
Interest-bearing liabilities:						
Interest-bearing deposits						
Money market	$ 63,691	$ 443	2.79 %	$ 58,019	$ 27	0.19 %
Demand	124,111	584	1.89 %	119,636	44	0.15 %
Savings	102,415	321	1.26 %	109,063	12	0.04 %
Time deposits	22,342	183	3.26 %	10,378	5	0.18 %
Total interest-bearing deposits	312,559	1,531	1.96 %	297,096	88	0.12 %
Borrowed funds						
Federal Home Loan Bank borrowings	33,752	451	5.28 %	6,978	22	1.24 %
Bank notes and senior debt	20,910	312	5.91 %	16,172	66	1.61 %
Subordinated debt	5,850	90	6.19 %	6,998	34	1.94 %
Other	5,180	50	3.79 %	5,508	20	1.46 %
Total borrowed funds	65,692	903	5.44 %	35,656	142	1.58 %
Total interest-bearing liabilities/interest expense	378,251	2,434	2.56 %	332,752	230	0.27 %
Noninterest-bearing liabilities and equity:						
Noninterest-bearing deposits	113,178			149,432		
Accrued expenses and other liabilities	15,063			17,116		
Equity	49,015			47,578		
Total liabilities and equity	$ 555,507			$ 546,878		
Interest rate spread			2.14 %			2.42 %
Impact of noninterest-bearing sources			0.65			0.08
Net interest income/margin		$ 3,547	2.79 %		$ 3,076	2.50 %

(a) Nonaccrual loans are included in loans, net of unearned income. The impact of financial derivatives used in interest rate risk management is included in the interest income/ expense and average yields/rates of the related assets and liabilities. Basis adjustments related to hedged items are included in noninterest-earning assets and noninterest-bearing liabilities. Average balances of securities are based on amortized historical cost (excluding adjustments to fair value, which are included in other assets). Average balances for certain loans and borrowed funds accounted for at fair value are included in noninterest-earning assets and noninterest-bearing liabilities, with changes in fair value recorded in Noninterest income.

(b) Loan fees for the three months ended June 30, 2023 and June 30, 2022 were $44 million and $38 million, respectively. Loan fees for the six months ended June 30, 2023 and June 30, 2022 were $90 million and $98 million, respectively.

(c) Interest income calculated as taxable-equivalent interest income. To provide more meaningful comparisons of interest income and yields for all interest-earning assets, as well as net interest margins, we use interest income on a taxable-equivalent basis in calculating average yields and net interest margin by increasing the interest income earned on tax-exempt assets to make it fully equivalent to interest income earned on taxable investments. This adjustment is not permitted under GAAP. See Reconciliation of Taxable-Equivalent Net Interest Income in this Statistical Information section for more information.

Reconciliation Of Taxable-Equivalent Net Interest Income (non-GAAP) (a)

	Six months ended		Three months ended	
In millions	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net interest income (GAAP)	$ 7,095	$ 5,855	$ 3,510	$ 3,051
Taxable-equivalent adjustments	75	47	37	25
Net interest income (non-GAAP)	$ 7,170	$ 5,902	$ 3,547	$ 3,076

(a) The interest income earned on certain interest-earning assets is completely or partially exempt from federal income tax. As such, these tax-exempt instruments typically yield lower returns than taxable investments. To provide more meaningful comparisons of net interest income, we use interest income on a taxable-equivalent basis by increasing the interest income earned on tax-exempt assets to make it fully equivalent to interest income earned on taxable investments. This adjustment is not permitted under GAAP.

Glossary

Defined Terms

For a glossary of terms commonly used in our filings, please see the glossary of terms included in our 2022 Form 10-K.

Acronyms

ACL	Allowance for credit losses	**LCR**	Liquidity Coverage Ratio
ALLL	Allowance for loan and lease losses	**LGD**	Loss given default
AOCI	Accumulated other comprehensive income	**LIBOR**	London Interbank Offered Rate
ASC	Accounting Standards Codification	**LIHTC**	Low income housing tax credit
ASU	Accounting Standards Update	**LLC**	Limited liability company
BHC	Bank holding company	**LTV**	Loan-to-value ratio
bps	Basis points	**MD&A**	Management's Discussion and Analysis of Financial Condition and Results of Operations
BSBY	Bloomberg Short-Term Bank Yield Index	**MSR**	Mortgage servicing right
CARES Act	Coronavirus Aid, Relief and Economic Security Act	**NSFR**	Net Stable Funding Ratio
CCAR	Comprehensive Capital Analysis and Review	**OCC**	Office of the Comptroller of the Currency
CECL	Current expected credit losses	**OREO**	Other real estate owned
CET1	Common equity tier 1	**OTC**	Over-the-counter
CFPB	Consumer Financial Protection Bureau	**PCD**	Purchased credit deteriorated
FDIC	Federal Deposit Insurance Corporation	**PD**	Probability of default
FDM	Financial Difficulty Modification	**PPP**	Paycheck Protection Program
FHLB	Federal Home Loan Bank	**RAC**	PNC's Reserve Adequacy Committee
FHLMC	Federal Home Loan Mortgage Corporation	**ROAP**	Removal of account provisions
FICO	Fair Isaac Corporation (credit score)	**SCB**	Stress capital buffer
FNMA	Federal National Mortgage Association	**SEC**	Securities and Exchange Commission
FOMC	Federal Open Market Committee	**SOFR**	Secured Overnight Financing Rate
GAAP	Accounting principles generally accepted in the United States of America	**SPE**	Special purpose entity
GDP	Gross Domestic Product	**TDR**	Troubled debt restructuring
GNMA	Government National Mortgage Association	**U.S.**	United States of America
GSIB	Globally systemically important bank	**VaR**	Value-at-risk
HPI	Home price index	**VIE**	Variable interest entity
ISDA	International Swaps and Derivatives Association		

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See the information set forth in Note 13 Legal Proceedings, which is incorporated by reference in response to this item.

ITEM 1A. RISK FACTORS

There are no material changes from any of the risk factors previously disclosed in our first quarter 2023 Form 10-Q and 2022 Form 10-K in response to Part II, Item 1A and Part I, Item 1A, respectively.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Unregistered Sales of Equity Securities

None.

Equity Security Repurchases

Details of our repurchases of PNC common stock during the second quarter of 2023 are included in the following table.

2023 period In thousands, except per share data	Total shares purchased (a)	Average price paid per share	Total shares purchased as part of publicly announced programs (b)	Maximum number of shares that may yet be purchased under the programs (b)
April 1 - 30	95	$ 125.31	79	46,524
May 1 - 31	188	$ 117.13	188	46,336
June 1 - 30	836	$ 125.64	836	45,500
Total	1,119	$ 124.18	1,103	

(a) Includes PNC common stock purchased in connection with our various employee benefit plans generally related to forfeitures of unvested restricted stock awards and shares used to cover employee payroll tax withholding requirements. See Note 17 Employee Benefit Plans and Note 18 Stock Based Compensation Plans in our 2022 Form 10-K, which include additional information regarding our employee benefit and equity compensation plans that use PNC common stock.

(b) Consistent with the SCB framework, which allows for capital returns in amounts in excess of the SCB minimum levels (the regulatory minimum (4.5%) plus our SCB), our Board of Directors has authorized a repurchase framework under the previously approved repurchase program of up to 100 million common shares, of which approximately 46% were still available for repurchase at June 30, 2023. PNC's SCB through September 30, 2023 is 2.9%. Based on the results of the Federal Reserve's 2023 annual stress test, PNC's SCB for the four-quarter period beginning October 1, 2023 will improve to the regulatory minimum of 2.5%.

ITEM 5. OTHER INFORMATION

Director or Executive Officer Rule 10b5-1 and Non-Rule 10b5-1 Trading Arrangements

During the three months ended June 30, 2023, none of PNC’s directors or executive officers adopted, terminated, or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement.

ITEM 6. EXHIBITS

The following exhibit index lists Exhibits filed or furnished with this Quarterly Report on Form 10-Q:

EXHIBIT INDEX

10.33	2023 Form of Performance Share Units Award Agreement
10.34	2023 Form of Restricted Share Units Award Agreement
10.35	2023 Form of Restricted Share Units Award Agreement – Senior Leader Program
10.36	2023 Form of Five-Year Restricted Share Units Award Agreement
22	Subsidiary Issuers of Guaranteed Securities
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350
32.2	Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350
101.INS	Inline XBRL Instance Document*
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

*The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL.

You can obtain copies of these Exhibits electronically at the SEC's website at www.sec.gov. The Exhibits are also available as part of this Form 10-Q on PNC's corporate website at www.pnc.com/secfilings. Shareholders and bondholders may also obtain copies of Exhibits, without charge, by contacting Investor Relations at 800-843-2206 or via e-mail at investor.relations@pnc.com.

CORPORATE INFORMATION

The PNC Financial Services Group, Inc.

Internet Information

The PNC Financial Services Group, Inc.'s financial reports and information about its products and services are available on the internet at www.pnc.com. We provide information for investors on our corporate website under "About Us – Investor Relations." We use our Twitter account, @pncnews, as an additional way of disseminating to the public information that may be relevant to investors.

We generally post the following under "About Us – Investor Relations" shortly before or promptly following its first use or release: financially-related press releases, including earnings releases and supplemental financial information, various SEC filings, including annual, quarterly and current reports and proxy statements, presentation materials associated with earnings and other investor conference calls or events, and access to live and recorded audio from earnings and other investor conference calls or events. In some cases, we may post the presentation materials for other investor conference calls or events several days prior to the call or event. For earnings and other conference calls or events, we generally include in our posted materials a cautionary statement regarding forward-looking and non-GAAP financial information, and we provide GAAP reconciliations when we include non-GAAP financial information. Such GAAP reconciliations may be in materials for the applicable presentation, in materials for prior presentations or in our annual, quarterly or current reports.

When warranted, we will also use our website to expedite public access to time-critical information regarding PNC instead of using a press release or a filing with the SEC for first disclosure of the information. In some circumstances, the information may be relevant to investors but directed at customers, in which case it may be accessed directly through the home page rather than "About Us – Investor Relations."

We are required to provide additional public disclosure regarding estimated income, losses and pro forma regulatory capital ratios under supervisory and PNC-developed hypothetical severely adverse economic scenarios, as well as information concerning our capital stress testing processes, pursuant to the stress testing regulations adopted by the Federal Reserve and the OCC. We are also required to make certain additional regulatory capital-related public disclosures about our capital structure, risk exposures, risk assessment processes, risk-weighted assets and overall capital adequacy, including market risk-related disclosures, under the regulatory capital rules adopted by the Federal banking agencies. Similarly, the Federal Reserve's rules require quantitative and qualitative disclosures about our LCR and NSFR. Under these regulations, we may satisfy these requirements through postings on our website, and we have done so and expect to continue to do so without also providing disclosure of this information through filings with the SEC.

Other information posted on our corporate website that may not be available in our filings with the SEC includes information relating to our corporate governance and annual communications from our chairman to shareholders.

Where we have included internet addresses in this Report, such as our internet address and the internet address of the SEC, we have included those internet addresses as inactive textual references only. Except as specifically incorporated by reference into this Report, information on those websites is not part hereof.

Financial Information

We are subject to the informational requirements of the Exchange Act and, in accordance with the Exchange Act, we file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC File Number is 001-09718. You can obtain copies of these and other filings, including exhibits, electronically at the SEC's internet website at www.sec.gov or on our corporate internet website at www.pnc.com/secfilings. Shareholders and bond holders may also obtain copies of these filings without charge by contacting PNC Investor Relations at 800-843-2206, via the information request form at www.pnc.com/investorrelations for copies without exhibits, or via email to investor.relations@pnc.com for copies of exhibits, including financial statements and schedule exhibits where applicable. The interactive date file (XBRL) is only available electronically.

Corporate Governance at PNC

Information about our Board of Directors and its committees and corporate governance, including our PNC Code of Business Conduct and Ethics (as amended from time to time), is available on our website at www.pnc.com/corporategovernance. In addition, any future waivers from a provision of the PNC Code of Business Conduct and Ethics covering any of our directors or executive officers (including our principal executive officer, principal financial officer and principal accounting officer or controller) will be posted at this internet address.

Shareholders who would like to request printed copies of the PNC Code of Business Conduct and Ethics or our Corporate Governance Guidelines or the charters of our Board's Audit, Nominating and Governance, Human Resources, or Risk Committees (all of which are posted on our website at www.pnc.com/corporategovernance) may do so by sending their requests to our Corporate Secretary at The PNC Financial Services Group, Inc. at The Tower at PNC Plaza, 300 Fifth Avenue, Pittsburgh, Pennsylvania 15222-2401. Copies will be provided without charge.

Inquiries

For financial services, call 888-762-2265.

Registered shareholders should contact Shareholder Services at 800-982-7652. Hearing impaired: 800-952-9245.

Analysts and institutional investors should contact Bryan Gill, Executive Vice President, Director of Investor Relations, at 412-768-4143 or via email at investor.relations@pnc.com.

News media representatives should contact PNC Media Relations at 412-762-4550 or via email at media.relations@pnc.com.

Dividend Policy

Holders of PNC common stock are entitled to receive dividends when declared by our Board of Directors out of funds legally available for this purpose. Our Board of Directors may not pay or set apart dividends on the common stock until dividends for all past dividend periods on any series of outstanding preferred stock and certain outstanding capital securities issued by the parent company have been paid or declared and set apart for payment. The Board of Directors presently intends to continue the policy of paying quarterly cash dividends. The amount of any future dividends will depend on economic and market conditions, our financial condition and operating results, and other factors, including contractual restrictions and applicable government regulations and policies (such as those relating to the ability of bank and non-bank subsidiaries to pay dividends to the parent company and regulatory capital limitations). The amount of our dividend is also currently subject to the results of the supervisory assessment of capital adequacy and capital planning processes undertaken by the Federal Reserve as part of the CCAR process, which includes setting PNC's SCB, as described in the Capital Management portion of the Risk Management section of the Financial Review of this Report and in the Supervision and Regulation section in Item 1 of our 2022 Form 10-K.

Dividend Reinvestment and Stock Purchase Plan

The PNC Financial Services Group, Inc. Dividend Reinvestment and Stock Purchase Plan enables holders of our common stock to conveniently purchase additional shares of common stock. Obtain a prospectus and enroll at www.computershare.com/pnc or contact Computershare at 800-982-7652. Registered shareholders may also contact this phone number regarding dividends and other shareholder services.

Stock Transfer Agent and Registrar

Computershare
150 Royall Steet, Suite 101
Canton, MA 02021
800-982-7652
Hearing impaired: 800-952-9245
www.computershare.com/pnc

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on August 2, 2023 on its behalf by the undersigned thereunto duly authorized.

/s/ Robert Q. Reilly
Robert Q. Reilly
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2022
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to
Commission file number 001-09718

THE PNC FINANCIAL SERVICES GROUP, INC.

(Exact name of registrant as specified in its charter)

Pennsylvania	**25-1435979**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

The Tower at PNC Plaza, 300 Fifth Avenue, Pittsburgh, Pennsylvania 15222-2401
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code - **(888) 762-2265**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value $5.00	PNC	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
$1.80 Cumulative Convertible Preferred Stock - Series B, par value $1.00

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Emerging growth company	☐
Non-accelerated filer	☐	Smaller reporting company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant's outstanding voting common stock held by nonaffiliates on June 30, 2022, determined using the per share closing price on that date on the New York Stock Exchange of $157.77, was approximately $64.6 billion. There is no non-voting common equity of the registrant outstanding.

Number of shares of registrant's common stock outstanding at February 3, 2023: 399,682,159

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement of The PNC Financial Services Group, Inc. to be filed pursuant to Regulation 14A for the 2023 annual meeting of shareholders (Proxy Statement) are incorporated by reference into Part III of this Form 10-K.

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MD&A TABLE REFERENCE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS TABLE REFERENCE

Cross-Reference Index to 2022 Form 10-K (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS TABLE REFERENCE (Continued)

PART I

Forward-Looking Statements: From time to time, The PNC Financial Services Group, Inc. has made and may continue to make written or oral forward-looking statements regarding our outlook for financial performance, such as earnings, revenues, expenses, tax rates, capital and liquidity levels and ratios, asset levels, asset quality, financial position and other matters regarding or affecting us and our future business and operations or the impact of legal, regulatory or supervisory matters on our business operations or performance, including our sustainability strategy. This Annual Report on Form 10-K (the Report or Form 10-K) also includes forward-looking statements. With respect to all such forward-looking statements, you should review our Risk Factors discussion in Item 1A, our Risk Management, Critical Accounting Estimates and Judgments, and Cautionary Statement Regarding Forward-Looking Information sections included in Item 7, and Note 21 Legal Proceedings. In this Report, "PNC," "we," "us," "the Company" or "the Corporation" refers to The PNC Financial Services Group, Inc. and its subsidiaries on a consolidated basis (except when referring to PNC as a public company, its common stock or other securities issued by PNC, which just refer to The PNC Financial Services Group, Inc.). References to The PNC Financial Services Group, Inc. or to any of its subsidiaries are specifically made where applicable.

See page 194 for a glossary of certain terms and acronyms used in this Report.

ITEM 1 – BUSINESS

Business Overview

Headquartered in Pittsburgh, Pennsylvania, we are one of the largest diversified financial institutions in the U.S. We have businesses engaged in retail banking, including residential mortgage, corporate and institutional banking and asset management, providing many of our products and services nationally. Our retail branch network is located coast-to-coast. We also have strategic international offices in Canada, China, Germany and the United Kingdom. At December 31, 2022, our consolidated total assets, total deposits and total shareholders' equity were $557.3 billion, $436.3 billion and $45.8 billion, respectively.

We were incorporated under the laws of the Commonwealth of Pennsylvania in 1983 with the consolidation of Pittsburgh National Corporation and Provident National Corporation. Since 1983, we have diversified our geographical presence, business mix and product capabilities through organic growth, strategic bank and non-bank acquisitions and equity investments, and the formation of various non-banking subsidiaries.

Acquisition of BBVA USA Bancshares, Inc.

On June 1, 2021, PNC acquired BBVA USA Bancshares, Inc. (BBVA), a U.S. financial holding company conducting its business operations primarily through its U.S. banking subsidiary, BBVA USA. PNC paid $11.5 billion in cash as consideration for the acquisition.

On October 8, 2021, BBVA USA merged into PNC Bank. On October 12, 2021, PNC converted approximately 2.6 million customers, 9,000 employees and over 600 branches across seven states. Our results of operations and balance sheets for all periods presented in this Report reflect the benefit of BBVA's acquired businesses for the period since the acquisition closed on June 1, 2021.

For additional information on the acquisition of BBVA, see Note 2 Acquisition and Divestiture Activity.

Discontinued Operations

In the second quarter of 2020, PNC divested its entire 22.4% equity investment in BlackRock. Net proceeds from the sale were $14.2 billion with an after-tax gain on sale of $4.3 billion. BlackRock's historical results are reported as discontinued operations. For additional details on the divestiture of our equity investment in BlackRock, see Note 2 Acquisition and Divestiture Activity.

Subsidiaries

Our corporate legal structure at December 31, 2022 consisted of one domestic subsidiary bank, including its subsidiaries, and 59 active non-bank subsidiaries, in addition to various affordable housing investments and historic rehabilitation investments. Our bank subsidiary is PNC Bank, a national bank chartered in Wilmington, Delaware. For additional information on certain of our subsidiaries, see Exhibit 21 to this Report.

Statistical Disclosure By Bank Holding Companies

The following statistical information is included on the indicated pages of this Report and is incorporated herein by reference:

	Form 10-K page
Average Consolidated Balance Sheet And Net Interest Analysis	190
Analysis Of Year-To-Year Changes In Net Interest Income	191
Maturities And Weighted-Average Yield Of Securities	117
Selected Loan Maturities And Interest Sensitivity	192
Credit Ratios	65, 69 and 70
Allocation Of Allowance For Credit Losses	69
Average Amount And Average Rate Paid On Deposits	190
Uninsured Deposits and Time Deposits	193

Supervision and Regulation

The PNC Financial Services Group, Inc. is a BHC registered under the BHC Act and a financial holding company under the GLB Act. More than 99% of the assets of PNC are held in its domestic bank subsidiary, PNC Bank, a national banking association chartered and located in Wilmington, Delaware.

We are subject to numerous governmental regulations, some of which are highlighted below. See Note 20 Regulatory Matters for additional information regarding our regulatory matters. Applicable laws and regulations restrict our permissible activities and investments, impose conditions and requirements on the products and services we offer and the manner in which they are offered and sold, and require compliance with protections for loan, deposit, brokerage, fiduciary, investment management and other customers, among other things. They also restrict our ability to repurchase stock or pay dividends, or to receive dividends from our bank subsidiary, and impose capital adequacy and liquidity requirements. The consequences of noncompliance with these, or other applicable laws or regulations, can include substantial monetary and nonmonetary sanctions. See the additional information included as Risk Factors in Item 1A of this Report discussing the impact of financial regulatory initiatives on the regulatory environment for us and the financial services industry.

In addition, we are subject to comprehensive supervision and examination by, among other regulatory bodies, the Federal Reserve and the OCC. These examinations consider not only compliance with applicable laws, regulations and supervisory policies of the agency, but also capital levels, asset quality, risk management effectiveness, the ability and performance of management and the board of directors, the effectiveness of internal controls and internal audit function, earnings, liquidity and various other factors.

The results of examination activity by any of our federal bank regulators potentially can result in the imposition of significant limitations on our activities and growth. These regulatory agencies generally have broad discretion to impose restrictions and limitations on the operations of a regulated entity and take enforcement action, including the imposition of substantial monetary penalties and nonmonetary requirements, against a regulated entity where the relevant agency determines, among other things, that the operations of the regulated entity or any of its subsidiaries fail to comply with applicable law or regulations, are conducted in an unsafe or unsound manner, or represent an unfair or deceptive act or practice. This supervisory framework, including the examination reports and supervisory ratings (which are not publicly available) of the agencies, could materially impact the conduct, growth and profitability of our operations.

The CFPB is responsible for examining us for compliance with most federal consumer financial protection laws, including the laws relating to fair lending and prohibiting unfair, deceptive or abusive acts or practices in connection with the offer, sale or provision of consumer financial products or services, and for enforcing such laws with respect to PNC Bank and its affiliates. The results of the CFPB's examinations (which are not publicly available) also can result in restrictions or limitations on the operations of a regulated entity as well as enforcement actions against a regulated entity, including the imposition of substantial monetary penalties and nonmonetary requirements.

We also are subject to regulation by the SEC by virtue of our status as a public company and by the SEC and the CFTC due to the nature of some of our businesses. Our businesses with operations outside the U.S. also are subject to regulation by appropriate authorities in the foreign jurisdictions in which they do business.

As a regulated financial services firm, our relationships and good standing with regulators are of fundamental importance to the operation and growth of our businesses. The Federal Reserve, OCC, CFPB, SEC, CFTC and other domestic and foreign regulators have broad enforcement powers, and certain of the regulators have the power to approve, deny, or refuse to act upon our applications or notices to conduct new activities, acquire or divest businesses, assets or deposits, expand our operations geographically or reconfigure existing operations.

Among the areas that have been receiving a high level of regulatory focus are compliance with the BSA and anti-money laundering laws, capital and liquidity management (including stress testing), the structure and effectiveness of enterprise risk management frameworks, the protection of confidential customer information, cybersecurity, the oversight of arrangements with third-party vendors and suppliers, and compliance with fair lending and other consumer protection laws and regulations, including those governing retail sales practices, fee disclosures, unfair, deceptive or abusive acts or practices, collection practices, protections for military service members and individuals in bankruptcy, and the management of risks associated with the Paycheck Protection Program we participated in to help businesses mitigate the impact of the COVID-19 pandemic.

The profitability of our businesses also is affected by rules and regulations that impact the business and financial sectors in general, including laws governing taxation, antitrust regulation, electronic commerce, data security and privacy.

There are numerous rules governing the regulation of financial services institutions and their holding companies. Accordingly, the following discussion is general in nature and does not purport to be complete or to describe all of the laws, regulations and policies that apply to us. To a substantial extent, the purpose of the regulation and supervision of financial services institutions and their holding companies is not to protect our shareholders and our non-customer creditors, but rather to protect our customers (including depositors), the financial markets and financial system in general.

Banking Regulation and Supervision

Regulatory Capital Requirements, Stress Testing and Capital Planning. PNC and PNC Bank are subject to the regulatory capital requirements established by the Federal Reserve and the OCC, respectively. The foundation of the agencies' regulatory capital rules is the international regulatory capital framework developed by the Basel Committee, the international body responsible for developing global regulatory standards for banking organizations for consideration and adoption by national jurisdictions. The regulatory capital rules establish minimum requirements for the ratio of a banking organization's regulatory capital to its risk-weighted assets, referred to as risk-based capital requirements, as well as for the ratio of its regulatory capital to measures of assets and other exposures, referred to as leverage capital requirements. The agencies' regulatory capital rules have undergone significant change since 2013, when the agencies adopted final rules to implement the Basel Committee's international regulatory capital framework, known as "Basel III", as well as certain provisions of Dodd-Frank. In September 2022, the federal banking agencies announced their intent to revise U.S. regulatory capital requirements to align them with the international standards finalized by the Basel Committee in December 2017, which include, among other items, changes to the standardized approach for credit risk, the credit valuation adjustment risk framework, operational risk framework and the leverage ratio framework. These changes could increase capital requirements for U.S. banking organizations, including PNC.

The federal banking agencies tailor the application of their capital, liquidity and enhanced prudential requirements for banking organizations to the asset size and risk profile (as measured by certain regulatory metrics) of the banking organization. The agencies' capital and liquidity rules classify all BHCs with $100 billion or more in total assets into one of four categories (Category I, Category II, Category III and Category IV), with the most stringent capital and liquidity requirements applying to Category I firms and the least restrictive requirements applying to Category IV firms. The classification of any bank subsidiary of a BHC generally follows that of its parent BHC. PNC and PNC Bank currently are Category III firms because PNC (i) has more than $250 billion, but less than $700 billion, in consolidated total assets, (ii) is not designated as a GSIB, and (iii) has less than $75 billion in cross-jurisdictional activity. PNC and PNC Bank would become a Category I or II institution, and subject to more stringent capital and liquidity standards, if PNC were at some point in the future to have $700 billion or more in total consolidated assets, be designated as a GSIB, or have $75 billion or more in cross-jurisdictional activity. As of December 31, 2022, PNC had cross-jurisdictional activities for these purposes of $24.1 billion.

The regulatory capital rules generally divide regulatory capital into three components: CET1 capital, additional Tier 1 capital (which, together with CET1 capital, comprises Tier 1 capital) and Tier 2 capital. CET1 capital is generally common stock, retained earnings, and qualifying minority interests less required deductions. As permitted, PNC and PNC Bank have elected to exclude AOCI related to both available for sale securities and pension and other post-retirement plans from CET1 capital. Additional Tier 1 capital generally includes, among other things, perpetual preferred stock and qualifying minority interests, less required deductions. Tier 2 capital generally comprises qualifying subordinated debt and, subject to certain quantitative limits, ACL, less any required deductions from Tier 2 capital. The regulatory capital rules limit the extent to which minority interests in consolidated subsidiaries may be included in regulatory capital. Total capital is the sum of Tier 1 capital and Tier 2 capital.

Under the regulatory capital rules, PNC and PNC Bank must deduct investments in unconsolidated financial institutions, MSRs and deferred tax assets (in each case, net of associated deferred tax liabilities) from CET1 capital to the extent such categories individually exceed 25% of the institution's adjusted CET1 capital. As of December 31, 2022, PNC and PNC Bank's investments in unconsolidated financial institutions, MSRs and deferred tax assets did not exceed this threshold.

The agencies' capital rules also permit banking organizations to elect to phase-in, on a straight-line basis over a three-year period, the day-one regulatory capital effects of implementing the Financial Accounting Standards Board's ASU 2016-13 - *Financial Instruments*

- *Credit Losses* (Topic 326), commonly referred to as the CECL standard. PNC implemented the CECL standard effective January 1, 2020, but elected not to implement the phase-in of the day-one regulatory capital effects of the standard. Separately, the rules permit banking organizations that were subject to CECL during 2020 to delay CECL's estimated impact on CET1 capital. CECL's estimated impact on CET1 capital is the change in retained earnings at adoption plus or minus 25% of the change in CECL ACL at the balance sheet date compared to CECL ACL at transition. For institutions electing to utilize this CECL transition rule for regulatory capital, the estimated CECL impact was added to CET1 through December 31, 2021, and will be phased-out over the following three years. PNC and PNC Bank elected this five-year transition period effective March 31, 2020, which impacts the regulatory capital ratios disclosed in this Report. See Note 1 Accounting Policies for more detail on CECL and the ACL.

PNC and PNC Bank are required to use the standardized approach for determining risk-weighted assets for purposes of calculating the risk-based capital ratios. The standardized approach for risk-weighted assets takes into account credit and market risk. To calculate risk-weighted assets under the standardized approach for credit risk, the nominal dollar amounts of assets and credit equivalent amounts of off-balance sheet items are generally multiplied by risk weights set forth in the rules, with the risk weights increasing as the perceived credit risk of the relevant asset or exposure increases. For certain types of exposures, such as securitization exposures, the standardized approach establishes one or more methodologies that are to be used to calculate the risk-weighted asset amount for the exposure. High volatility commercial real estate, past due, and equity exposures, as well as MSRs and deferred tax assets that are not deducted from capital, are generally subject to higher risk weights than other types of exposures. Under the market risk capital rule, risk-weighted asset amounts for covered trading positions are determined based on the calculation of VaR (including stressed VaR), specific risk, incremental risk and comprehensive risk amounts, as specified in the capital rules.

We refer to the capital ratios calculated using the definition of capital under the agencies' Basel III capital rules and, for the risk-based ratios, standardized risk-weighted assets, as our Basel III regulatory capital ratios.

The risk-based capital rules establish certain minimum standards for the capital ratios of banking organizations, including PNC and PNC Bank. Banking organizations must maintain a minimum CET1 ratio of 4.5%, a Tier 1 capital ratio of 6.0%, and a Total capital ratio of 8.0%, in each case in relation to risk-weighted assets, to be considered "adequately capitalized." In 2020, the Federal Reserve introduced a CET1 SCB for BHCs subject to the Federal Reserve's CCAR process, such as PNC. The SCB is calculated based on the difference between a firm's starting and minimum CET1 ratio (as projected by the Federal Reserve) in the supervisory severely adverse scenario during the CCAR process, plus four quarters of the organization's planned common stock dividends (expressed as a percentage of risk-weighted assets), subject to a floor of 2.5%. Based on PNC's performance under the Federal Reserve's supervisory stress tests as part of CCAR 2022, PNC's SCB for the period from the fourth quarter of 2022 through the third quarter of 2023 was set at 2.9%. While PNC Bank is not subject to a SCB, PNC Bank is required to maintain a capital conservation buffer in the form of CET1 equal to a fixed 2.5% of risk-weighted assets.

PNC and PNC Bank must maintain risk-based capital above the minimum risk-based capital ratio requirements plus its SCB (in the case of PNC) or capital conservation buffer (in the case of PNC Bank) in order to avoid limitations on capital distributions, including dividends and repurchases of any Tier 1 capital instrument, such as common and qualifying preferred stock, and certain discretionary incentive compensation payments. As a result, to avoid limitations on capital distributions and certain discretionary incentive compensation payments, PNC must maintain a CET1 capital ratio of at least 7.4%, a Tier 1 capital ratio of at least 8.9%, and a Total capital ratio of at least 10.9%, and PNC Bank must maintain a CET1 capital ratio of at least 7.0%, a Tier 1 capital ratio of at least 8.5%, and a Total capital ratio of at least 10.5%. In addition, while a firm's SCB is typically determined as part of the Federal Reserve's annual CCAR process, the Federal Reserve has the right to conduct supervisory stress tests, require a firm to submit a revised capital plan and calculate a firm's SCB more frequently. BHCs subject to a SCB, such as PNC, generally may increase their capital distributions without seeking prior Federal Reserve approval, provided the BHC otherwise complies with its SCB and any other applicable capital or capital distribution requirements.

For Category III banking organizations (such as PNC and PNC Bank), the Federal Reserve and OCC can supplement these higher SCB or capital conservation buffer levels above the regulatory minimums by a countercyclical capital buffer of up to an additional 2.5% of risk-weighted assets. This buffer, which must be held in the form of CET1 capital, is currently set at zero in the U.S. A Federal Reserve policy statement establishes the framework and factors the Federal Reserve would use in setting and adjusting the amount of the U.S. countercyclical capital buffer. Covered banking organizations would generally have 12 months after the announcement of any increase in the countercyclical capital buffer to meet the increased buffer requirement, unless the Federal Reserve establishes an earlier effective date.

The regulatory capital rules also require that banking organizations maintain a minimum amount of Tier 1 capital as compared to average consolidated assets, referred to as the leverage ratio, and require Category III banking organizations to maintain a minimum amount of Tier 1 capital as compared to total leverage exposure, referred to as the supplementary leverage ratio. Total leverage exposure takes into account on-balance sheet assets as well as certain off-balance sheet items, including loan commitments and potential future exposure under derivative contracts. Banking organizations are required to maintain a minimum leverage ratio of Tier 1 capital to total assets of 4.0%, and Category III banking organizations must maintain a minimum supplementary leverage ratio of

3.0%. As of December 31, 2022, the leverage and supplementary leverage ratios of PNC and PNC Bank were above the required minimum level.

PNC and PNC Bank are not subject to the additional CET1 capital surcharge, minimum long-term debt requirement, minimum total loss-absorbing capacity or enhanced supplementary leverage ratio requirements that apply to U.S. GSIBs. However, it is possible that the agencies will consider applying one or more of these requirements in the future to additional BHCs or insured depository institutions like PNC and PNC Bank. In October 2022, the Federal Reserve and FDIC jointly issued an advance notice of proposed rulemaking to solicit input on potential changes to the resolution-related requirements applicable to large banking organizations like PNC that are not GSIBs, including a requirement to maintain loss-absorbing capacity at the bank or holding company in the form of long-term debt.

Failure to meet applicable capital requirements could subject a banking organization to a variety of enforcement remedies available to the federal banking agencies, including a limitation on the ability to pay dividends or repurchase shares, the issuance of a capital directive to increase capital and, in severe cases, the termination of deposit insurance by the FDIC and the appointment of a conservator or receiver. In some cases, the extent of these powers depends upon whether the institution in question is considered "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized" or "critically undercapitalized." The thresholds at which an insured depository institution is considered "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized" or "critically undercapitalized" are based on (i) the institution's CET1, Tier 1 and total risk-based capital ratios; (ii) the institution's leverage ratio; and (iii) for the definitions of "adequately capitalized" and "undercapitalized", the institution's supplementary leverage ratio (if applicable). Generally, the smaller an institution's capital base in relation to its risk-weighted or total assets, the greater the scope and severity of the agencies' powers. Business activities may also be affected by an institution's capital classification. For example, PNC and PNC Bank must remain "well capitalized" for PNC to continue to take advantage of financial holding company status.

At December 31, 2022, PNC and PNC Bank exceeded the required ratios for classification as "well capitalized." For additional discussion of capital adequacy requirements, including the levels of capital required to be considered "well capitalized," see the Liquidity and Capital Management portion of the Risk Management section of this Report and Note 20 Regulatory Matters.

In addition to regulatory capital requirements, we are subject to the Federal Reserve's capital plan rule, capital stress testing requirements and CCAR process, as well as the DFAST requirements of the Federal Reserve and the OCC.

As part of the CCAR process, the Federal Reserve undertakes a supervisory assessment of the capital planning process of BHCs, including PNC, that have $100 billion or more in total consolidated assets. For us, this capital planning assessment is based on a review of a comprehensive capital plan submitted to the Federal Reserve that describes the company's planned capital actions, such as plans to pay or increase common stock dividends, engage in common stock repurchase programs, or issue or redeem preferred stock or other regulatory capital instruments during a nine quarter review period, as well as the results of stress tests conducted by both the company and the Federal Reserve under different hypothetical macroeconomic scenarios, including a supervisory severely adverse scenario provided by the Federal Reserve. The Federal Reserve's capital plan rule provides that a BHC must resubmit a new capital plan prior to the next annual submission date if, among other things, there has been or will be a material change in the BHC's risk profile, financial condition or corporate structure since its last capital plan submission.

In evaluating PNC's capital plan, the Federal Reserve also considers a number of qualitative factors. In assessing a BHC's capital planning and stress testing processes, the Federal Reserve considers whether the BHC has sound and effective governance to oversee these processes. The Federal Reserve's evaluation focuses on whether a BHC's capital planning and stress testing processes are supported by a strong risk management framework to identify, measure and assess material risks and that provides a strong foundation to capital planning. The Federal Reserve also considers the comprehensiveness of a BHC's control framework and evaluates a BHC's policy guidelines for capital planning and assessing capital adequacy. A BHC's stress testing scenario design processes and approaches for estimating the impact of stress on its capital position, including stress testing models and non-model qualitative approaches, may be reviewed to ensure that projections reflect the impact of appropriately stressful conditions, as well as risks idiosyncratic to the BHC, on its capital position. Significant deficiencies in a BHC's capital planning and stress testing processes may result in supervisory directives that require the firm to address the identified deficiencies and, potentially, a downgrade in the BHC's supervisory capital positions and planning rating.

In connection with the 2023 CCAR exercise, we must file our capital plan and stress testing results using financial data as of December 31, 2022, with the Federal Reserve by April 5, 2023. In June 2023, we expect to receive PNC's preliminary SCB for the period from the fourth quarter of 2023 through the third quarter of 2024. The Federal Reserve must provide firms their final SCB for this period by August 31, 2023, which would reflect any changes made to the firm's planned common stock dividends to remain in compliance with the firm's SCB.

As a Category III institution, PNC must conduct a company-run DFAST stress test biennially in even numbered years and release PNC's projections of certain revenue, loss and capital results from the exercise under the agencies' hypothetical supervisory severely adverse macroeconomic scenario and applying the agencies' DFAST capital action assumptions.

As part of the DFAST and annual CCAR processes, the Federal Reserve releases certain revenue, loss and capital results for each participating firm from its supervisory stress testing exercises.

Regulatory Liquidity Standards and Liquidity Risk Management Requirements. The Basel Committee's Basel III framework also includes short-term liquidity standards and long-term funding standards, such as LCR and NSFR, respectively.

The U.S. banking agencies' LCR rules are designed to ensure that covered banking organizations maintain an adequate level of cash and high-quality liquid assets to meet estimated net liquidity needs in a short-term stress scenario using liquidity inflow and outflow assumptions prescribed in the rules (net cash outflow). A company's LCR is the amount of its high-quality liquid assets divided by its net cash outflows, expressed as a percentage, and as calculated under the rules. The regulatory minimum LCR that covered banking organizations are required to maintain is 100%. PNC and PNC Bank are required to calculate the LCR on a daily basis. If either institution's LCR is below the minimum requirement for three consecutive business days, the institution must promptly provide its regulator with a plan for achieving compliance with the minimum LCR requirement.

The NSFR is designed to measure the stability of the maturity structure of assets and liabilities of banking organizations over a one-year time horizon. A covered BHC's NSFR is the ratio of its available stable funding to its required stable funding amount (as calculated under the rules) over a one-year horizon. The regulatory minimum ratio for all covered banking organizations (expressed as a percentage) is 100%. PNC and PNC Bank are required to calculate the NSFR on an ongoing basis. If either institution's NSFR falls, or is likely to fall below, the minimum requirement, the institution must provide its regulator with a plan for achieving compliance with the minimum NSFR requirement.

As Category III institutions with less than $75 billion in weighted short-term wholesale funding, PNC and PNC Bank are subject to reduced LCR and NSFR requirements, with each company's LCR net outflows and NSFR required stable funding (as calculated under the rules) reduced by 15%, thereby reducing the amount of high-quality liquid assets or available stable funding each institution must hold to meet the LCR and NSFR minimum requirements, respectively. As of December 31, 2022, PNC had weighted short-term wholesale funding for these purposes of $33.7 billion.

The Federal Reserve requires large BHCs, including PNC, to publicly disclose certain quantitative and qualitative measures of their LCR- and NSFR-related liquidity profile. These disclosures include major components used to calculate the LCR and NSFR (*e.g.*, high-quality liquid assets, cash outflows and inflows for the LCR, and available stable funding and required stable funding for the NSFR, at the consolidated parent company), and a qualitative discussion of the BHC's LCR and NSFR results, including, among other things, key drivers of the results, composition of high-quality liquid assets and available stable funding, and concentration of funding sources.

Additionally, as a Category III institution, PNC also must, among other things, conduct internal liquidity stress tests over a range of time horizons, maintain a buffer of highly liquid assets sufficient to meet projected net outflows under the BHC's 30-day liquidity stress test and maintain a contingency funding plan that meets certain requirements.

For additional discussion of regulatory liquidity requirements, refer to the Liquidity and Capital Management portion of the Risk Management section of this Report.

Source of Parent Company Liquidity and Dividends. The principal source of our liquidity at the parent company level is dividends from PNC Bank. PNC Bank is subject to various restrictions on its ability to pay dividends to PNC Bancorp, Inc., its direct parent, which is a wholly-owned direct subsidiary of The PNC Financial Services Group, Inc. PNC Bank also is subject to federal laws limiting extensions of credit to its parent holding company and non-bank affiliates as discussed in Note 20 Regulatory Matters. Further information on bank level liquidity and parent company liquidity is also available in the Liquidity and Capital Management portion of the Risk Management section of this Report.

Federal Reserve rules provide that a BHC is expected to serve as a source of financial strength to its subsidiary banks and to commit resources to support such banks if necessary. Dodd-Frank requires that the Federal Reserve jointly adopt new rules with the OCC and the FDIC to implement this source of strength requirement. These joint rules have not yet been proposed. Consistent with this source of strength policy for subsidiary banks, the Federal Reserve has stated that, as a matter of prudent banking, a BHC generally should not maintain a rate of cash dividends unless its net income available to common shareholders has been sufficient to fully fund the dividends and the prospective rate of earnings retention appears to be consistent with the corporation's capital needs, asset quality and overall financial condition. Further, in providing guidance to the large BHCs participating in the CCAR exercise, such as PNC as discussed above, the Federal Reserve has expected capital plans to reflect conservative dividend payout ratios.

Enhanced Prudential Requirements. Under Federal Reserve rules, PNC and other BHCs with total consolidated assets of $100 billion or more are subject to various enhanced prudential standards related to liquidity risk management and overall risk management. For PNC, these rules, among other things, establish liquidity stress testing requirements (discussed above), limitations on PNC's aggregate net credit exposures to any single, unaffiliated company (referred to as SCCL), and certain oversight and governance responsibilities for PNC's Chief Risk Officer, the Board of Directors, and the Risk Committee of the Board of Directors. Under the Federal Reserve's SCCL rules, PNC's aggregate net credit exposure (including exposure resulting from, among other transactions, extensions of credit, repurchase and reverse repurchase transactions, investments in securities and derivative transactions) to any unaffiliated counterparty may not exceed 25% of PNC's Tier 1 capital.

The Federal Reserve may continue to develop the set of enhanced prudential standards that apply to large BHCs in order to further promote the resiliency of such firms and the U.S. financial system. For additional information, see Item 1A Risk Factors of this Report.

Additional Powers Under the GLB Act. The GLB Act permits a qualifying BHC, such as PNC, to become a "financial holding company" and thereby engage in, or affiliate with companies engaging in, a broader range of financial activities than would otherwise be permitted for a BHC. Permitted affiliates include securities underwriters and dealers, insurance companies, insurance agents and companies engaged in other activities that are determined by the Federal Reserve, in consultation with the Secretary of the Treasury, to be "financial in nature or incidental thereto" or are determined by the Federal Reserve unilaterally to be "complementary" to financial activities. We became a financial holding company in 2000. A BHC qualifies to become a financial holding company if the BHC and its subsidiary depository institutions are "well capitalized" and "well managed" and its subsidiary depository institutions have a rating under the CRA of Satisfactory or better. Among other activities, we currently rely on our status as a financial holding company to conduct merchant banking activities and securities underwriting and dealing activities. As subsidiaries of a financial holding company under the GLB Act, our non-bank subsidiaries are generally allowed to conduct new financial activities, and we generally are permitted to acquire non-bank financial companies that have less than $10 billion in assets, with after-the-fact notice to the Federal Reserve.

In addition, the GLB Act permits qualifying national banks to engage in expanded activities through a "financial subsidiary." PNC Bank has filed a financial subsidiary certification with the OCC and currently engages in insurance agency activities through financial subsidiaries. PNC Bank may also generally engage through a financial subsidiary in any activity that is determined to be financial in nature or incidental to a financial activity by the Secretary of the Treasury, in consultation with the Federal Reserve (other than insurance underwriting activities, insurance company investment activities and merchant banking). In order to establish a financial subsidiary, a national bank and each of its depository institution affiliates must be "well capitalized" and "well managed" and the national bank and each of its depository institution affiliates must have a CRA rating of Satisfactory or better.

If a financial holding company or a national bank with a financial subsidiary fails to continue to meet the applicable "well capitalized" or "well managed" criteria, the financial holding company or national bank must enter into an agreement with the Federal Reserve or the OCC, respectively, that, among other things, identifies how the capital or management deficiencies will be corrected. Until such deficiencies are corrected, the relevant agency may impose limits or conditions on the activities of the company or bank, and the company or bank may not engage in, or acquire a company engaged in, the types of expanded activities only permissible for a financial holding company or financial subsidiary without prior approval of the relevant agency.

In addition, a financial holding company generally may not engage in a new financial activity authorized by the GLB Act, or acquire a company engaged in such a new activity, if any of its insured depository institutions receives a CRA rating of less than Satisfactory. A national bank's financial subsidiary generally may not engage in a new financial activity authorized by the GLB Act, or acquire a company engaged in such a new financial activity, if the national bank or any of its insured depository institution affiliates received a CRA rating of less than Satisfactory. At December 31, 2022, PNC Bank had a rating of Outstanding with respect to CRA. In May 2022, the federal banking agencies issued a notice of proposed rulemaking to amend the regulations implementing the CRA. The proposal, among other things, would significantly expand the number of areas in which a bank is evaluated under the CRA, change the tests used to evaluate a bank in those areas, and expand the data a bank must collect and report. We expect the federal banking agencies to finalize revisions to the regulations implementing the CRA in 2023, which may increase PNC Bank's obligations and compliance costs necessary to achieve a "Satisfactory" or "Outstanding" rating.

Volcker Rule. The Volcker Rule and its implementing regulations prohibit banking entities from engaging in short-term trading as principal and having certain ownership interests in and relationships with hedge funds, private equity funds, and certain other private funds (together, "covered funds"), unless an exemption or exception applies. For example, the exemptions under the Volcker Rule allow banking entities to trade as principal for securities underwriting, market making and risk-mitigating hedging purposes, subject to a variety of conditions. PNC and PNC Bank are subject to simplified and tailored compliance program requirements because each entity has trading assets and liabilities of less than $20 billion.

Other Federal Reserve and OCC Regulation and Supervision. The federal banking agencies possess broad powers to take corrective action as deemed appropriate based on the actions, operations or risk management programs of a BHC, an insured depository institution or their subsidiaries, and the Federal Reserve and the OCC have the ability to take enforcement action against PNC and PNC Bank, respectively, to prevent and remedy acts and practices that the agency determines to be unfair or deceptive. A finding that we have engaged in a deceptive act or practice may have collateral consequences on our ability to rely on certain exemptions in, or take advantage of certain provisions of, the securities laws absent a government waiver of such restrictions.

Moreover, less than satisfactory examination ratings, lower capital or liquidity ratios than peer group institutions, or regulatory concerns regarding management, controls, assets, operations or other factors can all potentially result in practical limitations on the ability of a bank or BHC to engage in new activities, grow, acquire new businesses, repurchase its stock or pay dividends or continue to conduct existing activities. Furthermore, the OCC has established certain heightened risk management and governance standards for large banks, including PNC Bank. The guidelines, among other things, establish minimum standards for the design and implementation of a risk governance framework, describe the appropriate risk management roles and responsibilities of front line units, independent risk management, internal audit, and the board of directors, and provide that a covered bank should have a comprehensive written statement that articulates its risk appetite and serves as a basis for the framework. If the OCC determines that a covered national bank is not in compliance with these or other enforceable guidelines (including guidelines relating to information security standards), the OCC may require the bank to submit a corrective action plan and may initiate enforcement action against the bank if an acceptable plan is not submitted or the bank fails to comply with an approved plan.

Sections 23A and 23B of the Federal Reserve Act and the Federal Reserve's implementing regulation, Regulation W, place quantitative and qualitative restrictions on covered transactions between a bank and its affiliates (for example between PNC Bank, on the one hand, and The PNC Financial Services Group, Inc. and its non-bank subsidiaries, on the other hand). In general, Section 23A and Regulation W limit the total amount of covered transactions between a bank and any single affiliate to 10% of the bank's capital stock and surplus, limit the total amount of covered transactions between a bank and all its affiliates to 20% of the bank's capital stock and surplus, prohibit a bank from purchasing low-quality assets from an affiliate and require certain covered transactions to be secured with prescribed amounts of collateral. Covered transactions include, among other things, extensions of credit, guarantees and purchases of assets. Section 23B generally requires that transactions between a bank and its affiliates be on terms that are at least as favorable to the bank as the terms that would apply in comparable transactions between the bank and a third party. Dodd-Frank amended Section 23A of the Federal Reserve Act to include as a covered transaction the credit exposure of a bank to an affiliate arising from a derivative transaction with the affiliate. The Federal Reserve has yet to propose rules to implement these revisions.

The Federal Reserve Act and Federal Reserve regulations also place quantitative limitations and conditions on extensions of credit by a bank to its executive officers, directors, or principal shareholders and their related interests (including any company controlled by such persons). Generally, extensions of credit by a bank to such individuals, companies and related interests must comply with certain individual and aggregate lending limits, as well as procedural and qualitative requirements. As a result of the amount of PNC common stock held by its advised mutual funds and other accounts, the Vanguard Group is considered a principal shareholder of PNC Bank for purposes of these regulations. The federal banking agencies have issued an interagency statement addressing the application of these insider lending restrictions to the other portfolio companies owned or controlled by the advised funds and accounts of a fund complex that could be considered a principal shareholder of a bank, which is effective through the sooner of January 1, 2024, and the effective date of a final Federal Reserve rule that addresses the treatment of extensions of credit by a bank to fund complex-controlled portfolio companies that are considered insiders of the bank. The statement explains that the federal banking agencies will continue to exercise discretion to not take enforcement action against either a fund complex that is a principal shareholder of a bank, or a bank for which a fund complex is a principal shareholder, with respect to extensions of credit by the bank to the related interests of such fund complex that otherwise would violate the insider lending restrictions, subject to certain conditions.

The Federal Reserve and the OCC have provided guidance regarding incentive and other elements of compensation provided to executives and other employees at banking organizations they regulate, both as general industry-wide guidance and guidance specific to select larger companies, including PNC. These guidelines are intended to ensure that the incentive compensation practices of covered banking organizations do not encourage excessive risk-taking. Dodd-Frank requires the Federal Reserve, the OCC, the FDIC, the SEC and two other regulatory agencies to adopt regulations governing incentive compensation provided by regulated financial services companies to their executives and other employees. These agencies jointly proposed regulations in 2011 and again in 2016 to implement these requirements. Final regulations have not been adopted.

The trust, investment advisory and other fiduciary activities conducted by PNC Bank also are subject to the OCC's regulations governing the fiduciary activities of national banks, as well as applicable state fiduciary laws. The OCC's regulations, among other things, set standards for the administration of fiduciary accounts, prohibit or govern potential conflicts of interests and establish recordkeeping requirements for fiduciary accounts.

The Federal Reserve's prior approval is required whenever we propose to acquire all or substantially all of the assets of any bank, to acquire direct or indirect ownership or control of more than 5% of any class of voting securities of any bank or BHC, or to merge or consolidate with any other BHC. In reviewing the merger of BHCs, the acquisition of banks or the acquisition of voting securities of a bank or BHC, the factors the Federal Reserve must consider include (i) the competitive effects of the proposal in the relevant geographic markets; (ii) the financial and managerial resources and future prospects of the companies and banks involved in the transaction; (iii) the effect of the transaction on the financial stability of the U.S.; (iv) the organizations' compliance with anti-money laundering laws and regulations; (v) the convenience and needs of the communities to be served; and (vi) the records of performance under the CRA of the insured depository institutions involved in the transaction. On July 9, 2021, President Biden signed an executive order that, among other things, recommended that the U.S. Department of Justice and federal banking agencies update guidelines on banking mergers to provide more robust scrutiny of mergers.

The Federal Reserve's prior approval also is required, and similar factors are considered, for a BHC to acquire direct or indirect ownership or control of more than 5% of any class of voting securities of a savings association or savings and loan holding company, or to merge or consolidate with a savings and loan holding company. In cases involving interstate bank acquisitions, the Federal Reserve also must consider the concentration of deposits nationwide and in certain individual states. A BHC is generally prohibited from merging or consolidating with, or acquiring, another company or bank if upon consummation the resulting company would control 10% or more of deposits in the U.S. or a state, or if the resulting company's liabilities would exceed 10% of the aggregate liabilities of the U.S. financial sector (including the U.S. liabilities of foreign financial companies). In extraordinary cases, the FSOC, in conjunction with the Federal Reserve, could order the break-up of financial firms that are deemed to present a grave threat to the financial stability of the U.S.

OCC prior approval is required for PNC Bank to acquire another insured bank or savings association by merger or to acquire deposits or substantially all of the assets of such institutions. In deciding whether to approve such a transaction, the OCC is required to consider factors similar to those that must be considered by the Federal Reserve in connection with the acquisition of a bank or BHC. Approval of the OCC and the FDIC is required to merge a non-bank entity into PNC Bank.

The Federal Reserve also has issued rules governing when a BHC is presumed to "control" another company for purposes of the BHC Act, thereby causing the company to be considered a subsidiary for purposes of the BHC Act. The rules establish a set of presumptions identifying when a BHC would be deemed to control another company, with the nature and scope of relationships a BHC may have with a non-controlled company (*e.g.*, director or officer representatives, scope of business relationships, etc.) declining as the BHC's voting ownership percentage in the company increases.

FDIC Insurance and Related Matters. PNC Bank is insured by the FDIC and subject to deposit premium assessments. PNC Bank, as an insured depository institution with over $50 billion in assets and controlled by a BHC with over $500 billion in assets on a consolidated basis, is a "highly complex institution" under the FDIC's methodology for determining premium assessments. Regulatory matters could increase the cost of FDIC deposit insurance premiums to an insured bank as FDIC deposit insurance premiums are "risk based." Therefore, higher fee percentages would be charged to banks that have lower capital ratios or higher risk profiles. These risk profiles take into account, among other things, weaknesses that are found by the primary federal banking regulator through its examination and supervision of the bank and the bank's holdings of assets or liabilities classified as higher risk by the FDIC, including brokered deposits. A negative evaluation by the FDIC or a bank's primary federal banking regulator could increase the costs to a bank and result in an aggregate cost of deposit funds higher than that of competing banks in a lower risk category.

PNC Bank is subject to certain enhanced deposit insurance recordkeeping requirements adopted by the FDIC, which are designed to assist the FDIC to promptly determine whether, or to what extent, a large bank's deposits are covered by deposit insurance if the bank were to fail.

Federal banking laws and regulations also apply a variety of requirements or restrictions on insured depository institutions with respect to brokered deposits. For instance, only a "well capitalized" insured depository institution may accept brokered deposits without prior regulatory approval. In addition, brokered deposits are generally subject to higher outflow assumptions than other types of deposits for purposes of the LCR. The FDIC has issued rules and guidance for determining whether deposits are considered "brokered."

Resolution and Recovery Planning. BHCs that have $100 billion or more in assets, such as PNC, are required to periodically submit to the Federal Reserve and the FDIC a resolution plan (including a public summary) that includes, among other things, an analysis of how the company could be resolved in a rapid and orderly fashion if the company were to fail or experience material financial distress. The Federal Reserve and the FDIC may jointly impose restrictions on a covered BHC, including additional capital requirements or limitations on growth, if the agencies jointly determine that the company's plan is not credible or would not facilitate a rapid and orderly resolution of the company under the U.S. Bankruptcy Code (or other applicable resolution framework), and additionally could require the company to divest assets or take other actions if the company did not submit an acceptable resolution plan within two years after any such restrictions were imposed. PNC generally must file a resolution plan with the Federal Reserve and FDIC at least once each three-year period, with submissions alternating between a full plan and a plan targeted on certain areas or subjects identified by the agencies. The agencies, however, have reserved the ability to alter the scheduled filing date for a covered company, request an interim update before a covered company's next scheduled filing date and require a covered company to submit a full resolution plan in lieu of a scheduled targeted plan. PNC filed a targeted resolution plan in December 2021 and received feedback from the agencies in December 2022 that did not identify any shortcomings or deficiencies in PNC's plan.

In addition to the proposed long-term debt requirements noted above, the Federal Reserve's and FDIC's October 2022 advance notice of proposed rulemaking solicited input on other potential changes to the resolution-related requirements applicable to large banking organizations like PNC that are not GSIBs. The advance notice of proposed rulemaking solicited comments and posed specific questions on whether to impose GSIB-like resolution requirements on large banking organizations that are not GSIBs, including a "clean holding company" requirement that would prohibit top-tier holding companies from entering certain financial arrangements (such as short-term borrowing or derivative contracts), separability requirements, the Federal Reserve's supervisory guidance on recovery planning, and certain disclosure requirements currently applicable to GSIBs. Such requirements could, among other things, increase PNC's borrowing costs, require the implementation of new operational capabilities, and require changes to PNC's resolution strategies at the holding company level and bank level.

The FDIC also requires large insured depository institutions, including PNC Bank, to periodically submit a resolution plan (including a public summary) to the FDIC that includes, among other things, an analysis of how the institution could be resolved under the FDI Act in a manner that protects depositors and limits losses or costs to creditors of the bank in accordance with the FDI Act. In January 2021, the FDIC lifted the moratorium that it had instituted on resolution plan filings by insured depository institutions. PNC Bank filed its resolution plan in December 2022 and is awaiting feedback from the FDIC.

PNC Bank also is subject to OCC guidelines that establish standards for recovery planning. These guidelines require a covered bank to develop and maintain a recovery plan that is evaluated and updated annually that, among other things, identifies a range of options that could be undertaken by the covered bank to restore its financial strength and viability should identified triggering events occur. The recovery plan guidelines are enforceable in the same manner as the other guidelines the OCC has established.

CFPB Regulation and Supervision. The CFPB examines PNC and PNC Bank for compliance with a broad range of federal consumer financial laws and regulations, including the laws and regulations that relate to deposit products, credit card, mortgage, automobile, student and other consumer loans, and other consumer financial products and services that we offer. The consumer financial protection laws that are subject to the CFPB's supervision and enforcement powers include, among others, the Truth in Lending Act, Truth in Savings Act, Home Mortgage Disclosure Act, Fair Credit Reporting Act, Electronic Funds Transfer Act, Real Estate Settlement Procedures Act, Fair Debt Collections Practices Act, Equal Credit Opportunity Act and Fair Housing Act. The CFPB also has authority to take enforcement actions to prevent and remedy acts and practices relating to consumer financial products and services that it deems to be unfair, deceptive or abusive, and to impose new disclosure requirements for any consumer financial product or service.

The CFPB may issue regulations that impact products and services offered by PNC or PNC Bank. The regulations could reduce the fees that we receive, require that we provide additional consumer disclosures, alter the way we provide our products and services, impair our ability to compete with other providers of financial products or services, or expose us to greater risk of private litigation or regulatory enforcement action. The CFPB has engaged in rulemakings that affect, among other things, consumer remittance transfers, the qualified mortgage definition under the Truth in Lending Act, the Home Mortgage Disclosure Act, the Fair Debt Collection Practices Act, and payday, vehicle title, and certain high-cost installment loans and may establish, or modify, rules governing other aspects of consumer financial products or services in the future.

Securities and Derivatives Regulation

Our registered broker-dealers and investment adviser subsidiaries are subject to the Exchange Act, and the Investment Advisers Act of 1940, respectively, and related rules and regulations promulgated by the SEC. These rules, for example, require that broker-dealers and investment advisers act in a customer's best interest when making investment recommendations to retail customers, which includes managing conflicts of interest, providing required disclosures and exercising a duty of care in making investment recommendations. FINRA is the primary self-regulatory organization for our registered broker-dealer subsidiaries. Our broker-dealer and investment adviser subsidiaries also are subject to additional regulation by states or local jurisdictions.

The SEC and FINRA have active enforcement functions that oversee broker-dealers and investment advisers and can bring actions that result in fines, restitution, a limitation on permitted activities, disqualification to continue to conduct certain activities and an inability to rely on certain favorable exemptions. Certain types of infractions and violations also can affect our ability to expeditiously issue new securities into the capital markets. In addition, certain changes in the activities of a broker-dealer require approval from FINRA, and FINRA takes into account a variety of considerations in acting upon applications for such approval, including internal controls, capital levels, management experience and quality, prior enforcement and disciplinary history and supervisory concerns.

The CFTC regulates swap dealers, other than security-based swap dealers, which are regulated by the SEC. PNC Bank is provisionally registered as a swap dealer with the CFTC. Because of the limited volume of our security-based swap dealing activities, PNC Bank has not registered (and currently does not intend to register) with the SEC as a security-based swap dealer.

PNC Bank's derivatives and foreign exchange businesses are subject to the regulations and requirements imposed on CFTC-registered swap dealers, and the CFTC (and for certain delegated responsibilities, the National Futures Association) has a meaningful supervisory role with respect to PNC Bank's derivatives and foreign exchange businesses. The CFTC's regulations are intended to (i) address systemic risk issues, (ii) bring greater transparency to the derivatives and foreign exchange markets, (iii) provide enhanced disclosures and protections to customers and (iv) promote market integrity. Among other things, these regulations (i) require that, absent certain specified exemptions, most standardized swaps be centrally cleared through a regulated clearing house and be traded on a centralized exchange or swap execution facility; (ii) subject PNC Bank to capital requirements in excess of historical practice; (iii) subject PNC Bank to comprehensive recordkeeping, regulatory reporting and real-time public reporting requirements; (iv) subject PNC Bank to various business conduct requirements, including the provision of daily marks to counterparties and disclosing to counterparties (pre-execution) the material risks, material incentives and any conflicts of interest associated with their swap; (v) impose special duties on PNC Bank when transacting a swap with a "special entity" (*e.g.*, governmental agency (federal, state or local) or political subdivision thereof, pension plan or endowment); and (vi) impose margin requirements on certain swaps that are not centrally cleared through a regulated clearing house.

The regulations and requirements applicable to PNC Bank, as a provisionally registered CFTC swap dealer, impose compliance burdens on PNC Bank and introduce additional legal risks (including as a result of applicable anti-fraud and anti-manipulation provisions and private rights of action). In addition, failure to comply with the "pay-to-play" regulations that govern our swap and municipal securities businesses could result in limitations on PNC Bank's ability to conduct swap and municipal securities business with state or local governments and their authorities.

Regulations of Other Agencies
In addition to regulations issued by the federal banking, securities and derivatives regulators, we also are subject to regulations issued by other federal agencies with respect to certain financial products and services we offer. For example, certain of our fiduciary, brokerage and investment management activities are subject to regulations issued by the Department of Labor under ERISA and related provisions of the Internal Revenue Code.

Competition

We are subject to intense competition from other regulated banking organizations, as well as various other types of financial institutions and non-bank entities that can offer a number of similar products and services without being subject to bank regulatory supervision and restrictions.

Our businesses compete for deposits and/or loans with:
- Other commercial banks,
- Savings banks,
- Credit unions,
- Consumer finance companies,
- Leasing companies,
- Other non-bank lenders,
- Financial technology companies,
- Treasury management service companies,
- Insurance companies,
- Issuers of commercial paper and other securities, including mutual funds, and
- Other international money transfer businesses.

In providing asset management services, our businesses compete with:
- Investment management firms,
- Large banks and other financial institutions,
- Brokerage firms,
- Financial technology companies,
- Mutual fund complexes, and
- Insurance companies.

Our various non-bank businesses engaged in investment banking and alternative investment activities compete with:
- Commercial banks,
- Investment banking firms,
- Collateralized loan obligation managers,
- Hedge funds,
- Mutual fund complexes,
- Merchant banks,
- Insurance companies,
- Private equity firms, and

- Other investment vehicles.

Competition is based on a number of factors including pricing, product structure, the range of products and services offered and the quality of customer service. Loan pricing, structure and credit standards are extremely important as we seek to achieve appropriate risk-adjusted returns. Deposit-taking activities are also subject to pricing pressures and to customer migration as a result of intense competition for deposits and investments. Competitors may seek to compete with us through traditional channels such as physical locations or through digital channels such as the internet or mobile applications. We include here by reference the additional information regarding competition and factors affecting our competitive position included in Item 1A Risk Factors of this Report.

Human Capital

We place great importance on having the right people in the right roles, with the right skills, and doing their best work. By focusing on the growth and development of our talented team members, we believe we are best positioned to deliver results for our customers. We believe when our employees deliver for our customers, they deliver for our communities and shareholders as well.

PNC devotes substantial resources to managing and developing human capital. Our Board of Directors provides oversight of our human capital management strategies, programs and policies developed by our Chief Human Resources Officer and senior management team and is assisted by our Board's Nominating and Governance and Human Resources Committees. Our Management Level Executive Committee assists and makes recommendations to our Chief Executive Officer and Board of Directors on human capital matters.

The Board of Directors also includes a Special Committee on Equity & Inclusion, which assists the Board in its oversight of management's equity and inclusion efforts. Additionally, under the leadership of the Chief Corporate Responsibility Officer, PNC operates a corporate responsibility department. The Chief Corporate Responsibility Officer is a member of the Executive Committee, reporting directly to the Chief Executive Officer. The Board of Directors provides formal oversight of the company's corporate responsibility strategy and regularly reviews policies, programs and strategies foundational to the work of the corporate responsibility department. Additionally, our Corporate Diversity Council is co-chaired by our Chief Executive Officer and Chief Diversity Officer and includes senior leaders from across the organization. The council is responsible for overseeing strategic corporate initiatives that impact the creation and sustainment of an inclusive corporate culture and a talented, diverse workforce.

Employees totaled 61,545 at December 31, 2022. This total included 59,894 full-time and 1,651 part-time employees, of which 32,467 full-time and 1,577 part-time employees were employed in our Retail Banking business.

Part of PNC's ability to compete effectively depends on our ability to attract new employees and retain and develop our existing employees. In support of our employees, our strategic human capital goals include:

- Advancing PNC's talent-focused culture by developing strong leaders who exemplify our Leadership Standards, a set of standards designed to hold managers accountable for intentional inclusion, living our corporate values, enabling change, achieving results and developing the best talent and providing them with the tools and insights to effectively manage our people.
- Focusing on the development and retention of diverse, high performing talent and providing employees with opportunities for professional growth, career mobility and health and financial wellness.
- Supporting a strong, ethical culture anchored in our corporate values and doing the right thing for our employees, customers, communities and shareholders.
- Continuing to focus on improving workforce diversity and creating an equitable and inclusive work place.

In managing our employees, we focus on these key factors:

- *Recruiting, developing and retaining talent*. We believe recruiting, developing and retaining talent starts with our leaders, and we measure our managers against our Leadership Standards. Our talent priority is to invest in the development of our internal talent and to provide career advancement opportunities to our employees. We measure how many open requisitions we fill with internal candidates, participation in early career development programs and turnover. At our first-level and above career bands we fill approximately 56% of our open requisitions with internal candidates, which has a direct impact on our ability to retain and develop our people. In addition, we hire approximately 500 interns and 500 full-time development program associates each year from our 11 early career development programs that support each of our lines of business and support areas.
- *Diversity, equity and inclusion*. We focus on attracting, developing and retaining a diverse workforce that reflects and is equipped to meet the needs of our diverse customer base. Based on employee self-disclosure, we measure representation of LGBTQ+, people with disabilities, veterans and women, and across all races and certain ethnicities. As of December 31, 2022, approximately 59% of PNC's workforce and 51% of PNC's employees in managerial roles were women. People of color represented approximately 35% of PNC's workforce, including 26% of our employees in managerial roles, as of

December 31, 2022. As part of building a pipeline of diverse talent, 73% of the early career development program participants in 2022 were diverse, including LGBTQ+, women, veterans, people of color and those with a disability.

- *Total rewards*. We are committed to providing competitive compensation and benefits programs as part of our overall strategy to retain and recruit diverse talent. We design our compensation and benefits programs to focus on three key aspects of employee well-being: health, money and quality of life. These programs include competitive base salaries and, depending on eligibility, cash incentive and/or stock-based award opportunities, an Employee Stock Purchase Plan, a 401(k) Plan with employer match, a pension plan, healthcare, life insurance and disability benefits, health savings and dependent care flexible spending accounts, paid time off, paid maternity and parental leave, family care resources, flexible work schedules, a robust wellness program with incentives, adoption assistance, employee assistance programs and educational assistance, among others. Additionally, we conduct pay equity analyses to determine if employees are being compensated fairly and consistently across roles.
- *Employee engagement*. Twice a year, PNC conducts employee surveys to measure employee engagement because we believe that engaged employees have lower attrition rates and improved customer outcomes.

Climate Change Strategy

We recognize that environmental issues, such as climate change, could pose significant financial, legal and reputational risk to PNC. We support the transition to a low-carbon economy by striving to manage our physical footprint in a sustainable manner, incorporating climate-related risk considerations into our ERM framework, integrating responsible investing strategies into our investment and portfolio management practices, and helping clients finance their own sustainability goals. These tenets have been incorporated into our Climate Action Strategy that was formalized at the start of 2022 to set us on a pathway to finance the transition to a low-carbon economy. Our approach will be iterative and flexible, highlighting five main areas: employee engagement; long-term collaboration with stakeholders, external partners and industry groups; support for our customers' transition plans; executing on our own operation sustainability goals; and portfolio alignment over time, emphasizing climate risk identification and management, and financed emissions calculations as initial work sets.

Our governance of climate issues seeks to ensure an appropriate balancing of environmental considerations with other organizational priorities as we pursue our purpose of helping all of our stakeholders move forward financially. PNC's Board oversees the environmental, social and governance issues most relevant to PNC's business and our climate change-related efforts. Specific internal working groups, engaging with relevant stakeholders within PNC, then carry out these efforts. In addition, we have an established risk management framework that helps identify, assess, monitor and report on environmental and social risks, including those related to climate change. PNC's recently established Climate Risk Committee specifically oversees the integration of climate-related risks into the ERM Framework.

We assess climate change risks under two distinct categories: transition risks and physical risks. Transition risks are experienced as the world moves toward a low-carbon economy and becomes less reliant upon fossil fuels. They can be reputational in nature or driven by changes in the market, technology and/or policy. Because transition risks are typically experienced to a greater degree in the short- to medium-term, they are dependent upon near-term policy decisions. Physical risks arise from risks associated with natural perils, such as hurricanes, fires, floods and drought. Physical risks may increase due to a changing climate, and we believe such increased risks are realized to a greater degree in the medium- to long-term. Transition and physical risks each requires a different risk management approach, and we explore a range of possible outcomes to gain insight on how to best manage these risks.

For more information on PNC's climate change-related risks, see Item 1A Risk Factors and the Credit Risk Management section of this Report.

SEC Reports and Corporate Governance Information

We are subject to the informational requirements of the Exchange Act and, in accordance with the Exchange Act, we file annual, quarterly and current reports, proxy statements, and other information with the SEC. Our SEC File Number is 001-09718.

The SEC maintains a website at www.sec.gov that contains reports, including exhibits, proxy and information statements, and other information about issuers, like us, who file electronically with the SEC. You can also inspect reports, proxy statements and other information about us at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

We make our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed with or furnished to the SEC pursuant to Section 13(a) or 15(d) of the Exchange Act available free of charge on our internet website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Our corporate internet address is www.pnc.com, and you can find this information at www.pnc.com/secfilings. Shareholders and bondholders may obtain copies of these filings without charge by contacting PNC Investor Relations at 800-843-2206 or via the request financial information form at www.pnc.com/investorrelations for copies without exhibits, or via e-mail to investor.relations@pnc.com for copies of exhibits, including financial statement and schedule exhibits where applicable. The interactive data file (XBRL) exhibit is only available electronically.

Information about our Board of Directors and its committees and corporate governance, including our PNC Code of Business Conduct and Ethics (as amended from time to time), is available on our website at www.pnc.com/corporategovernance. In addition, any future waivers from a provision of the PNC Code of Business Conduct and Ethics covering any of our directors or executive officers (including our principal executive officer, principal financial officer, and principal accounting officer or controller) will be posted at this internet address.

Shareholders who would like to request printed copies of the PNC Code of Business Conduct and Ethics or our Corporate Governance Guidelines or the charters of our Board's Audit, Nominating and Governance, Human Resources, or Risk Committees (all of which are posted on our website at www.pnc.com/corporategovernance) may do so by sending their requests to our Corporate Secretary at The PNC Financial Services Group, Inc at The Tower at PNC Plaza, 300 Fifth Avenue, Pittsburgh, Pennsylvania 15222-2401. Copies will be provided without charge.

Internet Information

The PNC Financial Services Group, Inc.'s financial reports and information about its products and services are available on the internet at www.pnc.com. We provide information for investors on our corporate website under "About Us – Investor Relations." We use our Twitter account, @pncnews, as an additional way of disseminating to the public information that may be relevant to investors.

We generally post the following under "About Us – Investor Relations" shortly before or promptly following its first use or release: financially-related press releases, including earnings releases and supplemental financial information, various SEC filings, including annual, quarterly and current reports and proxy statements, presentation materials associated with earnings and other investor conference calls or events, and access to live and recorded audio from earnings and other investor conference calls or events. In some cases, we may post the presentation materials for other investor conference calls or events several days prior to the call or event. For earnings and other conference calls or events, we generally include in our posted materials a cautionary statement regarding forward-looking and non-GAAP financial information, and we provide GAAP reconciliations when we include non-GAAP financial information. Such GAAP reconciliations may be in materials for the applicable presentation, in materials for prior presentations or in our annual, quarterly or current reports.

When warranted, we will also use our website to expedite public access to time-critical information regarding PNC instead of using a press release or a filing with the SEC for first disclosure of the information. In some circumstances, the information may be relevant to investors but directed at customers, in which case it may be accessed directly through the home page rather than "About Us - Investor Relations."

We are required to provide additional public disclosure regarding estimated income, losses and pro forma regulatory capital ratios under supervisory and PNC-developed hypothetical severely adverse economic scenarios, as well as information concerning our capital stress testing processes, pursuant to the stress testing regulations adopted by the Federal Reserve and the OCC. We are also required to make certain additional regulatory capital-related public disclosures about our capital structure, risk exposures, risk assessment processes, risk-weighted assets and overall capital adequacy, including market risk-related disclosures, under the regulatory capital rules adopted by the Federal banking agencies. Similarly, the Federal Reserve's rules require quantitative and qualitative disclosures about our LCR and, beginning in 2023, our NSFR. Under these regulations, we may satisfy these requirements through postings on our website, and we have done so and expect to continue to do so without also providing disclosure of this information through filings with the SEC.

Other information posted on our corporate website that may not be available in our filings with the SEC includes information relating to our corporate governance and annual communications from our chairman to shareholders.

Where we have included internet addresses in this Report, such as our internet address and the internet address of the SEC, we have included those internet addresses as inactive textual references only. Except as specifically incorporated by reference into this Report, information on those websites is not part hereof.

ITEM 1A – RISK FACTORS

We are subject to a number of risks potentially impacting our business, financial condition, results of operations and cash flows. As a financial services company, certain elements of risk are inherent in what we do and the business decisions we make. Thus, we encounter risk as part of the normal course of our business, and we design risk management processes to help manage these risks.

Our success is dependent on our ability to identify, understand and manage the risks presented by our business activities so that we can appropriately balance risk taking with revenue generation and profitability. We discuss our principal risk management oversight and processes and, in appropriate places, related historical performance and other metrics in the Risk Management section of this Report.

The following are the material risk factors that affect us of which we are currently aware. Any one or more of these risk factors could have a material adverse impact on our business, financial condition, results of operations or cash flows. In addition, these risks present other possible adverse consequences, including those described below. These risk factors and other risks we face are also discussed further in other sections of this Report. Thus, the risk factors below should not be considered a complete list of potential risks that we may face.

Summary

The following is a summary of the Risk Factors in this Item 1A:

- Our business and financial performance are vulnerable to the impact of adverse economic conditions.
- The policies of the Federal Reserve and other governmental agencies and the impact of government legislation, regulation and policy and other political factors on the economy, interest rates, overall financial market performance and banking organizations could have an adverse effect on our business and financial performance and our ability to pay dividends or otherwise return capital to shareholders.
- A downgrade in our credit ratings could significantly impact our liquidity, funding costs and access to the capital markets.
- The scheduled cessation of LIBOR presents risks to the financial instruments originated, held or serviced by PNC that use LIBOR as a reference rate.
- Climate change-related risks could adversely affect our business and performance, including indirectly through impacts on our customers.
- We are subject to risks related to the use of technology which is critical to our ability to maintain or enhance the competitiveness of our businesses and is dependent on having the right to use its underlying intellectual property. We could also suffer a material adverse impact from interruptions in the effective operation of our information systems and other technology, including as a result of third-party breaches of data security either at PNC or at third parties handling PNC information.
- Our business and financial results are subject to risks associated with the creditworthiness of our customers and counterparties, the concentration and mix of our assets, market interest rates and movements in those rates and changes in the values of financial assets.
- We are subject to risks related to the selection of accounting methods, inaccurate estimates and assumptions and to risks related to poorly designed and implemented models that are extensively used in our business.
- We operate in a highly competitive environment and our success depends on our ability to attract and retain customers and talented employees and we are at risk for an adverse impact on our business due to damage to our reputation.
- We are subject to operational risks as a result of our dependence on the effectiveness and integrity of our employees and internal systems and on third-party vendors, service providers and other counterparties over whom we do not have direct control.
- We are subject to risks related to growing our business by acquiring other financial services business from time to time as these acquisitions present a number of risks and uncertainties related both to the acquisition transactions themselves and to the integration of the acquired businesses into PNC after closing.

Risks Related to the Economy and Other External Factors, Including Regulation

Our business and financial performance are vulnerable to the impact of adverse economic conditions.

As a financial services company, our business and overall financial performance are affected to a significant extent by economic conditions, primarily in the U.S.

Declining or adverse economic conditions and adverse changes in investor, consumer and business sentiment generally result in reduced business activity, which may decrease the demand for our products and services or reduce the number of creditworthy borrowers. The ability of borrowers to repay loans is often weakened as a result of economic downturns and higher inflation and unemployment. This may be further exacerbated by the expiration of pandemic-related government assistance in the U.S., which could lead to a decrease in economic activity and a deterioration in households' finances, particularly if consumers also continue to face high inflation. In addition, periods of inflation may affect certain of our costs or expenses (including increasing our cost of capital and labor), erode consumer and customer purchasing power, confidence and spending and may also reduce our tolerance for extending credit. Increases in costs or expenses impacting our customers' operations and financial performance, such as the interest rates payable on their debt obligations, could increase our credit risk or decrease the demand for our products and services.

While the U.S. economy has generally improved since the onset of the COVID-19 pandemic, we now operate in an uncertain economic environment as a result of the impacts of the pandemic and responsive measures to manage it, high inflation, supply chain disruptions, changes in the labor markets, volatile energy prices and geopolitical tensions (including as a result of the Russia-Ukraine conflict). These conditions may not abate in the near term, and their continuation could materially adversely affect our operations and financial performance. Such economic conditions also have led and may continue to lead to turmoil and volatility in financial markets, often with at least some financial asset categories losing value. Any of these effects would likely have an adverse impact on our operations and financial performance, with the significance of the impact generally depending on the nature and severity of the adverse economic conditions.

Even when economic conditions are relatively good or stable, specific economic factors can negatively affect our business and performance. This can be especially true when the factors relate to particular segments of the economy. For example, shifting consumer behavior with respect to retail purchases being made over the internet rather than in physical stores has negatively impacted performance by some retailers. This likely decreases demand for financial services in that sector, possibly harming the creditworthiness of some shopping mall operators, retail companies and others with whom we do business. As another example, we could experience an increase in credit losses as a result of structural and secular changes fostered by the pandemic for certain sectors of the economy. In addition, remote work has adversely affected and may continue to adversely affect commercial real estate, as well as businesses whose customers have historically been office workers. Affected companies have experienced and may continue to experience lower levels of business and possible declining creditworthiness.

Given the geographic scope of our business and operations, we are most exposed to issues within the U.S. economy and financial markets. Our foreign business activities continue to be a relatively small part of our overall business. As a result, the direct impact on our business and financial performance from economic conditions outside the U.S. is not likely to be significant, although the impact would increase if we expanded our foreign business more than nominally. We are, however, susceptible to the risk that foreign economic conditions could negatively affect our business and financial performance. Primarily, this risk results from the possibility that poor economic conditions or financial market disruptions affecting other major economies would also affect the U.S.

Throughout the remainder of this Risk Factors section, we address specific ways in which economic issues could create risk for us and result in adverse impacts on our business and financial performance.

The impact of government legislation, regulation and policy and other political factors on the economy could have an adverse effect on our business and financial performance.

Changes in law or governmental policy affecting the economy, business activity, or personal spending, investing or saving activities may cause consumers and businesses to alter their behavior in ways that impact demand for our products and services. Such changes may also alter the profitability of the transactions in which we engage or result in increased regulatory burden and associated costs. PNC may alter the types or terms of the products and services we offer to reflect such changes. Uncertainty regarding future law or policy may have similar impacts. In addition, the application of some laws may be uncertain, require significant judgment and be subject to differing interpretations. Congress and the agencies that regulate us have changed and may continue to change the laws and policies that are applicable to us, including their interpretations of rules and guidelines, which has subjected and may continue to subject financial institutions like us to heightened levels of regulation and supervision and more stringent enforcement and potentially severe penalties. For example, the increased time frames and difficulty in obtaining regulatory approvals for acquisitions and other activities could affect our ability to make acquisitions or introduce new products and services. As another example, tax laws and tax rates may be subject to significant change and an increase in our effective tax rates could adversely affect our business, results of operation and financial condition. In addition, these changes may adversely impact our operations or financial condition as discussed in more detail in the Risk Factor headed "As a regulated financial services firm, we are subject to numerous governmental regulations and comprehensive oversight by a variety of regulatory agencies and enforcement authorities. These regulations and the way they are implemented can have a significant impact on our businesses and operations and our ability to grow and expand."

Some of the legislation responsive to the COVID-19 pandemic (such as the CARES Act and the Consolidated Appropriations Act that provided for certain commercial and consumer protections) altered the profitability of the transactions in which we engage, and other laws related to employee benefits increased administrative, compensation and benefits costs to us. Other such laws may be enacted in response to other extraordinary events beyond PNC's control that have similar or broader effects on us and could adversely affect our financial condition and results of operations, possibly materially, in other ways that are not now known to us.

Concern regarding the ability of Congress and the President collectively to reach agreement on federal budgetary matters (including the debt ceiling), or prolonged stalemates leading to total or partial governmental shutdowns, also can have adverse economic consequences and create the risk of economic instability or market volatility, with potential adverse consequences to our business and financial performance. Divided control of the U.S. government may increase concern over the inability of Congress and the President to reach necessary agreements and make government shutdowns or defaults in government obligations more likely.

The policies of the Federal Reserve and other governmental agencies have a significant impact on interest rates and overall financial market performance, which are important to our business and financial performance.

The monetary policies of the Federal Reserve, including changes in the federal funds rate, open market operations and balance sheet management, have a significant impact on interest rates, the value of financial instruments and other assets and liabilities, and overall financial market performance and volatility. These policies can thus affect the activities and results of operations of financial companies such as PNC. An important function of the Federal Reserve is to monitor the national supply of bank credit and set certain interest rates. The actions of the Federal Reserve influence the rates of interest that we charge on loans and that we pay on borrowings and interest-bearing deposits. Rates of interest can also affect the value of our on-balance sheet and off-balance sheet financial instruments.

The FOMC has increased its benchmark rates from a range of 0% to 0.25% from March 2020 through 2021 to 4.75% as of February 1, 2023 in an effort to reduce high rates of inflation. Although we may not accurately predict the nature or timing of future changes in monetary policies or the precise effects that they may have on our activities and financial results, we anticipate that the FOMC will increase the federal funds rate by an additional 25 basis points in March. This would bring the federal funds rate to a range of 4.75% to 5.00% by mid-March. We expect a federal funds rate cut of 25 basis points in early 2024 as inflation moves toward the FOMC's 2% long-term objective.

In addition, actions by governmental authorities in other countries, including with respect to monetary policy, could impact financial markets and global interest rates, which could affect rates in the U.S. as well as rates on instruments denominated in currencies other than the U.S. dollar, any of which could have potential effects on us as described above.

Some of the potential impacts on our business and results of governmental monetary policy are described in Risk Factors under the heading "Risks Related to the Business of Banking."

As a regulated financial services firm, we are subject to numerous governmental regulations and comprehensive oversight by a variety of regulatory agencies and enforcement authorities. These regulations and the way they are implemented can have a significant impact on our businesses and operations and our ability to grow and expand.

The PNC Financial Services Group, Inc. is a BHC and a financial holding company, with the Federal Reserve as its primary regulator. PNC Bank is a federally chartered bank, with the OCC as its primary regulator. In addition, our businesses are subject to regulation by multiple other banking, consumer protection, securities and derivatives regulatory bodies. We are also subject to the jurisdiction of criminal and civil enforcement authorities.

As a result, we are subject to numerous laws and regulations, with multiple regulators or agencies having supervisory or enforcement oversight over aspects of our business activities. These laws, regulations and supervisory activities are intended to promote the safety and soundness of financial institutions, financial market stability, the transparency and liquidity of financial markets, consumer protection and to prevent money laundering and terrorist financing and are not primarily intended to protect PNC security holders. In addition to regulation in the U.S., we are also subject to foreign regulation to a limited extent as a result of our business activities outside the U.S.

Applicable laws and regulations restrict our permissible activities and investments and require compliance with provisions designed to protect loan, deposit, brokerage, fiduciary, and other customers, and for the protection of customer information, among other things. We also are subject to laws and regulations designed to combat money laundering, terrorist financing, and transactions with persons, companies or foreign governments designated by U.S. authorities. Over time, the scope of the laws and regulations affecting our businesses, as well as the number of requirements or limitations imposed by legislative or regulatory actions, has increased, and we expect to continue to face substantial regulatory oversight and new or revised regulatory requirements or initiatives. Legislative or regulatory actions can result in increased compliance costs, reduced business opportunities, or new requirements and limitations on how we conduct our business. In particular, the financial services industry continues to face heightened scrutiny, particularly with respect to BSA and AML compliance requirements and consumer compliance and protection matters. For example, under Dodd-Frank, the CFPB has broad authority to protect consumers from "unfair, deceptive and abusive acts or practices," the definition of which is being clarified through heightened instances of CFPB enforcement actions and proceedings.

The Federal Reserve requires a BHC to act as a source of financial and managerial strength for its subsidiary banks. The Federal Reserve could require PNC to commit resources to PNC Bank when doing so is not otherwise in the interests of PNC or its shareholders or creditors.

Federal law grants substantial supervisory and enforcement powers to federal banking regulators. The results of routine and non-routine supervisory or examination activities by our regulators, including actual or perceived compliance failures, could result in limitations on our ability to enter into certain transactions, engage in new activities, expand geographically, make acquisitions or obtain necessary regulatory approvals in connection therewith, or otherwise require us to modify our businesses practices in a manner that materially impacts our financial condition or results of operations. These activities also could result in significant fines, penalties or required corrective actions, some of which could be expensive and difficult to implement. In addition, another financial institution's violation of law or regulation may give rise to an investigation of the same or similar activities of PNC.

As we expand our product and service offerings into additional markets, domestic or foreign, either through organic growth or acquisition, we have faced and will continue to face increases in state or foreign regulation affecting our operations. Different approaches to regulation by different jurisdictions could materially increase our compliance costs or risks of non-compliance.

A failure to comply, or to have adequate policies and procedures designed to comply, with regulatory requirements and expectations exposes us to the risk of damages, fines and regulatory penalties and other regulatory or enforcement actions or consequences, such as limitations on activities otherwise permissible for us or additional requirements for engaging in new activities and could also injure our reputation with customers and others with whom we do business. We also rely on third parties who may expose us to compliance risk. A failure to comply with regulatory requirements or deficiencies in risk management practices could be incorporated in our confidential supervisory ratings, which could limit PNC's ability to expand or require additional approvals before engaging in certain business activities.

See the immediately following Risk Factor for a discussion of risks associated with capital and liquidity regulation. Also see the Supervision and Regulation section of this Report for more information concerning the regulation of PNC, including those areas that have been receiving a high level of regulatory focus. Note 20 Regulatory Matters also discusses some of the regulations applicable to us.

We are subject to regulatory capital and liquidity standards that affect our business, operations and ability to pay dividends or otherwise return capital to shareholders.

PNC and PNC Bank are subject to regulatory capital and liquidity requirements established by the Federal Reserve and the OCC, respectively. These regulatory capital and liquidity requirements are typically developed at an international level by the Basel Committee and then applied, with adjustments, in each country by the appropriate domestic regulatory bodies. Domestic regulatory agencies can apply stricter capital and liquidity standards than those developed by the Basel Committee. In several instances, the U.S. banking agencies have done so with respect to U.S. banking organizations.

Requirements to maintain specified levels of capital and liquidity, and regulatory expectations as to the quality of our capital and liquidity, impact our business activities and may prevent us from taking advantage of opportunities in the best interest of shareholders or force us to take actions contrary to their interests. For example, PNC's ability to pay or increase dividends or otherwise return capital to shareholders is subject to PNC's compliance with its SCB, which is determined at least annually through the Federal Reserve's CCAR process. The Federal Reserve can also impose additional limitations on capital distributions, such as the limitations on distributions imposed in response to the COVID-19 pandemic and the 2007-2008 financial crisis. In addition, dividends from PNC Bank and, to a lesser extent, non-bank subsidiaries are PNC's principal source of funds to, among other things, pay dividends on and make repurchases of its capital stock. Many of our subsidiaries are subject to laws that restrict dividend payments or authorize regulatory bodies to prohibit or limit dividends to PNC. Limitations on PNC's ability to receive dividends from its subsidiaries, including PNC Bank, could have a material adverse effect on its liquidity and ability to pay dividends on and make repurchases of its capital stock, especially to the extent that PNC must first service any outstanding debt obligations.

Capital and liquidity requirements may also impact the amount and type of loans we make. We may be constrained in our ability to expand, either organically or through acquisitions. We may be forced to sell or refrain from acquiring assets where the capital requirements appear inconsistent with the assets' underlying risks. In addition, liquidity standards require us to maintain holdings of highly liquid short-term investments, thereby reducing our ability to invest in longer-term or less liquid assets, even if more desirable from an earnings, balance sheet or interest rate risk management perspective.

The Basel Committee continues to develop policies and standards for the prudential regulation of banks. See the Supervision and Regulation section of this Report. Generally, as it is unclear whether or how these initiatives will be implemented in the U.S., we are unable to estimate what potential impact such initiatives may have on us. We expect the federal banking agencies to propose rules in 2023 to implement the capital- and liquidity-related final set of Basel III standards issued by the Basel Committee in December 2017.

Regulatory capital and liquidity requirements are subject to regular review and revision by the Basel Committee and the U.S. banking agencies. For example, under the 2019 Tailoring Rules, certain BHCs are classified as Category I, Category II, Category III or Category IV firms. While PNC and PNC Bank currently are Category III firms, if PNC or PNC Bank became a Category I or II institution, we would be subject to more stringent capital and liquidity standards, which would likely increase some of the potential adverse effects described above. Future changes to the capital and liquidity rules to require PNC or PNC Bank to maintain more or higher quality capital or greater liquidity would also likely increase some of the potential adverse effects described above.

The regulatory capital and liquidity frameworks, as well as certain other prudential requirements and standards that are applicable to PNC, including related proposed rules, are discussed in the Supervision and Regulation section of this Report and the Liquidity and Capital Management portion of the Risk Management section of this Report.

A downgrade in our credit ratings could significantly impact our liquidity, funding costs and access to the capital markets.

Our credit ratings are based on a number of factors, including the financial strength of PNC and PNC Bank, and factors outside of our control, such as conditions affecting the financial services industry generally. Reductions in one or more of our credit ratings could adversely affect our ability to borrow funds and increase our cost of capital and limit the number of investors or counterparties willing to do business with or lend to us. For example, downgrades could negatively impact our right to continue to service mortgages. Downgrades could also adversely affect our ability to attract or retain customers, including deposits. In addition, a downgrade in our credit ratings could trigger obligations to make cash or collateral payments under derivative contracts with certain counterparties. There can be no assurance that we will maintain our current ratings and outlooks. For information on our credit ratings, see the Liquidity and Capital Management portion of the Risk Management section of this Report.

The scheduled cessation of LIBOR presents risks to the financial instruments originated, held or serviced by PNC that use LIBOR as a reference rate.

A significant portion of our transactions involve variable or adjustable interest rates that are calculated by adding a contractually defined credit spread to a base or reference rate. Until recently, LIBOR was the reference rate used for a substantial majority of our transactions involving variable or adjustable interest rates, including those in which we lend money, issue securities, or purchase and sell securities issued by others, as well as many derivative transactions that we enter into to manage our or our customers' risk. We also service variable or adjustable-rate financial instruments entered into by others that have historically commonly used LIBOR as the reference rate. Based upon guidance communicated by the Federal Reserve and other official sector representatives, PNC stopped entering into new USD LIBOR contracts as of December 31, 2021, subject to certain limited exceptions. However, we maintain a sizable book of owned and serviced LIBOR reference rate assets. For more information on our LIBOR reference rate assets, see the Market Risk Management portion of the Risk Management section of this Report.

As announced by ICE Benchmark Administration Limited and the U.K. Financial Conduct Authority, as of June 30, 2023, the current form of USD LIBOR will no longer be available, and any alternative form of USD LIBOR published using a new methodology for rate calculation (*i.e.*, "synthetic LIBOR") would not be a "representative" rate. As a result, most USD LIBOR reference rate assets will require a replacement reference rate on or about that time. That replacement reference rate will either be implemented consistent with contractual terms or by operation of law.

Currently, SOFR is the alternative reference rate replacing USD LIBOR for most types of transactions and, under recently enacted federal legislation addressing LIBOR cessation, is the replacement reference rate to be used for certain LIBOR contracts when LIBOR cessation occurs, including those that do not include terms for determining a replacement reference rate. LIBOR and SOFR are based on different inputs. LIBOR is intended to reflect the borrowing cost of certain global banks, while SOFR is derived from rates on overnight U.S. Treasury repurchase transactions, which are essentially overnight loans secured by U.S. Treasury securities. To address differences between LIBOR and SOFR, certain industry-recommended LIBOR contract provisions that provide a mechanism to transition to a SOFR reference rate include the concept of an adjustment spread. The adjustment spread is applied when a LIBOR-based contract moves to the SOFR replacement reference rate. These recommended adjustment spreads are based on a five-year median look-back of the historical spot difference between the applicable LIBOR tenor and the applicable SOFR tenor and were fixed on March 5, 2021 as a result of announcements by ICE Benchmark Administration (the administrator of LIBOR) and the UK Financial Conduct Authority (the regulatory supervisor of the IBA) of the dates after which all LIBOR settings will either cease to be provided or will no longer be representative. The same adjustment spreads will also be operational under current federal law.

Changing the reference rate to SOFR is highly likely to result in some value transfer between parties to instruments originally based on LIBOR, and we have experienced some value transfer in connection with instruments that have been amended away from LIBOR in anticipation of its cessation. That value transfer arises because no reference rate will replicate LIBOR exactly, and, accordingly, any replacement reference rate will not behave identically to LIBOR over time.

Any value transfer could be financially adverse or beneficial to us or to the other contracting parties (such as a borrower, derivative counterparty or bond holder). Impacts from a change in reference rate would likely include changes to the yield on, and value of, loans or securities held by us, amounts paid on securities we have issued, amounts received and paid on derivative instruments we have entered into and the trading market for LIBOR-based securities. Any theoretical benefit to us could result in counterparty dissatisfaction, which could impair relationships that result in loss of business or could lead to litigation (potentially as class actions). As a result, over the life of a transaction that transitions from LIBOR to a replacement reference rate, our monetary obligations to a counterparty (or its obligations to us) and the yield we receive (or pay) from the transaction with that counterparty may change from that which would have resulted from a continuation of LIBOR.

Another set of risks associated with LIBOR cessation relates to how the transition from LIBOR to another rate will be implemented. For some instruments, the method of transitioning to a replacement reference rate may be challenging, especially where the contract does not provide for a transition upon LIBOR ceasing or becoming a nonrepresentative rate, or where the relevant contractual language relating to a potential transition is ambiguous or inadequate under the circumstances.

For example, most bilateral, uncleared LIBOR-based interest rate derivative contracts executed prior to January 25, 2021, did not include adequate contractual provisions to address LIBOR cessation. In response, ISDA published a protocol pursuant to which industry participants can agree with any other industry participant that adheres to the protocol to include ISDA's new LIBOR replacement provisions into legacy derivative contracts. However, the new ISDA replacement provisions and the replacement provisions that have been adopted for loans would result in a mismatch between the replacement reference rate included in our borrowers' legacy derivative contracts and their loans for which such derivative contracts are intended as a hedge. Further, although we have adhered to the ISDA protocol, many "end users" of swaps (*i.e.*, our borrowers who have hedged their interest rate payment obligations) have not adhered, and we do not expect them to adhere. For these end-user counterparties, one-on-one negotiation with each counterparty is necessary to amend legacy derivative contracts to adequately address LIBOR ceasing or becoming a non-representative rate. If we are unable to agree to appropriate LIBOR cessation provisions with these counterparties, the federal law addressing LIBOR cessation will incorporate replacement provisions into these derivative contracts. However, the statutory replacement provisions may not align with replacement provisions in a loan for which the derivative contracts are intended as a hedge. As a result, addressing transition under these circumstances may be challenging, increases the risk of counterparty dissatisfaction, and, in some cases, may involve concessions on our part that have the effect of reducing the value of those instruments to us.

We have other contracts that do contemplate the cessation or nonrepresentative status of LIBOR, but they do so in manners that may create other risks. For example, some contracts provide for selecting replacement rates in a manner that presents significant challenges (such as by assuming that there would be a rate calculated substantially in the same manner as LIBOR is calculated) or that gives us or another party absolute discretion to select a replacement reference rate. Some provide for determination of a replacement reference rate without providing for use of an adjustment spread to account for the difference in the reference rates. In these types of cases, there will likely be uncertainty surrounding transition, in addition to all of the risks described in this Risk Factor.

Transitioning from LIBOR to alternative reference rates also may result in operational errors during the transition such that the replacement rate is not applied in a timely manner or is incorrectly applied. This is particularly true given the volume of contracts that will require transition, the diversity of potential approaches to transition and the possibility that the period during which the transition will need to take place may have a short duration. Our failure to successfully implement the transition from LIBOR to alternative reference rates increases the risk of regulatory scrutiny and actions by our regulators, including fines and other supervisory sanctions. It is also possible that LIBOR quotes will become unavailable prior to the currently anticipated cessation dates. In that case, the risks associated with the transition to an alternative reference rate will be accelerated and magnified. These risks may also be increased due to the shorter time for preparing for the transition.

Transitioning from LIBOR to alternative reference rates also impacts certain of our hedge accounting strategies. Uncertainty about the application of ASC 848 Reference Rate Reform to pooled cash flow hedge strategies introduces accounting risk that could affect our ability to apply this accounting in the future. See Note 1 Accounting Policies for more information about reference rate reform accounting standards impacts.

To address LIBOR cessation and the associated risks, we have established an enterprise LIBOR transition program. Any failure of this program to appropriately assess and mitigate risk and deliver in a timely manner on operationalizing our ability to transition from LIBOR to alternative reference rates could magnify the risks previously outlined.

Privacy initiatives have imposed and will continue to impose additional operational burdens on PNC, and they may limit our ability to pursue desirable business initiatives and increase the risks associated with any future use of personal data.

Recently, there has been an increase in legislative and regulatory efforts to protect the privacy of personal data, including enhanced data privacy laws regulating the use of health and biometric data. Individuals whose personal information may be protected by law may include our customers, prospective customers, job applicants, employees and third parties. These initiatives, among other things, limit how companies can use personal data and impose obligations on companies in their management of such data. Financial services companies such as PNC necessarily gather, maintain and use a significant amount of personal data. These types of initiatives increase compliance complexity and related costs, may result in significant financial penalties for compliance failures, and may limit our ability to develop new products or respond to technological changes. This is particularly true as we continue to expand our business into new markets. We are, or may become, subject to regularly evolving and developing data privacy and data security laws and regulations in other jurisdictions, including certain foreign jurisdictions even where our presence in such jurisdictions is minimal. Such legal requirements also could heighten the reputational impact of perceived misuses of personal data by us, our vendors or others who gain unauthorized access to our personal data. Other jurisdictions may adopt similar requirements that impose different and potentially inconsistent compliance burdens. The impacts will be greater to the extent requirements vary across jurisdictions.

Climate change-related risks could adversely affect our business and performance, including indirectly through impacts on our customers.

There continues to be concern, including on the part of our regulators, regarding climate change and its impacts on virtually all aspects of life over the short-, medium- and long-term horizons. These concerns over the anticipated and unanticipated impacts of climate change (including physical risk and transition risk) have led and will continue to lead to governmental efforts around the world to mitigate those impacts. We and our customers may face cost increases, asset value reductions, operations disruptions and changes and the like because of climate change (including severe weather events) and governmental actions or societal responses to climate change. The impact on our customers will likely vary depending on their specific attributes, including their reliance on or role in carbon intensive activities and their transition plans, as well as their exposure to the effects of climate change. Consumers and businesses are also changing their behaviors because of these concerns. Changed consumer and business behavior because of climate change concerns creates transition risk for PNC arising from the process of adjusting to these concerns, including transitioning to a low-carbon economy. PNC and its customers will need to respond to new laws and regulations as well as consumer and business preferences as a result. Among the impacts to PNC could be a drop in demand for our products and services, particularly in certain sectors if our products or services do not support the environmental goals of our customers, or increased losses due to the impact of climate change on the collateral that secures customer borrowings. In addition, we could face reductions in creditworthiness on the part of some customers or in the value of assets securing loans. We also have been and may continue to be subject to pressure from individuals or groups to cease doing business with certain companies or sectors because of concerns related to climate change. We are currently subject to climate-related regulatory expectations and could be subject to additional regulatory restrictions or costs associated with providing products or services to certain companies or sectors. Environmental regulations or changes in the supply, demand or available sources of energy or other resources may affect the availability or cost of goods and services necessary to run our business. Further, there is increased scrutiny of climate change-related policies, goals and disclosures, which could result in litigation and regulatory investigations and actions. We may incur additional costs and require additional resources as we evolve our strategy, practices and related disclosures with respect to these matters.

The Risk Factor headed "We are at risk for an adverse impact on our business due to damage to our reputation" further discusses risks associated with our management of environmental, social and governance matters, including related activist pressure. Our efforts to take these risks into account in making lending and other decisions may not be effective in protecting us from the negative impact of new laws and regulations or changes in consumer or business behavior, including those resulting from activist pressure. Our risk management may not be effective in identifying, measuring, monitoring and controlling climate risk exposure, particularly given that the timing, nature and severity of the impacts of climate change may not be predictable.

Risks Related to the Use of Technology

The use of technology is critical to our ability to maintain or enhance the competitiveness of our businesses.

As a large financial services company, we handle a substantial volume of customer and other financial transactions. As a result, we rely heavily on information systems to conduct our business and to process, record, monitor and report on our transactions and those of our customers. Over time, we have seen more customer usage of technological solutions for financial needs as well as higher expectations of customers and regulators regarding effective and safe systems operation. In many cases, the effective use of technology increases efficiency and enables financial institutions to better serve customers. As a result of these factors, the financial services industry is undergoing rapid technological change with frequent introductions of new technology-driven products and services. Examples include expanded use of cloud computing, artificial intelligence and machine learning, virtual and augmented reality, biometric authentication, voice and natural language, data protection enhancements and increased online and mobile device interaction with customers, including innovative ways that customers can make payments or manage their accounts. The emergence of many of these technologies was accelerated as a result of the COVID-19 pandemic and the shift to increased digital activity. We expect these trends to continue for the foreseeable future.

In response to actual and anticipated customer behavior and expectations, as well as competitive pressures, we have been investing in technology and connectivity. We are seeking to automate functions previously performed manually, facilitate the ability of customers to engage in financial transactions and otherwise enhance the customer experience with respect to our products and services. This effort has involved the expenditure of considerable amounts of funds and other resources. A failure to maintain or enhance our competitive position with respect to technology, whether because we fail to anticipate customer expectations, because our technological developments fail to perform as desired or are not rolled out in a timely manner, or because we fail to keep pace with our competitors, would likely cause us to lose market share or incur additional expense. Our ability to maintain or enhance our relative technological position is in part dependent on our ability to attract and retain talented employees in these fields, which, due to overall demand, is increasingly difficult.

Our use of technology is dependent on having the right to use its underlying intellectual property.

In some cases, we develop internally the intellectual property embedded in the technology we use. In others, we or our vendors license the use of intellectual property from others. Regardless of the source of the intellectual property, if another person or entity were deemed to own intellectual property rights infringed by our activities, we could be responsible for significant damages covering past activities and substantial fees to continue to engage in these types of activities. It also is possible that we could be prevented from using technology important to our business for at least some period of time. In such circumstances, there may be no alternative technology for us to use or an appropriate alternative technology might be expensive to obtain. Protections offered by those from whom we license technology against these risks may be inadequate to cover any losses in full. Over time, there have been and continue to be instances where technology used by PNC and other financial institutions has been alleged to have infringed patents held by others, and, in some cases, we, as well as other financial institutions, have suffered related losses.

We could suffer a material adverse impact from interruptions in the effective operation of our information systems and other technology.

The need to ensure proper functioning and resiliency of our information systems and other technology has become more important and more challenging, and the costs involved in that effort continue to be high. Our ability to create, obtain, maintain and report on information in an accurate, timely and secure manner is a foundational component of our business. Effective management of our expanded remote work environment heightens our need for secure, reliable and adequate information systems and technology. The risks of operational failures in the use of these systems result from a variety of factors. We are vulnerable to the impact of failures of our systems to operate as needed or intended. Failures leading to materially adverse impacts could include those resulting from human error, unexpected transaction volumes, or overall security, design or performance issues. In addition, our ability to use our technology effectively could be impacted due to electrical or telecommunications outages, bad weather, disasters, bad actors, terrorism and the like. Such events could affect our systems directly or limit our ability to use our technology due to effects on key underlying infrastructure. In some cases, the risk results from the potential for bad acts on the part of others, discussed in more detail in the Risk Factor headed "We are vulnerable to the risk of third-party breaches of data security affecting the functioning of systems or the confidentiality of information, either at PNC or at third parties handling PNC information."

We also rely on information systems maintained by other companies. We use other companies both to provide products and services directly to us and to assist us in providing products and services to our customers. Others provide the infrastructure that supports, for example, communications, payment, clearing and settlement systems, or information processing and storage. These companies range from those providing highly sophisticated information processing to those that provide fundamental services, such as electric power and telecommunications. In some cases, these other companies themselves utilize third parties to support their delivery of products and services to us and our customers. Systems maintained by or for these other companies are generally subject to many of the same risks we face with respect to our systems and thus their issues could have a negative impact on PNC. We necessarily have less ability to provide oversight over other companies' information systems.

A number of our customers choose to use financial applications that allow them to view banking and other financial account information, often held at different financial institutions, on a single platform, to monitor the performance of their investments, to compare financial and investment products, to make payments or transfer funds, and otherwise to help manage their finances and investments. Financial applications often ask users to provide their secure banking log-in information and credentials (such as usernames and passwords) so the applications can link to users' accounts at financial institutions. Companies offering these applications frequently use third-party data aggregators, which are behind-the-scenes technology companies that serve as data-gathering service providers, to deliver customer financial data that is then used by the financial applications. To do this, data aggregators are provided with customers' log-in information and credentials, which allow the aggregators to access the customers' online accounts and "scrape" the customers' data, often on a daily or even more frequent basis. That same information has the potential to facilitate fraud if it is not properly protected. This has resulted in incidences of fraud, including automated clearing house fraud, credit card fraud, and wire fraud, enabled through the use of synthetic identities and through account takeovers via these platforms. In some cases, cybercriminals appear to be using such data aggregators and integrators to facilitate account takeovers and fraudulent wires. PNC has and may continue to face increased financial exposure due to fraudulent activity associated with the increased use of these applications and data aggregators. In addition, transactions by customers on financial applications that facilitate payments and fund transfers have also been fraudulently induced. These transactions occur when a customer authorizes payment to a recipient that fraudulently induced the customer into transferring a payment to such recipient. Even where PNC does not have responsibility for fraud losses associated with any of these applications and data aggregators, PNC could suffer increased reputational harm when such losses occur.

Although we regularly update and replace systems that we depend on as our needs evolve and technology improves, we continue to utilize some older systems that may not be as reliable as newer ones. In addition, the implementation of and transition to new or updated systems creates risks related to associated timing and costs, disruptions in functionality for customers and longer-term failures to achieve desired improvements.

The occurrence of any failure, interruption or security breach of any of our information or communications systems, or the systems of other companies on which we rely, could result in a wide variety of adverse consequences to us. This risk is greater if the issue is widespread, extends for a significant period of time, or results in financial losses to our customers. The consequences of failures to operate systems properly can result in disruptions to our critical business operations, including our ability to use our accounting, deposit, loan, payment and other systems. Such events could also cause errors in transactions or impair system functionality with customers, vendors or other parties. Possible adverse consequences also include damage to our reputation or a loss of customer business, which could occur even if the negative impact on customers was de minimis. We also could face litigation or additional regulatory scrutiny. This in turn could lead to liability or other sanctions, including fines and penalties or reimbursement of adversely affected customers. Even if we do not suffer any material adverse consequences as a result of events affecting us directly, information systems issues at other financial institutions could lead to a general loss of customer confidence in financial institutions, including us. Also, system problems, including those resulting from third-party attacks, whether at PNC or at our competitors, may broadly increase legislative, regulatory and customer concerns regarding the functioning, safety and security of such systems. In that case, we would expect to incur even higher levels of costs with respect to prevention and mitigation of these risks.

We are vulnerable to the risk of third-party breaches of data security affecting the functioning of systems or the confidentiality of information, either at PNC or at third parties handling PNC information.

We are faced with ongoing, nearly continual, efforts by others to breach data security at financial institutions or with respect to financial transactions. Some of these involve efforts to enter our systems directly by going through or around our security protections. Others involve the use of social engineering schemes to gain access to confidential information from our employees, customers or vendors. Our risk and exposure to data security breaches is heightened because of our increased remote work environment, which results in more access points to our network. Most corporate and commercial transactions are now handled electronically, and our retail customers increasingly use online access as well as mobile and cloud technologies to bank with us. The ability to conduct business with us in this manner depends on the transmission and storage of confidential information in electronic form. As a result, efforts by bad actors to engage in various types of cyber attacks pose serious risks to our business and reputation. The same risks are presented by attacks potentially affecting information held by third parties on our behalf or accessed by third parties, including those offering financial applications, on behalf of our customers. These risks also arise to the extent that third parties with whom we do business are subject themselves to breaches and attacks, which may impact our systems.

In the ordinary course of business, we maintain and process vast amounts of information about us, our customers and our employees. This information tends to be confidential or proprietary and much of it is highly sensitive. Such highly sensitive information includes information sufficient to support identity theft and personal health information, as well as information regarding business plans and financial performance that has not been made public. One way in which bad actors attempt to harm us is by seeking access to some of this confidential or proprietary information, often with the intent of stealing from or defrauding us or our customers. In other cases, they seek to disrupt our ability to conduct our business, including by destroying or impairing our access to information maintained by us.

Our customers often use their own devices, such as computers, smartphones and tablets, to do business with us and may provide their PNC customer information (including passwords) to a third party in connection with obtaining services from that third party, including those offering financial applications. Although we take steps to provide safety and security for our customers' transactions with us and their customer information, to the extent they utilize their own devices or provide third parties access to their accounts, our ability to assure such safety and security is necessarily limited. These risks are heightened as we and others continue to expand mobile applications, cloud solutions, and other internet-based financial product offerings.

As our customers regularly use PNC-issued credit and debit cards to pay for transactions with retailers and other businesses, there is also the risk of data security breaches at those other businesses covering PNC account information. When our customers use PNC-issued cards to make purchases from those businesses, card account information often is provided to such businesses. If a business's systems that process or store card account information are subject to a data security breach, holders of our cards who have made purchases from that business may experience fraud on their card accounts. We can be responsible for reimbursing our customers for such fraudulent transactions on customers' card accounts, as well as for other costs related to data security compromise events, such as replacing cards associated with compromised card accounts. In addition, we provide card transaction processing services to some merchant customers under agreements we have with payment networks such as Visa and Mastercard. Under these agreements, we may be responsible for certain losses and penalties if one of our merchant customers suffers a data security breach. Moreover, to the extent more consumer confidential information becomes available to bad actors through the cumulative effect of data breaches at companies generally, bad actors may find it easier to use such information to gain access to our customer accounts.

Other cyber attacks are not focused on gaining access to credit card or user credential information, but instead seek access to a range of other types of confidential information, such as internal emails and other forms of customer financial information, and may use this information to support a ransomware attack. Ransomware attacks have sought to deny access to data and possibly shut down systems and devices maintained by target companies. In a ransomware attack, system data is encrypted or access is otherwise denied, accompanied by a demand for ransom to restore access to the data or to prevent public disclosure of confidential information.

A number of companies have fallen victim to business email compromise scams in recent years. Business email compromise scams involve using social engineering to cause employees to wire funds to the perpetrators in the mistaken belief that the requests were made by a company executive or established vendor. Attacks on our customers may put these relationships at risk, particularly if customers' ability to continue operations is impaired due to the losses suffered.

Other attacks in recent years have included distributed denial of service cyber attacks, in which individuals or organizations flood commercial websites with extraordinarily high volumes of traffic with the goal of disrupting the ability of commercial enterprises to process transactions and possibly making their websites unavailable to customers for extended periods of time. We (as well as other financial services companies) have been subject to such attacks. Recent cyber attacks have also included the insertion of malware into software updates and the infection of software while it is under assembly, known as a "supply chain attack."

The techniques used in cyber attacks change rapidly and frequently and are increasingly sophisticated, and we may not be able to anticipate cyber attacks or data security breaches.

In addition to threats from external sources, insider threats represent a significant risk to us. Insiders, including those having legitimate access to our systems and the information contained in them, have the easiest opportunity to make inappropriate use of the systems and information. Addressing that risk requires understanding not only how to protect us from unauthorized use and disclosure of data, but also how to engage behavioral analytics and other tools to identify potential internal threats before any damage is done. In addition, due to the increase in the number of employees who work remotely, the opportunity for insiders to grant access to third parties or to disclose confidential information of PNC or its customers has increased. As more work is conducted outside of PNC's facilities, the risk of improper access to PNC's network or confidential information has increased, including for reasons such as a failure by an employee or contractor to secure a device with PNC access.

We are and have been the target of some of these types of cyber attacks. To date, none of these types of cyber attacks has had a material impact on us. Nonetheless, we cannot entirely block efforts by bad actors to harm us, and there can be no assurance that future cyber attacks will not be material. While we maintain insurance coverage that may cover certain aspects of cyber risks, such insurance coverage may be insufficient to cover all losses. As a result, we could suffer material financial and reputational losses in the future from any of these or other types of attacks or the public perception that such an attack on our systems has been successful, whether or not this perception is correct. Attacks on others, some of which have led to serious adverse consequences, demonstrate the risks posed by new and evolving types of cyber attacks. Our ability to protect confidential or proprietary information is even more limited with respect to information held by third parties. We may suffer reputational damage or legal liability for unauthorized access to customer information held by third parties, even if we were in fact not responsible for preventing such access and had no reasonable way of preventing it.

We need effective programs to limit the risk of failures or breaches occurring in our information systems and to mitigate the impact when they do.

We have policies, procedures and systems (including cybersecurity and business continuity programs) designed to prevent or limit the effect of possible failures, interruptions or breaches in security of information systems. In recent years, we have devoted significant resources toward improving the reliability of our systems and their security against external and internal threats and expect to continue to do so in the future. We design our business continuity and other information and technology risk management programs to manage our capabilities to provide services in the case of an event resulting in material disruptions of business activities affecting our employees, facilities, technology or suppliers. We cannot guarantee the effectiveness of our policies, procedures and systems to protect us in any future situation, nor the effectiveness of our oversight of risk at third parties. Although we have policies, procedures and systems designed to mitigate third-party risk, our ability to implement policies, procedures and systems designed to prevent or limit the effect of possible failures, interruptions or breaches in security of information systems with respect to third-party systems and the financial services industry infrastructure is necessarily limited. Should an adverse event affecting another company's systems occur, we may not have financial protection from the other company sufficient to compensate us or otherwise protect us from the consequences.

Methods used by others to attack information systems change frequently (with generally increasing sophistication). A new method of attack often is not recognized until launched against a target. Attacks in some cases appear to be supported by foreign governments or other well-financed entities and often originate from less regulated and remote areas around the world. As a result, we may be unable to implement adequate preventive measures to address these methods in advance of attacks.

Even with our proactive and defensive measures in place, adverse events are likely to occur, and there remains the risk that one or more such events would be material to PNC. Our ability to mitigate the adverse consequences of such occurrences is in part dependent on the quality of our business continuity planning, our ability to understand threats to us from a holistic perspective, and our ability to anticipate the timing and nature of any such event that occurs, with novel or unusual events posing a greater risk. It is also the case that an adverse event may go undetected for a period of time, with the adverse consequences likely greater the longer it takes to discover the problem. In many cases, it also depends on the preparedness and responses of national or regional governments, including emergency responders, or on the part of other organizations and businesses with which we deal. Additionally, our failure to communicate cyber incidents appropriately to relevant parties could result in regulatory, legal, operational and reputational risk.

Risks Related to the Business of Banking

Our business and financial results are subject to risks associated with the creditworthiness of our customers and counterparties.

Credit risk is inherent in the financial services business. It results from, among other things, extending credit to customers, purchasing securities, and entering into financial derivative transactions and certain guarantee contracts. Credit risk is one of our most significant risks, particularly given the high percentage of our assets represented directly or indirectly by loans and securities and the importance of lending activity to our overall business. We manage credit risk by assessing and monitoring the creditworthiness of our customers and counterparties, by diversifying our loan portfolio, by obtaining and monitoring collateral for certain exposures and by investing primarily in high quality securities.

A borrower's ability to repay a loan can be adversely affected by many factors. Individual borrowers can be affected, for example, by declines in income, job losses, health issues or family issues. Commercial borrowers can be affected, for example, by poor business performance, changes in customer behavior or catastrophic losses. Weakness in the economy or in financial markets would typically adversely impact the ability of our borrowers to repay outstanding loans. We are exposed to increased credit risk if we fail to evaluate properly at origination the likely ability of a borrower to repay a loan. Properly estimating the current and potential value of any collateral pledged to support the loan also is critical to effectively managing credit risk. A failure to identify declining creditworthiness of a borrower or declining collateral value at a time when remedial actions could reduce our exposure also increases credit risk. Any decrease in our borrowers' ability to repay loans likely would result in higher levels of nonperforming loans, net charge-offs, provision for credit losses and valuation adjustments on loans held for sale. Managing credit risk effectively also relies on forecasts of future overall economic conditions, which are inherently imperfect.

In addition to credit risk associated with our lending activities, we have credit risk arising from many other types of business relationships. Routine transactions give us credit exposure to brokers and dealers, commercial banks, investment banks, mutual and hedge funds, other institutional clients, as well as vendors and other non-financial entities.

Our credit risk may be exacerbated when the value of collateral held by us to secure obligations to us cannot be realized, including because of legal or regulatory changes, or is liquidated at prices that are not sufficient to recover the full amount of the loan or derivative exposure due to us. In addition, credit risk may be exacerbated when counterparties are unable to post collateral, whether for operational or other reasons.

We reserve for credit losses on our loan and lease portfolio through our ACL estimated under CECL. Under CECL, the ACL reflects expected lifetime losses, which has led and could continue to lead to volatility in the allowance and the provision for credit losses as economic forecasts, actual credit performance and other factors used in the loss estimating process change. We also have reserves for unfunded loan commitments and letters of credit. Changes to expected losses are reflected in net income through provision for credit losses. A worsening of economic conditions or our economic outlook or an increase in credit risk, particularly following a period of good economic conditions, would likely lead to an increase in provision for credit losses with a resulting reduction in our net income and an increase to our allowance. Conversely, an improvement of economic conditions or our economic outlook, particularly following a period of poor economic conditions, could result in a recapture of provision for credit losses for a period of time with a resulting increase in our net income and decrease in our allowance that is not likely to be sustained and that may obscure actual current operations and financial performance.

The concentration and mix of our assets could increase the potential for significant credit losses.

In the ordinary course of business, we often have heightened credit exposure to a particular industry, geography, asset class or financial market. As an example, loans secured by commercial and residential real estate typically represent a significant percentage of our overall credit portfolio. They also represent a portion of the assets underlying our investment securities. Although there are limitations on the extent of total exposure to an individual consumer or business borrower, events adversely affecting specific customers or counterparties, industries, geographies, asset classes or financial markets, including a decline in their creditworthiness or a worsening overall risk profile, could materially and adversely affect us. For example, any downturn in the condition of the U.S. housing market could result in significant write-downs of asset values tied to residential real estate. Declining economic conditions also may impact commercial borrowers more than consumer borrowers, or vice versa. In addition, we execute transactions with counterparties in the financial services industries. Financial services institutions are interrelated because of trading, funding, clearing or other relationships. As a result, uncertainty about the stability of other financial services institutions could lead to market-wide losses and defaults. Thus, the concentration and mix of our assets may affect the severity of the impact of recessions or other economic downturns on us.

Our business and financial performance are impacted significantly by market interest rates and movements in those rates.

As a result of the high percentage of our assets and liabilities that are in the form of interest-bearing or interest-related instruments, changes in interest rates, in the shape of the yield curve, or in spreads between different market interest rates can have a material effect on our business, our profitability and the value of our financial assets and liabilities. For example:

- Changes in interest rates or interest rate spreads affect the difference between the interest that we earn on assets such as loans and investment securities and the interest that we pay on liabilities such as deposits and borrowings, which impacts our overall net interest income and margin as well as our profitability.
- Such changes can affect the ability of borrowers to meet obligations under variable or adjustable rate loans and other debt instruments and can, in turn, increase our credit losses on those assets.
- Such changes can decrease the demand for interest rate-based products and services, including loans and deposit accounts.
- Such changes affect our hedging of various forms of market and interest rate risk and may decrease the effectiveness of those hedges in helping to manage such risks.
- Movements in interest rates also affect loan prepayment speeds and could result in impairments of mortgage servicing assets or otherwise affect the profitability of such assets.
- Increases in interest rates likely lower the price we would receive on fixed-rate customer obligations if we were to sell them.

The rates on some interest-bearing instruments adjust promptly in accordance with changes in market rates, while others adjust only periodically or are fixed throughout a defined term. As a result, the impact of changes in interest rates can be either increased or diluted due to differences in the relative variability of the rates paid on our liabilities in relation to the rates received on our assets. The extent to which we have elected to hedge interest rate risk through interest rate swaps also affects the impact of rate changes. We attempt to manage the balance sheet to increase our benefit or reduce negative impacts from future movements in interest rates, but failures to anticipate actual movements may have the opposite result. In addition, we do not generally hedge all of our risk and the fact that we attempt to hedge any risk does not mean we will be successful.

While higher interest rates generally enhance our ability to grow our net interest income, there are risks associated with a rising interest rate environment. As a general matter, increasing rates tend to decrease the value of fixed-rate financial instruments held on our balance sheet, as discussed in the Risk Factor headed "Our business and financial performance are vulnerable to the impact of changes in the values of financial assets." Also, customers may be less willing or able overall to borrow at higher rates. Higher interest rates may indirectly affect the value of asset classes such as real estate typically financed through secured loans, with a resulting negative effect on collateral securing such loans. As another example, there may be increased competitive pressures as rates on deposit products rise. The benefits of higher interest rates are best achieved if we can increase the rates on loans and other assets faster than the rates on deposits and other liabilities increase. We may not be able to achieve this result in a rising rate environment.

On the other hand, lower interest rates tend to have a negative impact on our net interest margin, and, unless offset by higher earning assets, on our net interest income. Moreover, a negative interest rate environment, in which interest rates drop below zero either broadly or for some types of instruments, could reduce our net interest margin and net interest income due to a likely decline in the interest we could earn on loans and other earning assets, while also likely requiring us to pay to maintain our deposits with the Federal Reserve Bank. In addition, our systems may not be able to handle adequately a negative interest rate environment and not all variable rate instruments are designed for such a circumstance.

We discuss the impact of governmental monetary policy on interest rates in the Risk Factor headed "The policies of the Federal Reserve and other governmental agencies have a significant impact on interest rates and overall financial market performance, which are important to our business and financial performance."

Our business and financial performance are vulnerable to the impact of changes in the values of financial assets.

As a financial institution, a substantial majority of our assets and liabilities are financial in nature. Examples include loans, securities, servicing rights, deposits and borrowings. Such assets and liabilities will fluctuate in value, often significantly, due to movements in the financial markets or market volatility as well as developments specific to the asset or liability in question. The underlying value of assets under lease or securing an obligation generally decreases due to increases in supply or decreases in demand for the asset or deterioration in the condition of the asset. This could negatively impact the ability to collect fully on the secured obligation. Credit-based assets and liabilities will fluctuate in value due to changes in the perceived creditworthiness of borrowers or other counterparties and due to changes in market interest rates.

In many cases, we mark our assets and liabilities to market and recognize such changes either through net income or OCI. Thus, gains or losses on these assets and liabilities can have a direct impact on our results of operations and financial performance, unless we have effectively hedged our exposures. We may need to record losses in the value of financial assets even where our expectation of realizing the face value of the underlying instrument has not changed. Our remaining assets and liabilities are not marked to market. As a result, our balance sheet does not precisely represent the fair market value of our financial assets and liabilities.

In addition, asset management revenue is earned primarily based on a percentage of the value of the assets being managed and thus is impacted by general changes in market valuations. Thus, although we are not directly impacted by changes in the value of such assets, decreases in the value of those assets would affect related noninterest income.

Risks Related to Estimates and Assumptions

Our asset and liability valuations and the determination of the amount of loss allowances and impairments taken on our assets are highly subjective. Our estimates could materially impact our results of operations or financial position.

Our accounting policies are key to how we report our financial condition and results of operations. We must exercise judgment in selecting and applying many of these policies and methods to comply with GAAP and reflect management's judgment regarding the most appropriate manner to report PNC's financial condition and results of operations. Management's selection of a particular accounting policy to apply, while reasonable and appropriate, could result in PNC reporting different results than would have been reported under a different alternative. In addition, the Financial Accounting Standards Board, SEC and other regulatory agencies may issue new or amend existing accounting and reporting standards or change existing interpretations of those standards that could materially affect our financial statements. In some cases, PNC may be required to retrospectively apply a new or amended standard resulting in changes to previously reported financial results.

Certain accounting policies require that we use estimates, assumptions and judgments in preparing our financial statements, including in determining credit loss reserves, reserves related to legal proceedings and the fair value of certain assets and liabilities, among other items. These policies require management to make difficult, subjective and complex judgments about matters that are inherently uncertain, and different amounts could be reported under different conditions or using different assumptions. For example, CECL requires us to make difficult, subjective and complex judgments about economic and market conditions in determining the ACL.

Some of our financial instruments, including certain derivatives, debt securities, loans, MSRs and private equity investments, among other items, require a determination of their fair value for our financial statements. Assets and liabilities carried at fair value inherently result in a higher degree of financial statement volatility. Changes in underlying factors or assumptions in any of the areas underlying our estimates could materially impact our future financial condition and results of operations. During periods of market disruption, it would be difficult to value certain assets if trading becomes less frequent and/or market data becomes less observable. There may be certain asset classes that were historically traded in active markets with significant observable data that rapidly become illiquid due to market volatility, a loss in market confidence or other factors. In addition, we have assets and liabilities carried at fair value that are estimated using unobservable inputs that are significant to the fair value of the assets or liabilities. The valuation of any asset or liability substantially based on unobservable inputs is necessarily less reliable than those based on active trading markets. Further, rapidly changing and unprecedented market conditions could materially impact the valuation of assets as reported within our consolidated financial statements. Our ability to hedge exposure is in part dependent on our ability to value the related assets or liabilities.

The determination of the amount of loss allowances and asset impairments varies by asset type and is based upon our periodic evaluation and assessment of known and inherent risks associated with the respective asset class. Management updates its evaluations regularly and reflects changes in allowances and impairments in operations as such evaluations are revised. Although we have policies and procedures in place to determine loss allowance and asset impairments, due to the subjective nature of this area, the level of impairments taken, and allowances reflected in our financial statements may not accurately reflect the actual level of risk and the amount of future losses.

There are risks resulting from the extensive use of models in our business.

We rely on models to measure risks and to estimate many financial values. We use models throughout many areas of our business, relying on them to inform decision making. Examples of areas where we use models include determining the pricing of various products, identifying potentially fraudulent transactions, grading loans and extending credit, measuring interest rate and other market risks, predicting or estimating losses, and assessing capital adequacy. We depend significantly on models for credit loss accounting under CECL, capital stress testing and estimating the value of items in our financial statements.

Models generally predict or infer certain financial outcomes, leveraging historical data and assumptions as to the future, often with respect to macroeconomic conditions. Development and implementation of some of these models, such as the models for credit loss accounting under CECL, require us to make difficult, subjective and complex judgments. Poorly designed or implemented models, including in the choice of relevant historical data or forward-looking assumptions, present the risk that our business decisions based on information incorporating model output will be adversely affected due to the inadequacy of that information. For example, our models may not be effective if historical data does not accurately represent future events or environments or if our models rely on erroneous data, formulas, algorithms or assumptions and our internal model review processes fail to detect and address these flaws.

Models, if flawed, could cause information we provide to the public or to our regulators to be inaccurate or misleading. Some of the decisions that our regulators make, including those related to capital distribution to our shareholders, would likely be affected adversely if they perceive that the quality of the relevant models we use is insufficient. Finally, flaws in our models that negatively impact our customers or our ability to comply with applicable laws and regulations could negatively affect our reputation or result in fines and penalties from our regulators.

Risks Related to Our Need for Customers

Our success depends on our ability to attract and retain customers for our products and services.

Our performance is subject to risks associated with declines in customer demand for our products and services. As a result of the nature of those products and services, we are particularly at risk for losses of economic confidence or customer trust in us.

Economic and market developments may affect consumer and business confidence levels. If customers lose confidence due to concerns regarding the economy, the demand for our products and services could suffer. If we fail to attract and retain customers, demand for our loans and other financial products and services could decrease, and we could experience adverse changes in payment patterns. We could lose interest income from a decline in credit usage and noninterest income from a decline in product sales, investments and other transactions.

Our ability to attract and retain customer deposits is impacted by the levels of interest rates, as customers balance the benefits of bank accounts such as deposit insurance and some of the convenience associated with more traditional banking products against the possibility of higher yields from other investments. In general, if the spread between the rates we offer and those offered by alternatives to bank accounts widens, customers are often willing to forego the benefits of bank accounts (such as FDIC insurance) for higher returns elsewhere. Our customers could remove money from checking, savings or other types of deposit accounts with us in favor of other banks or other types of cash management products. In such circumstances, we would need either to increase rates to levels that are seen as competitive or lose customers, in either case with a negative impact to net interest income. In addition, deposits are a low-cost source of funds for us. Therefore, losing deposits could increase our funding costs and reduce our net interest income. Loss of customers could also harm noninterest income by decreasing fee-bearing transaction volume. In addition, when rates are higher, customers tend to shift deposits from noninterest-bearing accounts to interest-bearing ones, thereby negatively impacting net interest income.

Our customers increasingly use third-party financial applications that are expected to interface with their PNC accounts. This use leads to the risk that issues with respect to the effective functioning of that interface, regardless of cause, could result in a loss of customers as they seek banking relationships that work better with these other applications.

News or other publicity that harms our reputation, or harms the reputation of our industry generally, also could cause a loss of customers or a reduction in the extent to which customers do business with us. This is described further in the Risk Factor headed "We are at risk for an adverse impact on our business due to damage to our reputation."

In our asset management business, investment performance is an important factor influencing the level of assets that we manage. Poor investment advice or performance could hurt revenue and growth as existing clients might withdraw funds in favor of better performing products. Additionally, the ability to attract funds from existing and new clients might diminish. Overall economic conditions may limit the amount that customers are able or willing to invest as well as the value of the assets they do invest. The failure or negative performance of products of other financial institutions could lead to a loss of confidence in similar products offered by us without regard to the performance of our products. Such a negative contagion could lead to withdrawals, redemptions and liquidity issues in such products and have an adverse impact on our assets under management and asset management revenues and earnings.

We are at risk for an adverse impact on our business due to damage to our reputation.

Our ability to compete effectively, to attract and retain customers and employees, and to grow our business is dependent on maintaining our reputation and having the trust of our customers, employees, the communities that we serve and other stakeholders. Many types of developments, if publicized, can negatively impact a company's reputation with adverse consequences to its business.

Financial services companies are highly vulnerable to reputational damage when they are found to have harmed customers, particularly retail customers, through conduct that is seen as illegal, unfair, deceptive, abusive, manipulative or otherwise wrongful. There also may be reputational damage from human error or systems failures viewed as having harmed customers without involving misconduct, including service disruptions or negative perceptions regarding our ability to maintain the security of our technology systems and protect client data. For example, we may suffer reputational harm to the extent that we are unable to successfully detect, prevent and remedy fraud that harms our clients. Our reputation may also be harmed by failing to deliver products and services of the quality expected by our customers and support the communities that we serve. In addition, our reputation may be harmed as a result of our participation in certain programs, such as the PPP and the processing of unemployment benefits during the COVID-19 pandemic, that has exposed and may continue to expose us to increased scrutiny and criticism. The reputational impact is likely greater to the extent that the bad conduct, errors or failures are pervasive, long-standing or affect a significant number of customers, particularly retail consumers. The negative impact of such reputational damage on our business may be disproportionate to the actual harm caused to customers. It may be severe even if we fully remediate any harm suffered by our customers. Furthermore, because we conduct most of our businesses under the "PNC" brand, negative public opinion about one business could also affect our other businesses. In addition, we could suffer reputational harm and a loss of customer trust as a result of the conduct of others in our industry even if we have not engaged in such conduct. We use third parties to help in many aspects of our business, with the risk that their conduct can affect our reputation regardless of the degree to which we are responsible for it.

To an increasing extent, financial services companies, including PNC, are facing criticism with accompanying reputational risk from social and environmental activists, and from investors and other stakeholders who believe companies should be focusing more or less on environmental, social and governance matters. Companies in our industry, including PNC, are targeted for engaging in business with specific customers or with customers in particular industries, where the customers' activities, even if legal, are perceived as having harmful impacts on matters such as the environment, consumer health and safety, or society at large. In addition, activists, investors and other stakeholders of companies in our industry, including PNC, are seeking increased transparency and action with respect to environmental, social and governance activities, political activities and activities that are or may be perceived to be politically partisan in nature. Criticism has come in many forms, including protests at PNC facilities and social media campaigns. PNC and many other financial services companies have in recent years been criticized for financing companies engaged in, for example, extraction and distribution of fossil fuels, manufacture of nuclear and other weapons (including personal firearms), private prisons and border control activities. In contrast, state laws affecting our industry have been proposed and, in some cases, enacted reflecting opposite approaches. For example, to conduct most business with a municipality in Texas, PNC must certify, among other things, that it does not discriminate against the firearms industry or the fossil fuel industry. Many of these issues are divisive without broad agreement as to the appropriate steps a company such as PNC should take. As a result, however we respond to such criticism, we expose ourselves to the risks that current or potential customers decline to do business with us or current or potential employees refuse to work for us. This can be true regardless of whether we are perceived by some as not having done enough to address these concerns or by others as having inappropriately yielded to these pressures. These pressures can also be a factor in decisions as to which business opportunities and customers we pursue, potentially resulting in foregone profit opportunities.

The speed with which information moves through social media and other news sources on the internet means that negative information about PNC can rapidly have a broadly adverse impact on our reputation. This is true whether or not the information is accurate. False information can also be spread from unaffiliated or parody social media accounts pretending to be official company communications channels. Once information has gone viral, it can be difficult to counter it effectively, either by correcting inaccuracies or communicating remedial steps taken for actual issues. The potential impact of negative information going viral means that material reputational harm can result from a single discrete or isolated incident.

We are also subject to the risk of reputational harm resulting from conduct of persons identified as our employees but acting outside of the scope of their employment, including through their misconduct, unethical behavior, or activities on personal social media.

We operate in a highly competitive environment in terms of the products and services we offer and the geographic markets in which we conduct business.

We are subject to intense competition both from other financial institutions and from non-bank entities, including financial technology companies (often referred to as "FinTech"). In many cases, non-bank entities can engage in many activities similar to ours or offer products and services desirable to our customers without being subject to the same types of regulation, supervision and restrictions that are applicable to banks, which could place us at a competitive disadvantage. Emerging financial technologies, including with respect to payment services and systems, lending, digital wallets, non-fungible tokens and digital currencies and cryptocurrencies, may affect our customers' needs and expectations for products and services. We may fail to attract or retain customers if we are unable to develop and market products and services that meet evolving customer needs or demands or if we are unable to deliver them effectively and securely to our customers. We may also fail to attract or retain customers if we are unwilling to provide products or services that we deem to be speculative or risky. The competition we face is described in Item 1 of this Report under "Competition."

Consolidation in our industry, including among smaller banks combining to form more competitive larger ones and between banks and non-bank entities, could result in PNC facing more intense competition, particularly in impacted regions or with respect to particular products. As we expand into new markets, we may face competitors with more experience and established relationships in these markets, which could adversely affect our ability to compete.

A failure to adequately address the competitive pressures we face could make it harder for us to attract and retain customers across our businesses. On the other hand, meeting these competitive pressures could require us to incur significant additional expense or to accept risk beyond what we would otherwise view as desirable under the circumstances. In addition, in our interest rate sensitive businesses, competitive pressures to increase rates on deposits or decrease rates on loans could reduce our net interest margin, negatively impacting our net interest income.

We depend on skilled labor, and employee attrition, competition for talented employees and labor shortages may have a material adverse effect on our business and operations.

Our performance is dependent on attracting and retaining talented and diverse employees. We face significant competition for these employees across many of our businesses and support areas. This presents greater risk as we expand into new markets, develop new product lines, or enhance staffing in certain areas, particularly technology. This competition leads to increased expenses in affected business areas. In addition, changes to the labor market as a result of the COVID-19 pandemic (including elevated employee attrition, labor availability and wage inflation) have exacerbated and may continue to exacerbate the challenges of attracting and retaining talented and diverse employees. Differences in demands, expectations and priorities of the workforce (such as remote work expectations) may require us to modify our recruiting and retention strategies to attract and retain employees. Limitations on the way regulated financial institutions can compensate their officers and employees, including those contained in pending rule proposals implementing requirements of Dodd-Frank, may make it more difficult for regulated financial institutions, including PNC, to compete with unregulated companies for talent.

Risks Related to Other Operational Issues

We depend on the effectiveness and integrity of employees, and the systems and controls for which they are responsible, to manage operational risks.

We are a large company that offers a wide variety of products and services to a broad and diverse group of customers. We rely on our employees to design, manage and operate our systems and controls to assure that we properly enter into, record and manage processes, transactions and other relationships with customers, suppliers and other parties with whom we do business. In some cases, we rely on employees of third parties to perform these tasks. We also depend on employees and the systems and controls for which they are responsible to assure that we identify and mitigate the risks that are inherent in our relationships and activities. These concerns are increased when we change processes or procedures, introduce new products or services, acquire or invest in a business or implement new technologies, as we may fail to adequately identify or manage operational risks resulting from such changes. These concerns may be further exacerbated by employee turnover and labor shortages.

As a result of our necessary reliance on employees, whether ours or those of third parties, to perform these tasks and manage resulting risks, we are thus subject to human vulnerabilities. These range from innocent human error to misconduct or malfeasance, potentially leading to operational breakdowns or other failures. Our controls may not be adequate to prevent problems resulting from human involvement in our business, including risks associated with the design, operation and monitoring of automated systems. We may also fail to adequately develop a culture of risk management among our employees.

Errors by our employees or others responsible for systems and controls on which we depend and any resulting failures of those systems and controls to prevent unethical, fraudulent, improper or illegal conduct could result in significant harm to PNC. This harm could include customer remediation costs, regulatory fines or penalties, litigation or enforcement actions or limitations on our business activities. We could also suffer damage to our reputation, as described under "We are at risk for an adverse impact on our business due to damage to our reputation."

We use automation, machine learning, artificial intelligence and robotic process automation tools to help reduce some risks of human error. Nonetheless, we continue to rely on many manual processes to conduct our business and manage our risks. In addition, use of automation tools does not eliminate the need for effective design and monitoring of their operation to make sure they operate as intended. Enhanced use of automation may present its own risks. Automated systems may themselves experience outages or problems. Some tools are dependent on the quality of the data used by the tool to learn and enhance the process for which it is responsible. Not only bad or missing data but also anomalous data can adversely affect the functioning of such tools. It is possible that humans in some cases are better able than highly automated tools to identify that anomalous data is being used or that results are themselves anomalous.

We rely on third-party vendors, service providers and other counterparties to help support many aspects of our business. When we do so, our direct control of activities related to our business is reduced, which could introduce risk.

Our use of third parties to support our business needs typically means that we do not directly control the activities we are having them perform. Any disruption in services provided by these third parties could adversely affect our ability to conduct our business. Replacing third parties could also entail significant delay and expense. Risks can arise through inadequate performance by a third party (including by its downstream service providers), specifically where that performance could affect us or our customers, and even when the result of factors or events are beyond such third party's control. Many of the kinds of risks presented by activities performed by third parties are described elsewhere in these Risk Factors. For example, we use outside companies to assist us in processing some confidential customer or employee information. In such a case, a cyber attack on such a company may result in access to our customers' or employees' information. We are also vulnerable, including to regulatory penalties, if an outside company fails to comply with legal requirements relevant to its work on our behalf. We may in any such circumstance suffer financial losses, legal consequences and injury to our reputation. Even if the other company makes us whole for financial losses, which is not necessarily the case, it is unlikely that it would be able to restore any injury to our reputation. As a result, the use of third parties to assist in our business activities heightens the risks to us inherent in those activities.

Other Key Risks

We are at risk for the impact of adverse results in legal proceedings.

Many aspects of our business involve substantial risk of legal liability. We have been named or threatened to be named as defendants in various lawsuits arising from our business activities. In addition, we are regularly the subject of governmental investigations and other forms of regulatory inquiry. We also are at risk when we have agreed to indemnify others for losses related to legal proceedings they face, such as in connection with the sale of a business or assets by us. The results of these legal proceedings could lead to significant monetary damages or penalties, restrictions on the way in which we conduct our business or reputational harm. Although we establish accruals for legal proceedings when information related to the loss contingencies represented by those matters indicates both that a loss is probable and that the amount of loss can be reasonably estimated, we do not have accruals for all legal proceedings where we face a risk of loss. In addition, due to the inherent subjectivity of the assessments and unpredictability of the outcome of legal proceedings, amounts accrued often do not represent the ultimate loss to us from the legal proceedings in question. Thus, our ultimate future losses may be higher, and possibly significantly so, than the amounts accrued for legal loss contingencies. We discuss further the unpredictability of legal proceedings and describe certain of our pending legal proceedings in Note 21 Legal Proceedings.

We grow our business in part by acquiring other financial services businesses from time to time. Sometimes these are businesses with technologies or other assets valuable to us even if they do not themselves provide financial services to customers. These acquisitions present a number of risks and uncertainties related both to the acquisition transactions themselves and to the integration of the acquired businesses into PNC after closing.

Acquisitions of other companies or of financial assets and deposits and other liabilities present risks and uncertainties to us in addition to those presented by the nature of the business acquired. Many of the same risks arise when we engage in strategic partnerships.

Specific factors that can affect the ultimate results from acquisitions include, depending on the nature of the business acquired, the following:

- Diligence risk: Our ability to analyze the risks presented by prospective acquisitions, as well as our ability to prepare in advance of closing for integration, depends, in part, on the information we can gather with respect to the business we are acquiring. We may not have access to all of the information that would be desirable. Our pre-acquisition review of the business also impacts our ability to prepare for and execute on the integration of an acquired business.
- Accuracy of assumptions: We make certain assumptions related to an acquisition that may prove to be inaccurate. Anticipated benefits (such as cost savings from synergies or strategic gains from being able to offer enhanced product sets) may take longer or require greater resources to achieve or may not be achieved in their entirety. Acquisitions also may be substantially more expensive or take longer to complete than anticipated. We may also incur unanticipated costs in connection with the integration of an acquired business.
- Regulatory approval: Completing attractive acquisition opportunities generally requires various governmental and regulatory approvals and consents prior to closing. These authorities have broad discretion, and regulatory approvals could be delayed, restrictively conditioned or denied, including due to regulatory issues we (or the target company) have, or may have, under any of the numerous governmental regulations to which we (or it) are subject. Moreover, as a condition to approval, governmental authorities may impose requirements, require divestitures or place restrictions on the conduct of the business of the combined company, which could limit the benefits of the acquisition or result in delay or the failure to close the acquisition. Significant acquisitions by large banks also often attract public scrutiny, which may result in negative publicity that adversely affects our reputation. Our ability to make large acquisitions may be limited by the regulatory agencies responsible for reviewing or approving the transaction, changes in regulatory rules or standards or the application of those rules or standards, or future regulatory initiatives designed to limit systemic risk and the potential for a financial institution to become “too big to fail.”
- Pre-closing risk: Prospective acquisition targets are also subject to their own risks that we cannot manage or control prior to closing. As a result, our business, financial condition, results of operations and cash flows could be adversely affected after closing to the extent that any such risks result in non-indemnified losses for which we are responsible.
- Target-specific risk: Acquisition targets have their own risks specific to their businesses that could impact the success of a transaction.
- If a significant aspect of the value of transaction is intellectual property, the extent to which the intellectual property may be utilized or protected and commercialized by PNC.
- If the acquisition includes loan portfolios, the extent of actual credit losses and the required allowance for credit losses following completion of the acquisition.
- If the acquisition involves entering into new businesses or geographic or other markets, potential limitations on our ability to take advantage of these opportunities because of our inexperience with respect to them.
- The results of litigation and governmental investigations that may be pending at the time of the acquisition or that may be filed or commenced thereafter, because of an acquisition or otherwise. It is often hard to predict the results of such legal proceedings. It may also be hard to anticipate what legal proceedings may be started following an acquisition based on the prior activities of the acquired company (and its predecessors).
- If the acquired company depends on models for, among other things, capital planning and credit loss accounting, we may have to rely on the acquired company’s models post-closing prior to integrating the acquired company’s data into PNC’s models. These models may be designed or implemented in a manner different than the models used by PNC. As a result, incorporation of the acquired company’s data into our models could materially impact our results of operations or financial position to the extent that our estimates based on the acquired company’s models prove to be inaccurate.
- The acquired company may operate under enterprise risk management systems, policies and procedures that are different and less mature than those of PNC, and we may need to rely on the acquired company’s enterprise risk management systems, policies and procedures for a period of time after acquisition, which might limit PNC’s ability to identify, monitor, manage and report risks. The acquired company may also implement its policies and procedures in a different manner than PNC would, which may result in heightened regulatory, legal, operational or reputational risk.
- Retention risk: The success of an acquisition generally is at least partially dependent on our ability to retain and expand upon the acquired company’s customer base. It is also frequently subject to risks related to human capital, including, to the extent being retained, the quality of leadership of the acquired company.
- Integration risk: Successful integration of an acquired company may present challenges due to differences in policies, procedures and systems, the level of details or comprehensiveness of an acquired company’s financial and business information and data, and corporate culture. Integration challenges could also result in damage to our reputation, as described under “We are at risk for an adverse impact on our business due to damage to our reputation.”

Our business and financial performance could be adversely affected, directly or indirectly, by disasters, natural or otherwise, by terrorist activities, by international hostilities or by domestic civil unrest.

Neither the occurrence nor the potential impact of natural and other disasters (including severe weather events), health emergencies, dislocations, geopolitical instabilities, terrorist activities, international hostilities or other extraordinary events beyond PNC's control can be predicted. However, these occurrences could adversely impact us, for example, by causing significant damage to our facilities or preventing us from conducting our business in the ordinary course. Also, their impact on our borrowers, depositors, other customers, suppliers or other counterparties could result in indirect adverse effects on us. Other indirect adverse consequences from these occurrences could result from impacts to the financial markets, the economy in general or in any region, or key parts of the infrastructure (such as the power grid) on which we and our customers rely. These types of indirect effects, whether specific to our counterparties or more generally applicable, could lead, for example, to an increase in delinquencies, bankruptcies or defaults that could result in PNC experiencing higher levels of nonperforming assets, net charge-offs and provisions for credit losses. They could also cause a reduction in demand for lending or other services that we provide.

Our ability to mitigate the adverse consequences of such occurrences is in part dependent on the quality of our resiliency planning. This includes our ability to anticipate the nature of any such event that might occur. The adverse impact of these occurrences also could be increased to the extent that there is a lack of preparedness on the part of national or regional emergency responders or on the part of other organizations and businesses that we deal with, many of which we depend on but have limited or no control over.

ITEM 1B – UNRESOLVED STAFF COMMENTS

There are no SEC staff comments regarding PNC's periodic or current reports under the Exchange Act that are pending resolution.

ITEM 2 – PROPERTIES

Our executive and primary administrative offices are currently located at The Tower at PNC Plaza, Pittsburgh, Pennsylvania. The 33-story structure is owned by PNC Bank, National Association.

We own or lease numerous other premises for use in conducting business activities, including operations centers, offices, and branches and other facilities. We consider the facilities owned or occupied under lease by our subsidiaries to be adequate for the purposes of our business operations. We include here by reference the additional information regarding our properties in Note 7 Leases and Note 8 Premises, Equipment and Leasehold Improvements.

ITEM 3 – LEGAL PROCEEDINGS

See the information set forth in Note 21 Legal Proceedings, which is incorporated here by reference.

ITEM 4 – MINE SAFETY DISCLOSURES

Not applicable.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

Information regarding each of our executive officers as of February 20, 2023 is set forth below. Executive officers do not have a stated term of office. Each executive officer has held the position or positions indicated or another executive position with the same entity or one of its affiliates for the past five years unless otherwise indicated below.

Name	Age	Position with PNC	Year Employed (a)
Carole L. Brown	58	Executive Vice President and Head of Asset Management Group	2019
Richard K. Bynum	52	Executive Vice President and Chief Corporate Responsibility Officer	2005
William S. Demchak	60	Chairman, President and Chief Executive Officer (b)	2002
Kieran J. Fallon	56	Executive Vice President and Chief Risk Officer	2011
Deborah Guild	54	Executive Vice President, Chief Information Security Officer and Head of Enterprise Technology	2013
Michael J. Hannon	66	Executive Vice President and Chief Credit Officer	1982
Vicki C. Henn	54	Executive Vice President and Chief Human Resources Officer	1994
Gregory B. Jordan	63	Executive Vice President, General Counsel, Chief Administrative Officer and Head of Regulatory and Government Affairs	2013
Stacy M. Juchno	47	Executive Vice President and General Auditor	2009
Ganesh Krishnan	47	Executive Vice President and Enterprise Chief Information Officer	2008
Michael P. Lyons	52	Executive Vice President and Head of Corporate & Institutional Banking	2011
Alexander E. C. Overstrom	39	Executive Vice President and Head of Retail Banking	2014
E William Parsley, III	57	Executive Vice President and Chief Operating Officer	2003
Robert Q. Reilly	58	Executive Vice President and Chief Financial Officer	1987
Gregory H. Kozich	59	Senior Vice President and Controller	2010

(a) Where applicable, refers to year employed by predecessor company.

(b) Mr. Demchak also serves as a director. Biographical information for Mr. Demchak is included in "Election of Directors (Item 1)" in our proxy statement to be filed for the 2023 annual meeting of shareholders. See Item 10 of this Report.

Carole L. Brown was appointed Executive Vice President and Head of Asset Management Group in July 2020. Previously, she was the Chief Change and Risk Officer for PNC's Asset Management Group and Corporate & Institutional Banking businesses. Prior to joining PNC in 2019, she served as chief financial officer for the City of Chicago from May 2015 to May 2019. Prior to her work for the City of Chicago, Ms. Brown had a more than 25-year career as a municipal finance investment banker.

Richard K. Bynum was appointed Executive Vice President and Chief Corporate Responsibility Officer in July 2020. Prior to his appointment, he served as regional president for PNC's Greater Washington market from 2017 to 2020. He previously served as a member of PNC's retail executive leadership team, where he led the Business Banking division. Prior to that, he served as the Greater Washington retail market executive from 2010 to 2014.

Kieran J. Fallon was appointed Executive Vice President and Chief Risk Officer in February 2021. Prior to his appointment, he served as PNC's Senior Deputy General Counsel with legal oversight responsibility for PNC's government, regulatory affairs and enterprise risk, and as PNC's primary liaison with PNC's regulatory bodies. Previously, he served as PNC's chief counsel of Regulatory Affairs and briefly as acting general counsel. Prior to joining PNC in 2011, Mr. Fallon served as associate general counsel for legislation and special projects with the Board of Governors of the Federal Reserve System in Washington, D.C.

Deborah Guild was appointed Executive Vice President, Chief Information Security Officer and Head of Enterprise Technology in November 2020. Prior to her appointment, she was PNC's Chief Security Officer, and previously served as PNC's Chief Technology Officer. Prior to joining PNC in October 2013, Ms. Guild spent 21 years at Bank of America where she most recently served as Chief Technology Officer of Enterprise Functions and End User Computing.

Michael J. Hannon has served as Executive Vice President since 2009, prior to which he was a Senior Vice President. He has served as Chief Credit Officer since 2001 and was Interim Chief Risk Officer from December 2011 to February 2012.

Vicki C. Henn has served as Executive Vice President and Chief Human Resources Officer of PNC since July 2014. Ms. Henn joined PNC in 1994 and has held numerous management positions. Prior to being named to her current position, Ms. Henn was a Senior Vice President, responsible for Human Resources for Retail Banking.

Gregory B. Jordan joined PNC in 2013 as Executive Vice President, General Counsel and Head of Regulatory and Government Affairs. In February 2016, Mr. Jordan was also appointed Chief Administrative Officer. Prior to joining PNC, he served as the Global Managing Partner for the last 13 years of his 29 year tenure at Reed Smith LLP.

Stacy M. Juchno has served as Executive Vice President and General Auditor of PNC since April 2014 and previously served as Senior Vice President and Finance Governance and Oversight Director.

Ganesh Krishnan was appointed Executive Vice President and Enterprise Chief Information Officer in November 2020. Prior to being named to his current role, he served as Chief Information Officer for PNC's Corporate & Institutional Banking business and Staff Service Technology starting in 2017. Mr. Krishnan joined PNC in 2008 as a Technology Infrastructure Services manager and has held a variety of technology leadership roles with PNC.

Michael P. Lyons has been an Executive Vice President since 2011 and is Head of Corporate & Institutional Banking. Prior to joining PNC in October 2011, from May 2010 until October 2011, Mr. Lyons was head of corporate development and strategic planning for Bank of America.

Alexander E. C. Overstrom was appointed Executive Vice President and Head of Retail Banking in July 2022. Previously, he held numerous management roles including Head of Small Business, Deputy Head of Retail Banking, Head of Merchant Services, and Chief Operating Officer of Corporate & Institutional Banking and Asset Management. Prior to joining PNC in 2014, he worked in strategy and investment banking at Goldman Sachs.

E William Parsley, III has served as Executive Vice President since 2009 and was appointed Chief Operating Officer in February 2018. Previously, he served as Treasurer and Chief Investment Officer starting in 2004 and Head of Consumer Lending starting in the spring of 2016.

Robert Q. Reilly was appointed Chief Financial Officer in 2013. He served as the Head of PNC's Asset Management Group from 2005 until April 2013. Previously, he held numerous management roles in both Corporate Banking and Asset Management. He was appointed Executive Vice President in 2009.

Gregory H. Kozich has served as Controller of PNC since 2011. He was appointed as Senior Vice President in 2010. Prior to joining PNC in 2010, Mr. Kozich was with the Federal National Mortgage Association from 2005 until late 2010, most recently serving as its corporate controller.

PART II

ITEM 5 – MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is listed on the New York Stock Exchange and is traded under the symbol "PNC." At the close of business on February 10, 2023, there were 44,958 common shareholders of record.

Holders of PNC common stock are entitled to receive dividends when declared by our Board of Directors out of funds legally available for this purpose. Our Board of Directors may not pay or set apart dividends on the common stock until dividends for all past dividend periods on any series of outstanding preferred stock and certain outstanding capital securities issued by the parent company have been paid or declared and set apart for payment. The Board of Directors presently intends to continue the policy of paying quarterly cash dividends. The amount of any future dividends will depend on economic and market conditions, our financial condition and operating results, and other factors, including contractual restrictions and applicable government regulations and policies (such as those relating to the ability of bank and non-bank subsidiaries to pay dividends to the parent company and regulatory capital limitations). PNC's ability to pay or increase dividends or otherwise return capital to shareholders is subject to PNC's compliance with its SCB, which is determined at least annually through the Federal Reserve's CCAR process as described in the Supervision and Regulation section in Item 1 of this Report. Consistent with the SCB framework, which allows for capital return in amounts in excess of the SCB minimum levels, our Board of Directors has authorized a repurchase framework under the repurchase program approved on April 4, 2019 of up to 100 million common shares, of which approximately 49% were still available for repurchase at December 31, 2022. Under this framework, PNC expects quarterly repurchases of up to $500 million with the ability to adjust those levels as conditions warrant. PNC's SCB for the four-quarter period beginning October 1, 2022 is 2.9%.

For further information concerning dividend restrictions and other factors that could limit our ability to pay dividends, as well as restrictions on loans, dividends or advances from bank subsidiaries to the parent company, see the Supervision and Regulation section in Item 1, Item 1A Risk Factors and the Liquidity and Capital Management portion of the Risk Management section in Item 7, and Note 10 Borrowed Funds, Note 12 Equity and Note 20 Regulatory Matters, which we include here by reference.

We include here by reference the information regarding our compensation plans under which PNC equity securities are authorized for issuance as of December 31, 2022 in the table (with introductory paragraph and notes) in Item 12 of this Report.

Our stock transfer agent and registrar is:
Computershare
150 Royall Street, Suite 101
Canton, MA 02021
800-982-7652
Hearing impaired: 800-952-9245
www.computershare.com/pnc

Registered shareholders may contact Computershare regarding dividends and other shareholder services.

We include here by reference the information that appears under the Common Stock Performance Graph caption at the end of this Item 5.

Unregistered Sales of Equity Securities

None.

Equity Security Repurchases

Details of our repurchases of PNC common stock during the fourth quarter of 2022 are included in the following table:

In thousands, except per share data

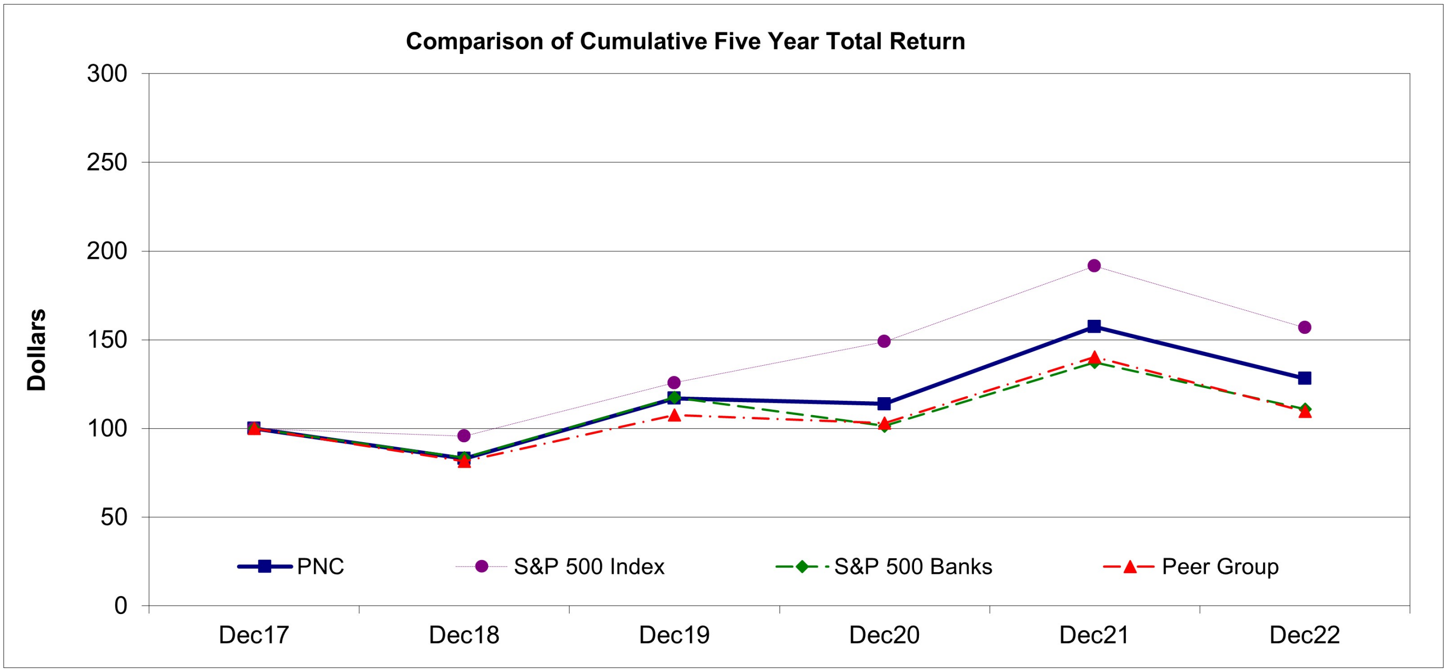
2022 period	Total shares purchased (a)	Average price paid per share	Total shares purchased as part of publicly announced programs (b)	Maximum number of shares that may yet be purchased under the programs (b)
October 1 – 31	1,534	$ 154.72	1,523	51,280
November 1 – 30	1,234	$ 161.33	1,234	50,046
December 1 – 31	1,052	$ 154.63	1,052	48,994
Total	3,820	$ 156.83	3,809	

(a) Includes PNC common stock purchased in connection with our various employee benefit plans generally related to forfeitures of unvested restricted stock awards and shares used to cover employee payroll tax withholding requirements. Note 17 Employee Benefit Plans and Note 18 Stock Based Compensation Plans include additional information regarding our employee benefit and equity compensation plans that use PNC common stock.

(b) Consistent with the SCB framework, which allows for capital return in amounts in excess of the SCB minimum levels, our Board of Directors has authorized a repurchase framework under the repurchase program of up to 100 million common shares approved on April 4, 2019. Under the SCB framework we repurchased 21.1 million shares in 2022 and 5.0 million shares in 2021. A maximum amount of 49.0 million shares remained available for repurchase under the new stock program authorization at December 31, 2022.

Common Stock Performance Graph

This graph shows the cumulative total shareholder return (*i.e.*, price change plus reinvestment of dividends) on our common stock during the five-year period ended December 31, 2022, as compared with: (i) a selected peer group as set forth below and referred to as the "Peer Group"; (ii) an overall stock market index, the S&P 500 Index; and (iii) a published industry index, the S&P 500 Banks. The yearly points marked on the horizontal axis of the graph correspond to December 31 of each year. The stock performance graph assumes that $100 was invested at market close on December 31, 2017 for the five-year period and that dividends were reinvested. The table below the graph shows the resultant compound annual growth rate for the performance period.



	Base Period	Assumes $100 investment at Close of Market on December 31, 2017 Total Return = Price change plus reinvestment of dividends					5-Year Compound Growth Rate
	Dec. 2017	Dec. 2018	Dec. 2019	Dec. 2020	Dec. 2021	Dec. 2022	
PNC	$ 100	$ 83.02	$ 116.97	$ 113.78	$ 157.26	$ 128.07	5.07 %
S&P 500 Index	$ 100	$ 95.61	$ 125.70	$ 148.81	$ 191.48	$ 156.77	9.41 %
S&P 500 Banks	$ 100	$ 83.56	$ 117.52	$ 101.35	$ 137.28	$ 110.91	2.09 %
Peer Group	$ 100	$ 81.35	$ 107.62	$ 103.04	$ 140.25	$ 109.51	1.83 %

The Peer Group for the preceding chart and table above consists of the following companies: Bank of America Corporation; Capital One Financial Corporation; Citizens Financial Group, Inc.; Fifth Third Bancorp; JPMorgan Chase & Co.; KeyCorp; M&T Bank Corporation; Regions Financial Corporation; The PNC Financial Services Group, Inc.; Truist Financial Corporation; U.S. Bancorp; and Wells Fargo & Company. For Truist Financial Corporation, the preceding chart and table reflects historical BB&T Corporation data from December 2017 to December 2018 without inclusion of historical data from SunTrust Banks, Inc. This Peer Group was approved for 2022 by the Board's Personnel and Compensation Committee, and the Committee has approved the same peer group for 2023.

Each yearly point for the Peer Group is determined by calculating the cumulative total shareholder return for each company in the Peer Group from December 31, 2017 to December 31 of that year, or the last business day of that year (End of Month Dividend Reinvestment Assumed) and then using the median of these returns as the yearly plot point.

In accordance with the rules of the SEC, this section, captioned "Common Stock Performance Graph," is not incorporated by reference into any of our future filings made under the Securities Exchange Act of 1934 or the Securities Act of 1933. The Common Stock Performance Graph, including its accompanying table and footnotes, is not deemed to be soliciting material or to be filed under the Exchange Act or the Securities Act.

ITEM 6 – RESERVED

ITEM 7 – MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (MD&A)

EXECUTIVE SUMMARY

Key Strategic Goals

At PNC we manage our company for the long term. We are focused on the fundamentals of growing customers, loans, deposits and revenue and improving profitability, while investing for the future and managing risk, expenses and capital. We continue to invest in our products, markets and brand, and embrace our commitments to our customers, shareholders, employees and the communities where we do business.

We strive to serve our customers and expand and deepen relationships by offering a broad range of deposit, credit and fee-based products and services. We are focused on delivering those products and services to our customers with the goal of addressing their financial objectives and needs. Our business model is built on customer loyalty and engagement, understanding our customers' financial goals and offering our diverse products and services to help them achieve financial well-being. Our approach is concentrated on organically growing and deepening client relationships across our businesses that meet our risk/return measures.

We are focused on our strategic priorities, which are designed to enhance value over the long term, and consist of:

- Expanding our leading banking franchise to new markets and digital platforms,
- Deepening customer relationships by delivering a superior banking experience and financial solutions, and
- Leveraging technology to create efficiencies that help us better serve customers.

Our capital and liquidity priorities are to support customers, fund business investments and return excess capital to shareholders, while maintaining appropriate capital in light of economic conditions, the Basel III framework and other regulatory expectations. For more detail, see the Supervision and Regulation section in Item 1 Business, the Capital Highlights portion of this Executive Summary and the Liquidity and Capital Management portion of the Risk Management section in this Item 7.

Key Factors Affecting Financial Performance

We face a variety of risks that may impact various aspects of our risk profile from time to time. The extent of such impacts may vary depending on factors such as the current business and economic conditions, political and regulatory environment and operational challenges. Many of these risks and our risk management strategies are described in more detail elsewhere in this Report.

Our success will depend upon, among other things, the following factors that we manage or control:

- Effectively managing capital and liquidity including:
  - Continuing to maintain and, over time, grow our deposit base as a low-cost stable funding source,
  - Prudent liquidity and capital management to meet evolving regulatory capital, capital planning, stress testing and liquidity standards, and
  - Actions we take within the capital and other financial markets.
- Execution of our strategic priorities,
- Management of credit risk in our portfolio,
- Our ability to manage and implement strategic business objectives within the changing regulatory environment,
- The impact of legal and regulatory-related contingencies,
- The appropriateness of critical accounting estimates and related contingencies, and
- Our ability to manage operational risks related to new products and services, changes in processes and procedures or the implementation of new technology.

Our financial performance is also substantially affected by a number of external factors outside of our control, including the following:

- Global and domestic economic conditions, including the length and extent of the economic impacts of the COVID-19 pandemic, and the actions taken to mitigate and manage it,
- The effect of climate change on our business and performance, including indirectly through impacts on our customers,
- The actions by the Federal Reserve, U.S. Treasury and other government agencies, including those that impact money supply and market interest rates and inflation,
- The level of, and direction, timing and magnitude of movement in, interest rates and the shape of the interest rate yield curve,
- The functioning and other performance of, and availability of liquidity in, U.S. and global financial markets, including capital markets,
- The impact of tariffs and other trade policies of the U.S. and its global trading partners,

- Changes in the competitive landscape,
- Impacts of changes in federal, state and local governmental policy, including on the regulatory landscape, capital markets, taxes, infrastructure spending and social programs,
- The impact of market credit spreads on asset valuations,
- The ability of customers, counterparties and issuers to perform in accordance with contractual terms, and the resulting impact on our asset quality,
- Loan demand, utilization of credit commitments and standby letters of credit, and
- The impact on customers and changes in customer behavior due to changing business and economic conditions or regulatory or legislative initiatives.

For additional information on the risks we face, see Item 1A Risk Factors and the Cautionary Statement Regarding Forward-Looking Information section in this Item 7.

Presentation of Noninterest Income

Effective for the first quarter of 2022, PNC updated the presentation of its noninterest income categorization to be based on product and service type, and accordingly, has changed the basis of presentation of its noninterest income revenue streams to: (i) Asset management and brokerage, (ii) Capital markets related, (iii) Card and cash management, (iv) Lending and deposit services, (v) Residential and commercial mortgage and (vi) Other noninterest income. For a description of each updated noninterest income revenue stream, see Note 1 Accounting Policies. Additionally, in the fourth quarter of 2022, PNC updated the name of the noninterest income line item “Capital markets related” to “Capital markets and advisory.” This update did not impact the components of the category. All periods presented herein reflect these changes.

Acquisition of BBVA USA Bancshares, Inc.

On June 1, 2021, PNC acquired BBVA, a U.S. financial holding company conducting its business operations primarily through its U.S. banking subsidiary, BBVA USA. PNC paid $11.5 billion in cash as consideration for the acquisition.

On October 8, 2021, BBVA USA merged into PNC Bank. On October 12, 2021, PNC converted approximately 2.6 million customers, 9,000 employees and over 600 branches across seven states. Our results of operations and balance sheets for all periods presented in this Report reflect the benefit of BBVA’s acquired businesses for the period since the acquisition closed on June 1, 2021.

For additional information on the acquisition of BBVA, see Note 2 Acquisition and Divestiture Activity.

Discontinued Operations

In the second quarter of 2020, PNC divested its entire 22.4% equity investment in BlackRock. Net proceeds from the sale were $14.2 billion with an after-tax gain on sale of $4.3 billion. BlackRock’s historical results are reported as discontinued operations. For additional details on the divestiture of our equity investment in BlackRock, see Note 2 Acquisition and Divestiture Activity.

Selected Financial Data

The following tables include selected financial data which should be reviewed in conjunction with the Consolidated Financial Statements and Notes included in Item 8 of this Report as well as the other disclosures in this Report concerning our historical financial performance, our future prospects and the risks associated with our business and financial performance.

Table 1: Summary of Operations, Per Common Share Data and Performance Ratios

	Year ended December 31		
Dollars in millions, except per share data	2022	2021	2020
Summary of Operations			
Net interest income	$ 13,014	$ 10,647	$ 9,946
Noninterest income	8,106	8,564	6,955
Total revenue	21,120	19,211	16,901
Provision for (recapture of) credit losses	477	(779)	3,175
Noninterest expense	13,170	13,002	10,297
Income from continuing operations before income taxes and noncontrolling interests	7,473	6,988	3,429
Income taxes from continuing operations	1,360	1,263	426
Net income from continuing operations	6,113	5,725	3,003
Income from discontinued operations before taxes			5,777
Income taxes from discontinued operations			1,222
Net income from discontinued operations			4,555
Net income	$ 6,113	$ 5,725	$ 7,558
Net income attributable to common shareholders	$ 5,735	$ 5,436	$ 7,284
Per Common Share			
Diluted earnings from continuing operations	$ 13.85	$ 12.70	$ 6.36
Diluted earnings from discontinued operations			$ 10.60
Total diluted earnings	$ 13.85	$ 12.70	$ 16.96
Book value per common share	$ 99.93	$ 120.61	$ 119.11
Tangible book value per common share (non-GAAP) (a)	$ 72.12	$ 94.11	$ 97.43
Performance Ratios			
Net interest margin (non-GAAP) (b)	2.65 %	2.29 %	2.53 %
Noninterest income to total revenue	38 %	45 %	41 %
Efficiency	62 %	68 %	61 %
Return on:			
Average common shareholders' equity	13.52 %	10.78 %	15.21 %
Average assets	1.11 %	1.09 %	1.68 %

(a) See explanation and reconciliation of this non-GAAP measure in Reconciliation of Tangible Book Value Per Common Share (non-GAAP) Statistical Information (Unaudited) section in Item 8 of this Report.
(b) See explanation and reconciliation of this non-GAAP measure in Average Consolidated Balance Sheet and Net Interest Analysis and Reconciliation of Taxable-Equivalent Net Interest Income (non-GAAP) Statistical Information (Unaudited) section in Item 8 of this Report.

Table 2: Balance Sheet Highlights and Other Selected Ratios

	Year ended December 31	
Dollars in millions, except as noted	2022	2021
Balance Sheet Highlights		
Assets	$557,263	$557,191
Loans	$326,025	$288,372
Allowance for loan and lease losses	$ 4,741	$ 4,868
Interest-earning deposits with banks	$ 27,320	$ 74,250
Investment securities	$139,334	$132,962
Total deposits	$436,282	$457,278
Borrowed funds	$ 58,713	$ 30,784
Total shareholders' equity	$ 45,774	$ 55,695
Common shareholders' equity	$ 40,028	$ 50,685
Other Selected Ratios		
Common equity Tier 1	9.1 %	10.3 %
Dividend payout	41.7 %	37.8 %
Loans to deposits	75 %	63 %
Common shareholders' equity to total assets	7.2 %	9.1 %
Average common shareholders' equity to average assets	7.7 %	9.6 %

Income Statement Highlights

Net income for 2022 was $6.1 billion, or $13.85 per diluted common share, an increase of $0.4 billion compared to net income of $5.7 billion, or $12.70 per diluted common share, for 2021. The increase was driven by higher net interest income, partially offset by a higher provision for credit losses, lower noninterest income and higher expenses.

- Total revenue increased $1.9 billion, or 10%, to $21.1 billion.
  - Net interest income increased $2.4 billion, or 22%, to $13.0 billion, primarily due to higher interest-earning asset yields and balances, partially offset by higher funding costs.
    - Net interest margin increased to 2.65% for 2022 compared to 2.29% for 2021, due to higher interest-earning asset yields, partially offset by higher funding rates.
  - Noninterest income decreased $458 million, or 5%, to $8.1 billion, primarily due to lower capital markets and advisory income, a decrease in private equity revenue and lower residential and commercial mortgage fees, partially offset by an increase in card and cash management revenue.
  - Provision for credit losses was $477 million in 2022, driven by our weakened economic outlook along with loan growth, partially offset by the impacts from the reassessment of pandemic-related risks and credit quality improvement in the portfolio. Provision recapture was $779 million for 2021.
- Noninterest expense increased $168 million to $13.2 billion, reflecting the addition of a full year of BBVA operating expenses and continued business investment. The increase was partially offset by lower integration expenses.

For additional detail, see the Consolidated Income Statement Review section of this Item 7.

Balance Sheet Highlights

Our balance sheet was well positioned at December 31, 2022. In comparison to December 31, 2021:

- Total assets were stable.
- Total loans increased $37.7 billion, or 13%, to $326.0 billion.
  - Total commercial loans grew $32.0 billion, or 17%, to $225.0 billion, due to new production and higher utilization of loan commitments, partially offset by PPP loan forgiveness.
    - PNC had $0.4 billion of PPP loans outstanding at December 31, 2022, compared to $3.4 billion at December 31, 2021.
  - Total consumer loans increased $5.7 billion, or 6%, to $101.0 billion, primarily due to increases in residential mortgages, home equity and credit card, partially offset by declines in the remaining portfolios as paydowns outpaced new originations.
- Investment securities increased $6.4 billion, or 5%, to $139.3 billion due to net purchases, primarily of agency residential mortgage-backed securities, partially offset by a decline in valuation driven by interest rates.
- Interest earning deposits with banks, primarily with the Federal Reserve Bank, decreased $46.9 billion, or 63% to $27.3 billion, reflecting higher loans outstanding, lower deposits and higher securities balances.
- Total deposits decreased $21.0 billion, or 5%, to $436.3 billion, due to lower commercial and consumer deposits, reflecting the impact of inflationary pressures and competitive pricing dynamics.
- Borrowed funds of $58.7 billion increased $27.9 billion, or 91%, due to higher FHLB borrowings, partially offset by lower senior debt.

For additional detail, see the Consolidated Balance Sheet Review section of this Item 7.

Credit Quality Highlights

2022 reflected strong credit quality performance.

- At December 31, 2022 compared to December 31, 2021:
  - Nonperforming assets of $2.0 billion decreased $487 million, or 19%, due to lower commercial and consumer nonperforming loans.
  - Total loan delinquencies of $1.5 billion decreased $495 million, or 25%, driven by lower consumer and commercial delinquencies.
  - The ACL related to loans, which consists of the ALLL and the allowance for unfunded lending related commitments, decreased to $5.4 billion, or 1.67% of total loans at December 31, 2022, compared to $5.5 billion, or 1.92% of total loans at December 31, 2021. The decrease was primarily driven by the reassessment of pandemic-related risks and improvements in credit quality, partially offset by our weakened economic outlook along with loan growth.
- Net charge-offs of $563 million or 0.18% of average loans in 2022 decreased 14% compared to net charge-offs of $657 million or 0.24% of average loans for 2021. The decline was primarily driven by fewer commercial net charge-offs, partially offset by higher consumer net charge-offs due to a decrease in recoveries. Net charge-offs in the comparative period included BBVA-related charge-offs resulting from required purchase accounting treatment.

For additional detail, see the Credit Risk Management portion of the Risk Management section of this Item 7.

Capital Highlights

We maintained a strong capital position during 2022.

- Common shareholders' equity decreased to $40.0 billion at December 31, 2022, compared to $50.7 billion at December 31, 2021 as the benefit of net income was more than offset by a decrease in AOCI, reflecting the negative impact of higher interest rates on securities and swap values. The decline was also attributable to share repurchases and common dividends paid.
- In 2022, we returned $6.0 billion of capital to shareholders through dividends on common shares of $2.4 billion and repurchases of 21.2 million common shares for $3.6 billion.
    - The SCB framework allows for capital returns in amounts up to the level of capital in excess of the firm's SCB plus the regulatory minimum level of capital. Consistent with the flexibility provided under the SCB framework, our Board of Directors has authorized a repurchase framework under the repurchase program approved on April 4, 2019 of up to 100 million common shares, of which approximately 49% were still available for repurchase at December 31, 2022. Under this framework, PNC expects quarterly repurchases of up to $500 million with the ability to adjust those levels as conditions warrant. PNC's SCB for the four-quarter period beginning October 1, 2022 is 2.9%.
- On January 4, 2023, the PNC Board of Directors declared a quarterly cash dividend on common stock of $1.50 per share. The dividend, with a payment date of February 5, 2023, was paid on the next business day.
- The Basel III CET1 capital ratio decreased to 9.1% at December 31, 2022 from 10.3% at December 31, 2021.
    - PNC elected to delay the estimated impact of CECL on CET1 capital through December 31, 2021, followed by a three-year transition period. CECL's estimated impact on CET1 capital is defined as the change in retained earnings at adoption plus or minus 25% of the change in CECL ACL at the balance sheet date, excluding the allowance for PCD loans, compared to CECL ACL at adoption. Effective for the first quarter of 2022, PNC is now in the three-year transition period, and the full impact of the CECL standard is being phased-in to regulatory capital through December 31, 2024. The CET1 fully implemented ratio, which reflects the full impact of CECL and excludes the benefits of the optional five-year transition, was 8.9% at December 31, 2022 compared to 10.0% at December 31, 2021.

PNC's ability to take certain capital actions, including returning capital to shareholders, is subject to PNC meeting or exceeding a SCB established by the Federal Reserve Board in connection with the Federal Reserve Board's CCAR process. See additional discussion of the CCAR process in the Supervision and Regulation section of Item 1 Business and Item 1A Risk Factors of this Report.

See the Liquidity and Capital Management portion of the Risk Management section of this Item 7 for more detail on our 2022 capital and liquidity actions as well as our capital ratios.

Business Outlook

Statements regarding our business outlook are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Our forward-looking financial statements are subject to the risk that economic and financial market conditions will be substantially different than those we are currently expecting and do not take into account potential legal and regulatory contingencies. These statements are based on our views that:

- The economy continues to expand in early 2023, but economic growth is slowing in response to the ongoing Federal Reserve monetary policy tightening to slow inflation. This has led to large increases in both short- and long-term interest rates. With much higher mortgage rates the housing market is already in contraction, with steep drops in existing home sales and single-family housing starts, and a modest decline in house prices. Other sectors where interest rates play an outsized role, such as business investment and consumer spending on durable goods, will contract in 2023.
- PNC's baseline outlook is for a recession starting in the second half of 2023, with real GDP contracting a modest 1% before recovery starts in early 2024 as the Federal Reserve lowers interest rates in response to a deteriorating labor market and slower inflation. The unemployment rate will increase throughout 2023, peaking at above 5% in the first half of 2024. Inflation will slow with the recession and be back to the Federal Reserve's 2% long-term objective by early 2024.
- PNC expects the FOMC to increase the federal funds rate by an additional 25 basis points in March. This would bring the federal funds rate to a range of 4.75% to 5.00% by mid-March. PNC expects a federal funds rate cut of 25 basis points in early 2024 as inflation moves toward the FOMC's 2% long-term objective.

See Item 1A Risk Factors and the Cautionary Statement Regarding Forward-Looking Information section in this Item 7 for other factors that could cause future events to differ, perhaps materially, from those anticipated in these forward-looking statements.

For the full year 2023, compared to full year 2022, we expect:

- Period-end loans to be up 2% to 4%,
- Average loans to be up 6% to 8%,
- Revenue to be up 6% to 8%,
- Noninterest expense to be up 2% to 4%, and
- The effective tax rate to be approximately 18%.

For the first quarter of 2023, compared to the fourth quarter of 2022, we expect:

- Period-end loans to be stable,
- Average loans to be up 1% to 2%,
- Net interest income to be down 1% to 2%,
- Fee income to be down 3% to 5%,
- Other noninterest income, excluding net securities gains and Visa activity, to be between $200 million and $250 million,
- Total revenue to decline approximately 3%,
- Noninterest expense to be down 2% to 4%, and
- Net loan charge-offs to be approximately $200 million.

Additionally, as of year-end 2022, we have completed all actions associated with the integration of BBVA, and no additional integration costs are anticipated. A total of $980 million of integration costs were incurred, which included $120 million of write-offs for capitalized items.

We cannot provide, without unreasonable effort, a meaningful or accurate reconciliation of forward-looking non-GAAP measures to their most directly comparable GAAP financial measures. This is due to the inherent difficulty of forecasting the timing and amounts necessary for the reconciliation when such amounts are subject to events that cannot be reasonably predicted, as noted in our Cautionary Statement. Accordingly, we cannot address the probable significance of the unavailable information.

CONSOLIDATED INCOME STATEMENT REVIEW

Our Consolidated Income Statement is presented in Item 8 of this Report. For the comparison of 2021 over 2020, see the Consolidated Income Statement Review section in our 2021 Form 10-K.

Net income for 2022 was $6.1 billion, or $13.85 per diluted common share, an increase of $0.4 billion compared to net income of $5.7 billion, or $12.70 per diluted common share, for 2021. The increase was driven by higher net interest income, partially offset by a higher provision for credit losses, lower noninterest income and higher expenses.

Net Interest Income

Table 3: Summarized Average Balances and Net Interest Income (a)

Year ended December 31 Dollars in millions	2022 Average Balances	2022 Average Yields/ Rates	2022 Interest Income/ Expense	2021 Average Balances	2021 Average Yields/ Rates	2021 Interest Income/ Expense
Assets						
Interest-earning assets						
Investment securities	$ 137,149	2.00 %	$ 2,747	$ 110,974	1.67 %	$ 1,855
Loans	307,699	3.86 %	11,886	268,696	3.37 %	9,060
Interest-earning deposits with banks	41,050	1.41 %	578	79,869	0.13 %	103
Other	9,651	3.50 %	337	8,539	2.23 %	190
Total interest-earning assets/interest income	$ 495,549	3.14 %	15,548	$ 468,078	2.39 %	11,208
Liabilities						
Interest-bearing liabilities						
Interest-bearing deposits	$ 299,042	0.42 %	1,267	$ 279,228	0.05 %	126
Borrowed funds	42,450	2.72 %	1,155	34,508	1.05 %	361
Total interest-bearing liabilities/interest expense	$ 341,492	0.71 %	2,422	$ 313,736	0.16 %	487
Net interest margin/income (non-GAAP)		2.65 %	13,126		2.29 %	10,721
Taxable-equivalent adjustments			(112)			(74)
Net interest income (GAAP)			$ 13,014			$ 10,647

(a) Interest income calculated as taxable-equivalent interest income. To provide more meaningful comparisons of interest income and yields for all interest-earning assets, as well as net interest margins, we use interest income on a taxable-equivalent basis in calculating average yields and net interest margins by increasing the interest income earned on tax-exempt assets to make it fully equivalent to interest income earned on taxable investments. This adjustment is not permitted under GAAP on the Consolidated Income Statement. For more information, see Reconciliation of Taxable-Equivalent Net Interest Income (non-GAAP) in the Statistical Information (Unaudited) section in Item 8 of this Report.

Changes in net interest income and margin result from the interaction of the volume and composition of interest-earning assets and related yields, interest-bearing liabilities and related rates paid, and noninterest-bearing sources of funding. See the Statistical Information (Unaudited) – Average Consolidated Balance Sheet and Net Interest Analysis and Analysis Of Year-To-Year Changes In Net Interest Income in Item 8 of this Report.

Net interest income increased $2.4 billion, or 22% in 2022 compared with 2021. The increase was primarily due to higher interest-earning asset yields and balances, partially offset by higher funding costs. Net interest margin increased 36 basis points, due to higher interest-earning asset yields, partially offset by higher funding rates.

Average investment securities grew $26.2 billion, or 24%, driven by net securities purchases, primarily of agency residential mortgage-backed securities and U.S. Treasury and government agency securities. Average investment securities represented 28% of average interest-earning assets in 2022, compared to 24% in 2021.

Average loans increased $39.0 billion, or 15%, due to growth in commercial and consumer loans, partially offset by PPP loan forgiveness. Average loans represented 62% of average interest-earning assets in 2022 compared to 57% in 2021.

Average interest-earning deposits with banks decreased $38.8 billion reflecting higher loan balances and net securities purchases, partially offset by higher deposits and borrowed funds.

Average interest-bearing deposits grew $19.8 billion, or 7%, and included a shift in commercial deposits from noninterest-bearing to interest-bearing as deposit rates have risen. In total, average interest-bearing deposits represented 88% of average interest-bearing liabilities in 2022 compared to 89% in 2021.

Average borrowed funds increased $7.9 billion, or 23%, primarily due to higher FHLB borrowings, partially offset by lower senior debt.

Further details regarding average loans and deposits are included in the Business Segments Review section of this Item 7.

Noninterest Income

Table 4: Noninterest Income

Year ended December 31 Dollars in millions	2022	2021	Change $	Change %
Noninterest income				
Asset management and brokerage	$ 1,444	$ 1,438	$ 6	—
Capital markets and advisory	1,296	1,577	(281)	(18)%
Card and cash management	2,633	2,398	235	10 %
Lending and deposit services	1,134	1,102	32	3 %
Residential and commercial mortgage	647	850	(203)	(24)%
Other	952	1,199	(247)	(21)%
Total noninterest income	$ 8,106	$ 8,564	$ (458)	(5)%

Noninterest income as a percentage of total revenue was 38% for 2022 and 45% for 2021.

Asset management and brokerage fees increased due to the full-year benefit of BBVA and increased product sales, partially offset by lower average equity markets. PNC's discretionary client assets under management decreased to $173 billion at December 31, 2022, compared to $192 billion at December 31, 2021, driven by lower spot equity markets.

Capital markets and advisory fees decreased primarily due to lower advisory and underwriting fees, partially offset by higher fees on customer-related derivative activities.

Growth in card and cash management revenue was primarily due to increased treasury management product revenue, including the full-year benefit of BBVA, in addition to higher consumer spending.

Lending and deposit services increased and included the full-year benefit of BBVA.

Residential and commercial mortgage decreased due to lower residential and commercial mortgage banking activities driven by a decline in both origination and sales activity, partially offset by higher residential mortgage servicing income.

Other noninterest income decreased compared to 2021, primarily due to lower private equity revenue and net losses on securities, partially offset by the benefit of lower negative Visa Class B derivative fair value adjustments. Further details regarding our customer-related trading activities are included in the Market Risk Management – Customer-Related Trading Risk portion of the Risk Management section of this Item 7. Further details regarding private and other equity investments are included in the Market Risk Management – Equity and Other Investment Risk section.

Noninterest Expense

Table 5: Noninterest Expense

Year ended December 31 Dollars in millions	2022	2021	Change $	Change %
Noninterest expense				
Personnel	$ 7,244	$ 7,141	$ 103	1 %
Occupancy	992	940	52	6 %
Equipment	1,395	1,411	(16)	(1)%
Marketing	355	319	36	11 %
Other	3,184	3,191	(7)	—
Total noninterest expense	$ 13,170	$ 13,002	$ 168	1 %

The increase to noninterest expense included a full year of BBVA operating expenses and continued business investment, as well as the write-off of insignificant technology projects connected to crypto currency product development, all of which has ceased as of the reporting date. The increase was partially offset by lower integration expenses.

We exceeded our 2022 continuous improvement program savings goal of $300 million. In 2023, we increased our goal to $400 million in cost savings.

Effective Income Tax Rate

The effective income tax rate from continuing operations was 18.2% for 2022 compared with 18.1% for 2021.

The effective tax rate is generally lower than the statutory rate primarily due to tax credits we receive from our investments in low-income housing and new markets investments, as well as earnings on other tax exempt investments. Additional information regarding our effective tax rate is included in the Reconciliation of Statutory and Effective Tax Rates table in Note 19 Income Taxes.

Provision for (Recapture of) Credit Losses

Table 6: Provision for (Recapture of) Credit Losses

Year ended December 31 Dollars in millions	2022	2021
Provision for (recapture of) credit losses		
Loans and leases	$ 439	$ (887)
Unfunded lending related commitments	32	32
Investment securities	17	51
Other financial assets	(11)	25
Total provision for (recapture of) credit losses	$ 477	$ (779)

Provision for credit losses was $477 million in 2022, driven by our weakened economic outlook along with loan growth, partially offset by the impacts from the reassessment of pandemic-related risks and credit quality improvement in the portfolio.

Net interest income less the provision for (recapture of) credit losses was $12.5 billion, $11.4 billion and $6.8 billion for 2022, 2021 and 2020, respectively.

CONSOLIDATED BALANCE SHEET REVIEW

The summarized balance sheet data in Table 7 is based upon our Consolidated Balance Sheet in Item 8 of this Report. For additional detail of the comparison of 2021 over 2020, see the Consolidated Balance Sheet Review section in our 2021 Form 10-K.

Table 7: Summarized Balance Sheet Data

Dollars in millions	December 31 2022	December 31 2021	Change $	Change %
Assets				
Interest-earning deposits with banks	$ 27,320	$ 74,250	$ (46,930)	(63)%
Loans held for sale	1,010	2,231	(1,221)	(55)%
Investment securities	139,334	132,962	6,372	5 %
Loans	326,025	288,372	37,653	13 %
Allowance for loan and lease losses	(4,741)	(4,868)	127	3 %
Mortgage servicing rights	3,423	1,818	1,605	88 %
Goodwill	10,987	10,916	71	1 %
Other	53,905	51,510	2,395	5 %
Total assets	$ 557,263	$ 557,191	$ 72	—
Liabilities				
Deposits	$ 436,282	$ 457,278	$ (20,996)	(5)%
Borrowed funds	58,713	30,784	27,929	91 %
Allowance for unfunded lending related commitments	694	662	32	5 %
Other	15,762	12,741	3,021	24 %
Total liabilities	511,451	501,465	9,986	2 %
Equity				
Total shareholders' equity	45,774	55,695	(9,921)	(18)%
Noncontrolling interests	38	31	7	23 %
Total equity	45,812	55,726	(9,914)	(18)%
Total liabilities and equity	$ 557,263	$ 557,191	$ 72	—

Our balance sheet was well-positioned at December 31, 2022. In comparison to December 31, 2021:

- Total assets were stable as higher loans, securities and MSRs were offset by lower balances held with the Federal Reserve Bank.
- Total liabilities increased primarily due to higher borrowed funds, partially offset by a decrease in deposits.
- Total equity decreased as the benefits from net income and preferred stock issuances were more than offset by a decrease in AOCI, reflecting the negative impact of higher interest rates on securities and swap values. The decline was also attributable to common share repurchases, dividends paid and the redemption of preferred stock.

The ACL related to loans totaled $5.4 billion at December 31, 2022, a decrease of $0.1 billion since December 31, 2021. The decrease was primarily driven by the reassessment of pandemic-related risks and improvements in credit quality, partially offset by our weakened economic outlook along with loan growth.

See the following for additional information regarding our ACL related to loans:

- Allowance for Credit Losses in the Credit Risk Management section of this Item 7,
- Critical Accounting Estimates and Judgments section of this Item 7, and
- Note 1 Accounting Policies and Note 4 Loans and Related Allowance for Credit Losses.

The following discussion provides additional information about the major components of our balance sheet. Information regarding our capital and regulatory compliance is included in the Liquidity and Capital Management portion of the Risk Management section of this Item 7 and in Note 20 Regulatory Matters.

Loans

Table 8: Loans

Dollars in millions	December 31 2022	December 31 2021	Change $	Change %
Commercial				
Commercial and industrial	$ 182,219	$ 152,933	$ 29,286	19 %
Commercial real estate	36,316	34,015	2,301	7 %
Equipment lease financing	6,514	6,130	384	6 %
Total commercial	225,049	193,078	31,971	17 %
Consumer				
Residential real estate	45,889	39,712	6,177	16 %
Home equity	25,983	24,061	1,922	8 %
Automobile	14,836	16,635	(1,799)	(11)%
Credit card	7,069	6,626	443	7 %
Education	2,173	2,533	(360)	(14)%
Other consumer	5,026	5,727	(701)	(12)%
Total consumer	100,976	95,294	5,682	6 %
Total loans	$ 326,025	$ 288,372	$ 37,653	13 %

Commercial loans increased primarily due to new production and higher utilization of loan commitments, partially offset by PPP loan forgiveness. PNC had $0.4 billion of PPP loans outstanding at December 31, 2022, compared to $3.4 billion at December 31, 2021.

Consumer loans increased primarily due to increases in residential mortgages, home equity and credit card, partially offset by declines in the remaining portfolios as paydowns outpaced new originations.

For additional information regarding our loan portfolio, see the Credit Risk Management portion of the Risk Management section, Note 1 Accounting Policies and Note 4 Loans and Related Allowance for Credit Losses.

Investment Securities

Investment securities of $139.3 billion at December 31, 2022 increased $6.4 billion, or 5%, compared to December 31, 2021, due to net purchases, primarily of agency residential mortgage-backed securities, partially offset by a decline in valuation driven by interest rates.

The level and composition of the investment securities portfolio fluctuates over time based on many factors, including market conditions, loan and deposit growth, and balance sheet management activities. We manage our investment securities portfolio to optimize returns, while providing a reliable source of liquidity for our banking and other activities, considering the LCR, NSFR and other internal and external guidelines and constraints.

Table 9: Investment Securities (a)

Dollars in millions	December 31, 2022 Amortized Cost (b)	December 31, 2022 Fair Value	December 31, 2021 Amortized Cost (b)	December 31, 2021 Fair Value
U.S. Treasury and government agencies	$ 45,767	$ 43,330	$ 47,024	$ 47,054
Agency residential mortgage-backed	77,385	71,073	67,326	67,632
Non-agency residential mortgage-backed	973	1,074	927	1,158
Agency commercial mortgage-backed	2,693	2,501	1,740	1,773
Non-agency commercial mortgage-backed (c)	2,992	2,883	3,423	3,436
Asset-backed (d)	7,291	7,183	6,380	6,409
Other debt (e)	6,642	6,394	5,404	5,596
Total investment securities (f)	$ 143,743	$ 134,438	$ 132,224	$ 133,058

(a) Of our total securities portfolio, 97% and 96% were rated AAA/AA as of December 31, 2022 and 2021, respectively.
(b) Amortized cost is presented net of the allowance for investment securities, which totaled $149 million at December 31, 2022 and primarily related to non-agency commercial mortgage-backed securities. The comparable amount at December 31, 2021 was $133 million.
(c) Collateralized primarily by office buildings, multifamily housing, retail properties, lodging properties and industrial properties.
(d) Collateralized primarily by corporate debt, government guaranteed education loans and other consumer credit products.
(e) Includes state and municipal securities.
(f) Includes available for sale and held to maturity securities, which are recorded on our balance sheet at fair value and amortized cost, respectively.

Table 9 presents the distribution of our investment securities portfolio by amortized cost and fair value. The relationship of fair value to amortized cost at December 31, 2022 compared to December 31, 2021 primarily reflected the impact of higher interest rates on the valuation of fixed rate securities. We continually monitor the credit risk in our portfolio and maintain the allowance for investment securities at an appropriate level to absorb expected credit losses on our investment securities portfolio for the remaining contractual term of the securities adjusted for expected prepayments. See Note 3 Investment Securities for additional details regarding the allowance for investment securities.

During 2022, we transferred securities with a fair value of $82.7 billion from available for sale to held to maturity. We changed our intent and committed to hold these high-quality securities to maturity in order to reduce the impact of price volatility on AOCI and tangible capital. See Note 3 Investment Securities for additional details regarding these transfers.

The duration of investment securities was 4.5 years at December 31, 2022. We estimate that at December 31, 2022 the effective duration of investment securities was 4.4 years for an immediate 50 basis points parallel increase in interest rates and 4.5 years for an immediate 50 basis points parallel decrease in interest rates. Comparable amounts at December 31, 2021 for the effective duration of investment securities were 3.8 years and 3.5 years, respectively.

Based on expected prepayment speeds, the weighted-average expected maturity of the investment securities portfolio was 6.0 years at December 31, 2022 compared to 4.4 years at December 31, 2021.

Table 10: Weighted-Average Expected Maturities of Mortgage and Asset-Backed Debt Securities

December 31, 2022	Years
Agency residential mortgage-backed	7.7
Non-agency residential mortgage-backed	10.0
Agency commercial mortgage-backed	5.6
Non-agency commercial mortgage-backed	1.4
Asset-backed	2.4

Additional information regarding our investment securities portfolio is included in Note 3 Investment Securities and Note 15 Fair Value.

Funding Sources

Table 11: Details of Funding Sources

Dollars in millions	December 31 2022	December 31 2021	Change $	Change %
Deposits				
Noninterest-bearing	$ 124,486	$ 155,175	$ (30,689)	(20)%
Interest-bearing				
Money market	64,150	61,229	2,921	5 %
Demand	126,143	115,910	10,233	9 %
Savings	103,033	107,598	(4,565)	(4)%
Time deposits	18,470	17,366	1,104	6 %
Total interest-bearing deposits	311,796	302,103	9,693	3 %
Total deposits	436,282	457,278	(20,996)	(5)%
Borrowed funds				
Federal Home Loan Bank borrowings	32,075		32,075	—
Senior debt	16,657	20,661	(4,004)	(19)%
Subordinated debt	6,307	6,996	(689)	(10)%
Other	3,674	3,127	547	17 %
Total borrowed funds	58,713	30,784	27,929	91 %
Total funding sources	$ 494,995	$ 488,062	$ 6,933	1 %

Total deposits decreased due to lower commercial and consumer deposits, reflecting competitive pricing dynamics and the impact of inflationary pressures. In addition, there was a shift from noninterest-bearing to interest-bearing deposits in 2022, reflecting the impact of higher interest rates.

Borrowed funds increased due to higher FHLB borrowings, partially offset by lower senior debt.

The level and composition of borrowed funds fluctuates over time based on many factors, including market conditions, loans, investment securities, deposit growth and capital considerations. We manage our borrowed funds to provide a reliable source of liquidity for our banking and other activities, considering our LCR and NSFR requirements and other internal and external guidelines and constraints. See the Liquidity and Capital Management portion of the Risk Management section of this Item 7 for additional information regarding our 2022 liquidity and capital activities. See Note 10 Borrowed Funds for additional information related to our borrowings.

Shareholders' Equity

Total shareholders' equity was $45.8 billion at December 31, 2022, a decrease of $9.9 billion compared to December 31, 2021, as increases related to net income of $6.1 billion and preferred stock issuances of $2.2 billion were more than offset by a decrease in AOCI of $10.6 billion, reflecting the negative impact of higher interest rates on securities and swap values. The decline was also attributable to common share repurchases of $3.6 billion, dividends paid of $2.6 billion and a preferred stock redemption of $1.5 billion.

BUSINESS SEGMENTS REVIEW

We have three reportable business segments:

- Retail Banking
- Corporate & Institutional Banking
- Asset Management Group

Business segment results and a description of each business are included in Note 23 Segment Reporting. Certain amounts included in this Business Segments Review differ from those amounts shown in Note 23, primarily due to the presentation in this Item 7 of business net interest income on a taxable-equivalent basis. Note 23 presents results of businesses for 2022, 2021 and 2020.

Net interest income in business segment results reflects our internal funds transfer pricing methodology. Assets receive a funding charge, and liabilities and capital receive a funding credit based on a transfer pricing methodology that incorporates product repricing characteristics, tenor and other factors.

Total business segment financial results differ from total consolidated net income. The impact of these differences is reflected in the "Other" category as shown in Table 120 in Note 23 Segment Reporting. "Other" includes residual activities that do not meet the criteria for disclosure as a separate reportable business, such as asset and liability management activities including net securities gains or losses, ACL for investment securities, certain trading activities, certain runoff consumer loan portfolios, private equity investments, intercompany eliminations, certain corporate overhead, tax adjustments that are not allocated to business segments, exited businesses, and differences between business segment performance reporting and financial statement reporting (GAAP).

Retail Banking

Retail Banking's core strategy is to help all of our consumer and small business customers move forward financially. We aim to grow our primary checking and transaction relationships through strong customer acquisition and retention. We seek to deepen relationships by meeting the broad range of our customers' financial needs with savings, liquidity, lending, payments investment and retirement solutions. A strategic priority for us is to differentiate the customer experience, leveraging technology to make banking easier for our customers. A key element of our strategy is to expand the use of lower-cost alternative distribution channels, with an emphasis on digital capabilities, and ATM access while continuing to optimize the traditional branch network. In addition, we are focused on consistently engaging both our employees and customers, which is a strong driver of customer growth, retention and relationship expansion.

Table 12: Retail Banking Table

(Unaudited) Year ended December 31 Dollars in millions, except as noted	2022	2021	Change $	Change %
Income Statement				
Net interest income	$ 7,540	$ 6,206	$ 1,334	21 %
Noninterest income	2,967	2,796	171	6 %
Total revenue	10,507	9,002	1,505	17 %
Provision for (recapture of) credit losses	259	(101)	360	*
Noninterest expense	7,598	6,916	682	10 %
Pretax earnings	2,650	2,187	463	21 %
Income taxes	621	508	113	22 %
Noncontrolling interests	55	31	24	77 %
Earnings	$ 1,974	$ 1,648	$ 326	20 %
Average Balance Sheet				
Loans held for sale	$ 927	$ 1,328	$ (401)	(30)%
Loans				
Consumer				
Residential real estate	$ 33,643	$ 25,230	$ 8,413	33 %
Home equity	23,221	22,387	834	4 %
Automobile	15,425	15,787	(362)	(2)%
Credit card	6,620	6,182	438	7 %
Education	2,381	2,770	(389)	(14)%
Other consumer	2,164	2,397	(233)	(10)%
Total consumer	83,454	74,753	8,701	12 %
Commercial	11,177	14,321	(3,144)	(22)%
Total loans	$ 94,631	$ 89,074	$ 5,557	6 %
Total assets	$ 113,829	$ 106,331	$ 7,498	7 %
Deposits				
Noninterest-bearing	$ 64,775	$ 57,729	$ 7,046	12 %
Interest-bearing	199,614	184,040	15,574	8 %
Total deposits	$ 264,389	$ 241,769	$ 22,620	9 %
Performance Ratios				
Return on average assets	1.73 %	1.55 %		
Noninterest income to total revenue	28 %	31 %		
Efficiency	72 %	77 %		

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Year ended December 31 Dollars in millions, except as noted	2022	2021	Change $	Change %
Supplemental Noninterest Income Information				
Asset management and brokerage	$ 528	$ 465	$ 63	14 %
Card and cash management	$ 1,338	$ 1,281	$ 57	4 %
Lending and deposit services	$ 670	$ 619	$ 51	8 %
Residential and commercial mortgage	$ 319	$ 456	$ (137)	(30)%
Residential Mortgage Information				
Residential mortgage servicing statistics (in billions, except as noted) (a)				
Serviced portfolio balance (b)	$ 190	$ 133	$ 57	43 %
Serviced portfolio acquisitions	$ 74	$ 44	$ 30	68 %
MSR asset value (b)	$ 2.3	$ 1.1	$ 1.2	109 %
MSR capitalization value (in basis points) (b)	122	81	41	51 %
Servicing income: (in millions)				
Servicing fees, net (c)	$ 192	$ 34	$ 158	*
Mortgage servicing rights valuation, net of economic hedge	$ 9	$ 64	$ (55)	(86)%
Residential mortgage loan statistics				
Loan origination volume (in billions)	$ 15.1	$ 24.8	$ (9.7)	(39)%
Loan sale margin percentage	2.14 %	2.84 %		
Percentage of originations represented by:				
Purchase volume (d)	67 %	43 %		
Refinance volume	33 %	57 %		
Other Information (b)				
Customer-related statistics (average)				
Non-teller deposit transactions (e)	64 %	65 %		
Digital consumer customers (f)	78 %	79 %		
Credit-related statistics				
Nonperforming assets	$ 1,003	$ 1,220	$ (217)	(18)%
Net charge-offs - loans and leases	$ 435	$ 393	$ 42	11 %
Other statistics				
ATMs	8,933	9,523	(590)	(6)%
Branches (g)	2,518	2,629	(111)	(4)%
Brokerage account client assets (in billions) (h)	$ 70	$ 78	$ (8)	(10)%

* - Not Meaningful
(a) Represents mortgage loan servicing balances for third parties and the related income.
(b) Presented as of period end, except for average customer-related statistics and net charge-offs, which are both shown for the year ended, respectively.
(c) Servicing fees net of impact of decrease in MSR value due to passage of time, including the impact from both regularly scheduled loan payments, prepayments and loans that were paid down or paid off during the period.
(d) Mortgages with borrowers as part of residential real estate purchase transactions.
(e) Percentage of total consumer and business banking deposit transactions processed at an ATM or through our mobile banking application.
(f) Represents consumer checking relationships that process the majority of their transactions through non-teller channels.
(g) Reflects all branches and solution centers excluding standalone mortgage offices and satellite offices (e.g., drive-ups, electronic branches and retirement centers) that provide limited products and/or services.
(h) Includes cash and money market balances.

Retail Banking earnings increased $326 million in 2022 compared with 2021. The increase in earnings was attributable to higher net interest income and noninterest income, partially offset by increased noninterest expense and a higher provision for credit losses.

Net interest income increased primarily due to growth in average deposits and loan balances, reflecting the full-year benefit of BBVA acquisition, along with wider interest rate spreads on the value of deposits, partially offset by narrower interest rate spreads on the value of loans.

Noninterest income included the full-year impact of the BBVA acquisition and increased due to the favorable impact of Visa Class B derivative fair value adjustments, higher brokerage fees reflecting favorable annuity activity, growth in card and cash management revenue driven by increased credit and debit card activity, and higher lending and deposit related fees driven by increased service charges on deposits. The increase in noninterest income was partially offset by declines in residential mortgage revenue, driven by lower loan sales revenue reflecting the higher interest rate environment.

Provision for credit losses was driven by our weakened economic outlook, partially offset by the impacts from the reassessment of pandemic-related risks and credit quality improvement in the portfolio.

Noninterest expense increased due to the full-year impact of BBVA operating expenses, increased business activity and continued investments to support business growth.

The deposit strategy of Retail Banking is to remain disciplined on pricing and focused on growing and retaining relationship-based balances, executing on market-specific deposit growth strategies and providing a source of low-cost funding and liquidity to PNC. In 2022, average total deposits increased compared to 2021 primarily driven by growth in demand and savings deposits, which benefited from the full-year impact of the BBVA acquisition.

Retail Banking average total loans increased in 2022 compared to 2021. Average consumer loans increased 12% due to the full-year impact of the BBVA acquisition on all loan classes except education loans, which BBVA did not have in its loan portfolio, partially offset by a decline in auto and other consumer loans as paydowns outpaced new originations. In addition, average residential real estate loans increased, as new originations outpaced runoff. Average commercial loans decreased primarily due to PPP loans.

As part of our strategic focus on growing customers and meeting their financial needs, we have established a coast-to-coast network of retail branches, solution centers and ATMs that operate alongside PNC's suite of digital capabilities. Over time, we plan to continue to convert a portion of branches into solution centers, which have a distinctive layout and the capability to support transactions, sales and advice, using a combination of technology and personalized banker assistance. PNC began to deploy solution centers in 2018.

Retail Banking continues to enhance the customer experience with refinements to product and service offerings that drive value for consumers and small businesses. We are focused on meeting the financial needs of customers by providing a broad range of liquidity, banking, payments and investment products. In 2021, we successfully rolled out Low Cash Mode® to all Virtual Wallet® customers, providing them with the ability to avoid unnecessary overdraft fees through real-time alerts, extra time to prevent or address overdrafts and controls to choose whether to return certain debits rather than the bank making the decision. In 2022, we continued to make product benefit enhancements, such as by eliminating non-sufficient fund fees for all consumer checking account customers. Virtual Wallet® customers had previously received this benefit with the launch of Low Cash Mode®.

Retail Banking continued to execute on its strategy of transforming the customer experience through transaction channel migration, branch network and home lending process transformations and multi-channel engagement and service strategies. We are also continually assessing our current branch network for optimization opportunities as usage of alternative channels has increased and, as a result, we had a net closure of 111 branches in 2022, consistent with our plan.

Corporate & Institutional Banking

Corporate & Institutional Banking's strategy is to be the leading relationship-based provider of traditional banking products and services to its customers through the economic cycles. We aim to grow our market share and drive higher returns by delivering value-added solutions that help our clients better run their organizations, all while maintaining prudent risk and expense management. We continue to focus on building client relationships where the risk-return profile is attractive.

Table 13: Corporate & Institutional Banking Table

(Unaudited) Year ended December 31 Dollars in millions	2022	2021	Change $	Change %
Income Statement				
Net interest income	$ 5,270	$ 4,571	$ 699	15 %
Noninterest income	3,621	3,783	(162)	(4)%
Total revenue	8,891	8,354	537	6 %
Provision for (recapture of) credit losses	198	(646)	844	*
Noninterest expense	3,651	3,479	172	5 %
Pretax earnings	5,042	5,521	(479)	(9)%
Income taxes	1,155	1,183	(28)	(2)%
Noncontrolling interests	17	14	3	21 %
Earnings	$ 3,870	$ 4,324	$ (454)	(10)%
Average Balance Sheet				
Loans held for sale	$ 475	$ 583	$ (108)	(19)%
Loans				
Commercial				
Commercial and industrial	$ 155,551	$ 126,928	$ 28,623	23 %
Commercial real estate	33,373	31,584	1,789	6 %
Equipment lease financing	6,195	6,286	(91)	(1)%
Total commercial	195,119	164,798	30,321	18 %
Consumer	9	13	(4)	(31)%
Total loans	$ 195,128	$ 164,811	$ 30,317	18 %
Total assets	$ 219,941	$ 188,470	$ 31,471	17 %
Deposits				
Noninterest-bearing demand	$ 76,956	$ 79,109	$ (2,153)	(3)%
Interest-bearing demand	71,388	72,210	(822)	(1)%
Total deposits	$ 148,344	$ 151,319	$ (2,975)	(2)%
Performance Ratios				
Return on average assets	1.76 %	2.29 %		
Noninterest income to total revenue	41 %	45 %		
Efficiency	41 %	42 %		
Other Information				
Consolidated revenue from: (a)				
Treasury Management (b)	$ 2,801	$ 2,169	$ 632	29 %
Commercial mortgage banking activities:				
Commercial mortgage loans held for sale (c)	$ 77	$ 145	$ (68)	(47)%
Commercial mortgage loan servicing income (d)	256	334	(78)	(23)%
Commercial mortgage servicing rights valuation, net of economic hedge	138	80	58	73 %
Total	$ 471	$ 559	$ (88)	(16)%
MSR asset value (e)	$ 1,113	$ 740	$ 373	50 %
Average Loans by C&IB business				
Corporate Banking	$ 104,798	$ 81,069	$ 23,729	29 %
Real Estate	45,335	42,936	2,399	6 %
Business Credit	28,461	24,047	4,414	18 %
Commercial Banking	9,294	12,054	(2,760)	(23)%
Other	7,240	4,705	2,535	54 %
Total average loans	$ 195,128	$ 164,811	$ 30,317	18 %
Credit-related statistics				
Nonperforming assets (e)	$ 761	$ 1,007	$ (246)	(24)%
Net charge-offs - loans and leases	$ 143	$ 289	$ (146)	(51)%

* - Not Meaningful

(a) See the additional revenue discussion regarding treasury management and commercial mortgage banking activities in the Product Revenue section of this Corporate & Institutional Banking section.

(b) Amounts are reported in net interest income and noninterest income.

(c) Represents commercial mortgage banking income for valuations on commercial mortgage loans held for sale and related commitments, derivative valuations, origination fees, gains on sale of loans held for sale and net interest income on loans held for sale.

(d) Represents net interest income and noninterest income from loan servicing, net of reduction in commercial mortgage servicing rights due to amortization expense and payoffs. Commercial mortgage servicing rights valuation, net of economic hedge is shown separately.

(e) As of December 31.

Corporate & Institutional Banking earnings decreased $454 million in 2022 compared with 2021, driven by a higher provision for credit losses, higher noninterest expense and lower noninterest income, partially offset by higher net interest income.

Net interest income increased in the comparison primarily due to higher average loan balances reflecting organic growth and the full-year benefit of BBVA, as well as wider interest rate spreads on the value of deposits, partially offset by narrower interest rate spreads on the value of loans and lower average deposit balances.

Noninterest income decreased in the comparison driven by lower capital markets and advisory fees and lower commercial mortgage banking activities, partially offset by higher treasury management product revenue.

Provision for credit losses was driven by our weakened economic outlook along with loan growth, partially offset by the impacts from the reassessment of pandemic-related risks and credit quality improvement in the portfolio.

Noninterest expense increased in the comparison largely due to a full-year of BBVA operating expenses and continued investments to support business growth, partially offset by lower variable compensation associated with decreased business activity.

Average loans increased compared with 2021 due to increases in Corporate Banking, Business Credit and Real Estate, partially offset by a decline in Commercial Banking:

- Corporate Banking provides lending, equipment finance, treasury management and capital markets products and services to mid-sized and large corporations and government, and not-for-profit entities. Average loans for this business increased, driven by strong new production and higher average utilization of loan commitments as well as the full-year benefit of loans from BBVA.
- Business Credit provides asset-based lending and equipment financing solutions. The loan and lease portfolio is relatively high yielding, with acceptable risk as the loans are mainly secured by business assets. Average loans for this business increased, primarily driven by higher utilization of loan commitments and new production.
- Real Estate provides banking, financing, and servicing solutions for commercial real estate clients across the country. Average loans for this business increased reflecting new production, partially offset by lower average utilization of loan commitments.
- Commercial Banking provides lending, treasury management and capital markets products and services to smaller corporations and businesses. Average loans for this business decreased, primarily driven by PPP loan forgiveness, partially offset by the full-year benefit of loans from BBVA.

The deposit strategy of Corporate & Institutional Banking is to remain disciplined on pricing and focused on growing and retaining relationship-based balances over time, executing on customer and segment-specific deposit growth strategies and continuing to provide funding and liquidity to PNC. Average total deposits decreased in the comparison reflecting the impact of competitive pricing dynamics, partially offset by the full-year benefit of deposits from BBVA. We continue to actively monitor the interest rate environment and make adjustments to our deposit strategy in response to evolving market conditions, bank funding needs and client relationship dynamics.

In 2021, the BBVA acquisition accelerated Corporate & Institutional Banking’s geographic expansion. Following the BBVA acquisition and our de novo expansion efforts, we are now a coast-to-coast franchise and have a presence in the largest 30 U.S. metropolitan statistical areas. These expanded locations complement Corporate & Institutional Banking’s national businesses with a significant presence in these cities, and our full suite of commercial products and services is now offered nationally.

Product Revenue

In addition to credit and deposit products for commercial customers, Corporate & Institutional Banking offers other services, including treasury management, capital markets and advisory products and services, and commercial mortgage banking activities, for customers of all business segments. On a consolidated basis, the revenue from these other services is included in net interest income and noninterest income, as appropriate. From a business perspective, the majority of the revenue and expense related to these services is reflected in the Corporate & Institutional Banking segment results, and the remainder is reflected in the results of other businesses where the customer relationship exists. The Other Information section in Table 13 includes the consolidated revenue to PNC for treasury management and commercial mortgage banking services. A discussion of the consolidated revenue from these services follows.

The Treasury Management business provides corporations with cash and investment management services, receivables and disbursement management services, funds transfer services, international payment services and access to online/mobile information management and reporting services. Treasury management revenue is reported in noninterest income and net interest income. Noninterest income includes treasury management product revenue less earnings credits provided to customers on compensating deposit balances used to pay for products and services. Net interest income primarily includes revenue from all treasury management customer deposit balances. Compared with 2021, treasury management revenue increased due to wider interest rate spreads on the value of deposits and higher noninterest income, reflecting the impact of customer growth and the full-year benefit of BBVA.

Commercial mortgage banking activities include revenue derived from commercial mortgage servicing (both net interest income and noninterest income), revenue derived from commercial mortgage loans held for sale and hedges related to those activities. Total revenue from commercial mortgage banking activities decreased in the comparison primarily due to lower commercial mortgage servicing income and commercial mortgage loans held for sale, partially offset by a higher benefit from commercial mortgage servicing rights valuation, net of economic hedge.

Capital markets and advisory includes services and activities primarily related to merger and acquisition advisory, equity capital markets advisory, asset-backed financing, loan syndication, securities underwriting and customer-related trading. The decrease in capital markets and advisory fees in the comparison was mostly driven by lower advisory and underwriting fees, partially offset by higher fees on customer-related derivative activities.

Asset Management Group

The Asset Management Group strives to be the leading relationship-based provider of investment, planning, credit and cash management solutions and fiduciary services to affluent individuals and institutions by endeavoring to proactively deliver value-added ideas, solutions and exceptional service. Asset Management Group's priorities are to serve our clients' financial objectives, grow and deepen customer relationships and deliver solid financial performance with prudent risk and expense management.

Table 14: Asset Management Group Table

(Unaudited) Year ended December 31 Dollars in millions, except as noted	2022	2021	Change $	Change %
Income Statement				
Net interest income	$ 608	$ 476	$ 132	28 %
Noninterest income	936	987	(51)	(5)%
Total revenue	1,544	1,463	81	6 %
Provision for (recapture of) credit losses	28	(7)	35	*
Noninterest expense	1,086	941	145	15 %
Pretax earnings	430	529	(99)	(19)%
Income taxes	100	123	(23)	(19)%
Earnings	$ 330	$ 406	$ (76)	(19)%
Average Balance Sheet				
Loans				
Consumer				
Residential real estate	$ 8,029	$ 5,033	$ 2,996	60 %
Other consumer	4,550	4,321	229	5 %
Total consumer	12,579	9,354	3,225	34 %
Commercial	1,505	1,746	(241)	(14)%
Total loans	$ 14,084	$ 11,100	$ 2,984	27 %
Total assets	$ 14,505	$ 11,677	$ 2,828	24 %
Deposits				
Noninterest-bearing	$ 2,664	$ 2,919	$ (255)	(9)%
Interest-bearing	27,830	22,782	5,048	22 %
Total deposits	$ 30,494	$ 25,701	$ 4,793	19 %
Performance Ratios				
Return on average assets	2.28 %	3.48 %		
Noninterest income to total revenue	61 %	67 %		
Efficiency	70 %	64 %		
Supplemental Noninterest Income Information				
Asset management fees	$ 908	$ 964	$ (56)	(6)%
Brokerage fees	8	9	(1)	(11)%
Total	$ 916	$ 973	$ (57)	(6)%
Other Information				
Nonperforming assets (a)	$ 56	$ 62	$ (6)	(10)%
Net charge-offs - loans and leases	$ 17	$ 2	$ 15	750 %
Brokerage account client assets (in billions) (a)	$ 4	$ 5	$ (1)	(20)%
Client Assets Under Administration (in billions) (a) (b)				
Discretionary client assets under management	$ 173	$ 192	$ (19)	(10)%
Nondiscretionary client assets under administration	152	175	(23)	(13)%
Total	$ 325	$ 367	$ (42)	(11)%
Discretionary client assets under management				
PNC Private Bank	$ 105	$ 123	$ (18)	(15)%
Institutional Asset Management	68	69	(1)	(1)%
Total	$ 173	$ 192	$ (19)	(10)%

* - Not Meaningful
(a) As of December 31.
(b) Excludes brokerage account client assets.

The Asset Management Group consists of two primary businesses: PNC Private Bank and Institutional Asset Management.

The PNC Private Bank is focused on being a premier private bank in each of the markets it serves. This business seeks to deliver high quality banking, trust, and investment management services to our emerging affluent, high net worth, and ultra-high net worth clients through a broad array of products and services.

Institutional Asset Management provides outsourced chief investment officer, custody, private real estate, cash and fixed income client solutions, and retirement plan fiduciary investment services to institutional clients, including corporations, healthcare systems, insurance companies, unions, municipalities and non-profits.

With the inclusion of BBVA, PNC Private Bank has approximately 100 offices operating in nine of the ten most affluent states in the U.S. with a majority co-located within retail banking branches.

Asset Management Group earnings decreased $76 million in 2022 compared with 2021, driven by an increase in noninterest expense, lower noninterest income and a higher provision for credit losses, partially offset by higher net interest income.

Net interest income increased due to growth in average loan and deposit balances, reflecting the full-year benefit of the BBVA acquisition and organic growth, as well as wider interest rate spreads on the value of deposits. This was partially offset by narrower interest rate spreads on the value of loans.

Noninterest income decreased in the comparison primarily attributable to lower average equity markets.

Noninterest expense increased due to the full-year impact of BBVA operations and continued investments to support business growth.

Discretionary client assets under management decreased in comparison to the prior year primarily attributable to lower equity markets as of December 31, 2022.

Risk Management

Enterprise Risk Management

We encounter risk as part of the normal course of operating our business. Accordingly, we design our risk governance framework, referred to as the ERM Framework, and risk management processes to help manage this risk. We manage risk in light of our risk appetite to optimize long-term shareholder value while supporting our employees, customers and communities.

Our ERM Framework is structurally aligned with regulatory enhanced prudential standards and heightened standards promulgated by the Federal Reserve and OCC, respectively, which establish minimum requirements for the design and implementation of a risk governance framework. This Risk Management section describes our ERM Framework, which consists of seven core components that provide executive management and the Board of Directors with an aggregate view of significant risks impacting the organization. The seven core components are risk culture, enterprise strategy (including risk appetite, strategic planning, capital planning and stress testing), risk governance and oversight, risk identification, risk assessments, risk controls and monitoring, and risk aggregation and reporting (see the figure below). The overall Risk Management section of this Item 7 also provides an analysis of the firm's Capital Management and our key areas of risk, which include, but are not limited to Credit, Market, Liquidity and Operational (including Compliance and Information Security). Our use of financial derivatives as part of our overall asset and liability risk management process is also addressed within this Risk Management section.

We operate within a rapidly evolving regulatory environment. Accordingly, we are actively focused on the timely incorporation of applicable regulatory pronouncements into our ERM Framework.

Risk Culture
A strong risk culture helps us make well informed decisions, helps ensure individuals conform to the established culture, reduces an individual's ability to do something for personal gain, and rewards employees for working toward a common goal rather than individual interests. Our risk culture reinforces the appropriate protocols for responsible and ethical behavior. These protocols are especially critical in terms of our risk awareness, risk-taking behavior and risk management practices.

Managing risk is every employee's responsibility. All of our employees, individually and collectively, are responsible for ensuring the organization is performing with the utmost integrity, is applying sound risk management practices and is striving to achieve our stated objectives. All employees are also responsible for understanding our Enterprise Risk Appetite Statement, the ERM Framework and how risk management applies to their respective roles and responsibilities. Employees are encouraged to collaborate across groups to identify and mitigate risks and elevate issues as required. We reinforce risk management responsibilities through a performance management system where employee performance goals include risk management objectives and incentives for employees to reinforce balanced measures of risk-adjusted performance.

Proactive and open communication, between groups and up to the Board of Directors, facilitates timely identification and resolution of risk issues. Our multi-level risk committee structure provides formal channels to identify and report risk.

Enterprise Strategy
We seek to ensure that our overall enterprise strategy is within acceptable risk parameters through our risk appetite, strategic planning, capital planning and stress testing processes. These components are reviewed and approved at least annually by the Board of Directors or one of its committees.

Risk Appetite: Our risk appetite represents the organization's desired enterprise risk position, set within our capital-based risk and liquidity capacity to achieve our strategic objectives and business plans. The Enterprise Risk Appetite Statement qualitatively describes the aggregate level of risk we are willing to accept in order to execute our business strategies. Qualitative guiding principles further define each of the risks within our taxonomy to support the risk appetite statement. Risk appetite metrics and limits, including forward-looking metrics, quantitatively measure whether we are operating within our stated Risk Appetite. Our risk appetite metrics reflect material risks, align with our established Risk Appetite Framework, balance risk and reward, leverage analytics, and are adjusted to changes in the external and internal risk environments.

Strategic Planning: Our enterprise and line of business strategic plans outline major objectives, strategies and goals which are expected to be achieved over the next five years while seeking to ensure we remain compliant with all capital, risk appetite and liquidity targets and guidelines. Our chief executive officer and chief financial officer lead the development of the corporate strategic plan.

Capital Planning and Stress Testing: Capital planning helps to ensure we are maintaining safe and sound operations and viability. The capital planning process and the resulting capital plan evolve as our overall risks, activities and risk management practices change. Capital planning aligns with our strategic planning process. Stress testing is an essential element of the macroeconomics capital planning process. Effective stress testing enables us to consider the estimated effect on capital of various hypothetical scenarios.

Risk Governance and Oversight
We employ a comprehensive risk management governance framework to help ensure that risks are identified, balanced decisions are made that consider risk and return and risks are adequately monitored and managed. Risk committees established within this risk governance and oversight framework provide oversight for risk management activities at the Board of Directors, executive, corporate

and business levels. Committee composition is designed to provide effective oversight balanced across the three lines of defense in accordance with the OCC's heightened standards and the Federal Reserve Board's enhanced prudential standards. See the Supervision and Regulation section in Item 1 of this Report for more information.

To ensure appropriate risks are being taken and effectively managed and controlled, risk is managed across three lines of defense. The Board of Directors' and each line of defense's responsibilities are detailed below:

Board of Directors – The Board of Directors oversees our risk-taking activities, holds management accountable for adhering to the ERM Framework and is responsible for exercising sound, independent judgment when assessing risk.

First line of defense – The front line units are accountable for identifying, owning and managing risks to within acceptable levels while adhering to the ERM Framework. Our businesses strive to enhance risk management and internal control processes within their areas. Integrated and comprehensive processes are designed to adequately manage the business' risk profile and risk appetite through identifying, assessing, monitoring and reporting risks that may significantly impact each business.

Second line of defense – The second line of defense is independent from the first line of defense and is responsible for establishing the risk governance framework and the standards within each independent risk area for identifying, measuring, monitoring, controlling and reporting aggregate risks. As the second line of defense, the independent risk areas monitor the risks generated by the first line of defense, review and challenge the implementation of effective risk management practices, and report on issues or exceptions. The risk areas help to ensure processes and controls owned by the businesses are designed and operating as intended.

Third line of defense – As the third line of defense, Internal Audit is independent from the first and second lines of defense. Internal Audit provides the Board of Directors and executive management comprehensive assurance on the effectiveness of the ERM Framework and the risk management practices across the organization.

Within the three lines of defense, the independent risk organization has sufficient authority to influence material decisions. Our business oversight and decision-making is supported through a governance structure at the Board of Directors and management level. Specific responsibilities include:

Board of Directors – Our Board of Directors oversees our business and affairs as managed by our officers and employees. The Board of Directors may receive assistance in carrying out its duties and may delegate authority through standing or special committees. The following provides a summary of some of the key responsibilities of the Board's standing committees:

- *Audit Committee*: monitors the integrity of our consolidated financial statements; monitors internal control over financial reporting; monitors compliance with our code of ethics; evaluates and monitors the qualifications and independence of our independent auditors; and evaluates and monitors the performance of our Internal Audit function and our independent auditors.
- *Nominating and Governance Committee*: oversees the implementation of sound corporate governance principles and practices while promoting our best interests and those of our shareholders.
- *Human Resources Committee*: oversees the compensation of our executive officers and other specified responsibilities related to talent and human capital matters affecting us. The committee is also responsible for evaluating the relationship between risk-taking activities and incentive compensation plans.
- *Risk Committee*: oversees our enterprise-wide risk structure and the processes established to identify, measure, monitor and manage the organization's risks and evaluates and approves our risk governance framework. The Risk Committee has formed a Compliance Subcommittee to facilitate Board-level oversight of risk management in the compliance area.
- *Special Committee on Equity & Inclusion*: oversees management's equity and inclusion efforts, internally and externally, focusing on our systemic processes (including for employees and suppliers); low- and moderate-income communities (including community development banking, and product offerings and financial support for such communities); and advocacy (including partnerships with leading organizations, and advocacy for necessary structural changes to help provide greater access to the banking system and end systemic racism).
- *Technology Committee*: oversees technology strategy and significant technology initiatives and programs, including those that can position the use of technology to drive strategic advantages, and fulfills the oversight responsibilities delegated from the Risk Committee with respect to technology risk, technology risk management, cybersecurity, information security, business continuity and significant technology initiatives and programs.

Management Level Executive Committee – The Management Level Executive Committee is responsible for guiding the creation and execution of our business strategy across the company. With this responsibility, the Management Level Executive Committee executes various strategic approval and review activities, with a focus on capital deployment, business performance and risk management. This Committee also helps ensure PNC is staffed with sufficient resources and talent to operate within its risk appetite.

Corporate Committees – The Corporate Committees generally operate based on the delegated approval authority from a Board-level Committee, the Management Level Executive Committee or other Corporate Committees. These Committees operate at the senior management level and are designed to facilitate the review, evaluation, oversight and approval of key business and risk activities.

Working Committees – Working Committees generally operate on delegated approval authority from a Corporate Committee or other Working Committees. Working Committees are intended to provide oversight of regulatory/legal matters, assist in the implementation of key enterprise-level activities within a business or function and support the oversight of key risk activities.

Transactional Committees – Transactional Committees generally operate based on delegated approval authority from a Corporate or Working Committee to approve individual transactions, transactional related activities or movements on the organization's balance sheet.

Policies and Procedures – We have established risk management Policies and Procedures to support our ERM Framework, articulate our risk culture, define the parameters and processes within which employees are to manage risk and conduct our business activities and to provide direction, guidance and clarity on roles and responsibilities to management and the Board of Directors. These Policies and Procedures are organized in a multi-tiered framework and require periodic review and approval by relevant Committees, including where appropriate Committees of the Board of Directors, or management.

Risk Identification

Risk identification takes place across a variety of risk types throughout the organization. These risk types include, but are not limited to, credit, liquidity and capital, market and operational (which includes, among other types of risk, compliance and information security). Risks are identified based on a balanced use of analytical tools and management judgment for both on- and off-balance sheet exposures. Our governance structure supports risk identification by facilitating assessment of key risk issues, emerging risks and idiosyncratic risks and implementation of mitigation strategies as appropriate. These risks are prioritized based on quantitative and qualitative analysis and assessed against our risk appetite. Multiple tools and approaches are used to help identify and prioritize risks, including Risk Appetite Metrics, Key Risk Indicators, Key Performance Indicators, Risk and Control Self-Assessments, scenario analysis, stress testing and special investigations.

Risks are aggregated and assessed within and across risk functions and businesses. The aggregated risk information is reviewed and reported at an enterprise level to the Board of Directors or appropriate committees. This enterprise aggregation and reporting approach promotes the identification and appropriate escalation of material risks across the organization and supports an understanding of the cumulative impact of risk in relation to our risk appetite.

Risk Assessment

Once risks are identified, they are evaluated based on quantitative and qualitative analysis to determine whether they are material. Risk assessments support the overall management of an effective ERM Framework and help us to control and monitor our actual risk level and risk management effectiveness. Comprehensive, accurate and timely assessments of risk are essential to an effective ERM Framework. Effective risk measurement practices are designed to uncover recurring risks that have been experienced in the past; facilitate the monitoring, understanding, analysis and reporting of known risks; and reveal unanticipated risks that may not be easy to understand or predict.

Risk Controls and Monitoring

Our ERM Framework consists of policies, processes, personnel and control systems. Risk controls and limits provide the linkage from our Risk Appetite Statement and associated guiding principles to the risk-taking activities of our businesses. In addition to risk appetite limits, a system of more detailed internal controls exists which oversees and monitors our various processes and functions. These control systems measure performance, help employees make correct decisions, help ensure information is accurate and reliable and facilitate compliance with laws and regulations.

We design our monitoring and evaluation of risks and controls to provide assurance that policies, procedures and controls are effective and also to result in the identification of control improvement recommendations. Risk monitoring is a daily, ongoing process used by both the first and second line of defense to help ensure compliance with our ERM Framework. Risk monitoring is accomplished in many ways, including performing risk assessments at the business and risk assessment unit level, monitoring an area's key controls, the timely reporting of issues and establishing a quality control and/or quality assurance function, as applicable.

Risk Aggregation and Reporting

Risk reporting is a comprehensive way to: (i) communicate aggregate risks, including identified concentrations; (ii) escalate instances where we are outside of our risk appetite; (iii) monitor our risk profile in relation to our risk appetite; and (iv) communicate risks and views on the effectiveness of our risk management activities to the Board of Directors and executive management.

Risk reports are produced at the line of business, functional risk and enterprise levels. Each individual risk report includes an assessment of inherent risk, quality of risk management, residual risk, risk appetite and risk outlook. The enterprise level risk report aggregates material risks identified in the risk area reports and in the business reports to define the enterprise risk profile. The enterprise risk profile is a point-in-time assessment of enterprise risk and represents our overall risk position in relation to the desired enterprise risk appetite. The determination of the enterprise risk profile is based on analysis of quantitative reporting of risk limits and other measures along with qualitative assessments. Quarterly aggregation of risk reports from the risk areas and lines of business is designed to provide a clear view of our risk level relative to our quantitative risk appetite. The enterprise level report is provided through the governance structure to the Risk Committee of the Board of Directors.

Credit Risk Management

Credit risk represents the possibility that a customer, counterparty or issuer may not perform in accordance with the contractual terms of their loan, extension of credit or other financial obligation with PNC. Credit risk is inherent in the financial services business and results from extending credit to customers, purchasing securities and entering into financial derivative transactions and certain guarantee contracts. Credit risk is one of our most significant risks. Our processes for managing credit risk are designed to be embedded in our risk culture and in our decision-making processes using a systematic approach whereby credit risks and related exposures are identified and assessed, managed through specific policies and processes, measured and evaluated against our risk appetite and credit concentration limits, and reported, along with specific mitigation activities, to management and the Board of Directors through our governance structure. Our most significant concentration of credit risk is in our loan portfolio.

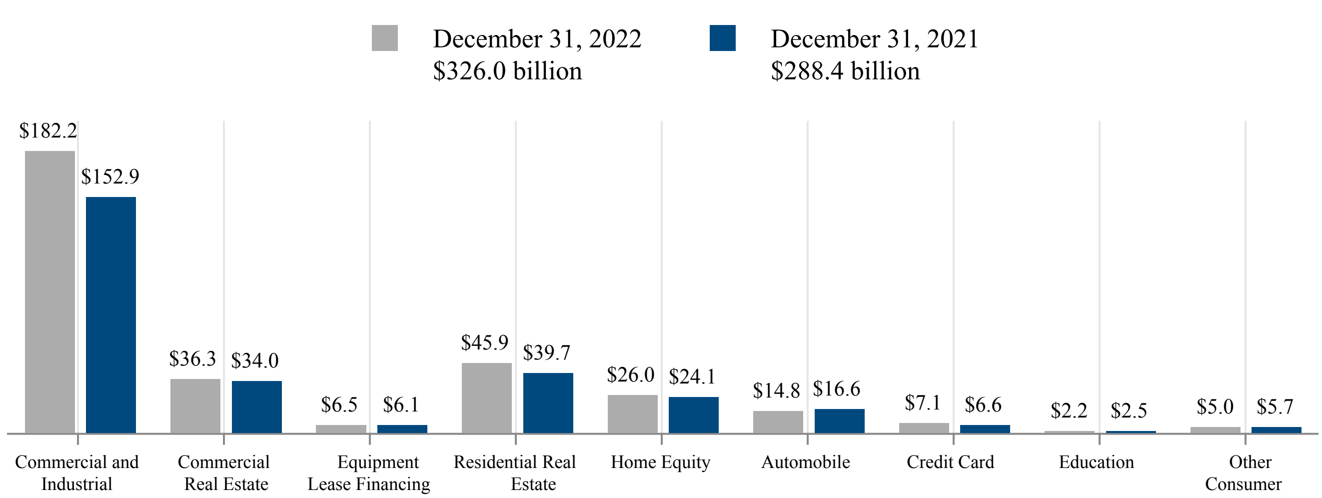
Credit Risk Management employs a governance, policy and monitoring framework for environmental and social risk topics that may include updates to PNC's Credit Portfolio Strategy Committee. Outcomes from those updates may be incorporated into credit policies and risk procedures that govern our risk appetite, credit decisioning, portfolio management and reserve processes.

Credit Risk Management is currently working to understand, and incorporate into our credit risk management framework, the impacts to credit risk that may accelerate or be introduced as a result of climate change, including impacts from physical risk events and risks associated with the transition to a low-carbon economy. These risk events may impact a borrower's income, cash flow or collateral due to frequency or severity of weather events, changing market conditions, consumer preferences and demand for products, or changes to the legislative and regulatory landscape. As disruptive events occur, PNC follows a process to determine if enhanced portfolio monitoring, reporting and executive communication is warranted to ensure appropriate oversight and action.

To address environmental and social-related risks, including climate change, PNC limits new originations in sectors that are no longer consistent with our strategic direction, such as mountain-top mining, Arctic oil and gas and private prisons. Corporate & Institutional Banking transactions may be subjected to an Environmental and Social Risk Management assessment designed to help us better identify and mitigate environmental, human rights and other social risks early in the credit application process. Transactions identified as having a potential environmental, human rights or other social risk are evaluated to determine whether enhanced due diligence is warranted. Additionally, PNC strives to ensure flood insurance is present for properties as required by applicable regulations, while also monitoring other water-related risks (such as the increased shoreline (and coastal) erosion) and weather-related events (such as hurricanes and wildfires).

Loan Portfolio Characteristics and Analysis

Table 15: Details of Loans
In billions



We use several credit quality indicators, as further detailed in Note 4 Loans and Related Allowance for Credit Losses, to monitor and measure our exposure to credit risk within our loan portfolio. The following provides additional information about the significant loan classes that comprise our Commercial and Consumer portfolio segments.

Commercial

Commercial and Industrial

Commercial and industrial loans comprised 56% and 53% of our total loan portfolio at December 31, 2022 and 2021, respectively. The majority of our commercial and industrial loans are secured by collateral that provides a secondary source of repayment for the loan should the borrower experience cash generation difficulties. Examples of this collateral include short-term assets, such as accounts receivable, inventory and securities, and long-lived assets, such as equipment, owner-occupied real estate and other business assets.

We actively manage our commercial and industrial loans to assess any changes (both positive and negative) in the level of credit risk at both the borrower and portfolio level. To evaluate the level of credit risk, we assign internal risk ratings reflecting our estimates of the borrower's PD and LGD for each related credit facility. This two-dimensional credit risk rating methodology provides granularity in the risk monitoring process and is updated on an ongoing basis through our credit risk management processes. In addition to monitoring the level of credit risk, we also monitor concentrations of credit risk pertaining to both specific industries and geographies that may exist in our portfolio. Our commercial and industrial portfolio is well-diversified across industries as shown in the following table which provides a breakout by industry classification (classified based on the North American Industry Classification System).

Table 16: Commercial and Industrial Loans by Industry

	December 31, 2022		December 31, 2021	
Dollars in millions	Amount	% of Total	Amount	% of Total
Commercial and industrial				
Manufacturing	$ 30,845	17 %	$ 22,597	15 %
Retail/wholesale trade	29,176	16	22,803	15
Service providers	23,548	13	20,750	14
Financial services	21,320	12	17,950	12
Real estate related (a)	17,780	10	15,123	10
Technology, media & telecommunications	11,845	7	10,070	7
Health care	10,649	6	9,944	7
Transportation and warehousing	7,858	4	7,136	5
Other industries	29,198	15	26,560	15
Total commercial and industrial loans	$ 182,219	100 %	$ 152,933	100 %

(a) Represents loans to customers in the real estate and construction industries.

Commercial and industrial loan growth from December 31, 2021 was driven by new production and higher utilization of loan commitments, partially offset by PPP loan forgiveness. PPP loans outstanding totaled $0.4 billion and $3.4 billion at December 31, 2022 and 2021, respectively.

Commercial Real Estate

Commercial real estate loans comprised $22.3 billion related to commercial mortgages on income-producing properties, $6.4 billion of real estate construction project loans and $7.6 billion of intermediate term financing loans as of December 31, 2022. Comparable amounts as of December 31, 2021 were $18.6 billion, $7.3 billion and $8.1 billion, respectively.

We monitor credit risk associated with our commercial real estate loans similar to commercial and industrial loans by analyzing PD and LGD. Additionally, risks associated with these types of credit activities tend to be correlated to the loan structure, collateral location and quality, project progress and business environment. These attributes are also monitored and utilized in assessing credit risk. The portfolio is geographically diverse due to the nature of our business involving clients throughout the U.S.

The following table presents our commercial real estate loans by geography and property type:

Table 17: Commercial Real Estate Loans by Geography and Property Type

	December 31, 2022		December 31, 2021	
Dollars in millions	Amount	% of Total	Amount	% of Total
Geography (a)				
California	$ 6,224	17 %	$ 5,561	16 %
Texas	3,871	11	3,458	10
Florida	3,275	9	2,987	9
Pennsylvania	1,638	5	1,482	4
Virginia	1,638	5	1,720	5
Maryland	1,496	4	1,557	5
Colorado	1,336	4	1,126	3
Illinois	1,321	4	970	3
Ohio	1,236	3	1,219	4
North Carolina	1,150	3	823	2
Other	13,131	35	13,112	39
Total commercial real estate loans	$ 36,316	100 %	$ 34,015	100 %
Property Type (a)				
Multifamily	$ 13,738	38 %	$ 10,581	31 %
Office	9,123	25	9,547	28
Industrial/warehouse	4,035	11	2,413	7
Retail	2,855	8	3,570	10
Seniors housing	2,228	6	2,602	8
Hotel/motel	1,896	5	2,008	6
Mixed use	701	2	724	2
Other	1,740	5	2,570	8
Total commercial real estate loans	$ 36,316	100 %	$ 34,015	100 %

(a) Presented in descending order based on loan balances at December 31, 2022.

As remote work continues to be a feasible alternative and notable portions of leased space remain unoccupied, real estate related to the office sector is an area of continuing uncertainty. Evolving conditions suggest a structural change for office demand moving forward; however, the change is anticipated to develop more fully over time. PNC continues to closely monitor our exposure in the office sector as these concerns develop, and while internal risk and regulatory classification assessments have weakened, we have not seen a notable change in loan performance at this time.

<u>Consumer</u>

<u>Residential Real Estate</u>
Residential real estate loans primarily consisted of residential mortgage loans at both December 31, 2022 and 2021.

We obtain loan attributes at origination, including FICO scores and LTVs, and we update these and other credit metrics at least quarterly. We track borrower performance monthly. We also segment the mortgage portfolio into pools based on product type (*e.g.*, nonconforming or conforming). This information is used for internal reporting and risk management. As part of our overall risk analysis and monitoring, we also segment the portfolio based upon loan delinquency, nonperforming status, modification and bankruptcy status, FICO scores, LTV and geographic concentrations. Loan performance is evaluated by source originators and loan servicers.

The following table presents certain key statistics related to our residential real estate portfolio:

Table 18: Residential Real Estate Loan Statistics

	December 31, 2022		December 31, 2021	
Dollars in millions	Amount	% of Total	Amount	% of Total
Geography (a)				
California	$ 18,609	41 %	$ 15,041	38 %
Texas	4,194	9	4,397	11
Florida	3,360	7	3,124	8
Washington	3,009	7	1,909	5
New Jersey	1,925	4	1,660	4
New York	1,558	3	1,279	3
Arizona	1,436	3	1,435	4
Colorado	1,192	3	1,145	3
Pennsylvania	1,188	3	1,069	3
Illinois	970	2	957	2
Other	8,448	18	7,696	19
Total residential real estate loans	$ 45,889	100 %	$ 39,712	100 %

	December 31, 2022	December 31, 2021
Weighted-average loan origination statistics (b)		
Loan origination FICO score	770	775
LTV of loan originations	71 %	67 %

(a) Presented in descending order based on loan balances at December 31, 2022.
(b) Weighted-averages calculated for the twelve months ended December 31, 2022 and 2021, respectively.

We originate residential mortgage loans nationwide through our national mortgage business as well as within our branch network. Residential mortgage loans underwritten to agency standards, including conforming loan amount limits, are typically sold with servicing retained by us. We also originate nonconforming residential mortgage loans that do not meet agency standards, which we retain on our balance sheet. Our portfolio of originated nonconforming residential mortgage loans totaled $40.6 billion at December 31, 2022 with 44% located in California. Comparable amounts at December 31, 2021 were $34.9 billion and 42%, respectively.

<u>Home Equity</u>
Home equity loans comprised $19.5 billion of primarily variable-rate home equity lines of credit and $6.5 billion of closed-end home equity installment loans at December 31, 2022. Comparable amounts were $15.8 billion and $8.3 billion as of December 31, 2021, respectively.

Similar to residential real estate loans, we track borrower performance of this portfolio on a monthly basis. We also segment the population into pools based on product type (*e.g.*, home equity loans, brokered home equity loans, home equity lines of credit or brokered home equity lines of credit) and track the historical performance of any related mortgage loans regardless of whether we hold such liens. This information is used for internal reporting and risk management. As part of our overall risk analysis and monitoring, we also segment the portfolio based upon loan delinquency, nonperforming status, modification and bankruptcy status, FICO scores, LTV, lien position and geographic concentration.

The credit performance of the majority of the home equity portfolio where we hold the first lien position is superior to the portion of the portfolio where we hold the second lien position, but do not hold the first lien. Lien position information is generally determined at the time of origination and monitored on an ongoing basis for risk management purposes. We use a third-party service provider to obtain updated loan information, including lien and collateral data that is aggregated from public and private sources.

The following table presents certain key statistics related to our home equity portfolio:

Table 19: Home Equity Loan Statistics

	December 31, 2022		December 31, 2021	
Dollars in millions	Amount	% of Total	Amount	% of Total
Geography (a)				
Pennsylvania	$ 5,051	19 %	$ 5,108	21 %
New Jersey	3,266	13	3,117	13
Ohio	2,352	9	2,398	10
Florida	2,082	8	1,701	7
Michigan	1,263	5	1,246	5
Maryland	1,254	5	1,206	5
California	1,247	5	705	3
Texas	1,144	4	978	4
Illinois	1,126	4	1,154	5
North Carolina	995	4	918	4
Other	6,203	24	5,530	23
Total home equity loans	$ 25,983	100 %	$ 24,061	100 %
Lien type				
1st lien		58 %		62 %
2nd lien		42		38
Total		100 %		100 %
	December 31, 2022		December 31, 2021	
Weighted-average loan origination statistics (b)				
Loan origination FICO score		774		782
LTV of loan originations		67 %		66 %

(a) Presented in descending order based on loan balances at December 31, 2022.
(b) Weighted-averages calculated for the twelve months ended December 31, 2022 and 2021, respectively.

<u>*Automobile*</u>
Auto loans comprised $13.7 billion in the indirect auto portfolio and $1.1 billion in the direct auto portfolio as of December 31, 2022. Comparable amounts as of December 31, 2021 were $15.4 billion and $1.2 billion, respectively. The indirect auto portfolio consists of loans originated primarily through franchised dealers, including from expansion into new markets. This business is strategically aligned with our core retail banking business.

The following table presents certain key statistics related to our indirect and direct auto portfolios:

Table 20: Auto Loan Statistics

	December 31, 2022	December 31, 2021
Weighted-average loan origination FICO score (a) (b)		
Indirect auto	784	791
Direct auto	776	775
Weighted-average term of loan originations - in months (a)		
Indirect auto	73	72
Direct auto	63	62

(a) Weighted-averages calculated for the twelve months ended December 31, 2022 and 2021, respectively.
(b) Calculated using the auto enhanced FICO scale.

We continue to focus on borrowers with strong credit profiles as evidenced by the weighted-average loan origination FICO scores noted in Table 20. We offer both new and used auto financing to customers through our various channels. At December 31, 2022, the portfolio balance was composed of 50% new vehicle loans and 50% used vehicle loans. Comparable amounts at December 31, 2021 were 53% and 47%, respectively.

The auto loan portfolio's performance is measured monthly, including updated collateral values that are obtained monthly and updated FICO scores that are obtained at least quarterly. For internal reporting and risk management, we analyze the portfolio by product channel and product type and regularly evaluate default and delinquency experience. As part of our overall risk analysis and monitoring, we segment the portfolio by geography, channel, collateral attributes and credit metrics which include FICO score, LTV and term.

Nonperforming Assets and Loan Delinquencies

Nonperforming Assets

Nonperforming assets include nonperforming loans and leases for which ultimate collectability of the full amount of contractual principal and interest is not probable and include nonperforming TDRs and PCD loans, OREO and foreclosed assets. Loans held for sale, certain government insured or guaranteed loans and loans accounted for under the fair value option are excluded from nonperforming loans. See Note 1 Accounting Policies for details on our nonaccrual policies.

The following table presents a summary of nonperforming assets by major category:

Table 21: Nonperforming Assets by Type

			Change	
Dollars in millions	December 31, 2022	December 31, 2021	$	%
Nonperforming loans				
Commercial	$ 858	$ 1,168	$ (310)	(27)%
Consumer (a)	1,127	1,312	(185)	(14)%
Total nonperforming loans	1,985	2,480	(495)	(20)%
OREO and foreclosed assets	34	26	8	31%
Total nonperforming assets	$ 2,019	$ 2,506	$ (487)	(19)%
TDRs included in nonperforming loans	$ 699	$ 988	$ (289)	(29)%
Percentage of total nonperforming loans	35 %	40 %		
Nonperforming loans to total loans	0.61 %	0.86 %		
Nonperforming assets to total loans, OREO and foreclosed assets	0.62 %	0.87 %		
Nonperforming assets to total assets	0.36 %	0.45 %		
Allowance for loan and lease losses to nonperforming loans	239 %	196 %		
Allowance for credit losses to nonperforming loans (b)	274 %	223 %		

(a) Excludes most unsecured consumer loans and lines of credit, which are charged off after 120 to 180 days past due and are not placed on nonperforming status.
(b) Calculated excluding allowances for investment securities and other financial assets.

The following table provides details on the change in nonperforming assets for the years ended December 31, 2022 and 2021:

Table 22: Change in Nonperforming Assets

In millions	2022	2021
January 1	$ 2,506	$ 2,337
Acquired nonperforming assets (a)		880
New nonperforming assets	1,523	1,216
Charge-offs and valuation adjustments	(370)	(255)
Principal activity, including paydowns and payoffs	(868)	(1,023)
Asset sales and transfers to loans held for sale	(52)	(134)
Returned to performing status	(720)	(515)
December 31	$ 2,019	$ 2,506

(a) Represents the June 30, 2021 balance of nonperforming assets attributable to BBVA. Changes in this acquired portfolio for the six months ended December 31, 2021 are reflected in the appropriate category based on activity.

As of December 31, 2022, approximately 98% of total nonperforming loans were secured by collateral which lessened reserve requirements and is expected to reduce credit losses.

Within consumer nonperforming loans, residential real estate TDRs comprised 50% of total residential real estate nonperforming loans, while home equity TDRs comprised 31% of home equity nonperforming loans at December 31, 2022. Comparable amounts at December 31, 2021 were 42% and 36%, respectively. TDRs generally remain in nonperforming status until a borrower has made at least six consecutive months of both principal and interest payments under the modified terms or ultimate resolution occurs. Loans where borrowers have been discharged from personal liability through Chapter 7 bankruptcy and have not formally reaffirmed their loan obligations to us and loans to borrowers not currently obligated to make both principal and interest payments under the restructured terms are not returned to accrual status. See Troubled Debt Restructurings and Loan Modifications within this Credit Risk Management section for more information on how certain loans to borrowers experiencing COVID-19 related difficulties were treated prior to the expiration of CARES Act TDR relief.

Loan Delinquencies

We regularly monitor the level of loan delinquencies and believe these levels may be a key indicator of credit quality in our loan portfolio. Measurement of delinquency status is based on the contractual terms of each loan. Loans that are 30 days or more past due in terms of payment are considered delinquent. Loan delinquencies include government insured or guaranteed loans, loans accounted for under the fair value option and PCD loans. Amounts exclude loans held for sale.

We manage credit risk based on the risk profile of the borrower, repayment sources, underlying collateral, and other support given current events, economic conditions and expectations. We refine our practices to meet the changing environment resulting from rising inflation levels, supply chain disruptions, higher interest rates and secular changes fostered by the COVID-19 pandemic. To mitigate losses and enhance customer support, we have customer assistance, loan modification and collection programs that align with the CARES Act and subsequent interagency guidance. As a result, under the CARES Act credit reporting rules, certain loans modified due to COVID-19 related hardships are not being reported as past due as of December 31, 2022 and 2021 based on the contractual terms of the loan, even where borrowers may not be making payments on their loans during the modification period.

The following table presents a summary of accruing loans past due by delinquency status:

Table 23: Accruing Loans Past Due (a)

	Amount				% of Total Loans Outstanding	
			Change			
Dollars in millions	December 31, 2022	December 31, 2021	$	%	December 31, 2022	December 31, 2021
Early stage loan delinquencies						
Accruing loans past due 30 to 59 days	$ 747	$ 1,011	$ (264)	(26)%	0.23 %	0.35 %
Accruing loans past due 60 to 89 days	261	355	(94)	(26)%	0.08 %	0.12 %
Total early stage loan delinquencies	1,008	1,366	(358)	(26)%	0.31 %	0.47 %
Late stage loan delinquencies						
Accruing loans past due 90 days or more	482	619	(137)	(22)%	0.15 %	0.21 %
Total accruing loans past due	$ 1,490	$ 1,985	$ (495)	(25)%	0.46 %	0.69 %

(a) Past due loan amounts include government insured or guaranteed loans of $0.4 billion and $0.5 billion at December 31, 2022 and 2021, respectively.

The decrease in accruing loans past due from December 31, 2021 was the result of lower delinquencies in both the consumer and commercial portfolios.

Accruing loans past due 90 days or more continue to accrue interest because they are (i) well secured by collateral and are in the process of collection, (ii) managed in homogeneous portfolios with specified charge-off timeframes adhering to regulatory guidelines, or (iii) certain government insured or guaranteed loans. As such, they are excluded from nonperforming loans.

Troubled Debt Restructurings and Loan Modifications

Troubled Debt Restructurings

A TDR is a loan whose terms have been restructured in a manner that grants a concession to a borrower experiencing financial difficulties. TDRs result from our loss mitigation activities and include rate reductions, principal forgiveness, postponement/reduction of scheduled amortization and extensions, which are intended to minimize economic loss and to avoid foreclosure or repossession of collateral. Additionally, TDRs also result from court-imposed concessions (*e.g.*, a Chapter 7 bankruptcy where the debtor is discharged from personal liability to us and a court approved Chapter 13 bankruptcy repayment plan). Prior to the expiration of TDR relief on January 1, 2022, PNC elected not to apply a TDR designation to loans that were restructured due to a COVID-19 hardship pursuant to specific criteria under the CARES Act. Consistent with the expiration of this relief, loans that experience a COVID-19 related hardship and are restructured after January 1, 2022 are subject to existing GAAP guidance related to TDRs.

The following table provides a summary of troubled debt restructurings at December 31, 2022 and 2021, respectively:

Table 24: Summary of Troubled Debt Restructurings (a)

Dollars in millions	December 31, 2022	December 31, 2021	Change $	Change %
Commercial	$ 561	$ 672	$ (111)	(17)%
Consumer	841	919	(78)	(8)%
Total TDRs	$ 1,402	$ 1,591	$ (189)	(12)%
Nonperforming	$ 699	$ 988	$ (289)	(29)%
Accruing (b)	703	603	100	17%
Total TDRs	$ 1,402	$ 1,591	$ (189)	(12)%

(a) Amounts in table do not include associated valuation allowances.
(b) Accruing loans include consumer credit card loans and certain loans that have demonstrated a period of at least six months of performance under the restructured terms and are excluded from nonperforming loans.

Nonperforming TDRs represented approximately 35% of total nonperforming loans and 50% of total TDRs at December 31, 2022. Comparable amounts at December 31, 2021 were 40% and 62%, respectively. The remaining portion of TDRs represents TDRs that have been returned to accrual status after performing under the restructured terms for at least six consecutive months.

See Note 1 Accounting Policies and Note 4 Loans and Related Allowance for Credit Losses for additional information on TDRs.

Loan Modifications

PNC provides relief to our customers experiencing financial hardships through a variety of solutions. Commercial loan and lease modifications are based on each individual borrower's situation and may involve reduction of the interest rate, extension of the loan term and/or forgiveness of principal. Consumer loan modifications are evaluated under our hardship relief programs, including COVID-19 related hardships that extended beyond the initial relief period.

See Troubled Debt Restructurings within this Credit Risk Management section for more information on how certain loans to borrowers experiencing COVID-19 related difficulties were treated prior to the expiration of CARES Act TDR relief.

Allowance for Credit Losses

Our determination of the ACL is based on historical loss and performance experience, current economic conditions, reasonable and supportable forecasts of future conditions and other relevant factors, including current borrower and/or transaction characteristics. We maintain the ACL at an appropriate level for expected losses on our existing investment securities, loans, equipment finance leases, trade receivables and other financial assets and off-balance sheet credit exposures and determine this allowance based on assessments of the remaining estimated contractual term as of the balance sheet date.

Expected losses are estimated primarily using a combination of (i) the expected losses over a reasonable and supportable forecast period, (ii) a period of reversion to long run average expected losses where applicable and (iii) long run average expected losses for the remaining estimated contractual term.

We use forward-looking information in estimating expected credit losses for our reasonable and supportable forecast period. For this purpose, we have established a framework which includes a three-year forecast period and the use of four economic scenarios and associated probability weights, which in combination create a forecast of expected economic outcomes. Forward-looking information, such as forecasted relevant macroeconomic variables, is incorporated into the expected credit loss estimates using quantitative macroeconomic models, as well as through analysis from PNC's economists and management's judgment in qualitatively assessing the ACL.

The reversion period is used to bridge our three-year reasonable and supportable forecast period and the long-run average expected credit losses. We may consider a number of factors in determining the duration of the reversion period, such as contractual maturity of the asset, observed historical patterns and the estimated credit loss rates at the end of the forecast period relative to the beginning of the long run average period. The reversion period is typically 1-3 years, if not immediate.

The long-run average expected credit losses are derived from our available historical credit information. We use long-run average expected loss for the portfolio over the estimated remaining contractual term beyond our reasonable and supportable forecast period and the reversion period.

The following discussion provides additional information related to our reserves under CECL for loans and leases as well as unfunded lending related commitments. See Note 1 Accounting Policies for further discussion on our ACL, including details of our methodologies and discussion of the allowances for investment securities and other financial assets. See also the Critical Accounting Estimates and Judgments section for further discussion of the assumptions used in the determination of the ACL.

Allowance for Loan and Lease Losses

Our pooled expected credit loss methodology is based upon the quantification of PD, LGD, EAD and the remaining estimated contractual term for a loan, loan segment or lease. We also consider the impact of prepayments and amortization on contractual maturity in our expected loss estimates. We use historical data, current borrower characteristics and forecasted economic variables in quantitative methods to estimate these risk parameters by loan, loan segment or lease. PDs represent a quantification of risk that a borrower may not be able to pay their contractual obligation over a defined period of time. LGD describes the estimate of potential loss if a borrower were to default, and EAD (or utilization rates for revolving loans) is the estimated balance outstanding at the time of default. These parameters are calculated for each forecasted scenario and are combined to generate expected loss estimates by scenario in proportion to the scenario weights.

We use a discounted cash flow methodology for our consumer real estate related loan classes and for certain TDR loans. For non-TDR residential real estate loans and lines, we determine effective interest rates considering contractual cash flows adjusted for prepayments and market interest rates. We then determine the net present value of expected cash flows and ALLL by discounting contractual cash flows adjusted for both prepayments and expected credit losses using the effective interest rates.

For loans and leases that do not share similar risk characteristics with a pool of loans, we establish individually assessed reserves using methods prescribed by GAAP. Reserves for individual commercial nonperforming loans and commercial nonperforming TDRs exceeding a defined dollar threshold are based on an analysis of the present value of the loan's expected future cash flows or the fair value of the collateral, if appropriate under our policy for collateral dependent loans. Commercial nonperforming loans that are below the defined threshold and accruing TDRs are collectively reserved for, as we believe these loans continue to share similar risk characteristics. For consumer nonperforming loans classified as collateral dependent, charge-off and ALLL related to recovery of amounts previously charged-off are evaluated through an analysis of the fair value of the collateral less costs to sell.

While our reserve methodologies strive to reflect all relevant credit risk factors, there continues to be uncertainty associated with, but not limited to, potential imprecision in the estimation process due to the inherent time lag of obtaining information and normal variations between expected and actual outcomes. We may hold additional reserves that are designed to provide coverage for losses attributable to such risks. A portion of the allowance is related to qualitative measurement factors. These factors may include, but are not limited to, the following:

- Industry concentrations and conditions,
- Changes in market conditions, including regulatory and legal requirements,
- Changes in the nature and volume of our portfolio,
- Recent credit quality trends,
- Recent loss experience in particular portfolios, including specific and unique events,
- Recent macroeconomic factors that may not be reflected in the forecast information,
- Limitations of available input data, including historical loss information and recent data such as collateral values,
- Model imprecision and limitations,
- Changes in lending policies and procedures, including changes in loss recognition and mitigation policies and procedures, and
- Timing of available information.

Allowance for Unfunded Lending Related Commitments

We maintain the allowance for unfunded lending related commitments on off-balance sheet credit exposures that are not unconditionally cancelable, (*e.g.,* unfunded loan commitments, letters of credit and certain financial guarantees) at a level we believe is appropriate as of the balance sheet date to absorb expected credit losses on these exposures. Other than the estimation of the probability of funding, this reserve is estimated in a manner similar to the methodology used for determining reserves for loans and leases. The allowance for unfunded lending related commitments is recorded as a liability on the Consolidated Balance Sheet. Net adjustments to this reserve are included in the provision for credit losses.

The following table summarizes our ACL related to loans:

Table 25: Allowance for Credit Losses by Loan Class (a)

	December 31, 2022			December 31, 2021		
Dollars in millions	Allowance Amount	Total Loans	% of Total Loans	Allowance Amount	Total Loans	% of Total Loans
Allowance for loans and lease losses						
Commercial						
Commercial and industrial	$ 1,957	$ 182,219	1.07 %	$ 1,879	$ 152,933	1.23 %
Commercial real estate	1,047	36,316	2.88 %	1,216	34,015	3.57 %
Equipment lease financing	110	6,514	1.69 %	90	6,130	1.47 %
Total commercial	3,114	225,049	1.38 %	3,185	193,078	1.65 %
Consumer						
Residential real estate	92	45,889	0.20 %	21	39,712	0.05 %
Home equity	274	25,983	1.05 %	149	24,061	0.62 %
Automobile	226	14,836	1.52 %	372	16,635	2.24 %
Credit card	748	7,069	10.58 %	712	6,626	10.75 %
Education	63	2,173	2.90 %	71	2,533	2.80 %
Other consumer	224	5,026	4.46 %	358	5,727	6.25 %
Total consumer	1,627	100,976	1.61 %	1,683	95,294	1.77 %
Total	$ 4,741	$ 326,025	1.45 %	$ 4,868	$ 288,372	1.69 %
Allowance for unfunded lending related commitments	694			662		
Allowance for credit losses	$ 5,435			$ 5,530		
Allowance for credit losses to total loans			1.67 %			1.92 %
Commercial			1.66 %			1.94 %
Consumer			1.69 %			1.87 %

(a) Excludes allowances for investment securities and other financial assets, which together totaled $176 million and $171 million at December 31, 2022 and 2021, respectively.

The following table summarizes our loan charge-offs and recoveries:

Table 26: Loan Charge-Offs and Recoveries

Year ended December 31 Dollars in millions	Gross Charge-offs	Recoveries	Net Charge-offs / (Recoveries)	% of Average Loans
2022				
Commercial				
Commercial and industrial	$ 257	$ 101	$ 156	0.09 %
Commercial real estate	44	5	39	0.11 %
Equipment lease financing	6	8	(2)	(0.03)%
Total commercial	307	114	193	0.09 %
Consumer				
Residential real estate	11	17	(6)	(0.01)%
Home equity	15	71	(56)	(0.23)%
Automobile	152	124	28	0.18 %
Credit card	256	51	205	3.09 %
Education	16	5	11	0.46 %
Other consumer	228	40	188	3.44 %
Total consumer	678	308	370	0.38 %
Total	$ 985	$ 422	$ 563	0.18 %
2021				
Commercial				
Commercial and industrial	$ 385	$ 88	$ 297	0.21 %
Commercial real estate	36	7	29	0.09 %
Equipment lease financing	13	11	2	0.03 %
Total commercial	434	106	328	0.18 %
Consumer				
Residential real estate	15	28	(13)	(0.04)%
Home equity	20	86	(66)	(0.27)%
Automobile	169	143	26	0.16 %
Credit card	256	46	210	3.39 %
Education	15	8	7	0.25 %
Other consumer	192	27	165	3.05 %
Total consumer	667	338	329	0.38 %
Total	$ 1,101	$ 444	$ 657	0.24 %

Total net charge-offs decreased $94 million, or 14%, in 2022 compared to 2021. The decline was primarily driven by fewer commercial net charge-offs, partially offset by higher consumer net charge-offs primarily due to a decrease in recoveries. Net charge-offs in the comparative period included BBVA-related charge-offs resulting from required purchase accounting treatment.

See Note 1 Accounting Policies and Note 4 Loans and Related Allowance for Credit Losses for additional information.

Liquidity and Capital Management

Liquidity risk has two fundamental components. The first is potential loss assuming we were unable to meet our funding requirements at a reasonable cost. The second is the potential inability to operate our businesses because adequate contingent liquidity is not available. We manage liquidity risk at the consolidated company level (bank, parent company and all subsidiaries combined) to help ensure that we can obtain cost-effective funding to meet current and future obligations under both normal "business as usual" and stressful circumstances, and to help ensure that we maintain an appropriate level of contingent liquidity.

Management monitors liquidity through a series of early warning indicators that may indicate a potential market, or PNC-specific, liquidity stress event. In addition, management performs a set of liquidity stress tests over multiple time horizons with varying levels of severity and maintains a contingency funding plan to address a potential liquidity stress event. In the most severe liquidity stress simulation, we assume that our liquidity position is under pressure, while the market in general is under systemic pressure. The simulation considers, among other things, the impact of restricted access to both secured and unsecured external sources of funding, accelerated runoff of customer deposits, valuation pressure on assets and heavy demand to fund committed obligations. Parent company liquidity guidelines are designed to help ensure that sufficient liquidity is available to meet our parent company obligations over the succeeding 24-month period. Liquidity-related risk limits are established within our Enterprise Liquidity Management Policy and supporting policies. Management committees, including the Asset and Liability Committee, and the Board of Directors and its Risk Committee regularly review compliance with key established limits.

In addition to these liquidity monitoring measures and tools described above, we also monitor our liquidity by reference to the LCR, which is calculated on a daily basis, and the NSFR which are further described in the Supervision and Regulation section in Item 1 Business of this Report.

We provide additional information regarding regulatory liquidity requirements and their potential impact on us in the Supervision and Regulation section of Item 1 Business and Item 1A Risk Factors of this Report.

Sources of Liquidity

Our largest source of liquidity on a consolidated basis is the customer deposit base generated by our banking businesses. These deposits provide relatively stable and low-cost funding. Total deposits decreased to $436.3 billion at December 31, 2022 from $457.3 billion at December 31, 2021 and included a shift from noninterest-bearing to interest-bearing deposits in 2022, reflecting the impact of higher interest rates. See the Funding Sources section of the Consolidated Balance Sheet Review in this Item 7 for additional information related to our deposits. Additionally, certain assets determined by us to be liquid as well as unused borrowing capacity from a number of sources are also available to manage our liquidity position.

At December 31, 2022, our liquid assets consisted of cash and due from banks and short-term investments (federal funds sold, resale agreements, trading securities and interest-earning deposits with banks) totaling $37.8 billion and securities available for sale totaling $44.2 billion. The level of liquid assets fluctuates over time based on many factors, including market conditions, loan and deposit growth and balance sheet management activities. PNC pledges securities as collateral to secure public and trust deposits, repurchase agreements and for other purposes. Pledged securities included $25.3 billion of securities held to maturity and an immaterial amount of available for sale and trading securities.

We also obtain liquidity through various forms of funding, including long-term debt (senior notes, subordinated debt and FHLB borrowings) and short-term borrowings (securities sold under repurchase agreements, commercial paper and other short-term borrowings). See Note 10 Borrowed Funds and the Funding Sources section of the Consolidated Balance Sheet Review in this Item 7 for additional information related to our borrowings.

Total senior and subordinated debt, on a consolidated basis, decreased during 2022 due to the following activity:

Table 27: Senior and Subordinated Debt

In billions	2022
January 1	$ 27.7
Issuances	4.5
Calls and maturities	(7.3)
Other	(1.9)
December 31	$ 23.0

Bank Liquidity

Under PNC Bank’s 2014 bank note program, as amended, PNC Bank may from time to time offer up to $40.0 billion aggregate principal amount outstanding at any one time of its unsecured senior and subordinated notes with maturity dates more than nine months (in the case of senior notes) and five years or more (in the case of subordinated notes) from their date of issue. At December 31, 2022, PNC Bank had $8.5 billion of notes outstanding under this program of which $4.7 billion were senior notes and $3.8 billion were subordinated notes.

The following table details PNC Bank note issuances in 2022:

Table 28: PNC Bank Notes Issued

Issuance Date	Amount	Description of Issuance
December 2, 2022	$200 million	$200 million in aggregate principal amount of its senior floating rate notes due December 2, 2024. Interest is payable monthly in arrears at a floating rate per annum of the one-month BSBY, plus 0.700% on the second day of each month from January 2, 2023 to the maturity date of December 2, 2024.

The following table details PNC Bank note redemptions in 2022:

Table 29: PNC Bank Notes Redeemed

Redemption Date	Amount	Description of Redemption
January 18, 2022	$1.25 billion	All outstanding senior bank notes with an original scheduled maturity date of February 17, 2022. The securities had a distribution rate of 2.625%. The redemption price was equal to $1,000 per $1,000 in principal amount, plus any accrued and unpaid distributions to the redemption date of January 18, 2022.
February 24, 2022	$1.0 billion	All outstanding senior floating rate bank notes with an original scheduled maturity date of February 24, 2023. The redemption price was equal to $1,000 per $1,000 in principal amount, plus any accrued and unpaid distributions to the redemption date of February 24, 2022.
February 24, 2022	$500 million	All outstanding senior bank notes with an original scheduled maturity date of February 24, 2023. The securities had a distribution rate of 1.743%. The redemption price was equal to $1,000 per $1,000 in principal amount, plus any accrued and unpaid distributions to the redemption date of February 24, 2022.
May 31, 2022	$750 million	All outstanding senior bank notes with an original scheduled maturity date of June 29, 2022. The securities had a distribution rate of 2.875%. The redemption price was equal to $1,000 per $1,000 in principal amount, plus any accrued and unpaid distributions to the redemption date of May 31, 2022.
June 28, 2022	$750 million	All outstanding senior bank notes with an original scheduled maturity date of July 28, 2022. The securities had a distribution rate of 2.450%. The redemption price was equal to $1,000 per $1,000 in principal amount, plus any accrued and unpaid distributions to the redemption date of June 28, 2022.

PNC Bank maintains additional secured borrowing capacity with the FHLB-Pittsburgh and through the Federal Reserve Bank discount window. The Federal Reserve Bank, however, is not viewed as a primary means of funding our routine business activities, but rather as a potential source of liquidity in a stressed environment or during a market disruption. At December 31, 2022, our unused secured borrowing capacity at the FHLB-Pittsburgh and the Federal Reserve Bank totaled $67.2 billion.

PNC Bank has the ability to offer up to $10.0 billion of its commercial paper to provide additional liquidity. As of December 31, 2022, there were no issuances outstanding under this program.

Additionally, PNC Bank may access funding from the parent company through deposits placed at the bank or through issuing senior unsecured notes.

Parent Company Liquidity

In addition to managing liquidity risk at the bank level, we monitor the parent company's liquidity. The parent company's contractual obligations consist primarily of debt service related to parent company borrowings and funding non-bank affiliates. Additionally, the parent company maintains liquidity to fund discretionary activities such as paying dividends to our shareholders, share repurchases and acquisitions.

As of December 31, 2022, available parent company liquidity totaled $9.6 billion. Parent company liquidity is held in intercompany cash and investments. For investments with longer durations, the related maturities are aligned with scheduled cash needs, such as the maturity of parent company debt obligations.

The principal source of parent company liquidity is the dividends or other capital distributions it receives from PNC Bank, which may be impacted by the following:

- Bank-level capital needs,
- Laws, regulations and the results of supervisory activities,
- Corporate policies,
- Contractual restrictions, and
- Other factors.

There are statutory and regulatory limitations on the ability of a national bank to pay dividends or make other capital distributions or to extend credit to the parent company or its non-bank subsidiaries. The amount available for dividend payments by PNC Bank to the parent company without prior regulatory approval was $3.5 billion at December 31, 2022. See Note 20 Regulatory Matters for further discussion of these limitations.

In addition to dividends from PNC Bank, other sources of parent company liquidity include cash and investments, as well as dividends and loan repayments from other subsidiaries and dividends or distributions from equity investments. We can also generate liquidity for the parent company and PNC's non-bank subsidiaries through the issuance of debt and equity securities, including certain capital instruments, in public or private markets and commercial paper. As authorized by the Board of Directors, the parent company has the ability to offer up to $5.0 billion of commercial paper to provide additional liquidity. As of December 31, 2022, there were no commercial paper issuances outstanding.

The following table details Parent Company note issuances in 2022:

Table 30: Parent Company Notes Issued

Issuance Date	Amount	Description of Issuance
June 6, 2022	$850 million	$850 million of subordinated fixed-to-floating rate notes with a maturity date of June 6, 2033. Interest is payable semi-annually in arrears at a fixed rate of 4.626% per annum, on June 6 and December 6 of each year, beginning on December 6, 2022. Beginning on June 6, 2032, interest is payable quarterly in arrears at a floating rate per annum equal to Compounded SOFR (determined with respect to each quarterly interest period using the SOFR Index as described in the Prospectus Supplement), plus 1.850%, on September 6, 2032, December 6, 2032, March 6, 2033 and at the maturity date.
October 28, 2022	$1.0 billion	$1.0 billion of senior fixed-to-floating rate notes with a maturity date of October 28, 2025. Interest is payable semi-annually in arrears at a fixed rate of 5.671% per annum, on April 28 and October 28 of each year, beginning on April 28, 2023. Beginning on October 28, 2024, interest is payable quarterly in arrears at a floating rate per annum equal to Compounded SOFR (determined with respect to each quarterly interest period using the SOFR Index as described in the Prospectus Supplement), plus 1.09%, on January 28, 2025, April 28, 2025, July 28, 2025 and at the maturity date.
October 28, 2022	$1.5 billion	$1.5 billion of senior fixed-to-floating rate notes with a maturity date of October 28, 2033. Interest is payable semi-annually in arrears at a fixed rate of 6.037% per annum, on April 28 and October 28 of each year, beginning on April 28, 2023. Beginning on October 28, 2032, interest is payable on the 2033 Senior Notes quarterly in arrears at a floating rate per annum equal to Compounded SOFR (determined with respect to each quarterly interest period using the SOFR Index as described in the Prospectus Supplement), plus 2.14%, on January 28, 2033, April 28, 2033, July 28, 2033 and at the maturity date.
December 2, 2022	$1.0 billion	$1.0 billion of senior fixed-to-floating rate notes with a maturity date of December 2, 2028. Interest is payable semi-annually in arrears at a fixed rate of 5.354% per annum, on June 2 and December 2 of each year, beginning on June 2, 2023. Beginning on December 2, 2027, interest is payable quarterly in arrears at a floating rate per annum equal to Compounded SOFR (determined with respect to each quarterly interest period using the SOFR Index as described in the Prospectus Supplement), plus 1.62%, on March 2, 2028, June 2, 2028, September 2, 2028 and at the maturity date.

See Note 25 Subsequent Events for details on the parent company's issuance of $1.25 billion of its 4.758% senior fixed-to-floating rate notes that mature on January 26, 2027 and $1.5 billion of its 5.068% senior fixed-to-floating rate notes that mature on January 24, 2034.

The following table details Parent Company note redemptions in 2022:

Table 31: Parent Company Notes Redeemed

Redemption Date	Amount	Description of Redemption
February 7, 2022	$1.0 billion	$1.0 billion of senior notes with a maturity date of March 8, 2022. The securities had a distribution rate of 3.30%. The redemption price was equal to $1,000 per $1,000 in principal amount, plus any accrued and unpaid distributions to the redemption date of February 7, 2022.

Parent company senior and subordinated debt outstanding totaled $13.1 billion at December 31, 2022 compared with $11.4 billion at December 31, 2021.

Contractual Obligations and Other Commitments

We enter into various contractual arrangements in the normal course of business, certain of which require future payments that could impact our liquidity and capital resources. These obligations include commitments to extend credit, outstanding letters of credit, customer deposits, borrowed funds, operating lease payments and future pension and post-retirement benefits. For further discussion related to these contractual obligations and other commitments, see Note 7 Leases, Note 9 Time Deposits, Note 10 Borrowed Funds, Note 11 Commitments and Note 17 Employee Benefit Plans.

Credit Ratings

PNC's credit ratings affect the cost and availability of short and long-term funding, collateral requirements for certain derivative instruments and the ability to offer certain products.

In general, rating agencies base their ratings on many quantitative and qualitative factors, including capital adequacy, liquidity, asset quality, business mix, level and quality of earnings, and the current legislative and regulatory environment, including implied government support. A decrease, or potential decrease, in credit ratings could impact access to the capital markets and/or increase the cost of debt, and thereby adversely affect liquidity and financial condition.

The following table presents credit ratings for PNC and PNC Bank as of December 31, 2022:

Table 32: Credit Ratings for PNC and PNC Bank

	December 31, 2022		
	Moody's	Standard & Poor's	Fitch
PNC			
Senior debt	A3	A-	A
Subordinated debt	A3	BBB+	A-
Preferred stock	Baa2	BBB-	BBB
PNC Bank			
Senior debt	A2	A	A+
Subordinated debt	A3	A-	A
Long-term deposits	Aa3	A	AA-
Short-term deposits	P-1	A-1	F1+
Short-term notes	P-1	A-1	F1

Capital Management

We manage our funding and capital positions by making adjustments to our balance sheet size and composition, issuing or redeeming debt, issuing equity or other capital instruments, executing treasury stock transactions and capital redemptions or repurchases and managing dividend policies and retaining earnings.

On April 26, 2022, PNC issued 1,000,000 depositary shares each representing 1/100th ownership in a share of 6.000% fixed-rate reset non-cumulative perpetual preferred stock, Series U, with a par value of $1 per share.

On August 19, 2022, PNC issued 1,250,000 depositary shares each representing 1/100th ownership in a share of 6.200% fixed-rate reset non-cumulative perpetual preferred stock, Series V, with a par value of $1 per share.

On November 1, 2022, PNC redeemed all 15,000 shares of its Series P Preferred Stock, as well as all 60 million depositary shares each representing fractional interest in such shares.

In 2022, we returned $6.0 billion of capital to shareholders through dividends on common shares of $2.4 billion and repurchases of 21.2 million common shares for $3.6 billion. Consistent with the SCB framework, which allows for capital return in amounts in excess of the SCB minimum levels, our Board of Directors has authorized a repurchase framework under the repurchase program approved on April 4, 2019 of up to 100 million common shares, of which approximately 49% were still available for repurchase at December 31, 2022. Under this framework, PNC expects quarterly repurchases of up to $500 million with the ability to adjust those levels as conditions warrant. PNC's SCB for the four-quarter period beginning October 1, 2022 is 2.9%.

On January 4, 2023, the PNC Board of Directors declared a quarterly cash dividend on common stock of $1.50 per share. The dividend, with a payment date of February 5, 2023, was paid on the next business day.

See Note 25 Subsequent Events for details on PNC's issuance of $1.5 billion in Series W preferred stock.

See the Supervision and Regulation section of Item 1 Business in this Report for further information concerning the CCAR and DFAST process and the factors the Federal Reserve takes into consideration in its evaluation of capital plans.

Table 33: Basel III Capital

	December 31, 2022	
Dollars in millions	Basel III (a)	(Fully Implemented) (estimated) (b)
Common equity Tier 1 capital		
Common stock plus related surplus, net of treasury stock	$ (3,372)	$ (3,372)
Retained earnings	54,296	53,572
Goodwill, net of associated deferred tax liabilities	(10,758)	(10,758)
Other disallowed intangibles, net of deferred tax liabilities	(380)	(380)
Other adjustments/(deductions)	(101)	(101)
Common equity Tier 1 capital (c)	$ 39,685	$ 38,961
Additional Tier 1 capital		
Preferred stock plus related surplus	5,746	5,746
Tier 1 capital	$ 45,431	$ 44,707
Additional Tier 2 capital		
Qualifying subordinated debt	3,544	3,544
Eligible credit reserves includable in Tier 2 capital	4,465	5,180
Total Basel III capital	$ 53,440	$ 53,431
Risk-weighted assets		
Basel III standardized approach risk-weighted assets (d)	$ 435,537	$ 435,581
Average quarterly adjusted total assets	$ 552,085	$ 551,360
Supplementary leverage exposure (e)	$ 653,776	$ 653,775
Basel III risk-based capital and leverage ratios (f)		
Common equity Tier 1	9.1 %	8.9 %
Tier 1	10.4 %	10.3 %
Total	12.3 %	12.3 %
Leverage (g)	8.2 %	8.1 %
Supplementary leverage ratio (e)	6.9 %	6.8 %

(a) The ratios are calculated to reflect PNC's election to adopt the CECL five-year transition provisions. Effective for the first quarter 2022, PNC is now in the three-year transition period and the full impact of the CECL standard is being phased-in to regulatory capital through December 31, 2024.
(b) The ratios are calculated to reflect the full impact of CECL and excludes the benefits of the optional five-year transition.
(c) As permitted, PNC and PNC Bank have elected to exclude AOCI related to both available for sale securities and pension and other post-retirement plans from CET1 capital.
(d) Basel III standardized approach weighted-assets are based on the Basel III standardized approach rules and include credit and market risk-weighted assets.
(e) The Supplementary leverage ratio is calculated based on Tier 1 capital divided by Supplementary leverage exposure, which takes into account the quarterly average of both on balance sheet assets as well as certain off-balance sheet items, including loan commitments and potential future exposure under derivative contracts.
(f) All ratios are calculated using the regulatory capital methodology applicable to PNC and calculated based on the standardized approach.
(g) Leverage ratio is calculated based on Tier 1 capital divided by Average quarterly adjusted total assets.

PNC's regulatory risk-based capital ratios are calculated using the standardized approach for determining risk-weighted assets. Under the standardized approach for determining credit risk-weighted assets, exposures are generally assigned a pre-defined risk weight. Exposures to high volatility commercial real estate, nonaccruals, TDRs, past due exposures and equity exposures are generally subject to higher risk weights than other types of exposures.

The regulatory agencies have adopted a rule permitting certain banks, including PNC, to delay the estimated impact on regulatory capital stemming from implementing CECL. CECL's estimated impact on CET1 capital, as defined by the rule, is the change in retained earnings at adoption plus or minus 25% of the change in CECL ACL at the balance sheet date, excluding the allowance for PCD loans, compared to CECL ACL at adoption. Effective for the first quarter of 2022, PNC is now in the three-year transition period, and the full impact of the CECL standard is being phased-in to regulatory capital through December 31, 2024. See additional discussion of this rule in the Supervision and Regulation section of Item 1 Business and Item 1A Risk Factors .

At December 31, 2022, PNC and PNC Bank were considered "well capitalized," based on applicable U.S. regulatory capital ratio requirements. To qualify as "well capitalized", PNC must have Basel III capital ratios of at least 6% for Tier 1 risk-based capital and 10% for Total risk-based capital, and PNC Bank must have Basel III capital ratios of at least 6.5% for CET1 risk-based capital, 8% for Tier 1 risk-based capital, 10% for Total risk-based capital and a Leverage ratio of at least 5%.

Federal banking regulators have stated that they expect the largest U.S. BHCs, including PNC, to have a level of regulatory capital well in excess of the regulatory minimum and have required the largest U.S. BHCs, including PNC, to have a capital buffer sufficient to withstand losses and allow them to meet the credit needs of their customers through estimated stress scenarios. We seek to manage our capital consistent with these regulatory principles and believe that our December 31, 2022 capital levels were aligned with them.

We provide additional information regarding regulatory capital requirements and some of their potential impacts on us in the Supervision and Regulation section of Item 1 Business, Item 1A Risk Factors and Note 20 Regulatory Matters.

Market Risk Management

Market risk is the risk of a loss in earnings or economic value due to adverse movements in market factors such as interest rates, credit spreads, foreign exchange rates, commodity prices and equity prices. We are exposed to market risk primarily by our involvement in the following activities, among others:

- Traditional banking activities of gathering deposits and extending loans,
- Fixed income securities, derivatives and foreign exchange activities, as a result of customer activities, securities underwriting and our investment portfolio, and
- Other investments, including equity and activities whose economic values are directly impacted by market factors.

We have established enterprise-wide policies and methodologies to identify, measure, monitor and report market risk. Market Risk Management provides independent oversight by monitoring compliance with established guidelines and reporting significant risks in the business to management committees and, where appropriate, the Risk Committee of the Board of Directors.

Market Risk Management – Interest Rate Risk

Interest rate risk results primarily from our traditional banking activities of gathering deposits and extending loans. Many factors, including economic and financial conditions, movements in interest rates and consumer preferences, affect the difference between the interest that we earn on assets and the interest that we pay on liabilities and the level of our noninterest-bearing funding sources. Due to the repricing term mismatches and embedded options inherent in certain of these products, changes in market interest rates not only affect expected near-term earnings, but also the economic values of these assets and liabilities.

Our Asset and Liability Management group centrally manages interest rate risk as prescribed in our risk management policies, which are approved by management's Asset and Liability Committee and the Risk Committee of the Board of Directors.

Sensitivity results and market interest rate benchmarks for the fourth quarters of 2022 and 2021 follow:

Table 34: Interest Sensitivity Analysis

	Fourth Quarter 2022	Fourth Quarter 2021
Net Interest Income Sensitivity Simulation (a)		
Effect on net interest income in first year from gradual interest rate change over the following 12 months of:		
100 basis point increase	1.2 %	3.7 %
100 basis point decrease (a)	(1.4)%	N/A
Effect on net interest income in second year from gradual interest rate change over the preceding 12 months of:		
100 basis point increase	3.1 %	9.9 %
100 basis point decrease (a)	(4)%	N/A

(a) Due to the prevailing low interest rate environment during the COVID-19 pandemic, the reporting of Net interest income sensitivities for the 100 basis point decrease scenario was suspended from the first quarter of 2020 to the first quarter of 2022.

In addition to measuring the effect on net interest income assuming parallel changes in current interest rates, we routinely simulate the effects of a number of nonparallel interest rate environments. Table 35 reflects the estimated percentage change in net interest income over the next two 12-month periods assuming (i) PNC's most likely rate forecast, (ii) implied market forward rates and (iii) a yield curve slope flattening (a 100 basis point yield curve slope flattening between one-month and ten-year rates superimposed on current base rates) scenario.

All changes in forecasted net interest income are relative to results in a base rate scenario where current market rates are assumed to remain unchanged over the forecast horizon.

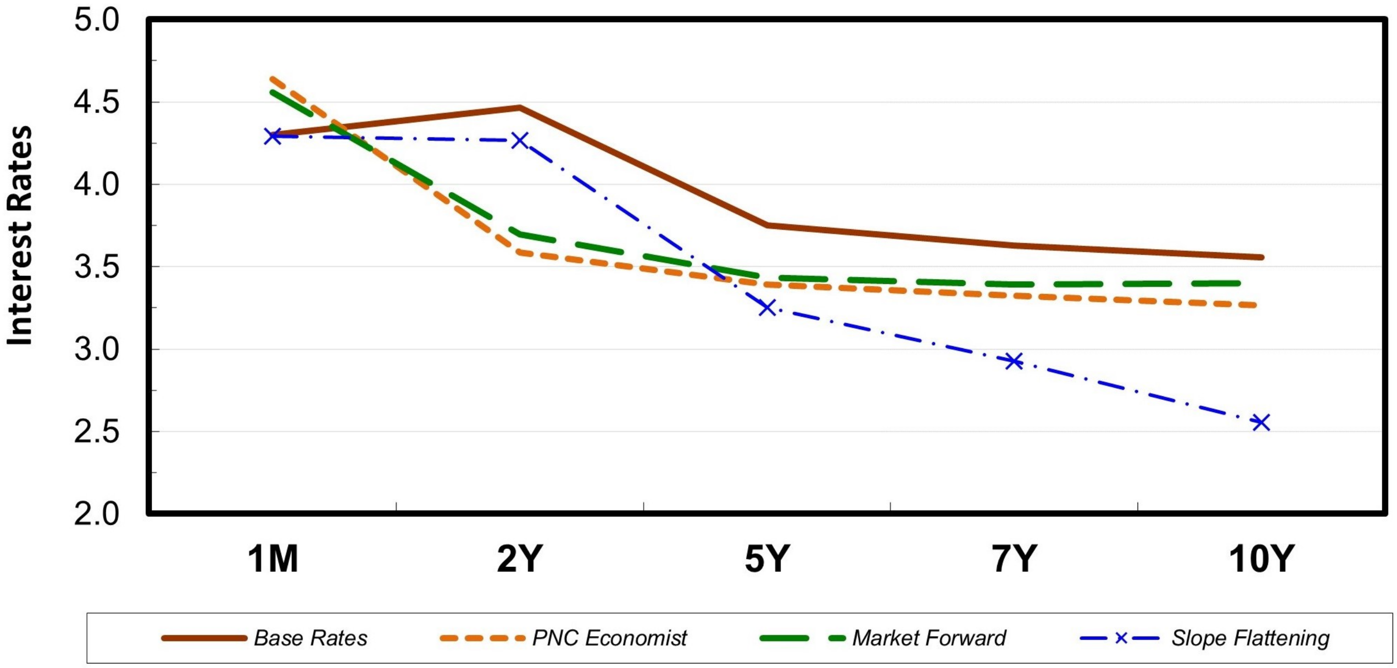
Table 35: Net Interest Income Sensitivity to Alternative Rate Scenarios

	December 31, 2022		
	PNC Economist	Market Forward	Slope Flattening
First year sensitivity	0.1 %	2.0 %	(0.6)%
Second year sensitivity	(2.5)%	(1.6)%	(2.6)%

When forecasting net interest income, we make assumptions about interest rates and the shape of the yield curve, the volume and characteristics of new business and the behavior of existing on- and off-balance sheet positions. These assumptions determine the future level of simulated net interest income in the base interest rate scenario and the other interest rate scenarios presented in Tables 34 and 35. These simulations assume that as assets and liabilities mature, they are replaced or repriced at then-current market rates.

The following graph presents the SOFR curves for the base rate scenario and each of the alternate scenarios one year forward:

Table 36: Alternate Interest Rate Scenarios: One Year Forward



The fourth quarter 2022 interest sensitivity analyses indicate that our Consolidated Balance Sheet is positioned to benefit from an increase in interest rates and an upward sloping interest rate yield curve. We believe that we have the deposit funding base and balance sheet flexibility to adjust, where appropriate and permissible, to changing interest rates and market conditions.

LIBOR Transition

As discussed in Item 1A Risk Factors, the scheduled cessation of the requirement that banks submit rates for the calculation of LIBOR after June 30, 2023, presents risks to the financial instruments originated, held, or serviced by PNC that use LIBOR as a reference rate. PNC holds instruments and services its instruments and instruments owned by others that may be impacted by the likely cessation of LIBOR, including loans, investments, hedging products, floating-rate obligations and other financial instruments that use LIBOR as a reference rate. The transition from LIBOR as an interest rate benchmark will subject PNC, like other financial participants, to financial, legal, operational and reputational risks.

In order to address LIBOR cessation and the associated risks, PNC has established a cross-functional governance structure to oversee the overall strategy for the transition from LIBOR and mitigate risks associated with the transition.

Key efforts to date have included:

- Completion of LIBOR impact and risk assessments,
- Enhancing fallback language in new contracts and reviewing existing legal contracts/agreements to assess fallback language impacts,
- Preparing for internal operational readiness,
- Making necessary enhancements to PNC's infrastructure, including systems, models, valuation tools and processes,
- Developing and delivering on internal and external LIBOR cessation communication plans,
- Engaging with PNC clients, industry working groups, and regulators,
- Monitoring developments associated with LIBOR alternatives and industry practices related to LIBOR-indexed instruments, and
- Providing periodic regulator updates to the Federal Reserve, OCC and FDIC examination staff regarding PNC's LIBOR cessation and transition plans.

As of December 31, 2021, PNC Bank ceased entering into new contracts with a LIBOR reference rate, except on a limited basis, as permissible. PNC is offering conforming adjustable-rate mortgages using SOFR instead of USD LIBOR, in line with Fannie Mae and Freddie Mac requirements, nonconforming adjustable-rate residential mortgages using SOFR and private education loans using Prime.

Alternative rates, primarily SOFR and BSBY, are currently offered to our corporate and commercial customers. The focus for 2022 was planning for the cessation event in 2023 for all lines of business. Corporate & Institutional Banking continues its efforts of amending contracts with inadequate fallback language, working on systems enhancements, and continuing with client outreach and education.

The Federal Reserve adopted a final rule effective February 27, 2023 that implements the Adjustable Interest Rate LIBOR Act (the “Act”) by identifying benchmark rates based on SOFR that will replace LIBOR in certain financial contracts after June 30, 2023. The final rule helps ensure that LIBOR contracts adopting a benchmark rate selected by the Federal Reserve will not be interrupted or terminated following LIBOR’s replacement. The final rule identifies replacement benchmark rates based on SOFR to replace overnight, one-month, three-month, six-month, and 12-month LIBOR contracts subject to the Act. These contracts include U.S. contracts that do not mature before publication of LIBOR ends June 30, 2023, and that lack adequate fallback provisions that would replace LIBOR with a practicable replacement benchmark rate.

As of December 31, 2022, PNC had approximately $60.6 billion in loans and securities and $332.9 billion notional value in derivatives tied to LIBOR that mature after June 30, 2023. PNC is actively working to address contracts without an alternative rate or sufficient fallbacks in advance of cessation; however, PNC does expect to leverage the LIBOR Act for its intended purpose, to address difficult exposures when necessary. We anticipate these exposures to be a small subset of our overall portfolio.

Market Risk Management – Customer-Related Trading Risk

We engage in fixed income securities, derivatives and foreign exchange transactions to support our customers’ investing and hedging activities. These transactions, related hedges and the credit valuation adjustment related to our customer derivatives portfolio are marked-to-market daily and reported as customer-related trading activities. We do not engage in proprietary trading of these products.

We use VaR as the primary means to measure and monitor market risk in customer-related trading activities. VaR is used to estimate the probability of portfolio losses based on the statistical analysis of historical market risk factors. A diversified VaR reflects empirical correlations across different asset classes. We calculate a diversified VaR at a 95% confidence interval and the results for 2022 and 2021 were within our acceptable limits.

To help ensure the integrity of the models used to calculate VaR for each portfolio and enterprise-wide, we use a process known as backtesting. The backtesting process consists of comparing actual observations of gains or losses against the VaR levels that were calculated at the close of the prior day. Our VaR measure assumes that exposures remain constant and that recent market variability is a good predictor of future variability. Actual observations include customer-related revenue and intraday hedging, which helps to reduce losses and can reduce the number of instances actual losses exceed the prior day VaR measure. There were no instances during 2022 and 2021 under our diversified VaR measure where actual losses exceeded the prior-day VaR measure. Our portfolio and enterprise-wide VaR models utilize a historical approach with a 500-day look-back period.

Customer-related trading revenue was $382 million in 2022 compared with $372 million in 2021 and is recorded in Other noninterest income and Other interest income on our Consolidated Income Statement. The increase was primarily due to higher foreign exchange and derivative client sales revenues, partially offset by the impact of the changes in credit valuations for customer-related derivative activities.

Market Risk Management – Equity And Other Investment Risk

Equity investment risk is the risk of potential losses associated with investing in both private and public equity markets. In addition to extending credit, taking deposits, underwriting securities and trading financial instruments, we make and manage direct investments in a variety of transactions, including management buyouts, recapitalizations and growth financings in a variety of industries. We also have investments in affiliated and non-affiliated funds that make similar investments in private equity, consistent with regulatory limitations. The economic and/or book value of these investments and other assets are directly affected by changes in market factors.

Various PNC business units manage our equity and other investment activities. Our businesses are responsible for making investment decisions within the approved policy limits and associated guidelines.

A summary of our equity investments follows:

Table 37: Equity Investments Summary

Dollars in millions	December 31 2022	December 31 2021	Change $	Change %
Tax credit investments	$ 4,308	$ 3,954	$ 354	9 %
Private equity and other	4,129	4,226	(97)	(2)%
Total	$ 8,437	$ 8,180	$ 257	3 %

Tax Credit Investments
Included in our equity investments are direct tax credit investments and tax credit equity investments held by consolidated entities. These tax credit investment balances included unfunded commitments totaling $2.5 billion and $2.2 billion at December 31, 2022 and 2021, respectively. These unfunded commitments are included in Other liabilities on our Consolidated Balance Sheet.

Note 5 Loan Sale and Servicing Activities and Variable Interest Entities has further information on tax credit investments.

Private Equity and Other
The largest component of our other equity investments is our private equity portfolio. The private equity portfolio is an illiquid portfolio consisting of mezzanine and equity investments that vary by industry, stage and type of investment. Private equity investments carried at estimated fair value totaled $1.8 billion at both December 31, 2022 and 2021, respectively. As of December 31, 2022, $1.6 billion was invested directly in a variety of companies, and $0.2 billion was invested indirectly through various private equity funds. See the Supervision and Regulation section in Item 1 of this Report for discussion of the Volcker Rule limitations on our interests in and relationships with private funds.

Included in our other equity investments are Visa Class B common shares, which are recorded at cost. Visa Class B common shares that we own are transferable only under limited circumstances until they can be converted into shares of the publicly-traded Class A common shares, which cannot happen until the resolution of the pending interchange litigation. Based upon the December 31, 2022 per share closing price of $207.76 for a Visa Class A common share, the estimated value of our total investment in the Class B common shares was approximately $1.2 billion at the current conversion rate of Visa B shares to Visa A shares, while our cost basis was insignificant. See Note 15 Fair Value and Note 21 Legal Proceedings for additional information regarding our Visa agreements. The estimated value does not represent fair value of the Visa B common shares given the shares' limited transferability and the lack of observable transactions in the marketplace.

We also have certain other equity investments, the majority of which represent investments in affiliated and non-affiliated funds with both traditional and alternative investment strategies. Net gains related to these investments were $45 million in 2022 and $50 million in 2021.

Impact of Inflation
Our assets and liabilities are primarily financial in nature and typically have varying maturity dates. Accordingly, future changes in prices do not affect the obligations to pay or receive fixed and determinable amounts of money. However, during periods of inflation, there may be a subsequent impact affecting certain fixed costs or expenses, an erosion of consumer and customer purchasing power, and fluctuations in the need or demand for our products and services. When significant levels of inflation occur, our business could potentially be impacted by, among other things, reducing our tolerance for extending credit or causing us to incur additional credit losses resulting from possible increased default rates. Throughout most of 2022, inflation continued to rise but started to slow toward the end of the year. The Federal Reserve monetary policy has tightened with the intent to slow inflation, which has led to larger increases in interest rates. See Risk Factors in Item 1A, our Executive Summary and Cautionary Statement Regarding Forward-Looking statements in this Item 7 for further discussion of inflation and its overall impact to the economy, our borrowers' ability to repay their obligations and certain costs and expenses to PNC.

Financial Derivatives
We use a variety of financial derivatives as part of the overall asset and liability risk management process to help manage exposure to market (primarily interest rate) and credit risk inherent in our business activities. We also enter into derivatives with customers to facilitate their risk management activities.

Financial derivatives involve, to varying degrees, market and credit risk. Derivatives represent contracts between parties that usually require little or no initial net investment and result in one party delivering cash or another type of asset to the other party based on a notional amount and an underlying as specified in the contract. Therefore, cash requirements and exposure to credit risk are significantly less than the notional amount on these instruments.

Further information on our financial derivatives is presented in Note 1 Accounting Policies, Note 15 Fair Value and Note 16 Financial Derivatives.

Not all elements of market and credit risk are addressed through the use of financial derivatives, and such instruments may be ineffective for their intended purposes due to unanticipated market changes, among other reasons.

Operational Risk Management

Operational risk is the risk to the current or projected financial condition and resilience arising from inadequate or failed internal processes or systems, human errors or misconduct or adverse external events. Operational risk is inherent to the entire organization.

Operational risk management is embedded in our culture and decision-making processes through a systematic approach whereby operational risks and exposures are: (i) identified and assessed; (ii) managed through the design and implementation of controls; (iii) measured and evaluated against our risk tolerance limits; and (iv) appropriately reported to management and the Risk Committee of the Board of Directors. Strong operational risk management and well-informed risk-based decisions benefit us by improving the customer experience, enhancing compliance, reducing reputational risk, minimizing losses and establishing an appropriate amount of required operational risk capital held by us.

The Operational Risk Management Framework is designed to provide effective and consistent management of operational risk. The primary purpose of the framework is to enable us to understand our operational risks and manage them to the desired risk profile, in line with our Risk Appetite. Additionally, the guidance established within the framework assists management in making well-informed risk-based business decisions.

The framework provides a disciplined and structured process for us to manage operational risk across eight operational risk domains. These domains provide a comprehensive view of operational risk and allow us to discuss operational risk in a standard way, facilitating reporting and ongoing risk mitigation.

The operational risk domains are:

- Operations: Risk resulting from inadequate or failed internal processes, misconduct or errors of people or fraud.
- Compliance: Risk of legal or regulatory sanctions, financial loss, or damage to reputation resulting from failure to comply with laws, regulations, rules, self-regulatory standards or other regulatory requirements.
- Data Management: Risk associated with incomplete or inaccurate data.
- Model: Risk associated with the design, implementation and ongoing use and management of models.
- Technology and Systems: Risk associated with the use, operation and adoption of technology.
- Information Security: Risk resulting from the failure to protect information and ensure appropriate access to, and use and handling of, information assets.
- Business Continuity: Risk of potential disruptive events to business activities.
- Third Party: Risk arising from failure of third-party providers to conduct activity in a safe and sound manner and in compliance with contract provisions and applicable laws and regulations.

We utilize operational risk management programs within the framework, including Risk and Control Self-Assessments, scenario analysis, and internal and external loss event reviews and analysis, to assess existing risks, determine potential/emerging risks and evaluate the effectiveness of internal controls. Program tools and methodology assist our business managers in identifying potential risks and control gaps.

Lines of business are responsible for identifying, owning, managing and monitoring the operational risks and controls associated with their business activities and product or service offerings to within acceptable levels. Centralized functions, such as Business Continuity, Enterprise Third Party Management and Information Security, are responsible for the development, implementation and management of their individual programs and for the development and maintenance of the policies, procedures, methodologies, tools and technology utilized across the enterprise to identify, assess, monitor and report program risks. Additionally, independent risk management reviews and challenges line of business adherence to the framework to help ensure proper controls are in place and appropriate risk mitigation plans are established as necessary.

Conduct, Reputational and Strategic Risk

PNC's risk culture seeks to reinforce the appropriate protocols for responsible and ethical behavior through sound processes and controls. In order to promote a robust risk culture, the Board and executive management establish code of conduct and professional standards to which all employees must adhere. A strong risk culture discourages misconduct and supports conduct risk management at PNC. Conduct risk is defined as the risk that employees fail to comply with the ethical standards expected of them. Strong conduct risk management is important in supporting PNC's reputation, and PNC maintains a corporate culture that emphasizes complying with laws, regulations, and managing reputational risks. Reputational risk is the risk to the franchise and/or shareholder value based on a negative perception of PNC by its stakeholders and/or the changing expectations of its stakeholders. Strategic risk is another component of the ERM Framework that is also critical to optimizing shareholder returns. Strategic risk is the risk to earnings that may arise from adverse business decisions, improper implementation of business decisions and/or inadequate response to changes in the business environment. Strategic risk is considered and assessed by our businesses in the annual strategic planning processes and monitored on an on-going basis as those plans are carried out.

Compliance Risk

Enterprise Compliance is responsible for oversight of compliance risk for the organization. Compliance issues are identified and tracked through enterprise-wide monitoring and testing activities. Compliance risk issues are escalated through a comprehensive risk reporting process at both a business and enterprise level and incorporated, as appropriate, into the development and assessment of our operational risk profile. A management committee, chaired by the Chief Compliance Officer, is responsible for oversight of compliance and fiduciary risk management programs across PNC. Enterprise Compliance, through the Regulatory Change Program, helps PNC understand and proactively address emerging regulatory topics and risks as well as respond to changes in applicable laws and regulations. To understand emerging issues impacting the industry, Enterprise Compliance communicates regularly with various regulators having supervisory or regulatory responsibilities with respect to us, our subsidiaries, or businesses and participates in forums focused on regulatory and compliance matters in the financial services industry.

Information Security Risk
The Information Security component of our Operational Risk Management Framework is responsible for protecting information assets to achieve business objectives, which includes cybersecurity. PNC's cybersecurity program is designed to identify risks to sensitive information, protect that information, detect threats and events and maintain an appropriate response and recovery capability to help ensure resilience against information security incidents. The program includes, among other things, annual security and privacy training for all PNC employees and quarterly phishing exercises to raise employee awareness. Our security program is also regularly examined by federal regulators for compliance with financial regulations and standards. The program also establishes expectations for information asset management, system development security, identity and access management, incident management, threat and vulnerability management, security operations management and third- and fourth-party security.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Our consolidated financial statements are prepared by applying certain accounting policies. Note 1 Accounting Policies describes the most significant accounting policies that we use. Certain of these policies require us to make estimates or economic assumptions that may vary under different assumptions or conditions, and such variations may significantly affect our reported results and financial position for the period or in future periods.

Allowance for Credit Losses

We maintain the ACL at levels that we believe to be appropriate as of the balance sheet date to absorb expected credit losses on our existing investment securities, loans, equipment finance leases, other financial assets and unfunded lending related commitments, for the remaining contractual term of the assets or exposures, taking into consideration expected prepayments and estimated recoveries. Our determination of the ACL is based on historical loss and performance experience, as well as current borrower and transaction characteristics including collateral type and quality, current economic conditions, reasonable and supportable forecasts of future conditions and other relevant factors. We use methods sensitive to changes in economic conditions to interpret these factors and to estimate expected credit losses. We evaluate and, when appropriate, enhance the quality of our data and models and other methods used to estimate ACL on an ongoing basis. We incorporate qualitative factors in the ACL that reflect our best estimate of expected losses that may not be adequately represented in our quantitative methods or economic assumptions. The major drivers of ACL estimates include, but are not limited to:

- Current economic conditions: Our forecast of expected losses depends on economic conditions as of the estimation date. As current economic conditions evolve, forecasted losses could be materially affected.
- Scenario weights and design: Our loss estimates are sensitive to the shape, direction and rate of change of macroeconomic forecasts and thus vary significantly between upside and downside scenarios. Change to probability weights assigned to these scenarios and timing of peak business cycles reflected by the scenarios could materially affect our loss estimates.
- Current borrower quality: Our forecast of expected losses depends on current borrower and transaction characteristics, including credit metrics and collateral type/quality. As borrower quality evolves, forecasted losses could be materially affected.
- Portfolio volume and mix: Changes to portfolio volume and mix could materially affect our estimates, as CECL reserves would be recognized upon origination or acquisition and derecognized upon paydown, maturity or sale.

For all assets and unfunded lending related commitments within the scope of the CECL standard, the applicable ACL is composed of one or a combination of the following components: (i) collectively assessed or pooled reserves, (ii) individually assessed reserves, and (iii) qualitative (judgmental) reserves. Our methodologies and key assumptions for each of these components are discussed in Note 1 Accounting Policies.

Reasonable and Supportable Economic Forecast
Under the CECL standard, we are required to consider reasonable and supportable forecasts in estimating expected credit losses. For this purpose, we have established a framework that includes a three-year forecast period and the use of four economic scenarios with associated probability weights, which in combination create a forecast of expected economic outcomes. Credit losses estimated in our reasonable and supportable forecast period are sensitive to the shape and severity of the scenarios used and weights assigned to them.

To generate the four economic forecast scenarios we use a combination of quantitative macroeconomic models, other measures of economic activity and forward-looking expert judgment to forecast the distribution of economic outcomes over the reasonable and supportable forecast period. Each scenario is then given an associated probability (weight) in order to represent our current expectation within that distribution over the forecast period. This process is informed by current economic conditions, expected business cycle evolution and the expert judgment of PNC's RAC. This approach seeks to provide a reasonable representation of the forecast of expected economic outcomes and is used to estimate expected credit losses across a variety of loans and securities. Each quarter the scenarios are presented to RAC for approval, and the committee determines and approves CECL scenarios' weights for use for the current reporting period.

The scenarios used for the period ended December 31, 2022 reflect an increase in downside risk compared to December 31, 2021. The current outlook considers the inflationary pressures that have broadened and intensified since the start of 2022, along with the fact that the FOMC raised interest rates more aggressively than what was expected at December 31, 2021, increasing the risk of a broader-ranged economic slowdown. Our most-likely expectation at December 31, 2022 is that the U.S. economy enters a mild recession in 2023.

We used a number of economic variables in our scenarios, with two of the most significant drivers being Real GDP and the U.S. unemployment rate. The following table presents a comparison of these two economic variables based on the weighted-average scenario forecasts used in determining our ACL at December 31, 2022 and 2021.

Table 38: Key Macroeconomic Variables in CECL Weighted-Average Scenarios

	Assumptions as of December 31, 2022		
	2023	2024	2025
U.S. Real GDP (a)	(0.4)%	1.4%	1.9%
U.S. Unemployment Rate (b)	4.9%	4.9%	4.4%
	Assumptions as of December 31, 2021		
	2022	2023	2024
U.S. Real GDP (a)	2.8%	1.4%	1.3%
U.S. Unemployment Rate (c)	4.4%	4.1%	3.9%

(a) Represents year-over-year growth (loss) rates.
(b) Represents the average forecasted unemployment rate for the fourth quarters of 2023, 2024 and 2025 as of December 31, 2022.
(c) Represents the average forecasted unemployment rate for the fourth quarters of 2022, 2023 and 2024 as of December 31, 2021.

Real GDP growth is expected to decline 0.4% in 2023 on a weighted average basis, driven primarily by our most likely scenario that the U.S. economy enters a mild recession during the year. Growth rises to 1.4% in 2024, before growing to 1.9% in 2025. In line with the slowing in overall economic activity, the weighted average unemployment rate is expected to increase throughout 2023, peaking at 5.1% during the first half of 2024 and gradually improving to 4.4% by the fourth quarter of 2025.

The current state of the economy reflects an environment with receding COVID-19 related risks, but heightened uncertainty remains due to structural and secular changes fostered by the pandemic for certain sectors of the economy combined with inflation, rising interest rates and ongoing supply chain pressures. As such, for both our commercial and consumer loan portfolios, PNC identified and performed significant analysis around segments impacted by such uncertainties to ensure our reserves are adequate, given our current macroeconomic expectations.

We believe the economic scenarios effectively reflect the distribution of potential economic outcomes. Additionally, through in-depth and granular analysis we have addressed reserve requirements for the specific populations most affected in the current environment. Through this approach, we believe the reserve levels appropriately reflect the expected credit losses in the portfolio as of the balance sheet date.

To provide additional context regarding the sensitivity of the ACL to a more pessimistic forecast of expected economic outcomes, we considered what our ACL would be when applying a 100% probability weighting to the most severe downside CECL scenario. This severe downside scenario estimated that Real GDP contracted in 2023 ending the year down 2.5% compared to 2022 levels, with growth picking up again by the end of 2024. The unemployment rate in this scenario increased to end 2023 at 6.3%, then sees a peak rate of 7.3% in the second half of 2024, before gradually improving to 6.4% by the end of 2025. Excluding consideration of qualitative adjustments, this sensitivity analysis would result in a hypothetical increase in our ACL of $1.6 billion at December 31, 2022. This scenario does not reflect our current expectation at December 31, 2022, nor does it capture all the potential unknown variables that could arise in the forecast period, but it provides an approximation of a possible outcome under hypothetical severe conditions. The CECL methodology inherently requires a high degree of judgment, and as a result, it is possible that we may, at another point in time, reach different conclusions regarding our credit loss estimates.

Residential and Commercial Mortgage Servicing Rights

We elect to measure our MSRs at fair value. This election was made to be consistent with our risk management strategy to hedge changes in the fair value of these assets. The fair value of our MSRs is estimated by using a discounted cash flow valuation model that calculates the present value of estimated future net servicing cash flows, taking into consideration actual and expected mortgage loan prepayment rates, discount rates, servicing costs, and other factors which are determined based on current market conditions.

We employ risk management strategies designed to protect the value of MSRs from changes in interest rates and related market factors. The values of the MSRs are economically hedged with securities and derivatives, including interest-rate swaps, options, and forward mortgage-backed and futures contracts. As interest rates change, these financial instruments are expected to have changes in fair value negatively correlated to the change in fair value of the hedged MSR portfolios. The hedge relationships are actively managed in response to changing market conditions over the life of the MSRs. Selecting appropriate financial instruments to economically hedge residential or commercial MSRs requires significant management judgment to assess how mortgage rates and prepayment speeds could affect the future values of MSRs. Hedging results can frequently be less predictable in the short term, but over longer periods of time, they are expected to protect the economic value of the MSRs.

For information on how each estimate has changed and a sensitivity analysis of the hypothetical effect of the fair value of MSRs to immediate adverse changes in key assumptions, see Note 6 Goodwill and Mortgage Servicing Rights. For additional information on our residential and commercial MSRs, see Note 1 Accounting Policies, Note 6 Goodwill and Mortgage Servicing Rights and Note 15 Fair Value.

Fair Value Measurements - Level 3

We must use estimates, assumptions and judgments when assets and liabilities are required to be recorded at, or adjusted to reflect, fair value. Assets and liabilities carried at fair value inherently result in a higher degree of financial statement volatility. When observable price and third-party information is not available, we estimate fair value primarily by using cash flow and other financial modeling techniques. Changes in underlying factors, assumptions, or estimates in any of these valuation techniques could materially impact our future financial condition and results of operations.

We apply ASC 820 – *Fair Value Measurements*. This guidance defines fair value as the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between market participants at the measurement date. This guidance requires a three-level hierarchy for disclosure of assets and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used in the measurement are observable or unobservable. Level 3 assets and liabilities are those where the fair value is estimated using significant unobservable inputs. While estimating potential sensitivities around fair value measurements is inherently challenging, we provide a summary of the key unobservable inputs in Note 15 Fair Value.

For additional information on Level 3 fair value measurements, see Note 15 Fair Value.

Recently Adopted Accounting Pronouncements

See Note 1 Accounting Policies regarding the impact of new accounting pronouncements that we have adopted.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

We make statements in this Report, and we may from time to time make other statements, regarding our outlook for financial performance, such as earnings, revenues, expenses, tax rates, capital and liquidity levels and ratios, asset levels, asset quality, financial position, and other matters regarding or affecting us and our future business and operations, including our sustainability strategy, that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. Forward-looking statements are typically identified by words such as "believe," "plan," "expect," "anticipate," "see," "look," "intend," "outlook," "project," "forecast," "estimate," "goal," "will," "should" and other similar words and expressions.

Forward-looking statements are necessarily subject to numerous assumptions, risks and uncertainties, which change over time. Future events or circumstances may change our outlook and may also affect the nature of the assumptions, risks and uncertainties to which our forward-looking statements are subject. Forward-looking statements speak only as of the date made. We do not assume any duty and do not undertake any obligation to update forward-looking statements. Actual results or future events could differ, possibly materially, from those anticipated in forward-looking statements, as well as from historical performance. As a result, we caution against placing undue reliance on any forward-looking statements.

Our forward-looking statements are subject to the following principal risks and uncertainties.

- Our businesses, financial results and balance sheet values are affected by business and economic conditions, including:
  - Changes in interest rates and valuations in debt, equity and other financial markets,
  - Disruptions in the U.S. and global financial markets,
  - Actions by the Federal Reserve Board, U.S. Treasury and other government agencies, including those that impact money supply, market interest rates and inflation,
  - Changes in customer behavior due to changing business and economic conditions or legislative or regulatory initiatives,
  - Changes in customers', suppliers' and other counterparties' performance and creditworthiness,
  - Impacts of tariffs and other trade policies of the U.S. and its global trading partners,
  - The impact of the Russia-Ukraine conflict, and associated sanctions or other actions in response, on the global and U.S. economy,
  - The length and extent of the economic impacts of the COVID-19 pandemic, including those arising from actions taken to mitigate and manage it,
  - Impacts of changes in federal, state and local governmental policy, including on the regulatory landscape, capital markets, taxes, infrastructure spending and social programs,
  - PNC's ability to attract, recruit and retain skilled employees, and
  - Commodity price volatility.
- Our forward-looking financial statements are subject to the risk that economic and financial market conditions will be substantially different than those we are currently expecting and do not take into account potential legal and regulatory contingencies. These statements are based on our views that:
  - The economy continues to expand in early 2023, but economic growth is slowing in response to the ongoing Federal Reserve monetary policy tightening to slow inflation. This has led to large increases in both short-and long-term interest rates. With much higher mortgage rates the housing market is already in contraction, with steep drops in existing home sales and single-family housing starts, and a modest decline in house prices. Other sectors where interest rates play an outsized role, such as business investment and consumer spending on durable goods, will contract in 2023.
  - PNC's baseline outlook is for a recession starting in the second half of 2023, with real GDP contracting a modest 1% before recovery starts in early 2024 as the Federal Reserve lowers interest rates in response to a deteriorating labor market and slower inflation. The unemployment rate will increase throughout 2023, peaking at above 5% in the first half of 2024. Inflation will slow with the recession and be back to the Federal Reserve's 2% long-term objective by early 2024.
  - PNC expects the FOMC to increase the federal funds rate by an additional 25 basis points in March. This would bring the federal funds rate to a range of 4.75% to 5.00% by mid-March. PNC expects a federal funds rate cut of 25 basis points in early 2024 as inflation moves toward the FOMC's 2% long-term objective.
- PNC's ability to take certain capital actions, including returning capital to shareholders, is subject to PNC meeting or exceeding an SCB established by the Federal Reserve Board in connection with the Federal Reserve Board's CCAR process.
- PNC's regulatory capital ratios in the future will depend on, among other things, the company's financial performance, the scope and terms of final capital regulations then in effect and management actions affecting the composition of PNC's balance sheet. In addition, PNC's ability to determine, evaluate and forecast regulatory capital ratios, and to take actions (such as capital distributions) based on actual or forecasted capital ratios, will be dependent at least in part on the development, validation and regulatory review of related models and the reliability of and risks resulting from extensive use of such models.
- Legal and regulatory developments could have an impact on our ability to operate our businesses, financial condition, results of operations, competitive position, reputation or pursuit of attractive acquisition opportunities. Reputational impacts could

affect matters such as business generation and retention, liquidity, funding, and ability to attract and retain management. These developments could include:
  - Changes to laws and regulations, including changes affecting oversight of the financial services industry, consumer protection, bank capital and liquidity standards, pension, bankruptcy and other industry aspects, and changes in accounting and reporting standards.
  - Unfavorable resolution of legal proceedings or other claims and regulatory and other governmental investigations or other inquiries resulting in monetary losses, costs, or alterations in our business practices, and potentially causing reputational harm to PNC.
  - Results of the regulatory examination and supervision process, including our failure to satisfy requirements of agreements with governmental agencies.
  - Costs associated with obtaining rights in intellectual property claimed by others and of adequacy of our intellectual property protection in general.
- Business and operating results are affected by our ability to identify and effectively manage risks inherent in our businesses, including, where appropriate, through effective use of systems and controls, third-party insurance, derivatives and capital management techniques, and to meet evolving regulatory capital and liquidity standards.
- Our reputation and business and operating results may be affected by our ability to appropriately meet or address environmental, social or governance targets, goals, commitments or concerns that may arise.
- We grow our business in part through acquisitions and new strategic initiatives. Risks and uncertainties include those presented by the nature of the business acquired and strategic initiative, including in some cases those associated with our entry into new businesses or new geographic or other markets and risks resulting from our inexperience in those new areas, as well as risks and uncertainties related to the acquisition transactions themselves, regulatory issues, and the integration of the acquired businesses into PNC after closing or any failure to execute strategic or operational plans.
- Competition can have an impact on customer acquisition, growth and retention and on credit spreads and product pricing, which can affect market share, deposits and revenues. Our ability to anticipate and respond to technological changes can also impact our ability to respond to customer needs and meet competitive demands.
- Business and operating results can also be affected by widespread natural and other disasters (including severe weather events), health emergencies, dislocations, geopolitical instabilities or events, terrorist activities, system failures or disruptions, security breaches, cyberattacks, international hostilities, or other extraordinary events beyond PNC's control through impacts on the economy and financial markets generally or on us or our counterparties, customers or third-party vendors and service providers specifically.

We provide greater detail regarding these as well as other factors in this Report, including in Item 1A Risk Factors, the Risk Management section of Item 7 and Note 21 Legal Proceedings. Our forward-looking statements may also be subject to other risks and uncertainties, including those discussed elsewhere in this Report or in our other filings with the SEC.

ITEM 7A – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

This information is set forth in the Risk Management section of Item 7 and in Note 1 Accounting Policies, Note 15 Fair Value and Note 16 Financial Derivatives in the Notes to Consolidated Financial Statements in Item 8 of this Report.

ITEM 8 – FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of The PNC Financial Services Group, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheet of The PNC Financial Services Group, Inc. and its subsidiaries (the "Company") as of December 31, 2022 and 2021, and the related consolidated statements of income, of comprehensive income, of changes in equity and of cash flows for each of the three years in the period ended December 31, 2022, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for the allowance for credit losses in 2020.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Allowance for Loans and Lease Losses – Commercial Loans

As described in Notes 1 and 4 to the consolidated financial statements, the allowance for loans and lease losses was approximately $4,741 million as of December 31, 2022, of which $3,114 million relates to commercial loans. For commercial loans, the determination of the allowance is based on historical loss experience, current borrower risk characteristics, current economic conditions, reasonable and supportable economic forecasts and other relevant factors. As disclosed by management, the Company considers reasonable and supportable forecasts in estimating expected credit losses and has established a framework which includes the use of four economic scenarios with associated probability weights, which in combination create a forecast of expected economic outcomes over the reasonable and supportable forecast period. To generate the four economic forecast scenarios, the Company uses a combination of quantitative macroeconomic models, other measures of economic activity and forward-looking judgment to forecast the distribution of economic outcomes. Management used a number of economic variables in the scenarios, which are inputs into the loss forecasting models, with the most significant drivers being Real GDP and U.S. unemployment rate. Also included in the allowance for loan and lease losses for commercial loans are qualitative reserves to cover losses that are expected but, in the Company's assessment, may not be adequately represented in the quantitative methods or the economic assumptions. For example, qualitative factors may include industry concentration and conditions, changes in market conditions, changes in the nature and volume of the Company's portfolio, recent credit quality trends, recent loss experience in particular portfolios, recent macroeconomic factors, limitations of available input data, model imprecision, changes in lending policies, and other factors.

The principal considerations for our determination that performing procedures relating to the allowance for loan and lease losses for commercial loans is a critical audit matter are (i) the significant judgment and estimation by management in developing economic forecast scenarios of Real GDP and U.S. unemployment rate, determining weighting of each scenario, and estimating qualitative reserves, which in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and in evaluating audit evidence related to management's significant judgements and estimations and (ii) the audit effort involved professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the allowance for loan and lease losses for commercial loans, including controls over the development and approval of economic forecast scenarios, related weightings, and qualitative reserves. These procedures also included, among others, testing management's process for determining the allowance for loan and lease losses for commercial loans, including (i) evaluating the appropriateness and methodology of certain loss forecasting models, (ii) evaluating the reasonableness of certain borrower risk characteristics, (iii) evaluating the reasonableness of certain forecasted economic variables, including Real GDP and U.S. unemployment rate, (iv) evaluating the reasonableness of management's weighting of economic forecast scenarios used in the loss forecast models, (v) testing the completeness and accuracy of data used in the estimate, and (vi) evaluating certain qualitative reserves made to the model output results to determine the overall allowance for loan and lease losses for commercial loans. The procedures also included the involvement of professionals with specialized skill and knowledge to assist in evaluating certain models, model inputs, economic forecasts, and qualitative reserves in the allowance for commercial loans.

/s/ PricewaterhouseCoopers LLP
Pittsburgh, Pennsylvania
February 22, 2023

We have served as the Company's auditor since 2007.

CONSOLIDATED INCOME STATEMENT

THE PNC FINANCIAL SERVICES GROUP, INC.

In millions, except per share data	Year ended December 31 2022	2021	2020
Interest Income			
Loans	$ 11,795	$ 9,007	$ 8,927
Investment securities	2,726	1,834	2,041
Other	915	293	339
Total interest income	15,436	11,134	11,307
Interest Expense			
Deposits	1,267	126	643
Borrowed funds	1,155	361	718
Total interest expense	2,422	487	1,361
Net interest income	13,014	10,647	9,946
Noninterest Income			
Asset management and brokerage	1,444	1,438	1,203
Capital markets and advisory	1,296	1,577	1,259
Card and cash management	2,633	2,398	1,913
Lending and deposit services	1,134	1,102	1,026
Residential and commercial mortgage	647	850	946
Other	952	1,199	608
Total noninterest income	8,106	8,564	6,955
Total revenue	21,120	19,211	16,901
Provision For (Recapture of) Credit Losses	477	(779)	3,175
Noninterest Expense			
Personnel	7,244	7,141	5,673
Occupancy	992	940	826
Equipment	1,395	1,411	1,176
Marketing	355	319	236
Other	3,184	3,191	2,386
Total noninterest expense	13,170	13,002	10,297
Income from continuing operations before income taxes and noncontrolling interests	7,473	6,988	3,429
Income taxes from continuing operations	1,360	1,263	426
Net income from continuing operations	6,113	5,725	3,003
Income from discontinued operations before taxes			5,777
Income taxes from discontinued operations			1,222
Net income from discontinued operations			4,555
Net income	6,113	5,725	7,558
Less: Net income attributable to noncontrolling interests	72	51	41
Preferred stock dividends	301	233	229
Preferred stock discount accretion and redemptions	5	5	4
Net income attributable to common shareholders	$ 5,735	$ 5,436	$ 7,284
Earnings Per Common Share			
Basic earnings from continuing operations	$ 13.86	$ 12.71	$ 6.37
Basic earnings from discontinued operations			10.62
Total basic earnings	$ 13.86	$ 12.71	$ 16.99
Diluted earnings from continuing operations	$ 13.85	$ 12.70	$ 6.36
Diluted earnings from discontinued operations			10.60
Total diluted earnings	$ 13.85	$ 12.70	$ 16.96
Average Common Shares Outstanding			
Basic	412	426	427
Diluted	412	426	427

See accompanying Notes To Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

THE PNC FINANCIAL SERVICES GROUP, INC.

	Year ended December 31		
In millions	2022	2021	2020
Net income from continuing operations	$ 6,113	$ 5,725	$ 3,003
Other comprehensive income (loss), before tax and net of reclassifications into Net income			
Net change in debt securities	(10,143)	(2,451)	1,811
Net change in cash flow hedge derivatives	(3,276)	(1,126)	497
Pension and other postretirement benefit plan adjustments	(363)	486	82
Net change in Other	(5)	4	10
Other comprehensive income (loss) from continuing operations, before tax and net of reclassifications into Net income	(13,787)	(3,087)	2,400
Income tax benefit (expense) from continuing operations related to items of other comprehensive income	3,206	726	(544)
Other comprehensive income (loss) from continuing operations, after tax and net of reclassifications into Net income	(10,581)	(2,361)	1,856
Net income from discontinued operations			4,555
Other comprehensive income from discontinued operations, before tax and net of reclassifications into Net income			148
Income tax expense from discontinued operations related to items of other comprehensive income			(33)
Other comprehensive income from discontinued operations, after tax and net of reclassifications into Net income			115
Other comprehensive income (loss), after tax and net of reclassifications into Net income	(10,581)	(2,361)	1,971
Comprehensive income (loss)	(4,468)	3,364	9,529
Less: Comprehensive income attributable to noncontrolling interests	72	51	41
Comprehensive income (loss) attributable to PNC	$ (4,540)	$ 3,313	$ 9,488

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET

THE PNC FINANCIAL SERVICES GROUP, INC.

In millions, except par value	December 31 2022	December 31 2021
Assets		
Cash and due from banks	$ 7,043	$ 8,004
Interest-earning deposits with banks	27,320	74,250
Loans held for sale (a)	1,010	2,231
Investment securities – available for sale	44,159	131,536
Investment securities – held to maturity	95,175	1,426
Loans (a)	326,025	288,372
Allowance for loan and lease losses	(4,741)	(4,868)
Net loans	321,284	283,504
Equity investments	8,437	8,180
Mortgage servicing rights	3,423	1,818
Goodwill	10,987	10,916
Other (a)	38,425	35,326
Total assets	$ 557,263	$ 557,191
Liabilities		
Deposits		
Noninterest-bearing	$ 124,486	$ 155,175
Interest-bearing	311,796	302,103
Total deposits	436,282	457,278
Borrowed funds		
Federal Home Loan Bank borrowings	32,075	
Senior debt	16,657	20,661
Subordinated debt	6,307	6,996
Other (b)	3,674	3,127
Total borrowed funds	58,713	30,784
Allowance for unfunded lending related commitments	694	662
Accrued expenses and other liabilities	15,762	12,741
Total liabilities	511,451	501,465
Equity		
Preferred stock (c)		
Common stock ($5 par value, Authorized 800 shares, issued 543 shares)	2,714	2,713
Capital surplus	18,376	17,457
Retained earnings	53,572	50,228
Accumulated other comprehensive income (loss)	(10,172)	409
Common stock held in treasury at cost: 142 and 123 shares	(18,716)	(15,112)
Total shareholders' equity	45,774	55,695
Noncontrolling interests	38	31
Total equity	45,812	55,726
Total liabilities and equity	$ 557,263	$ 557,191

(a) Our consolidated assets included the following for which we have elected the fair value option: Loans held for sale of $0.9 billion, Loans of $1.3 billion and Other assets of $0.1 billion at December 31, 2022 and Loans held for sale of $1.9 billion, Loans of $1.5 billion and Other assets of $0.1 billion at December 31, 2021.

(b) Our consolidated liabilities included the following for which we have elected the fair value option: Other borrowed funds of less than $0.1 billion and Other liabilities of $0.2 billion at December 31, 2022. Comparable amounts at December 31, 2021 were less than $0.1 billion and zero.

(c) Par value less than $0.5 million at each date.

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

THE PNC FINANCIAL SERVICES GROUP, INC.

In millions	Shares Outstanding Common Stock	Shareholders' Equity: Common Stock	Capital Surplus - Preferred Stock	Capital Surplus - Common Stock and Other	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Noncontrolling Interests	Total Equity
Balance at December 31, 2019 (a)	433	$ 2,712	$ 3,993	$ 12,376	$ 42,215	$ 799	$ (12,781)	$ 29	$ 49,343
Cumulative effect of ASU adoptions (b)					(671)				(671)
Balance at January 1, 2020 (a)	433	$ 2,712	$ 3,993	$ 12,376	$ 41,544	$ 799	$ (12,781)	$ 29	$ 48,672
Net income					7,517			41	7,558
Other comprehensive income, net of tax						1,971			1,971
Cash dividends declared - Common					(1,980)				(1,980)
Cash dividends declared - Preferred					(229)				(229)
Preferred stock discount accretion			4		(4)				
Common stock activity (c)		1		23					24
Treasury stock activity	(9)			54			(1,424)		(1,370)
Preferred stock redemption (d)			(480)						(480)
Other				(86)				(39)	(125)
Balance at December 31, 2020 (a)	424	$ 2,713	$ 3,517	$ 12,367	$ 46,848	$ 2,770	$ (14,205)	$ 31	$ 54,041
Net income					5,674			51	5,725
Other comprehensive income (loss), net of tax						(2,361)			(2,361)
Cash dividends declared - Common					(2,056)				(2,056)
Cash dividends declared - Preferred					(233)				(233)
Preferred stock discount accretion			5		(5)				
Preferred stock issuance (e)			1,487						1,487
Common stock activity (c)				25					25
Treasury stock activity	(4)			84			(907)		(823)
Other				(28)				(51)	(79)
Balance at December 31, 2021 (a)	420	$ 2,713	$ 5,009	$ 12,448	$ 50,228	$ 409	$ (15,112)	$ 31	$ 55,726
Net income					6,041			72	6,113
Other comprehensive income (loss), net of tax						(10,581)			(10,581)
Cash dividends declared - Common					(2,391)				(2,391)
Cash dividends declared - Preferred					(301)				(301)
Preferred stock discount accretion			5		(5)				
Preferred stock issuance (f) (g)			2,232						2,232
Common stock activity (c)		1		30					31
Treasury stock activity	(19)			61			(3,604)		(3,543)
Preferred stock redemption (h)			(1,500)						(1,500)
Other				91				(65)	26
Balance at December 31, 2022 (a)	401	$ 2,714	$ 5,746	$ 12,630	$ 53,572	$ (10,172)	$ (18,716)	$ 38	$ 45,812

(a) The par value of our preferred stock outstanding was less than $0.5 million at each date and, therefore, is excluded from this presentation.
(b) Represents the impact of the adoption of ASU 2016-13 - *Financial Instruments - Credit Losses*.
(c) Common stock activity totaled less than 0.5 million shares issued.
(d) On September 1, 2020, PNC redeemed all 4,800 shares of its Series Q preferred stock, as well as all 19.2 million depositary shares representing a fractional interest in such shares.
(e) On September 13, 2021, PNC issued 1,500,000 depositary shares each representing 1/100th ownership in a share of 3.400% fixed-rate reset non-cumulative perpetual preferred stock, Series T, with a par value of $1 per share.
(f) On April 26, 2022, PNC issued 1,000,000 depositary shares each representing 1/100th ownership in a share of 6.000% fixed-rate reset non-cumulative perpetual preferred stock, Series U, with a par value of $1 per share.
(g) On August 19, 2022, PNC issued 1,250,000 depositary shares each representing 1/100th ownership in a share of 6.200% fixed-rate reset non-cumulative perpetual preferred stock, Series V, with a par value of $1 per share.
(h) On November 1, 2022, PNC redeemed all 15,000 shares of its Series P preferred stock, as well as all 60 million depositary shares each representing a fractional interest in such shares.

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
THE PNC FINANCIAL SERVICES GROUP, INC.

	Year ended December 31		
In millions	2022	2021	2020
Operating Activities			
Net income	$ 6,113	$ 5,725	$ 7,558
Adjustments to reconcile net income to net cash provided (used) by operating activities			
Provision for (recapture of) credit losses	477	(779)	3,175
Depreciation, amortization and accretion	651	1,773	1,497
Deferred income taxes (benefit)	351	178	(2,239)
Net losses (gains) on sales of securities	7	(64)	(305)
Changes in fair value of mortgage servicing rights	(543)	85	799
Gain on sale of BlackRock			(5,740)
Undistributed earnings of BlackRock			(174)
Net change in			
Trading securities and other short-term investments	433	671	957
Loans held for sale and related securitization activity	1,041	(480)	(372)
Other assets	(877)	(454)	(927)
Accrued expenses and other liabilities	599	753	(254)
Other	831	(194)	684
Net cash provided (used) by operating activities	$ 9,083	$ 7,214	$ 4,659
Investing Activities			
Sales			
Securities available for sale	$ 4,137	$ 26,329	$ 13,851
Net proceeds from sale of BlackRock			14,225
Loans	5,643	1,843	1,894
Repayments/maturities			
Securities available for sale	13,324	30,691	30,901
Securities held to maturity	5,115	131	60
Purchases			
Securities available for sale	(25,582)	(85,496)	(45,356)
Securities held to maturity	(15,423)	(87)	(53)
Loans	(2,074)	(1,891)	(1,982)
Net change in			
Federal funds sold and resale agreements	(718)	(24)	1,738
Interest-earning deposits with banks	46,930	24,236	(61,760)
Loans	(41,735)	15,616	(3,376)
Net cash paid for acquisition		(10,511)	
Purchases of bank owned life insurance	(50)	(950)	
Other	(2,995)	(2,682)	(1,264)
Net cash provided (used) by investing activities	$ (13,428)	$ (2,795)	$ (51,122)

CONSOLIDATED STATEMENT OF CASH FLOWS
THE PNC FINANCIAL SERVICES GROUP, INC.

(Continued from previous page)	Year ended December 31		
In millions	2022	2021	2020
Financing Activities			
Net change in			
Noninterest-bearing deposits	$ (30,662)	$ 6,697	$ 39,851
Interest-bearing deposits	9,693	(320)	36,947
Federal funds purchased and repurchase agreements	(2)	(46)	(5,861)
Short-term Federal Home Loan Bank borrowings			(6,300)
Other borrowed funds	636	44	123
Sales/issuances			
Federal Home Loan Bank borrowings	32,075		9,060
Senior debt	3,688	1,692	3,487
Subordinated debt	847		
Other borrowed funds	796	822	647
Preferred stock	2,225	1,484	
Common and treasury stock	68	66	65
Repayments/maturities			
Federal Home Loan Bank borrowings		(3,680)	(15,601)
Senior debt	(6,250)	(6,000)	(9,047)
Subordinated debt	(1,000)		
Other borrowed funds	(807)	(823)	(639)
Preferred stock redemption	(1,500)		(480)
Acquisition of treasury stock	(3,731)	(1,079)	(1,624)
Preferred stock cash dividends paid	(301)	(233)	(229)
Common stock cash dividends paid	(2,391)	(2,056)	(1,980)
Net cash provided (used) by financing activities	$ 3,384	$ (3,432)	$ 48,419
Net Increase (Decrease) In Cash And Due From Banks And Restricted Cash	$ (961)	$ 987	$ 1,956
Net Cash Provided By Discontinued Operations			11,542
Net Cash Provided (Used) By Continuing Operations	(961)	987	(9,586)
Cash and due from banks and restricted cash at beginning of period	8,004	7,017	5,061
Cash and due from banks and restricted cash at end of period	$ 7,043	$ 8,004	$ 7,017
Cash And Due From Banks And Restricted Cash			
Cash and due from banks at end of period (unrestricted cash)	$ 6,446	$ 7,431	$ 6,636
Restricted cash	597	573	381
Cash and due from banks and restricted cash at end of period	$ 7,043	$ 8,004	$ 7,017
Supplemental Disclosures			
Interest paid	$ 2,172	$ 582	$ 1,292
Income taxes paid	$ 197	$ 675	$ 3,410
Income taxes refunded	$ 26	$ 73	$ 10
Leased assets obtained in exchange for new operating lease liabilities	$ 326	$ 337	$ 122
Non-cash Investing And Financing Items			
Transfer from securities available for sale to securities held to maturity (a)	$ 88,605		
Transfer from trading securities to investment securities			$ 289
Transfer from loans to loans held for sale, net	$ 435	$ 869	$ 1,379
Transfer from loans to foreclosed assets	$ 58	$ 27	$ 64

(a) During the year ended December 31, 2022, we transferred securities from available for sale to held to maturity in non-cash transactions. The amount of $88.6 billion includes the aggregate fair value of the securities of $82.7 billion and aggregate net pretax unrealized losses of $5.9 billion included in AOCI at transfer. See Note 3 Investment Securities for more detailed information on the transfers.

See accompanying Notes to Consolidated Financial Statements.

See the Glossary on page 194 for additional information on certain terms and acronyms used throughout the Financial Statements and related Notes.

BUSINESS

PNC is one of the largest diversified financial services companies in the U.S. and is headquartered in Pittsburgh, Pennsylvania.

We have businesses engaged in retail banking, including residential mortgage, corporate and institutional banking and asset management, providing many of our products and services nationally. Our retail branch network is located coast-to-coast. We also have strategic international offices in four countries outside the U.S.

NOTE 1 ACCOUNTING POLICIES

Basis of Financial Statement Presentation

Our consolidated financial statements include the accounts of the parent company and its subsidiaries, most of which are wholly-owned, certain partnership interests and VIEs.

On June 1, 2021, we acquired BBVA, a U.S. financial holding company conducting its business operations primarily through its U.S. banking subsidiary, BBVA USA. Our results of operations and balance sheets for all periods presented in this Report reflect the benefit of BBVA's acquired businesses for the period since the acquisition closed on June 1, 2021. See Note 2 Acquisition and Divestiture Activity for additional information related to this acquisition.

We prepared these consolidated financial statements in accordance with GAAP. We have eliminated intercompany accounts and transactions. We have also reclassified certain prior-year amounts to conform to the current period presentation, which did not have a material impact on our consolidated financial condition or results of operations.

We have also considered the impact of subsequent events on these consolidated financial statements.

Noninterest Income Presentation

Effective for the first quarter of 2022, PNC updated the presentation of its noninterest income categorization to be based on product and service type, and accordingly, has changed the basis of presentation of its noninterest income revenue streams to: (i) Asset management and brokerage, (ii) Capital markets related, (iii) Card and cash management, (iv) Lending and deposit services, (v) Residential and commercial mortgage and (vi) Other noninterest income. Additionally, in the fourth quarter of 2022, PNC updated the name of the noninterest income line item "Capital markets related" to "Capital markets and advisory." This update did not impact the components of the category. A description of each revenue stream follows:

Asset management and brokerage includes revenue from our asset management and retail brokerage businesses. Asset management services include investment management, custody, retirement planning, family planning, trust management and retirement administration. Brokerage services offer retail customers a wide range of investment options, including mutual funds, annuities, stock, bonds and managed accounts.

Capital markets and advisory includes revenue from services and activities primarily related to merger and acquisition advisory, equity capital markets advisory, asset-backed financing, loan syndication, securities underwriting, credit valuation adjustments related to the derivatives portfolio and customer-related trading.

Card and cash management includes revenue primarily from debit and credit card activities, inclusive of credit card points and rewards, treasury management services and ATM fees. Debit and credit card activities include interchange revenue and merchant service fees. Treasury management services include cash and investment management, receivables and disbursement management, funds transfer, international payment and access to online/mobile information management and reporting.

Lending and deposit services includes revenue primarily related to service charges on deposits, loan commitment and usage fees, the issuance of standby letters of credit, operating lease income and long-term care and insurance products.

Residential and commercial mortgage includes the gain and loss on sale of mortgages, revenue related to our mortgage servicing responsibilities, mortgage servicing rights valuation adjustments and net gains on originations and sales of loans held for sale.

Other noninterest income is primarily composed of private equity revenue, net securities gains and losses, activity related to our equity investment in Visa and gains and losses on asset sales.

See Note 24 Fee-based Revenue from Contracts with Customers for additional details related to these revenue streams within the scope of ASC 606 - *Revenue from Contracts with Customers*.

Use of Estimates

We prepared these consolidated financial statements using financial information available at the time of preparation, which requires us to make estimates and assumptions that affect the amounts reported. Our most significant estimates pertain to the ACL and our fair value measurements, including for the BBVA acquisition. Actual results may differ from the estimates and the differences may be material to the consolidated financial statements.

Cash, Cash Equivalents and Restricted Cash

Cash and due from banks are considered cash and cash equivalents for financial reporting purposes because they represent a primary source of liquidity. Certain cash balances within Cash and due from banks on our Consolidated Balance Sheet are restricted as to withdrawal or usage by legally binding contractual agreements or regulatory requirements.

Investments

We hold interests in various types of investments. The accounting for these investments is dependent on a number of factors including, but not limited to, items such as:
- Ownership interest,
- Our plans for the investment, and
- The nature of the investment.

Debt Securities

Debt securities are recorded on a trade-date basis. We classify debt securities as either trading, held to maturity, or available for sale. Debt securities that we purchase for certain risk management activities or customer-related trading activities are classified as trading securities, are reported in the Other assets line item on our Consolidated Balance Sheet and are carried at fair value. Realized and unrealized gains and losses on trading securities are included in Other noninterest income. We classify debt securities as held to maturity when we have the positive intent and ability to hold the securities to maturity, and carry them at amortized cost, less any allowance. Debt securities not classified as held to maturity or trading are classified as securities available for sale and are carried at fair value. Unrealized gains and losses on available for sale securities are included in AOCI net of income taxes.

We include all interest on debt securities, including amortization of premiums and accretion of discounts on investment securities, in net interest income using the constant effective yield method generally calculated over the contractual lives of the securities. Effective yields reflect either the effective interest rate implicit in the security at the date of acquisition or, for debt securities where an OTTI was recorded, the effective interest rate determined based on improved cash flows subsequent to an impairment. We compute gains and losses realized on the sale of available for sale debt securities on a specific security basis. These securities gains and losses are included in Other noninterest income on the Consolidated Income Statement.

The CECL standard requires expected credit losses on both held to maturity and available for sale securities to be recognized through a valuation allowance, ACL, instead of as a direct write-down to the amortized cost basis of the security. An available for sale security is considered impaired if the fair value is less than its amortized cost basis. If any portion of the decline in fair value is related to credit, the amount of allowance is determined as the portion related to credit, limited to the difference between the amortized cost basis and the fair value of the security. If we have the intent to sell or believe it is more likely than not we will be required to sell an impaired available for sale security before recovery of the amortized cost basis, the credit loss is recorded as a direct write-down of the amortized cost basis. Credit losses on investment securities are recognized through the Provision for credit losses on our Consolidated Income Statement. Declines in the fair value of available for sale securities that are not considered credit related are recognized in AOCI on our Consolidated Balance Sheet.

We consider a security to be past due in terms of payment based on its contractual terms. A security may be placed on nonaccrual, with interest no longer recognized until received, when collectability of principal or interest is doubtful. As of December 31, 2022, nonaccrual or past due held-to-maturity and available-for-sale securities were immaterial.

A security may be partially or fully charged off against the allowance if it is determined to be uncollectible, including, for an available for sale security, if we have the intent to sell or believe it is more likely than not we will be required to sell the security before recovery of the amortized cost basis. Recoveries of previously charged-off available for sale securities are recognized when received, while recoveries on held to maturity securities are recognized when expected.

See the Allowance for Credit Losses section of this Note 1 for further discussion regarding the methodologies used to determine the allowance for investment securities. See Note 3 Investment Securities for additional information about the investment securities portfolio and the related ACL.

Equity Securities and Partnership Interests

We account for equity securities, equity investments, private equity investments, and investments in limited partnerships, limited liability companies and other investments that are not required to be consolidated under one of the following methods:

- We use the equity method for general and limited partner ownership interests and limited liability companies in which we are considered to have significant influence over the operations of the investee. Under the equity method, we record our equity ownership share of net income or loss of the investee in Noninterest income and any dividends received on equity method investments are recorded as a reduction to the investment balance. When an equity investment experiences an other-than-temporary decline in value, we may be required to record a loss on the investment.
- We measure equity securities that have a readily determinable fair value at fair value through Net income. Both realized and unrealized gains and losses are included in Noninterest income. Dividend income on these equity securities is included in Other interest income on our Consolidated Income Statement.
- We generally use the practicability exception to fair value measurement for all other investments without a readily determinable fair value. When we elect this alternative measurement method, the investment is recorded at cost and the carrying value is adjusted for impairment, if any, plus or minus changes in value resulting from observable price changes in orderly transactions for identical or similar instruments of the same issuer. Adjustments to fair value based on changes in observable price are recorded in Other noninterest income. These investments are written down to fair value if a qualitative assessment indicates impairment and the fair value is less than the carrying value. The amount of the write-down is accounted for as a loss included in Other noninterest income. Distributions received on these investments are included in Noninterest income.

Investments described above are included in Equity investments on our Consolidated Balance Sheet.

Private Equity Investments

We report private equity investments, which include direct investments in companies, affiliated partnership interests and indirect investments in private equity funds, at estimated fair value. These estimates are based on available information and may not necessarily represent amounts that we will ultimately realize through distribution, sale or liquidation of the investments. Fair values of publicly-traded direct investments are determined using quoted market prices and are subject to various discount factors arising from security level restrictions, when appropriate. The valuation procedures applied to direct investments and indirect investments are detailed in Note 15 Fair Value. We include all private equity investments within Equity investments on our Consolidated Balance Sheet. Changes in fair value of private equity investments are recognized in Other noninterest income.

We consolidate affiliated partnerships when we have determined that we have control of the partnership or are the primary beneficiary if the entity is a VIE. The portion we do not own is reflected in Noncontrolling interests on our Consolidated Balance Sheet.

Loans

Loans are classified as held for investment when management has both the intent and ability to hold the loan for the foreseeable future, or until maturity or payoff. Management's intent and view of the foreseeable future may change based on changes in business strategies, the economic environment, market conditions and the availability of government programs.

Measurement of delinquency status is based on the contractual terms of each loan. Loans that are 30 days or more past due in terms of payment are considered delinquent. See Note 4 Loans and Related Allowance for Credit Losses for additional information on how COVID-19 hardship related loan modifications are reported from a delinquency perspective as of December 31, 2022 and 2021.

Loans held for investment, excluding PCD loans, are recorded at amortized cost basis unless we elect to measure these under the fair value option. Amortized cost basis represents principal amounts outstanding, net of unearned income, unamortized deferred fees and costs on originated loans, premiums or discounts on purchased loans and charge-offs. Amortized cost basis does not include accrued interest, as we include accrued interest in Other assets on our Consolidated Balance Sheet. Interest on performing loans is accrued based on the principal amount outstanding and recorded in Interest income as earned using the constant effective yield method over the contractual life. Loan origination fees, direct loan origination costs, and loan premiums and discounts are deferred and accreted or amortized into Net interest income using the constant effective yield method, over the contractual life of the loan. The processing fee received for loans originated through PPP lending under the CARES Act is deferred and accreted into Net interest income using the effective yield method, over the contractual life of the loan. Loans under the fair value option are reported at their fair value, with any changes to fair value reported as Noninterest income on the Consolidated Income Statement, and are excluded from measurement of ALLL.

In addition to originating loans, we also acquire loans through the secondary loan market, portfolio purchases or acquisitions of other financial services companies. Certain acquired loans that have experienced a more-than-insignificant deterioration of credit quality since origination (*i.e.*, PCD) are recognized at an amortized cost basis equal to their purchase price plus an ALLL measured at the acquisition date. PNC considers a variety of factors in connection with the identification of more-than-insignificant deterioration in credit quality, including but not limited to nonperforming status, delinquency, risk ratings, TDR classification and other qualitative factors that indicate deterioration in credit quality since origination. Subsequent decreases in expected cash flows that are attributable, at least in part, to credit quality are recognized through a charge to the provision for credit losses resulting in an increase in the ALLL. Subsequent increases in expected cash flows are recognized as a provision recapture of previously recorded ALLL.

We consider a loan to be collateral dependent when we determine that substantially all of the expected cash flows will be generated from the operation or sale of the collateral underlying the loan, or when the borrower is experiencing financial difficulty and we have elected to measure the loan at the estimated fair value of collateral (less costs to sell if sale or foreclosure of the property is expected). Additionally, we consider a loan to be collateral dependent when foreclosure or liquidation of the underlying collateral is probable.

A TDR is a loan whose terms have been restructured in a manner that grants a concession to a borrower experiencing financial difficulty. A concession has been granted when we do not expect to collect all amounts due, including original interest accrued at the original contract rate, as a result of the restructuring, or there is a delay in payment that is more-than-insignificant. TDRs result from our loss mitigation activities, and include rate reductions, principal forgiveness, postponement/reduction of scheduled amortization, and extensions, which are intended to minimize economic loss and to avoid foreclosure or repossession of collateral. Additionally, TDRs also result from borrowers that have been discharged from personal liability through Chapter 7 bankruptcy and have not formally reaffirmed their loan obligations to us. In those situations where principal is forgiven, the amount of such principal forgiveness is immediately charged off.

Potential incremental losses or recoveries on TDRs have been factored into the ALLL estimates for each loan class under the methodologies described in this Note. Once a loan becomes a TDR, it will continue to be reported as a TDR until it is ultimately repaid in full, the collateral is foreclosed upon or it is fully charged off.

PNC excludes loans held for sale, loans accounted for under the fair value option and certain government insured or guaranteed loans from our TDR population. PCD loans do not require additional considerations and thus are evaluated for inclusion in our TDR population. Prior to the expiration of TDR relief on January 1, 2022, PNC elected not to apply a TDR designation to loans that were restructured due to a COVID-19 hardship pursuant to specific criteria under the CARES Act. Since loans restructured due to a COVID-19 related hardship were not identified as TDRs, they were not placed on nonaccrual at the time of modification unless payment in full of principal or interest was not expected. These loans continued to be subject to our existing nonaccrual policy.

See the following for additional information related to loans, including further discussion regarding our policies, the methodologies and significant inputs used to determine the ALLL and additional details on the composition of our loan portfolio:

- Nonperforming Loans and Leases section of this Note 1,
- Allowance for Credit Losses section of this Note 1, and
- Note 4 Loans and Related Allowance for Credit Losses.

Nonperforming Loans and Leases

The matrix that follows summarizes our policies for classifying certain loans as nonperforming loans and/or discontinuing the accrual of loan interest income.

Commercial	
Loans classified as nonperforming and accounted for as nonaccrual	• Loans accounted for at amortized cost where: – The loan is 90 days or more past due. – The loan is rated substandard or worse due to the determination that full collection of principal and interest is not probable as demonstrated by the following conditions: • The collection of principal or interest is 90 days or more past due, • Reasonable doubt exists as to the certainty of the borrower's future debt service ability, according to the terms of the credit arrangement, regardless of whether 90 days have passed or not, • The borrower has filed or will likely file for bankruptcy, • The bank advances additional funds to cover principal or interest, • We are in the process of liquidating a commercial borrower or • We are pursuing remedies under a guarantee.
Loans excluded from nonperforming classification but accounted for as nonaccrual	• Loans accounted for under the fair value option and full collection of principal and interest is not probable. • Loans accounted for at the lower of cost or market less costs to sell (held for sale) and full collection of principal and interest is not probable.
Loans excluded from nonperforming classification and nonaccrual accounting	• Loans that are well secured and in the process of collection. • Certain government insured loans where substantially all principal and interest is insured. • Commercial purchasing card assets which do not accrue interest.

Consumer	
Loans classified as nonperforming and accounted for as nonaccrual	• Loans accounted for at amortized cost where full collection of contractual principal and interest is not deemed probable as demonstrated in the policies below: – The loan is 90 days past due for home equity and installment loans, and 180 days past due for well secured residential real estate loans, – The loan has been modified and classified as a TDR, – The loan has been modified to defer prior payments in forbearance to the end of the loan term, – Notification of bankruptcy has been received, – The bank holds a subordinate lien position in the loan and the first lien mortgage loan is seriously stressed (*i.e.*, 90 days or more past due), – Other loans within the same borrower relationship have been placed on nonaccrual or charge-offs have been taken on them, – The bank has ordered the repossession of non-real estate collateral securing the loan or – The bank has charged-off the loan to the value of the collateral.
Loans excluded from nonperforming classification but accounted for as nonaccrual	• Loans accounted for under the fair value option and full collection of principal and interest is not probable. • Loans accounted for at the lower of cost or market less costs to sell (held for sale) and full collection of principal and interest is not probable.
Loans excluded from nonperforming classification and nonaccrual accounting	• Certain government insured loans where substantially all principal and interest is insured. • Residential real estate loans that are well secured and in the process of collection. • Consumer loans and lines of credit, not secured by residential real estate or automobiles, as permitted by regulatory guidance.

Commercial

We generally charge-off commercial (commercial and industrial, commercial real estate and equipment lease financing) nonperforming loans when we determine that a specific loan, or portion thereof, is uncollectible. This determination is based on the specific facts and circumstances of the individual loans. In making this determination, we consider the viability of the business or project as a going concern, the past due status when the asset is not well-secured, the expected cash flows to repay the loan, the value of the collateral and the ability and willingness of any guarantors to perform. For commercial loans and leases less than a defined dollar threshold, balances are charged-off in full after pre-determined days past due.

Consumer

We generally charge-off secured consumer (home equity, residential real estate and automobile) nonperforming loans to the fair value of collateral less costs to sell, if lower than the amortized cost basis of the loan outstanding, when delinquency of the loan, combined with other risk factors (*e.g.*, bankruptcy, lien position or troubled debt restructuring), indicates that the loan, or some portion thereof, is uncollectible as per our historical experience, or the collateral has been repossessed. We charge-off secured consumer loans no later than 180 days past due. Most consumer loans and lines of credit, not secured by automobiles or residential real estate, are charged-off once they have reached 120-180 days past due.

For secured collateral dependent loans, collateral values are updated at least annually and subsequent declines in collateral values are charged-off resulting in incremental provision for credit loss. Subsequent increases in collateral values may be reflected as an adjustment to the ALLL to reflect the expectation of recoveries in an amount greater than previously expected, limited to amounts previously charged-off.

Accounting for Nonperforming Assets and Leases and Other Nonaccrual Loans

For nonaccrual loans, interest income accrual and deferred fee/cost recognition is discontinued. Additionally, depending on whether the accrued interest has been incorporated into the ACL estimates, as discussed in the Accrued Interest section of this Note 1, the accrued and uncollected interest is either reversed through Net interest income (if a CECL reserve is not maintained for accrued interest) or charged-off against the allowance (if a CECL reserve is maintained for accrued interest), except for credit cards, where we reverse any accrued interest through Net interest income at the time of charge-off, as per industry standard practice. Nonaccrual loans that are also collateral dependent may be charged-off to reduce the basis to the fair value of collateral less costs to sell.

If payment is received on a nonaccrual loan, generally the payment is first applied to the remaining principal balance; payments are then applied to recover any charged-off amounts related to the loan. Finally, if both principal balance and any charge-offs have been recovered, then the payment will be recorded as fee and interest income. For certain consumer loans, the receipt of interest payments is recognized as interest income on a cash basis. Cash basis income recognition is applied if a loan's amortized cost basis is deemed fully collectible and the loan has performed for at least six months.

For TDRs, payments are applied based upon their contractual terms unless the related loan is deemed non-performing. TDRs are generally included in nonperforming and nonaccrual loans. However, after a reasonable period of time, generally six months, in which the loan performs under restructured terms and meets other performance indicators, it is returned to performing/accruing status. This return to performing/accruing status demonstrates that the bank expects to collect all of the loan's remaining contractual principal and interest. TDRs resulting from (i) borrowers that have been discharged from personal liability through Chapter 7 bankruptcy and have not formally reaffirmed their loan obligations to us, and (ii) borrowers that are not currently obligated to make both principal and interest payments under the restructured terms are not returned to accrual status.

Other nonaccrual loans are generally not returned to accrual status until the borrower has performed in accordance with the contractual terms and other performance indicators for at least six months, the period of time which was determined to demonstrate the expected collection of the loan's remaining contractual principal and interest. Nonaccrual loans with partially charged-off principal are not returned to accrual. When a nonperforming loan is returned to accrual status, it is then considered a performing loan.

Foreclosed assets consist of any asset seized or property acquired through a foreclosure proceeding or acceptance of a deed-in-lieu of foreclosure. OREO comprises principally commercial and residential real estate properties obtained in partial or total satisfaction of loan obligations. After obtaining a foreclosure judgment, or in some jurisdictions the initiation of proceedings under a power of sale in the loan instruments, the property will be sold. When we are awarded title or completion of deed-in-lieu of foreclosure, we transfer the loan to foreclosed assets included in Other assets on our Consolidated Balance Sheet. Property obtained in satisfaction of a loan is initially recorded at estimated fair value less cost to sell. Based upon the estimated fair value less cost to sell, the amortized cost basis of the loan is adjusted and a charge-off/recovery is recognized to the ALLL. We estimate fair values primarily based on appraisals, or sales agreements with third parties. Subsequently, foreclosed assets are valued at the lower of the amount recorded at acquisition date or estimated fair value less cost to sell. Valuation adjustments on these assets and gains or losses realized from disposition of such property are reflected in Other noninterest expense.

For certain mortgage loans that have a government guarantee, we establish a separate other receivable upon foreclosure. The receivable is measured based on the loan balance (inclusive of principal and interest) that is expected to be recovered from the guarantor.

See Note 4 Loans and Related Allowance for Credit Losses for additional information on nonperforming assets, TDRs and credit quality indicators related to our loan portfolio.

Allowance for Credit Losses

Our ACL, in accordance with the CECL standard adopted on January 1, 2020, is based on historical loss experience, current borrower risk characteristics, current economic conditions, reasonable and supportable forecasts of future conditions and other relevant factors. We maintain the ACL at an appropriate level for expected losses on our existing investment securities, loans, equipment finance leases, other financial assets and unfunded lending related commitments, for the estimated contractual term of the assets or exposures as of the balance sheet date. The remaining contractual term of assets in scope of CECL is estimated considering contractual maturity dates, prepayment expectations, utilization or draw expectations and any embedded extension options that do not allow us to unilaterally cancel the extension options. For products without a fixed contractual maturity date (*e.g.*, credit cards), we rely on historical payment behavior to determine the length of the paydown or default time period.

We estimate expected losses on a pooled basis using a combination of (i) the expected losses over a reasonable and supportable forecast period, (ii) a period of reversion to long-run average expected losses where applicable and (iii) the long run average expected losses for the remaining estimated contractual term. For all assets and unfunded lending related commitments in the scope of CECL, the ACL also includes individually assessed reserves and qualitative reserves, as applicable.

We use forward-looking information in estimating expected credit losses for our reasonable and supportable forecast period. For this purpose, we use forecasted scenarios produced by PNC's Economics Team, which are designed to reflect business cycles and their related estimated probabilities. The forecast length that we have determined to be reasonable and supportable is three years. As noted in the methodology discussions that follow, forward-looking information is incorporated into the expected credit loss estimates. Such forward looking information includes forecasted relevant macroeconomic variables, which are estimated using quantitative macroeconomic models, analysis from PNC economists and management judgment.

The reversion period is used to bridge our three year reasonable and supportable forecast period and the long run average expected credit losses. We consider a number of factors in determining the duration of the reversion period, such as contractual maturity of the asset, observed historical patterns and the estimated credit loss rates at the end of the forecast period relative to the beginning of the long run average period. The reversion period is typically 1-3 years, if not immediate.

The long-run average expected credit losses are derived from long run historical credit loss information adjusted for the credit quality of the current portfolio, and therefore do not consider current and forecasted economic conditions.

See the following sections related to investment securities, loans, trade receivables, other financial assets and unfunded lending related commitments for details about specific methodologies.

Allowance for Investment Securities

A significant portion of our investment securities are issued or guaranteed by either the U.S. government (U.S. Treasury or GNMA) or a government-sponsored agency (FNMA or FHLMC). Taking into consideration historical information and current and forecasted conditions, we do not expect to incur any credit losses on these securities.

Investment securities that are not issued or guaranteed by the U.S. government or a government-sponsored agency consist of both securitized products, such as non-agency mortgage and asset-backed securities, as well as non-securitized products, such as corporate and municipal debt securities. A discounted cash flow approach is primarily used to determine the amount of the allowance required. The estimates of expected cash flows are determined using macroeconomic sensitive models taking into consideration the reasonable and supportable forecast period and scenarios discussed above. Additional factors unique to a specific security may also be taken into consideration when estimating expected cash flows. The cash flows expected to be collected, after considering expected prepayments, are discounted at the effective interest rate. For an available-for-sale security, the amount of the allowance is limited to the difference between the amortized cost basis of the security and its estimated fair value.

See Note 3 Investment Securities for additional information about the investment securities portfolio.

Allowance for Loan and Lease Losses

Our pooled expected loss methodology is based upon the quantification of risk parameters, such as PD, LGD and EAD for a loan, loan segment or lease. We also consider the impact of prepayments and amortization on contractual maturity in our expected loss estimates. We use historical credit loss information, current borrower risk characteristics and forecasted economic variables for the reasonable and supportable forecast period, coupled with analytical methods, to estimate these risk parameters by loan, loan segment or lease. PD, LGD and EAD parameters are calculated for each forecasted scenario and the long run average period, and combined to generate expected loss estimates by scenario. The following matrix provides key credit risk characteristics that we use to estimate these risk parameters.

Loan Class	Probability of Default	Loss Given Default	Exposure at Default
Commercial			
Commercial and industrial / Equipment lease financing	• For wholesale obligors: internal risk ratings based on borrower characteristics and industry • For retail small balance obligors: credit score, delinquency status, and product type	• Collateral type, collateral value, industry, size and outstanding exposure for secured loans • Capital structure, industry and size for unsecured loans • For retail small balance obligors, product type and credit scores	• Outstanding balances, commitment, contractual maturities and historical prepayment experience for loans • Current utilization and historical pre-default draw experience for lines
Commercial real estate	• Property performance metrics, property type, market and risk pool for the forecast period • For the long run average period, internal risk ratings based on borrower characteristics	• Property values and anticipated liquidation costs	• Outstanding balances, commitment, contractual maturities and historical prepayment experience for loans
Consumer			
Home equity / Residential real estate	• Borrower credit scores, delinquency status, origination vintage, LTV and contractual maturity	• Collateral characteristics, LTV and costs to sell	• Outstanding balances, contractual maturities and historical prepayment experience for loans • Current utilization and historical pre-default draw experience for lines
Automobile	• Borrower credit scores, delinquency status, borrower income, LTV and contractual maturity	• New vs. used, LTV and borrower credit scores	• Outstanding balances, contractual maturities and historical prepayment experience
Credit card	• Borrower credit scores, delinquency status, utilization, payment behavior and months on book	• Borrower credit scores and credit line amount	• Pay-down curves are developed using a pro-rata method and estimated using borrower behavior segments, payment ratios and borrower credit scores
Education / Other consumer	• Net charge-off and pay-down rates by vintage are used to estimate expected losses in lieu of discrete risk parameters		

The following matrix describes the key economic variables that are consumed during our forecast period by loan class, as well as other assumptions that are used for our reversion and long run average approaches.

Loan Class	Forecast Period - Key Economic Variables	Reversion Method	Long Run Average
Commercial			
Commercial and industrial / Equipment lease financing	• GDP and Gross Domestic Investment measures, employment related variables and personal income and consumption measures	• Immediate reversion	• Average parameters determined based on internal and external historical data • Modeled parameters using long run economic conditions for retail small balance obligors
Commercial real estate	• CRE Price Index, unemployment rates, GDP, corporate bond yield and interest rates	• Immediate reversion	• Average parameters determined based on internal and external historical data
Consumer			
Home equity / Residential real estate	• Unemployment rates, HPI and interest rates	• Straight-line over 3 years	• Modeled parameters using long run economic conditions
Automobile	• Unemployment rates, HPI, personal consumption expenditure and Manheim used car index	• Straight-line over 1 year	• Average parameters determined based on internal and external historical data
Credit card	• Unemployment rates, personal consumption expenditure and HPI	• Straight-line over 2 years	• Modeled parameters using long run economic conditions
Education / Other consumer	• Net charge-off and pay-down rates by vintage are used to estimate expected losses in lieu of discrete risk parameters		

After the forecast period, we revert to the long run average over the reversion period noted above, which is the period between the end of the forecast period and when losses are estimated to have completely reverted to the long run average.

Once we have developed a combined estimate of credit losses (*i.e.*, for the forecast period, reversion period and long run average) under each of the forecasted scenarios, we produce a probability-weighted credit loss estimate by loan class. We then add or deduct any qualitative components and other adjustments, such as individually assessed loans, to produce the ALLL. See the Individually Assessed Component and Qualitative Component discussions that follow in this Note 1 for additional information about those adjustments.

<u>Discounted Cash Flow</u>
In addition to TDRs, we also use a discounted cash flow methodology for our home equity and residential real estate loan classes. We determine effective interest rates considering contractual cash flows adjusted for estimated prepayments. Changes in the ALLL due to the impact of the passage of time under the discounted cash flow estimate are recognized through the provision for credit losses.

<u>Individually Assessed Component</u>
Loans and leases that do not share similar risk characteristics with a pool of loans are individually assessed as follows:

- For commercial nonperforming loans greater than or equal to a defined dollar threshold, reserves are based on an analysis of the present value of the loan's expected future cash flows or the fair value of the collateral, if appropriate under our policy for collateral dependent loans. Nonperforming commercial loans below the defined threshold, and accruing TDRs are reserved for under a pooled basis.
- For consumer nonperforming loans classified as collateral dependent, charge-off and ALLL related to recovery of amounts previously charged-off are evaluated through an analysis of the fair value of the collateral less costs to sell.

<u>Qualitative Component</u>
While our reserve methodologies strive to reflect all relevant credit risk factors, there continues to be uncertainty associated with, but not limited to, potential imprecision in the estimation process due to the inherent time lag of obtaining information and normal variations between expected and actual outcomes. We may hold additional reserves that are designed to provide coverage for losses attributable to such risks. The ACL also takes into account factors that may not be directly measured in the determination of individually assessed or pooled reserves. Such qualitative factors may include, but are not limited to:

- Industry concentrations and conditions,
- Changes in market conditions, including regulatory and legal requirements,
- Changes in the nature and volume of our portfolio,
- Recent credit quality trends,
- Recent loss experience in particular portfolios, including specific and unique events,
- Recent macroeconomic factors that may not be reflected in the forecast information,
- Limitations of available input data, including historical loss information and recent data such as collateral values,
- Model imprecision and limitations,
- Changes in lending policies and procedures, including changes in loss recognition and mitigation policies and procedures,
- Timing of available information.

See Note 4 Loans and Related Allowance for Credit Losses for additional information about our loan portfolio and the related allowance.

Accrued Interest
When accrued interest is reversed or charged-off in a timely manner, the CECL standard provides a practical expedient to exclude accrued interest from ACL measurement. We consider our nonaccrual and charge-off policies to be timely for all of our investment securities, loans and leases, with the exception of consumer credit cards, education loans and certain unsecured consumer lines of credit. We consider the length of time before nonaccrual/charge-off and the use of appropriate other triggering events for nonaccrual and charge-offs in making this determination. Pursuant to these policy elections, we calculate reserves for accrued interest on credit cards, education loans and certain unsecured consumer lines of credit, which are then included within the ALLL. See the Debt Securities and Nonperforming Loans and Leases sections of this Note 1 for additional information on our nonaccrual and charge-off policies.

Additionally, pursuant to our use of a discounted cash flow methodology in estimating credit losses for our home equity and residential real estate loan classes, applicable reserves for accrued interest are also included within the ALLL for these loan classes.

Purchased Credit Deteriorated Loans or Securities
The allowance for PCD loans or securities is determined at the time of acquisition (including January 1, 2020 when certain purchased impaired loans were exempted and transitioned to PCD upon adoption of CECL), as the estimated expected credit loss of the outstanding balance or par value, based on the methodologies described previously for loans and securities. In accordance with CECL, the allowance recognized at acquisition is added to the acquisition date purchase price to determine the asset's amortized cost basis.

Allowance for Unfunded Lending Related Commitments
We maintain the allowance for unfunded lending related commitments on off-balance sheet credit exposures that are not unconditionally cancelable (*e.g.*, unfunded loan commitments, letters of credit and certain financial guarantees), at a level we believe is appropriate as of the balance sheet date to absorb expected credit losses on these exposures. Other than the estimation of the probability of funding, this reserve is estimated in a manner similar to the methodology used for determining reserves for loans and leases. See the Allowance for Loan and Lease Losses section of this Note 1 for the key credit risk characteristics for unfunded lending related commitments. The allowance for unfunded lending related commitments is recorded as a liability on the Consolidated Balance Sheet. Net adjustments to this reserve are included in the provision for credit losses.

See Note 4 Loans and Related Allowance for Credit Losses for additional information about this allowance.

Allowance for Other Financial Assets
We determine the allowance for other financial assets (*e.g.*, trade receivables, servicing advances on PNC-owned loans, balances with banks) considering historical loss information and other available indicators. In certain cases where there are no historical, current or forecast indicators of an expected credit loss, we may estimate the reserve to be close to zero. As of December 31, 2022, the allowance for other financial assets was immaterial.

Loans Held for Sale

We designate loans as held for sale when we have the intent and ability to sell them. At the time of designation to held for sale, any ACL is reversed, and a valuation allowance for the shortfall between the amortized cost basis and the net realizable value is recognized, excluding the amounts already charged off. Similarly, when loans are no longer considered held for sale, the valuation allowance (net of writedowns) is reversed, and an allowance for credit losses is established, excluding the amounts already charged-off. Write-downs on these loans (if required) are recorded as charge-offs through the valuation allowance. Adjustments to the valuation allowance on held for sale loans are recognized in Other noninterest income.

We have elected to account for certain commercial and residential mortgage loans held for sale at fair value. The changes in the fair value of commercial and residential mortgage loans are measured and recorded within Residential and Commercial mortgage within Noninterest Income each period. See Note 15 Fair Value for additional information.

Interest income with respect to loans held for sale is accrued based on the principal amount outstanding and the loan's contractual interest rate.

In certain circumstances, loans designated as held for sale may be transferred to held for investment based on a change in strategy. We transfer these loans at the lower of cost or estimated fair value; however, any loans originated or purchased for the held for sale portfolio and for which the fair value option has been elected remain at fair value for the life of the loan.

Loan Sales, Loan Securitizations and Retained Interests

We recognize the sale of loans or other financial assets when the transferred assets are legally isolated from our creditors and the appropriate accounting criteria are met. We have sold mortgage and other loans through securitization transactions. In a securitization, financial assets are transferred into trusts or to SPEs in transactions to effectively legally isolate the assets from us.

In a securitization, the trust or SPE issues beneficial interests in the form of senior and subordinated securities backed or collateralized by the assets sold to the trust. The senior classes of the asset-backed securities typically receive investment grade credit ratings at the time of issuance. These ratings are generally achieved through the creation of lower-rated subordinated classes of asset-backed securities, as well as subordinated or residual interests. In certain cases, we may retain a portion or all of the securities issued, interest-only strips, one or more subordinated tranches, servicing rights and, in some cases, cash reserve accounts. Securitized loans are removed from the balance sheet and a net gain or loss is recognized in Noninterest income at the time of initial sale. Gains or losses recognized on the sale of the loans depend on the fair value of the loans sold and the retained interests at the date of sale. We generally estimate the fair value of the retained interests based on the present value of future expected cash flows using assumptions as to discount rates, interest rates, prepayment speeds, credit losses and servicing costs, if applicable.

With the exception of loan sales to certain U.S. government-chartered entities, our loan sales and securitizations are generally structured without recourse to us except for representations and warranties and with no restrictions on the retained interests. We originate, sell and service commercial mortgage loans under the FNMA DUS program. Under the provisions of the DUS program, we participate in a loss-sharing arrangement with FNMA. When we are obligated for loss-sharing or recourse, our policy is to record such liabilities initially at fair value and subsequently reserve for estimated losses in accordance with guidance contained in applicable GAAP.

Variable Interest Entities

A VIE is a corporation, partnership, limited liability company, or any other legal structure used to conduct activities or hold assets generally that either:

- Does not have equity investors with voting rights that can directly or indirectly make decisions about the entity's most significant economic activities through those voting rights or similar rights, or
- Has equity investors that do not provide sufficient equity for the entity to finance its activities without additional subordinated financial support.

A VIE often holds financial assets, including loans or receivables, real estate or other property.

VIEs are assessed for consolidation under ASC 810 – *Consolidation* when we hold a variable interest in these entities. We consolidate a VIE if we are its primary beneficiary. The primary beneficiary of a VIE is determined to be the party that meets both of the following criteria: (i) has the power to make decisions that most significantly affect the economic performance of the VIE; and (ii) has the obligation to absorb losses or the right to receive benefits that in either case could potentially be significant to the VIE. Upon consolidation of a VIE, we recognize all of the VIE's assets, liabilities and noncontrolling interests on our Consolidated Balance Sheet. On a quarterly basis, we determine whether any changes occurred requiring a reassessment of whether we are the primary beneficiary of an entity.

See Note 5 Loan Sale and Servicing Activities and Variable Interest Entities for information about VIEs that we consolidate as well as those that we do not consolidate but in which we hold a significant variable interest.

Mortgage Servicing Rights

We provide servicing under various loan servicing contracts for commercial and residential loans. These contracts are either purchased in the open market or retained as part of a loan securitization or loan sale. All acquired or originated servicing rights are measured at fair value. Fair value is based on the present value of the expected future net cash flows, including assumptions as to:

- Deposit balances and interest rates for escrow and commercial reserve earnings,
- Discount rates,
- Estimated prepayment speeds, and
- Estimated servicing costs.

We measure commercial and residential MSRs at fair value in order to reduce any potential measurement mismatch between our economic hedges and the MSRs. We manage the risk by hedging the fair value of MSRs with derivatives and securities which are expected to increase in value when the value of the servicing right declines. Changes in the fair value of MSRs are recognized as gains/(losses). The fair value of these servicing rights is estimated by using a discounted cash flow valuation model which calculates the present value of estimated future net servicing cash flows, taking into consideration actual and expected mortgage loan prepayment rates, discount rates, servicing costs and other factors which are determined based on current market conditions. See Note 6 Goodwill and Mortgage Servicing Rights for additional information.

Goodwill

Goodwill arising from business acquisitions represents the value attributable to unidentifiable intangible elements in the business acquired. At least annually, in the fourth quarter, or more frequently if events occur or circumstances have changed significantly from the annual test date, management performs the goodwill impairment test at a reporting unit level.

PNC may first perform a qualitative analysis to evaluate whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount. If, after considering all relevant events and circumstances, PNC determines it is not more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, then performing a quantitative impairment test is not necessary. If PNC elects to bypass the qualitative analysis, or concludes via qualitative analysis that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, a quantitative goodwill impairment test is performed. Inputs are generated and used in calculating the fair value of the reporting unit, which is compared to its carrying amount. The fair value of our reporting units is determined by using discounted cash flows and/or market comparability methodologies. If the fair value is greater than the carrying amount, then the reporting unit's goodwill is deemed not to be impaired. If the fair value is less than the carrying amount, an entity should recognize an impairment charge for the amount by which the carrying amount of goodwill exceeds the reporting unit's fair value. The loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. See Note 6 Goodwill and Mortgage Servicing Rights for additional information.

Leases

Lessor Arrangements

We provide financing for various types of equipment, including aircraft, energy and power systems and vehicles through a variety of lease arrangements. Finance leases are carried at the aggregate of lease payments plus estimated residual value of the leased equipment, less unearned income. Leveraged leases, a form of financing leases, are carried net of nonrecourse debt. We recognize income over the term of the lease using the constant effective yield method. Lease residual values are reviewed for impairment at least annually. Gains or losses on the sale of leased assets are included in Other noninterest income. Valuation adjustments on operating lease residuals are included in Other noninterest expense while valuation adjustments on the net investment of a direct financing or sales-type lease are included in Provision for credit losses.

Lessee Arrangements

We lease retail branches, datacenters, office space, land and equipment under operating and finance leases. Under ASC 842, we elected the practical expedient to account for the lease and nonlease components of real estate leases and leases of advertising assets, such as signage, as a single lease component. For other leased asset classes, lease and nonlease components of new lease agreements are accounted for separately. In addition, we elected the practical expedient to not apply the recognition requirements under the standard to short-term leases. Leases with an initial term of 12 months or less are not recorded on the balance sheet, as we recognize lease expense for these leases on a straight-line basis over the lease term. Generally, we have elected to use the Overnight Indexed Swap rate corresponding to the term of the lease at the lease measurement date as our incremental borrowing rate to measure the right-of-use-asset and lease liability.

See Note 7 Leases for additional information on our leasing arrangements.

Depreciation and Amortization

For financial reporting purposes, we depreciate premises and equipment, net of salvage value, principally using the straight-line method over their estimated useful lives.

We use estimated useful lives for furniture and equipment ranging from one to 10 years, and depreciate buildings over an estimated useful life of up to 40 years. We amortize leasehold improvements over their estimated useful lives of up to 15 years or the respective lease terms, whichever is shorter.

We purchase, as well as internally develop and customize, certain software to enhance or perform internal business functions. Software development costs incurred in the planning and post-development project stages are charged to Noninterest expense. Costs associated with designing software configuration and interfaces, installation, coding programs and testing systems are capitalized and amortized using the straight-line method over periods ranging from one to 10 years.

We review the remaining useful lives and carrying values of premises and equipment to determine whether an event has occurred that would indicate a change in useful life is warranted or if any impairment exists.

Other Comprehensive Income

Other comprehensive income, on an after-tax basis, primarily consists of unrealized gains or losses on available for sale debt securities, unrealized gains or losses on derivatives designated as cash flow hedges, and changes in plan assets and benefit obligations of pension and other postretirement benefit plans. Details of each component are included in Note 13 Other Comprehensive Income.

Treasury Stock

We record common stock purchased for treasury at cost. At the date of subsequent reissue, the treasury stock account is reduced by the cost of such stock on the first-in, first-out basis.

Earnings Per Common Share

Basic earnings per common share is calculated using the two-class method to determine income attributable to common shareholders. Unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents are considered participating securities under the two-class method. Distributed dividends and dividend equivalents related to participating securities and an allocation of undistributed net income to participating securities reduce the amount of income attributable to common shareholders. In a period with a loss, no allocation will be made to the participating securities, as they do not have a contractual obligation to absorb losses. Income attributable to common shareholders is then divided by the weighted-average common shares outstanding for the period.

Diluted earnings per common share is calculated under the more dilutive of either the treasury method or the two-class method. For the diluted calculation, we increase the weighted-average number of shares of common stock outstanding by the assumed conversion of outstanding convertible preferred stock from the beginning of the year or date of issuance, if later, and the number of shares of common stock that would be issued assuming the exercise of stock options and warrants and the issuance of incentive shares using the treasury stock method. These adjustments to the weighted-average number of shares of common stock outstanding are made only when such adjustments will dilute earnings per common share. For periods in which there is a loss from continuing operations, any potential dilutive shares will be anti-dilutive. In this scenario, no potential dilutive shares will be included in the continuing operations, discontinued operations or total earnings per common share calculations, even if overall net income is reported. See Note 14 Earnings Per Share for additional information.

Fair Value of Financial Instruments

The fair value of financial instruments and the methods and assumptions used in estimating fair value amounts and financial assets and liabilities for which fair value was elected are detailed in Note 15 Fair Value.

Derivative Instruments and Hedging Activities

We use a variety of financial derivatives to both mitigate exposure to market (primarily interest rate) and credit risks inherent in our business activities, as well as to facilitate customer risk management activities. We manage these risks as part of our asset and liability management process and through credit policies and procedures.

We recognize all derivative instruments at fair value as either Other assets or Other liabilities on the Consolidated Balance Sheet and the related cash flows in the Operating Activities section of the Consolidated Statement of Cash Flows. Adjustments for counterparty credit risk are included in the determination of fair value. The accounting for changes in the fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a cash flow or net investment hedging relationship. For all other derivatives, changes in fair value are recognized in earnings.

We utilize a net presentation for derivative instruments on the Consolidated Balance Sheet taking into consideration the effects of legally enforceable master netting agreements. Cash collateral exchanged with counterparties is also netted against the applicable derivative exposures by offsetting obligations to return, or general rights to reclaim, cash collateral against the fair values of the net derivatives being collateralized.

For those derivative instruments that are designated and qualify as accounting hedges, we designate the hedging instrument, based on the exposure being hedged, as a fair value hedge, a cash flow hedge or a hedge of the net investment in a foreign operation.

We formally document the relationship between the hedging instruments and hedged items, as well as the risk management objective and strategy, before undertaking an accounting hedge. To qualify for hedge accounting, the derivatives and related hedged items must be designated as a hedge at inception of the hedge relationship. In addition, a derivative must be highly effective at reducing the risk associated with the exposure being hedged. For accounting hedge relationships, we formally assess, both at the inception of the hedge and on an ongoing basis, if the derivatives are highly effective in offsetting designated changes in the fair value or cash flows of the hedged item. If it is determined that the derivative instrument is not highly effective, hedge accounting is discontinued. We assess effectiveness using statistical regression analysis. Where the critical terms of the derivative and hedged item match, effectiveness may be assessed qualitatively.

For derivatives that are designated as fair value hedges (*i.e*., hedging the exposure to changes in the fair value of an asset or a liability attributable to a particular risk, such as changes in benchmark interest rates), changes in the fair value of the hedging instrument are recognized in earnings and offset by also recognizing in earnings the changes in the fair value of the hedged item attributable to the hedged risk. To the extent the change in fair value of the derivative does not offset the change in fair value of the hedged item, the difference is reflected in the Consolidated Income Statement in the same income statement line as the hedged item.

For derivatives designated as cash flow hedges (*i.e*., hedging the exposure to variability in expected future cash flows), the gain or loss on derivatives is reported as a component of AOCI and subsequently reclassified to income in the same period or periods during which the hedged cash flows affect earnings and recorded in the same income statement line item as the hedged cash flows. For derivatives designated as a hedge of net investment in a foreign operation, the gain or loss on the derivatives is reported as a component of AOCI.

We discontinue hedge accounting when it is determined that the derivative no longer qualifies as an effective hedge; the derivative expires or is sold, terminated or exercised; or the derivative is de-designated as a fair value or cash flow hedge or, for a cash flow hedge, it is no longer probable that the forecasted transaction will occur by the end of the originally specified time period.

We purchase or originate financial instruments that contain an embedded derivative. For financial instruments not measured at fair value with changes in fair value reported in earnings, we assess, at inception of the transaction, if the economic characteristics of the embedded derivative are clearly and closely related to the economic characteristics of the host contract, and whether a separate instrument with the same terms as the embedded derivative would be a derivative. If the embedded derivative is not clearly and closely related to the host contract and meets the definition of a derivative, the embedded derivative is recorded separately from the host contract with changes in fair value recorded in earnings, unless we elect to account for the hybrid instrument at fair value.

We enter into commitments to originate residential and commercial mortgage loans for sale. We also enter into commitments to purchase or sell commercial and residential real estate loans. These commitments are accounted for as free-standing derivatives which are recorded at fair value in Other assets or Other liabilities on the Consolidated Balance Sheet. Any gain or loss from the change in fair value after the inception of the commitment is recognized in Noninterest income.

See Note 16 Financial Derivatives for additional information.

Income Taxes

We account for income taxes under the asset and liability method. Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that we expect will apply at the time when we believe the differences will reverse. Changes in tax rates and tax law are accounted for in the period of enactment. Thus, at the enactment date, deferred taxes are remeasured and the change is recognized in Income Tax expense. The recognition of deferred tax assets requires an assessment to determine the realization of such assets. Realization refers to the incremental benefit achieved through the reduction in future taxes payable or refunds receivable from the deferred tax assets, assuming that the underlying deductible differences and carryforwards are the last items to enter into the determination of future taxable income. We establish a valuation allowance for tax assets when it is more likely than not that they will not be realized, based upon all available positive and negative evidence.

We use the proportional amortization method for LIHTC investments, whereby the associated investment tax credits are recognized as a reduction to tax expense. We use the deferral method of accounting for all other tax credit investments. Under this method, the investment tax credits are recognized as a reduction to the related asset.

See Note 19 Income Taxes for additional information.

Revenue Recognition

We earn interest and noninterest income from various sources, including:

- Lending,
- Securities portfolio,
- Asset management,
- Loan sales, loan securitizations, and servicing,
- Brokerage services,
- Sale of loans and securities,
- Certain private equity activities, and
- Securities, derivatives and foreign exchange activities.

In addition, we earn fees and commissions from:

- Issuing loan commitments, standby letters of credit and financial guarantees,
- Deposit account services,
- Merchant services,
- Selling various insurance products,
- Providing treasury management services including money transfer services,
- Providing merger and acquisition advisory and related services,
- Debit and credit card transactions, and
- Facilitating and participating in certain capital markets transactions.

Service charges on deposit accounts are recognized when earned. Brokerage fees and gains and losses on the sale of securities and certain derivatives are recognized on a trade-date basis.

We record private equity income or loss based on changes in the valuation of the underlying investments or when we dispose of our interest.

We recognize gain/(loss) on changes in the fair value of certain financial instruments where we have elected the fair value option. These financial instruments include certain commercial and residential mortgage loans originated for sale, certain residential mortgage portfolio loans and resale agreements. We also recognize gain/(loss) on changes in the fair value of residential and commercial MSRs.

We recognize revenue from servicing residential and commercial mortgages for others as earned based on the specific contractual terms. These revenues are reported on the Consolidated Income Statement in the line item Residential and commercial mortgage. We recognize revenue from securities, derivatives and foreign exchange customer-related trading, as well as securities underwriting activities, as these transactions occur or as services are provided. We generally recognize gains from the sale of loans upon meeting the derecognition criteria for transfers of financial assets. Mortgage revenue recognized is reported net of mortgage repurchase reserves.

For the fee-based revenue within the scope of ASC 606 - *Revenue from Contracts with Customers*, revenue is recognized when or as those services are transferred to the customer. See Note 24 Fee-Based Revenue from Contracts with Customers for additional information related to revenue within the scope of ASC 606.

Discontinued Operations

A disposal of an asset or business that meets the criteria for held for sale classification is reported as discontinued operations when the disposal represents a strategic shift that has had, or will have a major effect on our operating results. We report an asset as held for sale when management has approved or received approval to sell the asset and is committed to a formal plan, the asset is available for immediate sale, the asset is being actively marketed, the sale is anticipated to occur during the ensuing year and certain other specified criteria are met. An asset classified as held for sale is recorded at the lower of its carrying amount or estimated fair value less cost to sell. If the carrying amount of the asset exceeds its estimated fair value, the asset is written down to its fair value upon the held for sale designation.

When presenting discontinued operations, assets classified as held for sale are segregated in the Consolidated Balance Sheet commencing in the period in which the asset meets all of the held for sale criteria described above and prior periods are recast. The results of discontinued operations are reported in discontinued operations in the Consolidated Income Statement for current and prior periods commencing in the period in which the asset or business is either disposed of or is classified as held for sale, including any gain or loss recognized on the sale or adjustment of the carrying amount to fair value less cost to sell.

Recently Adopted Accounting Standards

Accounting Standards Update	Description	Financial Statement Impact
Reference Rate Reform - ASU 2020-04 Issued March 2020 **Reference Rate Reform Scope - ASU 2021-01** Issued January 2021 **Reference Rate Reform Deferral of Sunset Date – ASU 2022-06** Issued December 2022	• Provides optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform (codified in ASC 848). • Includes optional expedients related to contract modifications that allow an entity to account for modifications (if certain criteria are met) as if the modifications were only minor (assets within the scope of ASC 310, *Receivables*), were not substantial (assets within the scope of ASC 470, *Debt*) and/or did not result in remeasurements or reclassifications (assets within the scope of ASC 842, *Leases*, and other Topics) of the existing contract. • Includes optional expedients related to hedging relationships within the scope of ASC 815, *Derivatives & Hedging*, whereby changes to the critical terms of a hedging relationship do not require dedesignation if certain criteria are met. In addition, potential sources of ineffectiveness as a result of reference rate reform may be disregarded when performing some effectiveness assessments. • Includes optional expedients and exceptions for contract modifications and hedge accounting that apply to derivative instruments impacted by the market-wide discounting transition. • Guidance in these ASUs are effective as of March 12, 2020 through December 31, 2024.	• ASU 2020-04 was adopted March 12, 2020. ASU 2021-01 was retrospectively adopted October 1, 2020. ASU 2022-06 was adopted upon issuance. • During the fourth quarter of 2020, we elected to apply certain optional expedients for contract modifications and hedging relationships to derivative instruments impacted by the market-wide discounting transition. These optional expedients remove the requirement to remeasure contract modifications or dedesignate hedging relationships due to reference rate reform. The elections made in the fourth quarter of 2020 apply only to derivative instruments impacted by the market-wide discounting transition, not all derivative instruments. • During the first quarter of 2021, we elected to apply certain optional expedients to derivative instruments that were modified in the first quarter due to the adoption of fallback language recommended by the ISDA to address the anticipated cessation of LIBOR. These optional expedients remove the requirement to remeasure contract modifications or dedesignate hedging relationships due to reference rate reform. • During the fourth quarter of 2021, we elected to apply certain optional expedients for contract modifications to receivables modified in the fourth quarter due to the cessation of 1-week and 2-month USD LIBOR tenors and non-USD Interbank Offered Rates. These optional expedients remove the requirement to assess whether the contract modification was more-than-minor in accordance with ASC 310. We also elected to apply certain optional expedients related to assessing hedge effectiveness to our cash flow hedge relationships affected by reference rate reform. • We did not make any additional elections for 2022. We expect to continue to elect various optional expedients for contract modifications and hedge relationships affected by reference rate reform through the effective date of this guidance.

Accounting Standards Update	Description	Financial Statement Impact
Portfolio Layer Hedging - ASU 2022-01 Issued March 2022	• Required effective date of January 1, 2023; early adoption is permitted. • Permits entities to expand their use of the portfolio layer method (previously the last-of-layer method) for fair value hedges of interest rate risk. • Expands the scope to allow nonprepayable financial assets to be included in a closed portfolio hedge using the portfolio layer method. • Allows multiple hedged layers to be designated for a single closed portfolio of financial assets or one or more beneficial interests secured by a portfolio of financial instruments. • Provides additional guidance on accounting for fair value hedge basis adjustments associated with portfolio layer hedges, generally requiring these adjustments to be maintained at the closed portfolio level and clarifying how these amounts should be disclosed. • Requires a prospective transition approach for designation of multiple hedged layers of a single closed portfolio, a modified retrospective transition approach for hedge basis adjustments under the portfolio layer method, and the option of a prospective or retrospective transition approach for disclosures. • Allows for an election to transfer debt securities classified as held to maturity to available for sale if the portfolio layer hedging method is applied to those securities; the election must be made within 30 days of adoption.	**Subsequent event** • We adopted ASU 2022-01 on January 1, 2023. The adoption of this guidance had no impact on our consolidated results of operations or our consolidated financial position, as we had no existing hedge relationships impacted by the ASU as of the adoption date. The guidance will be applied prospectively to any new portfolio layer method hedging relationships entered into subsequent to January 1, 2023.

Accounting Standards Update	Description	Financial Statement Impact
Troubled Debt Restructurings and Vintage Disclosures - ASU 2022-02 Issued March 2022	• Required effective date of January 1, 2023; early adoption is permitted. • Eliminates the accounting guidance for TDRs and requires an entity to apply the loan refinancing and restructuring guidance to determine whether a modification results in a new loan or a continuation of an existing loan. • Eliminates the requirement to use a discounted cash flow approach to measure the allowance for credit losses for TDRs. • Enhances disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. • Requires disclosure of current-period gross charge-offs by year of origination for financing receivables and net investments in leases within the scope of CECL. • Requires a prospective transition approach to all amendments except those related to the recognition and measurement of TDRs (which allow a modified retrospective transition approach through a cumulative-effect adjustment to retained earnings in the period of adoption).	**Subsequent event** • We adopted ASU 2022-02 on January 1, 2023 using a modified retrospective transition approach for the amendments related to the recognition and measurement of TDRs. • This standard will not materially impact our consolidated results of operations or our consolidated financial position. The amendments require changes to disclosures on information related to loan modifications to borrowers experiencing financial difficulty and current-period gross charge-offs.

NOTE 2 ACQUISITION AND DIVESTITURE ACTIVITY

Acquisition of BBVA USA Bancshares, Inc.

On June 1, 2021, PNC acquired BBVA including its U.S. banking subsidiary, BBVA USA, for $11.5 billion in cash. PNC did not acquire the following entities as part of the acquisition: BBVA Securities, Inc., Propel Venture Partners Fund I, L.P. and BBVA Processing Services, Inc. This transaction has been accounted for as a business combination. Accordingly, the assets and liabilities from BBVA were recorded at fair value as of the acquisition date. The determination of fair value requires management to make estimates about discount rates, future expected cash flows, market conditions and other future events that are highly subjective in nature and subject to change. Fair value estimates related to the assets and liabilities from BBVA were subject to adjustment for up to one year after the closing date of the acquisition as additional information became available. Valuations subject to adjustment included, but were not limited to, loans, certain deposits, certain other assets, customer relationships and the core deposit intangibles.

On October 12, 2021, PNC converted approximately 2.6 million customers, 9,000 employees and over 600 branches across seven states, merging BBVA USA into PNC Bank.

PNC incurred merger and integration costs of $55 million for the twelve months ended December 31, 2022, in connection with the transaction. These costs are recorded as contra-revenue and expense on the Consolidated Income Statement. The integration expenses are primarily related to retail services and realty expenses. Cumulative integration costs, excluding write-offs for capitalized items, were $860 million. Integration costs associated with write-offs for capitalized items were $120 million.

The following table includes the fair value of the identifiable tangible and intangible assets and liabilities from BBVA:

Table 39: Acquisition Consideration

In millions	June 1, 2021 Fair Value
Fair value of acquisition consideration	$ 11,480
Assets	
Cash and due from banks	$ 969
Interest-earning deposits with banks	13,313
Loans held for sale	463
Investment securities – available for sale	18,358
Net loans	61,423
Equity investments	723
Mortgage servicing rights	35
Core deposit intangibles and other intangible assets	378
Other	3,527
Total assets	$ 99,189
Liabilities	
Deposits	$ 85,562
Borrowed funds	2,449
Accrued expenses and other liabilities	1,275
Total liabilities	$ 89,286
Noncontrolling interests	22
Less: Net assets	$ 9,881
Goodwill	$ 1,599

Goodwill of $1.6 billion recorded in connection with the transaction resulted from the reputation, operating model and expertise of BBVA. The amount of goodwill recorded reflected the increased market share and related synergies that resulted from the acquisition, and represents the excess purchase price over the estimated fair value of the net assets from BBVA. The goodwill was allocated to each of our three business segments and is not deductible for income tax purposes. See Note 6 Goodwill and Mortgage Servicing Rights for additional information on the allocation of goodwill to the segments.

The following table includes the fair value and unpaid principal balance of the loans from the BBVA acquisition:

Table 40: Fair Value and Unpaid Principal Balance of Loans from the BBVA Acquisition

In millions	June 1, 2021 Unpaid Principal Balance	June 1, 2021 Fair Value
Loans		
Commercial		
Commercial and industrial	$ 29,864	$ 29,381
Commercial real estate	10,632	10,313
Equipment lease financing	48	48
Total commercial	40,544	39,742
Consumer		
Residential real estate	12,871	12,961
Home equity	2,430	2,423
Automobile	3,916	3,910
Credit card	820	758
Other consumer	1,688	1,629
Total consumer	21,725	21,681
Total	$ 62,269	$ 61,423

Other intangible assets from the BBVA acquisition as of June 1, 2021 consisted of the following:

Table 41: Intangible Assets

In millions	Fair Value	Weighted Life (years)	Amortization Method
Residential mortgage servicing rights	$ 35	5.5	(a)
Core deposits	$ 262	10.0	Accelerated
Other	116	9.8	Straight-line
Total core deposits and other	$ 378		

(a) Intangible asset accounted for at fair value.

The following is a description of the methods used to determine the fair values of significant assets and liabilities.

Cash and Due from Banks and Interest-earning Deposits with Banks

The carrying amount of these assets is a reasonable estimate of fair value based on the short-term nature of these assets.

Loans Held for Sale

Residential mortgage loans are valued based on quoted market prices, where available, prices for other traded mortgage loans with similar characteristics, and purchase commitments and bid information received from market participants. The prices are adjusted as necessary to include the embedded servicing value in the loans and to take into consideration the specific characteristics of certain similar loans.

Personal installment loans are pooled based on delinquency status, and fair value of individual loans is calculated based on traded consumer unsecured loans, dealer research and loan level performance characteristics.

Available For Sale Securities

All investment securities from the BBVA acquisition were classified within the available for sale portfolio at acquisition. Fair value estimates for available for sale securities were determined by third-party pricing vendors. The third-party vendors use a variety of methods when pricing securities that incorporate relevant market data to arrive at an estimate of what a buyer in the marketplace would pay for a security under current market conditions. These methods include the use of quoted prices for the identical or a similar security, an alternative market-based approach or an income approach, such as a discounted cash flow pricing model.

Loans

Fair value for loans were based on a discounted cash flow methodology that considered credit loss and prepayment expectations, market interest rates and other market factors, such as liquidity, from the perspective of a market participant. Loan cash flows were generated on an individual loan basis. The PD, LGD, exposure at default and prepayment assumptions are the key factors driving credit losses which are embedded into the estimated cash flows.

Equity Investments
Equity investments primarily include LIHTC investments and preservation fund investments. The fair value of the LIHTC investments was estimated based on LIHTC pricing observed for recent transactions in markets where the properties underlying the LIHTC investments from the BBVA acquisition are located. The fair value of the preservation investments was estimated based on appraisals and valuations of the properties in the investment portfolio using income and market projections.

Mortgage Servicing Rights
The fair value of mortgage servicing rights from the BBVA acquisition is estimated by using a discounted cash flow valuation model which calculates the present value of estimated future net servicing cash flows, taking into consideration actual and expected mortgage loan prepayment rates, discount rates, servicing costs and other factors which are determined based on current market conditions.

Core Deposit Intangible
This intangible asset represents the value of certain client deposit relationships. The fair value was estimated utilizing the cost method. Appropriate consideration was given to deposit costs including servicing costs, client retention and alternative funding source costs at the time of acquisition. The discount rate used was derived taking into account the estimated cost of equity, risk-free return rate and risk premium for the market and specific risk related to the asset's cash flows. The core deposit intangible is being amortized over 10 years using an accelerated amortization methodology.

Deposits
The fair values for time deposits were estimated by discounting contractual cash flows using current market rates for instruments with similar maturities. For deposits with no defined maturity, carrying values approximate fair values.

Borrowed Funds
The fair values of long-term debt instruments were estimated based on quoted market prices.

The following table presents financial results of BBVA from the date of acquisition through September 30, 2021. BBVA information was fully integrated into PNC's processes and systems during system conversion in the fourth quarter of 2021 and as a result standalone BBVA financial results were no longer available.

Table 42: BBVA Financial Results

In millions	Four months ended September 30, 2021
Net interest income	$ 768
Noninterest income	$ 285
Net income	$ 378

The following table presents unaudited pro forma results as if the acquisition of BBVA by PNC had occurred on January 1, 2020 and includes the impact of amortizing and accreting certain estimated purchase accounting adjustments such as intangible assets as well as fair value adjustments to loans, deposits and long-term debt. Merger and integration costs of $798 million that were incurred for the twelve months ended December 31, 2021 are included in the pro forma results. PNC's financial results include the $4.3 billion divestiture of BlackRock recorded in net income for the year ended December 31, 2020. Additionally, BBVA's financial results through the twelve months ended December 31, 2020 included a $2.2 billion goodwill impairment charge recorded in noninterest expense. The pro forma information does not necessarily reflect the results that would have occurred had PNC acquired BBVA on January 1, 2020.

Table 43: Unaudited Pro Forma Results

	Year ended December 31	
In millions	2021	2020
Net interest income	$ 11,662	$ 12,413
Noninterest income	$ 8,960	$ 7,866
Net income	$ 7,475	$ 4,928

Under CECL, PNC is required to determine whether purchased loans held for investment have experienced more-than-insignificant deterioration in credit quality since origination. PNC considers a variety of factors in connection with the identification of more-than-insignificant deterioration in credit quality, including but not limited to nonperforming status, delinquency, risk ratings, TDR classification, FICO scores and other qualitative factors that indicate deterioration in credit quality since origination. PNC initially measures the amortized cost of a PCD loan by adding the acquisition date estimate of expected credit losses to the loan's purchase price. The initial ACL for PCD loans of $1.1 billion was established through an adjustment to the BBVA loan balance and related purchase accounting mark. Non-PCD loans and PCD loans had a fair value of $52.1 billion and $9.4 billion at the acquisition date and unpaid principal balance of $52.0 billion and $10.3 billion, respectively. In accordance with U.S. GAAP, there was no carryover of the ACL that had been previously recorded by BBVA. Subsequent to acquisition, PNC recorded an ACL on non-PCD loans of $1.0 billion through an increase to the provision for credit losses.

Table 44: PCD Loan Activity

In millions	June 1, 2021
Principal balance	$ 10,253
ACL at acquisition	(1,102)
Non-credit premium	219
Purchase price	$ 9,370

Sale of Equity Investment in Blackrock, Inc.

In May 2020, PNC completed the sale of its 31.6 million shares of BlackRock, Inc., common and preferred stock through a registered secondary offering at a price of $420 per share. In addition, BlackRock repurchased 2.65 million shares from PNC at a price of $414.96 per share. The total proceeds from the sale were $14.2 billion in cash, net of $0.2 billion in expenses, and resulted in a gain on sale of $4.3 billion. Additionally, PNC contributed 500,000 BlackRock shares to the PNC Foundation.

Following the sale and donation, PNC has divested its entire investment in BlackRock and only holds shares of BlackRock stock in a fiduciary capacity for clients of PNC.

The following table summarizes the results from the discontinued operations of BlackRock included in the Consolidated Income Statement:

Table 45: Consolidated Income Statement - Discontinued Operations

	Year ended December 31
In millions	2020
Noninterest income	$ 5,777
Total revenue	5,777
Income from discontinued operations before income taxes	5,777
Income taxes	1,222
Net income from discontinued operations	$ 4,555

The following table summarizes the cash flows of discontinued operations of BlackRock included in the Consolidated Statement of Cash Flows:

Table 46: Consolidated Statement of Cash Flows - Discontinued Operations

	Year ended December 31
In millions	2020
Cash flows from discontinued operations	
Net cash provided (used) by operating activities of discontinued operations	$ (2,683)
Net cash provided by investing activities of discontinued operations	$ 14,225

NOTE 3 INVESTMENT SECURITIES

The following table summarizes our available for sale and held to maturity portfolios by major security type:

Table 47: Investment Securities Summary (a)(b)

	December 31, 2022				December 31, 2021			
		Unrealized				Unrealized		
In millions	Amortized Cost (c)	Gains	Losses	Fair Value	Amortized Cost (c)	Gains	Losses	Fair Value
Securities Available for Sale								
U.S. Treasury and government agencies	$ 9,196	$ 10	$ (836)	$ 8,370	$ 46,210	$ 324	$ (370)	$ 46,164
Residential mortgage-backed								
Agency	32,114	13	(3,304)	28,823	67,326	695	(389)	67,632
Non-agency	697	131	(9)	819	927	231		1,158
Commercial mortgage-backed								
Agency	1,845		(170)	1,675	1,740	39	(6)	1,773
Non-agency	1,325		(69)	1,256	3,423	31	(18)	3,436
Asset-backed	103	27	(1)	129	6,380	60	(31)	6,409
Other	3,288	44	(245)	3,087	4,792	186	(14)	4,964
Total securities available for sale	$ 48,568	$ 225	$ (4,634)	$ 44,159	$130,798	$ 1,566	$ (828)	$131,536
Securities Held to Maturity								
U.S. Treasury and government agencies	$ 36,571	$ 6	$ (1,617)	$ 34,960	$ 814	$ 76		$ 890
Residential mortgage-backed								
Agency	45,271	74	(3,095)	42,250				
Non-agency	276		(21)	255				
Commercial mortgage-backed								
Agency	848	4	(26)	826				
Non-agency	1,667		(40)	1,627				
Asset-backed	7,188	6	(140)	7,054				
Other	3,354	25	(72)	3,307	612	27	$ (7)	632
Total securities held to maturity (d)	$ 95,175	$ 115	$ (5,011)	$ 90,279	$ 1,426	$ 103	$ (7)	$ 1,522

(a) At December 31, 2022, the accrued interest associated with our held to maturity and available for sale portfolios totaled $282 million and $144 million, respectively. The comparable amounts at December 31, 2021 were $5 million and $322 million, respectively. These amounts are included in Other assets on the Consolidated Balance Sheet.
(b) Credit ratings represent a primary credit quality indicator used to monitor and manage credit risk. Of our total securities portfolio, 97% and 96% were rated AAA/AA as of December 31, 2022 and 2021, respectively.
(c) Amortized cost is presented net of allowance of $142 million and is primarily related to non-agency commercial mortgage-backed securities for securities available for sale and $7 million for securities held to maturity at December 31, 2022. The comparable amounts at December 31, 2021 were $130 million and $3 million, respectively.
(d) Held to maturity securities transferred from available for sale are included in held to maturity at fair value at the time of the transfer. The amortized cost of held to maturity securities included net unrealized losses of $5.1 billion, at December 31, 2022, related to securities transferred, which are offset in AOCI, net of tax.

The fair value of investment securities is impacted by interest rates, credit spreads, market volatility and liquidity conditions. Securities available for sale are carried at fair value with net unrealized gains and losses included in Total shareholders' equity as AOCI, unless credit related. Net unrealized gains and losses are determined by taking the difference between the fair value of a security and its amortized cost, net of any allowance. Securities held to maturity are carried at amortized cost less any allowance. Investment securities at December 31, 2022 included $0.2 billion of net unsettled purchases which represent non-cash investing activity, and accordingly, are not reflected on the Consolidated Statement of Cash Flows. The comparable amount for December 31, 2021 was $0.8 billion.

During 2022, we transferred securities with a fair value of $82.7 billion from available for sale to held to maturity. The securities transferred included $34.0 billion of U.S. Treasury and government agency securities, $39.0 billion of agency residential mortgage-backed securities, $6.3 billion of asset-backed securities and $3.4 billion of various other security types. The securities were reclassified at fair value at the time of the transfer and the transfers represented non-cash transactions. AOCI at December 31, 2022 included pretax unrealized losses of $5.1 billion related to the transfers. These unrealized losses will be amortized, consistent with the amortization of the discount on these securities, over the remaining life as an adjustment of yield, resulting in no impact to net interest income or net income.

We maintain the allowance for investment securities at levels that we believe to be appropriate as of the balance sheet date to absorb expected credit losses on our portfolio. As of December 31, 2022, the allowance for investment securities was $149 million and primarily related to non-agency commercial mortgage-backed securities in the available for sale portfolio. The comparable amount at December 31, 2021 was $133 million. See Note 1 Accounting Policies for a discussion of the methodologies used to determine the allowance for investment securities.

At December 31, 2022, AOCI included pretax losses of $314 million from derivatives that hedged the purchase of investment securities classified as held to maturity. The losses will be accreted to interest income as an adjustment of yield on the securities.

Table 48 presents the gross unrealized losses and fair value of securities available for sale that do not have an associated allowance for investment securities at December 31, 2022 and 2021. These securities are segregated between investments that had been in a continuous unrealized loss position for less than twelve months and twelve months or more, based on the point in time that the fair value declined below the amortized cost basis. All securities included in the table have been evaluated to determine if a credit loss exists. As part of that assessment, as of December 31, 2022, we concluded that we do not intend to sell and believe we will not be required to sell these securities prior to recovery of the amortized cost basis.

Table 48: Gross Unrealized Loss and Fair Value of Securities Available for Sale Without an Allowance for Credit Losses

	Unrealized loss position less than 12 months		Unrealized loss position 12 months or more		Total	
In millions	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value
December 31, 2022						
U.S. Treasury and government agencies	$ (601)	$ 5,868	$ (235)	$ 2,208	$ (836)	$ 8,076
Residential mortgage-backed						
Agency	(1,744)	19,036	(1,560)	8,971	(3,304)	28,007
Non-agency	(6)	112	(2)	17	(8)	129
Commercial mortgage-backed						
Agency	(125)	1,283	(45)	372	(170)	1,655
Non-agency	(44)	750	(18)	394	(62)	1,144
Asset-backed			(1)	5	(1)	5
Other	(96)	1,418	(112)	1,144	(208)	2,562
Total securities available for sale	$ (2,616)	$ 28,467	$ (1,973)	$ 13,111	$ (4,589)	$ 41,578
December 31, 2021						
U.S. Treasury and government agencies	$ (370)	$ 32,600			$ (370)	$ 32,600
Residential mortgage-backed						
Agency	(369)	41,521	$ (20)	$ 1,489	(389)	43,010
Commercial mortgage-backed						
Agency	(5)	451	(1)	60	(6)	511
Non-agency	(4)	1,453	(3)	474	(7)	1,927
Asset-backed	(29)	3,465	(2)	188	(31)	3,653
Other	(13)	1,405			(13)	1,405
Total securities available for sale	$ (790)	$ 80,895	$ (26)	$ 2,211	$ (816)	$ 83,106

Information related to gross realized securities gains and losses from the sales of securities is set forth in the following table:

Table 49: Gains (Losses) on Sales of Securities Available for Sale

Year ended December 31 In millions	Gross Gains	Gross Losses	Net Gains (Losses)	Tax Expense (Benefit)
2022	$ 11	$ (18)	$ (7)	$ (1)
2021	$ 360	$ (296)	$ 64	$ 13
2020	$ 307	$ (2)	$ 305	$ 64

The following table presents, by remaining contractual maturity, the amortized cost, fair value and weighted-average yield of debt securities at December 31, 2022:

Table 50: Contractual Maturity of Debt Securities

December 31, 2022 Dollars in millions	1 Year or Less	After 1 Year through 5 Years	After 5 Years through 10 Years	After 10 Years	Total
Securities Available for Sale					
U.S. Treasury and government agencies	$ 2,121	$ 2,958	$ 2,101	$ 2,016	$ 9,196
Residential mortgage-backed					
Agency	2	75	3,304	28,733	32,114
Non-agency			7	690	697
Commercial mortgage-backed					
Agency	66	410	1,075	294	1,845
Non-agency		120	264	941	1,325
Asset-backed			10	93	103
Other	128	2,309	695	156	3,288
Total securities available for sale at amortized cost	$ 2,317	$ 5,872	$ 7,456	$ 32,923	$ 48,568
Fair value	$ 2,296	$ 5,505	$ 6,762	$ 29,596	$ 44,159
Weighted-average yield, GAAP basis (a)	2.39 %	1.81 %	2.27 %	2.87 %	2.63 %
Securities Held to Maturity					
U.S. Treasury and government agencies	$ 862	$ 27,076	$ 7,831	$ 802	$ 36,571
Residential mortgage-backed					
Agency		8	283	44,980	45,271
Non-agency				276	276
Commercial mortgage-backed					
Agency			584	264	848
Non-agency		114		1,553	1,667
Asset-backed	253	2,134	2,117	2,684	7,188
Other	159	1,169	579	1,447	3,354
Total securities held to maturity at amortized cost	$ 1,274	$ 30,501	$ 11,394	$ 52,006	$ 95,175
Fair value	$ 1,264	$ 29,439	$ 10,799	$ 48,777	$ 90,279
Weighted-average yield, GAAP basis (a)	2.31 %	1.35 %	2.41 %	2.86 %	2.31 %

(a) Weighted-average yields are based on amortized cost with effective yields weighted for the contractual maturity of each security. Actual maturities and yields may differ as certain securities may be prepaid.

At December 31, 2022, there were no securities of a single issuer, other than FNMA and FHLMC, that exceeded 10% of total shareholders' equity. The FNMA and FHLMC investments had a total amortized cost of $39.6 billion and $33.0 billion and fair value of $36.4 billion and $30.5 billion, respectively.

The following table presents the fair value of securities that have been either pledged to or accepted from others to collateralize outstanding borrowings:

Table 51: Fair Value of Securities Pledged and Accepted as Collateral

In millions	December 31 2022	December 31 2021
Pledged to others	$ 24,708	$ 27,349
Accepted from others:		
Permitted by contract or custom to sell or repledge	$ 1,266	$ 707
Permitted amount repledged to others	$ 1,266	$ 707

The securities pledged to others include positions held in our portfolio of investment securities, trading securities and securities accepted as collateral from others that we are permitted by contract or custom to sell or repledge, and were used to secure public and trust deposits, repurchase agreements and for other purposes. See Note 16 Financial Derivatives for information related to securities pledged and accepted as collateral for derivatives.

NOTE 4 LOANS AND RELATED ALLOWANCE FOR CREDIT LOSSES

Loan Portfolio

Our loan portfolio consists of two portfolio segments – Commercial and Consumer. Each of these segments comprises multiple loan classes. Classes are characterized by similarities in risk attributes and the manner in which we monitor and assess credit risk.

Commercial	Consumer
• Commercial and industrial • Commercial real estate • Equipment lease financing	• Residential real estate • Home equity • Automobile • Credit card • Education • Other consumer

See Note 1 Accounting Policies for additional information on our loan related policies.

Credit Quality

We closely monitor economic conditions and loan performance trends to manage and evaluate our exposure to credit risk within the loan portfolio based on our defined loan classes. In doing so, we use several credit quality indicators, including trends in delinquency rates, nonperforming status, analysis of PD and LGD ratings, updated credit scores and originated and updated LTV ratios.

The measurement of delinquency status is based on the contractual terms of each loan. Loans that are 30 days or more past due in terms of payment are considered delinquent. Loan delinquencies include government insured or guaranteed loans, loans accounted for under the fair value option and PCD loans.

Table 52 presents the composition and delinquency status of our loan portfolio at December 31, 2022 and 2021. We manage credit risk based on the risk profile of the borrower, repayment sources, underlying collateral and other support given current events, economic conditions and expectations. We refine our practices to meet the changing environment resulting from rising inflation levels, supply chain disruptions, higher rates and secular changes resulting from the COVID-19 pandemic. To mitigate losses and enhance customer support, we have customer assistance, loan modification and collection programs that align with the CARES Act and subsequent interagency guidance. As a result, under the CARES Act credit reporting rules, certain loans modified due to COVID-19 related hardships are not being reported as past due as of December 31, 2022 and 2021 based on the contractual terms of the loan, even where borrowers may not be making payments on their loans during the modification period.

Table 52: Analysis of Loan Portfolio (a) (b)

Dollars in millions	Accruing: Current or Less Than 30 Days Past Due	30-59 Days Past Due	60-89 Days Past Due	90 Days Or More Past Due	Total Past Due (c)	Nonperforming Loans	Fair Value Option Nonaccrual Loans (d)	Total Loans (e) (f)
December 31, 2022								
Commercial								
Commercial and industrial	$ 181,223	$ 169	$ 27	$ 137	$ 333	$ 663		$ 182,219
Commercial real estate	36,104	19	4		23	189		36,316
Equipment lease financing	6,484	20	4		24	6		6,514
Total commercial	223,811	208	35	137	380	858		225,049
Consumer								
Residential real estate	44,306	281	112	199	592 (c)	424	$ 567	45,889
Home equity	25,305	53	20		73	526	79	25,983
Automobile	14,543	106	25	7	138	155		14,836
Credit card	6,906	50	35	70	155	8		7,069
Education	2,058	34	22	59	115 (c)			2,173
Other consumer	4,975	15	12	10	37	14		5,026
Total consumer	98,093	539	226	345	1,110	1,127	646	100,976
Total	$ 321,904	$ 747	$ 261	$ 482	$ 1,490	$ 1,985	$ 646	$ 326,025
Percentage of total loans	98.73 %	0.23 %	0.08 %	0.15 %	0.46 %	0.61 %	0.20 %	100.00 %
December 31, 2021								
Commercial								
Commercial and industrial	$ 151,698	$ 235	$ 72	$ 132	$ 439	$ 796		$ 152,933
Commercial real estate	33,580	46	24	1	71	364		34,015
Equipment lease financing	6,095	25	2		27	8		6,130
Total commercial	191,373	306	98	133	537	1,168		193,078
Consumer								
Residential real estate	37,706	379	119	328	826 (c)	517	$ 663	39,712
Home equity	23,305	53	18		71	596	89	24,061
Automobile	16,252	146	40	14	200	183		16,635
Credit card	6,475	49	33	62	144	7		6,626
Education	2,400	43	25	65	133 (c)			2,533
Other consumer	5,644	35	22	17	74	9		5,727
Total consumer	91,782	705	257	486	1,448	1,312	752	95,294
Total	$ 283,155	$ 1,011	$ 355	$ 619	$ 1,985	$ 2,480	$ 752	$ 288,372
Percentage of total loans	98.19 %	0.35 %	0.12 %	0.21 %	0.69 %	0.86 %	0.26 %	100.00 %

(a) Amounts in table represent loans held for investment and do not include any associated ALLL.
(b) The accrued interest associated with our loan portfolio totaled $1.2 billion and $0.7 billion at December 31, 2022 and 2021, respectively. These amounts are included in Other assets on the Consolidated Balance Sheet.
(c) Past due loan amounts include government insured or guaranteed Residential real estate loans and Education loans totaling $0.3 billion and $0.1 billion at December 31, 2022. Comparable amounts at December 31, 2021 were $0.4 billion and $0.1 billion, respectively.
(d) Consumer loans accounted for under the fair value option for which we do not expect to collect substantially all principal and interest are subject to nonaccrual accounting and classification upon meeting any of our nonaccrual policy criteria. Given that these loans are not accounted for at amortized cost, these loans have been excluded from the nonperforming loan population.
(e) Includes unearned income, unamortized deferred fees and costs on originated loans and premiums or discounts on purchased loans totaling $0.9 billion and $0.7 billion at December 31, 2022 and 2021, respectively.
(f) Collateral dependent loans totaled $1.3 billion and $1.7 billion at December 31, 2022 and 2021, respectively.

In the normal course of business, we originate or purchase loan products with contractual characteristics that, when concentrated, may increase our exposure as a holder of those loan products. Possible product features that may create a concentration of credit risk would include a high original or updated LTV ratio, terms that may expose the borrower to future increases in repayments above increases in market interest rates and interest-only loans, among others.

We originate interest-only loans to commercial borrowers. Such credit arrangements are usually designed to match borrower cash flow expectations (*e.g.*, working capital lines, revolvers). These products are standard in the financial services industry and product features are considered during the underwriting process to mitigate the increased risk that the interest-only feature may result in borrowers not being able to make interest and principal payments when due. We do not believe that these product features create a concentration of credit risk.

At December 31, 2022, we pledged $28.1 billion of commercial and other loans to the Federal Reserve Bank and $90.4 billion of residential real estate and other loans to the FHLB as collateral for the ability to borrow, if necessary. The comparable amounts at December 31, 2021 were $25.7 billion and $66.2 billion, respectively. Amounts pledged reflect the unpaid principal balances.

Nonperforming Assets

Nonperforming assets include nonperforming loans and leases, OREO and foreclosed assets. Nonperforming loans are those loans accounted for at amortized cost whose credit quality has deteriorated to the extent that full collection of contractual principal and interest is not probable and include nonperforming TDRs and PCD loans. Interest income is not recognized on these loans. Loans accounted for under the fair value option are reported as performing loans; however, when nonaccrual criteria is met, interest income is not recognized on these loans. Additionally, certain government insured or guaranteed loans for which we expect to collect substantially all principal and interest are not reported as nonperforming loans and continue to accrue interest. See Note 1 Accounting Policies for additional information on our nonperforming loan and lease policies.

The following table presents our nonperforming assets as of December 31, 2022 and 2021, respectively.

Table 53: Nonperforming Assets

Dollars in millions	December 31, 2022	December 31, 2021
Nonperforming loans		
Commercial	$ 858	$ 1,168
Consumer (a)	1,127	1,312
Total nonperforming loans (b)	1,985	2,480
OREO and foreclosed assets	34	26
Total nonperforming assets	$ 2,019	$ 2,506
Nonperforming loans to total loans	0.61 %	0.86 %
Nonperforming assets to total loans, OREO and foreclosed assets	0.62 %	0.87 %
Nonperforming assets to total assets	0.36 %	0.45 %

(a) Excludes most unsecured consumer loans and lines of credit, which are charged off after 120 to 180 days past due and are not placed on nonperforming status.
(b) Nonperforming loans for which there is no related ALLL totaled $0.7 billion at December 31, 2022 and primarily include loans with a fair value of collateral that exceeds the amortized cost basis. The comparable amount at December 31, 2021 was $1.0 billion.

Nonperforming loans include certain loans whose terms have been restructured in a manner that grants a concession to a borrower experiencing financial difficulties. In accordance with applicable accounting guidance, these loans are considered TDRs. See Note 1 Accounting Policies and the Troubled Debt Restructurings section of this Note 4 for additional information on TDRs.

Total nonperforming loans in Table 53 include TDRs of $0.7 billion and $1.0 billion at December 31, 2022 and 2021, respectively. TDRs that are performing, including consumer credit card TDR loans, are excluded from nonperforming loans and totaled $0.7 billion and $0.6 billion at December 31, 2022 and 2021, respectively.

Additional Credit Quality Indicators by Loan Class

Commercial and Industrial

For commercial and industrial loans, we monitor the performance of the borrower in a disciplined and regular manner based upon the level of credit risk inherent in the loan. To evaluate the level of credit risk, we assign an internal risk rating reflecting the borrower's PD and LGD. This two-dimensional credit risk rating methodology provides granularity in the risk monitoring process. These ratings are generally reviewed and updated at least once per year. For small balance homogeneous pools of commercial and industrial loans and leases, we apply scoring techniques to assist in determining the PD. The combination of the PD and LGD ratings assigned to commercial and industrial loans, capturing both the combination of expectations of default and loss severity in the event of default, reflects credit quality characteristics as of the reporting date and are used as inputs into our loss forecasting process.

Based upon the amount of the lending arrangement and our risk rating assessment, we follow a formal schedule of written periodic reviews. Quarterly, we conduct formal reviews of a market's or business unit's loan portfolio, focusing on those loans which we perceive to be of higher risk, based upon PDs and LGDs, or loans for which credit quality is weakening. If circumstances warrant, it is our practice to review any customer obligation and its level of credit risk more frequently. We attempt to proactively manage our loans by using various procedures that are customized to the risk of a given loan, including ongoing outreach, contact, and assessment of obligor financial conditions, collateral inspection and appraisal.

Commercial Real Estate
We manage credit risk associated with our commercial real estate projects and commercial mortgages similar to commercial and industrial loans by evaluating PD and LGD. Risks associated with commercial real estate projects and commercial mortgage activities tend to be correlated to the loan structure and collateral location, project progress and business environment. As a result, these attributes are also monitored and utilized in assessing credit risk.

As with the commercial and industrial loan class, a formal schedule of periodic reviews is also performed to assess market/geographic risk and business unit/industry risk. Often as a result of these reviews, more in-depth reviews and increased scrutiny are placed on areas of higher risk, such as adverse changes in risk ratings, deteriorating operating trends, and/or areas that concern management. These reviews are designed to assess risk and facilitate actions to mitigate such risks.

Equipment Lease Financing
We manage credit risk associated with our equipment lease financing loan class similar to commercial and industrial loans by analyzing PD and LGD.

Based upon the dollar amount of the lease and the level of credit risk, we follow a formal schedule of periodic reviews. Generally, this occurs quarterly, although we have established practices to review such credit risk more frequently if circumstances warrant. Our review process entails analysis of the following factors: equipment value/residual value, exposure levels, jurisdiction risk, industry risk, guarantor requirements and regulatory compliance as applicable.

The following table presents credit quality indicators for the commercial loan classes:

Table 54: Commercial Credit Quality Indicators (a)

December 31, 2022 In millions	Term Loans by Origination Year 2022	2021	2020	2019	2018	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Commercial and industrial									
Pass Rated	$ 41,685	$ 12,493	$ 8,134	$ 6,261	$ 4,209	$ 13,165	$ 89,384	$ 69	$ 175,400
Criticized	1,259	423	277	299	297	551	3,682	31	6,819
Total commercial and industrial	42,944	12,916	8,411	6,560	4,506	13,716	93,066	100	182,219
Commercial real estate									
Pass Rated	8,835	4,153	3,266	5,511	3,005	7,454	450		32,674
Criticized	348	37	322	758	807	1,367	3		3,642
Total commercial real estate	9,183	4,190	3,588	6,269	3,812	8,821	453		36,316
Equipment lease financing									
Pass Rated	1,797	962	942	670	410	1,495			6,276
Criticized	60	55	56	39	17	11			238
Total equipment lease financing	1,857	1,017	998	709	427	1,506			6,514
Total commercial	$ 53,984	$ 18,123	$ 12,997	$ 13,538	$ 8,745	$ 24,043	$ 93,519	$ 100	$ 225,049

December 31, 2021 In millions	Term Loans by Origination Year 2021	2020	2019	2018	2017	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Commercial and industrial									
Pass Rated	$ 27,104	$ 12,053	$ 10,731	$ 6,698	$ 6,355	$ 11,759	$ 71,230	$ 90	$ 146,020
Criticized	283	368	815	649	496	824	3,448	30	6,913
Total commercial and industrial	27,387	12,421	11,546	7,347	6,851	12,583	74,678	120	152,933
Commercial real estate									
Pass Rated	4,110	4,109	6,355	4,234	2,634	7,562	436		29,440
Criticized	294	298	999	820	566	1,552	46		4,575
Total commercial real estate	4,404	4,407	7,354	5,054	3,200	9,114	482		34,015
Equipment lease financing									
Pass Rated	1,212	1,190	942	682	507	1,410			5,943
Criticized	37	54	41	29	19	7			187
Total equipment lease financing	1,249	1,244	983	711	526	1,417			6,130
Total commercial	$ 33,040	$ 18,072	$ 19,883	$ 13,112	$ 10,577	$ 23,114	$ 75,160	$ 120	$ 193,078

(a) Loans in our commercial portfolio are classified as Pass Rated or Criticized based on the regulatory definitions, which are driven by the PD and LGD ratings that we assign. The Criticized classification includes loans that were rated special mention, substandard or doubtful as of December 31, 2022 and 2021.

<u>Residential Real Estate and Home Equity</u>
We use several credit quality indicators, including delinquency information, nonperforming loan information, updated credit scores and originated and updated LTV ratios, to monitor and manage credit risk within the residential real estate and home equity loan classes. A summary of credit quality indicators follows:

<u>Delinquency/Delinquency Rates</u>: We monitor trending of delinquency/delinquency rates for residential real estate and home equity loans. See Table 55 for additional information.

<u>Nonperforming Loans</u>: We monitor trending of nonperforming loans for residential real estate and home equity loans. See Table 55 for additional information.

Credit Scores: We use a national third-party provider to update FICO credit scores for residential real estate and home equity loans at least quarterly. The updated scores are incorporated into a series of credit management reports, which are utilized to monitor the risk in the loan classes.

LTV (inclusive of CLTV for first and subordinate lien positions): At least quarterly, we update the property values of real estate collateral and calculate an updated LTV ratio. For open-end credit lines secured by real estate in regions experiencing significant declines in property values, more frequent valuations may occur. We examine LTV migration and stratify LTV into categories to monitor the risk in the loan classes.

We use a combination of original LTV and updated LTV for internal risk management and reporting purposes (*e.g.*, line management, loss mitigation strategies). In addition to the fact that estimated property values by their nature are estimates, given certain data limitations, it is important to note that updated LTVs may be based upon management's assumptions (*i.e.*, if an updated LTV is not provided by the third-party service provider, HPI changes will be incorporated in arriving at management's estimate of updated LTV).

Updated LTV is estimated using modeled property values. The related estimates and inputs are based upon an approach that uses a combination of third-party automated valuation models, broker price opinions, HPI indices, property location, internal and external balance information, origination data and management assumptions. We generally utilize origination lien balances provided by a third-party, where applicable, which do not include an amortization assumption when calculating updated LTV. Accordingly, the results of the calculations do not represent actual appraised loan level collateral or updated LTV based upon lien balances held by others, and as such, are necessarily imprecise and subject to change as we refine our methodology.

The following table presents credit quality indicators for the residential real estate and home equity loan classes:

Table 55: Credit Quality Indicators for Residential Real Estate and Home Equity Loan Classes

	Term Loans by Origination Year								
December 31, 2022 In millions	2022	2021	2020	2019	2018	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Residential real estate									
Current estimated LTV ratios									
Greater than 100%	$ 4	$ 52	$ 20	$ 10	$ 4	$ 41			$ 131
Greater than or equal to 80% to 100%	1,185	678	232	84	24	92			2,295
Less than 80%	9,396	15,844	7,074	2,346	822	7,220			42,702
No LTV available		61		3		4			68
Government insured or guaranteed loans	9	15	66	39	28	536			693
Total residential real estate	$ 10,594	$ 16,650	$ 7,392	$ 2,482	$ 878	$ 7,893			$ 45,889
Updated FICO scores									
Greater than or equal to 780	$ 6,825	$ 12,596	$ 5,276	$ 1,623	$ 463	$ 4,027			$ 30,810
720 to 779	3,172	3,024	1,369	476	180	1,457			9,678
660 to 719	514	744	378	189	98	796			2,719
Less than 660	63	108	110	88	71	740			1,180
No FICO score available	11	163	193	67	38	337			809
Government insured or guaranteed loans	9	15	66	39	28	536			693
Total residential real estate	$ 10,594	$ 16,650	$ 7,392	$ 2,482	$ 878	$ 7,893			$ 45,889
Home equity									
Current estimated LTV ratios									
Greater than 100%		$ 4	$ 14	$ 9	$ 2	$ 15	$ 268	$ 137	$ 449
Greater than or equal to 80% to 100%		4	51	27	4	31	854	1,149	2,120
Less than 80%		172	2,078	961	285	2,851	7,780	9,287	23,414
Total home equity		$ 180	$ 2,143	$ 997	$ 291	$ 2,897	$ 8,902	$ 10,573	$ 25,983
Updated FICO scores									
Greater than or equal to 780		$ 110	$ 1,357	$ 554	$ 155	$ 1,791	$ 5,093	$ 5,545	$ 14,605
720 to 779		47	515	248	64	567	2,305	2,843	6,589
660 to 719		19	211	140	42	288	1,146	1,449	3,295
Less than 660		4	57	54	29	242	342	671	1,399
No FICO score available			3	1	1	9	16	65	95
Total home equity		$ 180	$ 2,143	$ 997	$ 291	$ 2,897	$ 8,902	$ 10,573	$ 25,983

(Continued from previous page)	Term Loans by Origination Year								
December 31, 2021 In millions	2021	2020	2019	2018	2017	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Residential real estate									
Current estimated LTV ratios									
Greater than 100%	$ 10	$ 52	$ 21	$ 12	$ 13	$ 77			$ 185
Greater than or equal to 80% to 100%	1,460	560	221	86	66	190			2,583
Less than 80%	15,213	7,822	2,834	1,004	1,570	7,385			35,828
No LTV available	275	6	1	1		22			305
Government insured or guaranteed loans	3	33	37	30	39	669			811
Total residential real estate	$ 16,961	$ 8,473	$ 3,114	$ 1,133	$ 1,688	$ 8,343			$ 39,712
Updated FICO scores									
Greater than or equal to 780	$ 11,110	$ 5,898	$ 1,996	$ 596	$ 1,029	$ 4,052			$ 24,681
720 to 779	4,921	1,735	643	247	345	1,619			9,510
660 to 719	717	463	255	136	133	796			2,500
Less than 660	83	103	96	75	94	848			1,299
No FICO score available	127	241	87	49	48	359			911
Government insured or guaranteed loans	3	33	37	30	39	669			811
Total residential real estate	$ 16,961	$ 8,473	$ 3,114	$ 1,133	$ 1,688	$ 8,343			$ 39,712
Home equity									
Current estimated LTV ratios									
Greater than 100%	$ 1	$ 16	$ 14	$ 3	$ 2	$ 25	$ 329	$ 90	$ 480
Greater than or equal to 80% to 100%	7	85	62	13	11	66	990	674	1,908
Less than 80%	204	2,487	1,189	370	549	3,200	7,868	5,806	21,673
Total home equity	$ 212	$ 2,588	$ 1,265	$ 386	$ 562	$ 3,291	$ 9,187	$ 6,570	$ 24,061
Updated FICO scores									
Greater than or equal to 780	$ 124	$ 1,619	$ 692	$ 201	$ 364	$ 2,035	$ 5,490	$ 3,320	$ 13,845
720 to 779	61	666	348	96	116	642	2,283	1,679	5,891
660 to 719	23	248	167	56	53	327	1,071	872	2,817
Less than 660	4	53	57	32	28	277	325	615	1,391
No FICO score available		2	1	1	1	10	18	84	117
Total home equity	$ 212	$ 2,588	$ 1,265	$ 386	$ 562	$ 3,291	$ 9,187	$ 6,570	$ 24,061

Automobile, Credit Card, Education and Other Consumer

We monitor a variety of credit quality information in the management of these consumer loan classes. For all loan types, we generally use a combination of internal loan parameters as well as an updated FICO score. We use FICO scores as a primary credit quality indicator for automobile and credit card loans, as well as non-government guaranteed or non-insured education loans and other secured and unsecured lines and loans. Internal credit metrics, such as delinquency status, are heavily relied upon as credit quality indicators for government guaranteed or insured education loans and consumer loans to high net worth individuals, as internal credit metrics are more relevant than FICO scores for these types of loans.

Along with the monitoring of delinquency trends and losses for each class, FICO credit score updates are obtained at least quarterly along with a variety of credit bureau attributes. Loans with high FICO scores tend to have a lower likelihood of loss. Conversely, loans with low FICO scores tend to have a higher likelihood of loss.

The following table presents credit quality indicators for the automobile, credit card, education and other consumer loan classes:

Table 56: Credit Quality Indicators for Automobile, Credit Card, Education and Other Consumer Loan Classes

	Term Loans by Origination Year								
December 31, 2022 In millions	2022	2021	2020	2019	2018	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Updated FICO Scores									
Automobile									
Greater than or equal to 780	$ 2,390	$ 2,162	$ 922	$ 760	$ 241	$ 75			$ 6,550
720 to 779	1,702	1,312	561	538	222	69			4,404
660 to 719	854	660	341	401	187	56			2,499
Less than 660	193	290	230	368	228	74			1,383
Total automobile	$ 5,139	$ 4,424	$ 2,054	$ 2,067	$ 878	$ 274			$ 14,836
Credit card									
Greater than or equal to 780							$ 1,954	$ 2	$ 1,956
720 to 779							1,994	6	2,000
660 to 719							1,957	13	1,970
Less than 660							1,001	35	1,036
No FICO score available or required (a)							104	3	107
Total credit card							$ 7,010	$ 59	$ 7,069
Education									
Greater than or equal to 780	$ 42	$ 53	$ 48	$ 61	$ 51	$ 357			$ 612
720 to 779	39	27	24	30	24	143			287
660 to 719	21	8	8	9	8	59			113
Less than 660	4	1	1	2	2	24			34
No FICO score available or required (a)	20	8	7	3		1			39
Education loans using FICO credit metric	126	97	88	105	85	584			1,085
Other internal credit metrics						1,088			1,088
Total education	$ 126	$ 97	$ 88	$ 105	$ 85	$ 1,672			$ 2,173
Other consumer									
Greater than or equal to 780	$ 224	$ 97	$ 53	$ 46	$ 14	$ 18	$ 47	$ 2	$ 501
720 to 779	302	122	68	62	20	15	89	2	680
660 to 719	229	110	68	66	28	8	95	2	606
Less than 660	32	48	37	40	20	6	44	2	229
Other consumer loans using FICO credit metric	787	377	226	214	82	47	275	8	2,016
Other internal credit metrics	125	43	40	34	7	29	2,720	12	3,010
Total other consumer	$ 912	$ 420	$ 266	$ 248	$ 89	$ 76	$ 2,995	$ 20	$ 5,026

(Continued from previous page) December 31, 2021 In millions	Term Loans by Origination Year 2021	2020	2019	2018	2017	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Updated FICO Scores									
Automobile									
Greater than or equal to 780	$ 3,247	$ 1,496	$ 1,380	$ 533	$ 226	$ 79			$ 6,961
720 to 779	2,119	983	1,030	499	195	62			4,888
660 to 719	969	609	772	413	155	44			2,962
Less than 660	277	315	583	429	162	58			1,824
Total automobile	$ 6,612	$ 3,403	$ 3,765	$ 1,874	$ 738	$ 243			$ 16,635
Credit card									
Greater than or equal to 780							$ 1,815	$ 2	$ 1,817
720 to 779							1,836	9	1,845
660 to 719							1,856	19	1,875
Less than 660							943	29	972
No FICO score available or required (a)							114	3	117
Total credit card							$ 6,564	$ 62	$ 6,626
Education									
Greater than or equal to 780	$ 37	$ 60	$ 77	$ 62	$ 48	$ 392			$ 676
720 to 779	20	29	37	30	21	160			297
660 to 719	7	9	11	11	7	73			118
Less than 660	1	1	2	2	2	25			33
No FICO score available or required (a)	11	10	7	2		1			31
Education loans using FICO credit metric	76	109	134	107	78	651			1,155
Other internal credit metrics						1,378			1,378
Total education	$ 76	$ 109	$ 134	$ 107	$ 78	$ 2,029			$ 2,533
Other consumer									
Greater than or equal to 780	$ 199	$ 131	$ 123	$ 47	$ 12	$ 32	$ 95	$ 1	$ 640
720 to 779	250	172	167	68	15	19	125		816
660 to 719	190	145	165	82	16	11	122		731
Less than 660	50	62	85	54	10	6	50	1	318
Other consumer loans using FICO credit metric	689	510	540	251	53	68	392	2	2,505
Other internal credit metrics	87	31	35	23	22	48	2,955	21	3,222
Total other consumer	$ 776	$ 541	$ 575	$ 274	$ 75	$ 116	$ 3,347	$ 23	$ 5,727

(a) Loans with no FICO score available or required generally refers to new accounts issued to borrowers with limited credit history, accounts for which we cannot obtain an updated FICO score (*e.g.*, recent profile changes), cards issued with a business name and/or cards secured by collateral. Management proactively assesses the risk and size of this loan category and, when necessary, takes actions to mitigate the credit risk.

Troubled Debt Restructurings

A TDR is a loan whose terms have been restructured in a manner that grants a concession to a borrower experiencing financial difficulty. See Note 1 Accounting Policies for additional information related to TDRs.

Table 57 quantifies the number of loans that were classified as TDRs as well as the change in the loans' balance as a result of becoming a TDR during 2022, 2021 and 2020. Additionally, the table provides information about the types of TDR concessions. The Principal Forgiveness TDR category includes principal forgiveness and accrued interest forgiveness. The Rate Reduction TDR category includes reduced interest rate and interest deferral. The Other TDR category primarily includes consumer borrowers that have been discharged from personal liability through Chapter 7 bankruptcy and have not formally reaffirmed their loan obligations to us, as well as postponement/reduction of scheduled amortization and contractual extensions for both consumer and commercial borrowers.

In some cases, there have been multiple concessions granted on one loan. This is most common within the commercial loan portfolio. When there have been multiple concessions granted in the commercial loan portfolio, the principal forgiveness concession was prioritized for purposes of determining the inclusion in Table 57. Second in priority would be rate reduction. In the event that multiple concessions are granted on a consumer loan, concessions resulting from discharge from personal liability through Chapter 7 bankruptcy without formal affirmation of the loan obligations to us would be prioritized and included in the Other type of concession in Table 57. After that, consumer loan concessions would follow the previously discussed priority of concessions for the commercial loan portfolio.

Table 57: Financial Impact and TDRs by Concession Type (a)

During the year ended December 31, 2022 Dollars in millions	Number of Loans	Pre-TDR Amortized Cost Basis (b)	Post-TDR Amortized Cost Basis (c)			
			Principal Forgiveness	Rate Reduction	Other	Total
Commercial	57	$ 363	$ 9	$ 58	$ 202	$ 269
Consumer	10,809	162		123	22	145
Total TDRs	10,866	$ 525	$ 9	$ 181	$ 224	$ 414
During the year ended December 31, 2021 Dollars in millions						
Commercial	57	$ 536	$ 6		$ 510	$ 516
Consumer	6,109	108		$ 64	33	97
Total TDRs	6,166	$ 644	$ 6	$ 64	$ 543	$ 613
During the year ended December 31, 2020 Dollars in millions						
Commercial	73	$ 513	$ 39	$ 56	$ 346	$ 441
Consumer	12,270	178		88	73	161
Total TDRs	12,343	$ 691	$ 39	$ 144	$ 419	$ 602

(a) Impact of partial charge-offs at TDR date are included in this table.
(b) Represents the amortized cost basis of the loans as of the quarter end prior to TDR designation.
(c) Represents the amortized cost basis of the TDRs as of the end of the quarter in which the TDR occurs.

After a loan is determined to be a TDR, we continue to track its performance under its most recent restructured terms. We consider a TDR to have subsequently defaulted when it becomes 60 days past due after the most recent date the loan was restructured. Loans that were both (i) classified as TDRs, and (ii) subsequently defaulted during the period totaled $0.1 billion for each of the years ended December 31, 2022, 2021 and 2020, respectively.

Allowance for Credit Losses

We maintain the ACL related to loans at levels that we believe to be appropriate to absorb expected credit losses in the portfolios as of the balance sheet date. See Note 1 Accounting Policies for a discussion of the methodologies used to determine this allowance. A rollforward of the ACL related to loans follows:

Table 58: Rollforward of Allowance for Credit Losses

At or for the year ended December 31	2022			2021			2020		
In millions	Commercial	Consumer	Total	Commercial	Consumer	Total	Commercial	Consumer	Total
Allowance for loan and lease losses									
Beginning balance	$ 3,185	$ 1,683	$ 4,868	$ 3,337	$ 2,024	$ 5,361	$ 1,812	$ 930	$ 2,742
Adoption of ASU 2016-13 (a)							(304)	767	463
Beginning balance, adjusted	3,185	1,683	4,868	3,337	2,024	5,361	1,508	1,697	3,205
Acquisition PCD reserves				774	282	1,056			
Charge-offs	(307)	(678)	(985)	(434)	(667)	(1,101)	(407)	(785)	(1,192)
Recoveries	114	308	422	106	338	444	94	266	360
Net (charge-offs)	(193)	(370)	(563)	(328)	(329)	(657)	(313)	(519)	(832)
Provision for (recapture of) credit losses	126	313	439	(594)	(293)	(887)	2,139	846	2,985
Other	(4)	1	(3)	(4)	(1)	(5)	3		3
Ending balance	$ 3,114	$ 1,627	$ 4,741	$ 3,185	$ 1,683	$ 4,868	$ 3,337	$ 2,024	$ 5,361
Allowance for unfunded lending related commitments (b)									
Beginning balance	$ 564	$ 98	$ 662	$ 485	$ 99	$ 584	$ 316	$ 2	$ 318
Adoption of ASU 2016-13 (a)							53	126	179
Beginning balance, adjusted	564	98	662	485	99	584	369	128	497
Acquisition PCD reserves				43	3	46			
Provision for (recapture of) credit losses	49	(17)	32	36	(4)	32	116	(29)	87
Ending balance	$ 613	$ 81	$ 694	$ 564	$ 98	$ 662	$ 485	$ 99	$ 584
Allowance for credit losses at December 31 (c)	$ 3,727	$ 1,708	$ 5,435	$ 3,749	$ 1,781	$ 5,530	$ 3,822	$ 2,123	$ 5,945

(a) Represents the impact of adopting ASU 2016-13 - *Financial Instruments - Credit Losses* on January 1, 2020 and our transition from an incurred loss methodology for our reserves to an expected credit loss methodology.
(b) See Note 11 Commitments for additional information about the underlying commitments related to this allowance.
(c) Represents the ALLL plus allowance for unfunded lending related commitments and excludes allowances for investment securities and other financial assets, which together totaled $176 million, $171 million and $109 million at December 31, 2022, 2021 and 2020 respectively.

The ACL related to loans at December 31, 2022 totaled $5.4 billion, a decrease of $0.1 billion since December 31, 2021. The decline in reserves was primarily driven by the reassessment of pandemic-related risks and improvements in credit quality, partially offset by our weakened economic outlook along with loan growth.

NOTE 5 LOAN SALE AND SERVICING ACTIVITIES AND VARIABLE INTEREST ENTITIES

Loan Sale and Servicing Activities

We have transferred residential and commercial mortgage loans in securitization or sales transactions in which we have continuing involvement. These transfers have occurred through Agency securitization, Non-agency securitization, and loan sale transactions. Agency securitizations consist of securitization transactions with FNMA, FHLMC and GNMA (collectively, the Agencies). FNMA and FHLMC generally securitize our transferred loans into mortgage-backed securities for sale into the secondary market through SPEs that they sponsor. As an authorized GNMA issuer/servicer, we pool FHA and Department of VA insured loans into mortgage-backed securities for sale into the secondary market. In Non-agency securitizations, we have transferred loans into securitization SPEs. In other instances, third-party investors have also purchased our loans in loan sale transactions and in certain instances have subsequently sold these loans into securitization SPEs. Securitization SPEs utilized in the Agency and Non-agency securitization transactions are VIEs.

Our continuing involvement in the FNMA, FHLMC, and GNMA securitizations, Non-agency securitizations, and loan sale transactions generally consists of servicing, repurchasing previously transferred loans under certain conditions and loss share arrangements, and, in limited circumstances, holding of mortgage-backed securities issued by the securitization SPEs.

Depending on the transaction, we may act as the master, primary and/or special servicer to the securitization SPEs or third-party investors. Servicing responsibilities typically consist of collecting and remitting monthly borrower principal and interest payments, maintaining escrow deposits, performing loss mitigation and foreclosure activities, and, in certain instances, funding of servicing advances. Servicing advances, which are generally reimbursable, are made for principal and interest and collateral protection and are carried in Other assets at cost.

We earn servicing and other ancillary fees for our role as servicer and, depending on the contractual terms of the servicing arrangement, we can be terminated as servicer with or without cause. At the consummation date of each type of loan transfer where we retain the servicing, we recognize a servicing right at fair value. See Note 6 Goodwill and Mortgage Servicing Rights and Note 15 Fair Value for further discussion of our servicing rights.

Certain loans transferred to the Agencies contain ROAPs. Under these ROAPs, we hold an option to repurchase at par individual delinquent loans that meet certain criteria. In other limited cases, GNMA has granted us the right to repurchase current loans when we intend to modify the borrower's interest rate under established guidelines. When we have the unilateral ability to repurchase a loan, effective control over the loan has been regained and we recognize an asset (in either Loans or Loans held for sale) and a corresponding liability (in Other borrowed funds) on the balance sheet regardless of our intent to repurchase the loan.

The Agency and Non-agency mortgage-backed securities issued by the securitization SPEs that are purchased and held on our balance sheet are typically purchased in the secondary market. We do not retain any credit risk on our Agency mortgage-backed security positions as FNMA, FHLMC and the U.S. Government (for GNMA) guarantee losses of principal and interest.

We also have involvement with certain Agency and Non-agency commercial securitization SPEs where we have not transferred commercial mortgage loans. These SPEs were sponsored by independent third-parties and the loans held by these entities were purchased exclusively from other third-parties. Generally, our involvement with these SPEs is as servicer with servicing activities consistent with those described above.

We recognize a liability for our loss exposure associated with contractual obligations to repurchase previously transferred loans due to possible breaches of representations and warranties and also for loss sharing arrangements (recourse obligations) with the Agencies. Other than providing temporary liquidity under servicing advances and our loss exposure associated with our repurchase and recourse obligations, we have not provided nor are we required to provide any type of credit support, guarantees or commitments to the securitization SPEs or third-party investors in these transactions.

The following table provides our loan sale and servicing activities:

Table 59: Cash Flows Associated with Loan Sale and Servicing Activities

In millions	Residential Mortgages	Commercial Mortgages (a)
Cash Flows - Year ended December 31, 2022		
Sales of loans and related securitization activity (b)	$ 5,124	$ 3,332
Repurchases of previously transferred loans (c)	$ 187	$ 27
Servicing fees (d)	$ 405	$ 190
Servicing advances recovered/(funded), net	$ 11	$ 42
Cash flows on mortgage-backed securities held (e)	$ 3,790	$ 84
Cash Flows - Year ended December 31, 2021		
Sales of loans and related securitization activity (b)	$ 8,426	$ 3,611
Repurchases of previously transferred loans (c)	$ 239	$ 207
Servicing fees (d)	$ 367	$ 165
Servicing advances recovered/(funded), net	$ (33)	$ (26)
Cash flows on mortgage-backed securities held (e)	$ 9,001	$ 76

(a) Represents both commercial mortgage loan transfer and servicing activities.
(b) Gains/losses recognized on sales of loans were insignificant for the periods presented.
(c) Includes both residential and commercial mortgage government insured or guaranteed loans eligible for repurchase through the exercise of our ROAP option, as well as residential mortgage loans repurchased due to alleged breaches of origination covenants or representations and warranties made to purchasers.
(d) Includes contractually specified servicing fees, late charges and ancillary fees.
(e) Represents cash flows on securities where we transferred to, and/or service loans for, a securitization SPE and we hold securities issued by that SPE. The carrying values of such securities held were $21.4 billion in residential mortgage-backed securities and $0.7 billion in commercial mortgage-backed securities at December 31, 2022. Comparable amounts at December 31, 2021 were $17.6 billion and $0.6 billion, respectively.

Table 60 presents information about the principal balances of transferred loans that we service and are not recorded on our Consolidated Balance Sheet. We would only experience a loss on these transferred loans if we were required to repurchase a loan, where the repurchase price exceeded the loan's fair value, due to a breach in representations and warranties or a loss sharing arrangement associated with our continuing involvement with these loans. The estimate of losses related to breaches in representations and warranties was insignificant at December 31, 2022 and 2021.

Table 60: Principal Balance, Delinquent Loans and Net Charge-offs Related to Serviced Loans For Others

In millions	Residential Mortgages	Commercial Mortgages (a)
December 31, 2022		
Total principal balance	$ 41,031	$ 57,974
Delinquent loans (b)	$ 346	
December 31, 2021		
Total principal balance	$ 42,726	$ 39,551
Delinquent loans (b)	$ 569	$ 42
Year ended December 31, 2022		
Net charge-offs (c)	$ 4	$ 74
Year ended December 31, 2021		
Net charge-offs (c)	$ 4	$ 179

(a) Represents information at the securitization level in which we have sold loans and we are the servicer for the securitization.
(b) Serviced delinquent loans are 90 days or more past due or are in process of foreclosure.
(c) Net charge-offs for Residential mortgages represent credit losses less recoveries distributed and as reported to investors during the period. Net charge-offs for Commercial mortgages represent credit losses less recoveries distributed and as reported by the trustee for commercial mortgage backed securitizations. Realized losses for Agency securitizations are not reflected as we do not manage the underlying real estate upon foreclosure and, as such, do not have access to loss information.

Variable Interest Entities (VIEs)

We are involved with various entities in the normal course of business that are deemed to be VIEs. We assess VIEs for consolidation based upon the accounting policies described in Note 1 Accounting Policies. Our consolidated VIEs were insignificant at both December 31, 2022 and 2021. We have not provided additional financial support to these entities which we are not contractually required to provide.

The following table provides a summary of non-consolidated VIEs with which we have significant continuing involvement but are not the primary beneficiary. We have excluded certain transactions with non-consolidated VIEs from the balances presented in Table 61 where we have determined that our continuing involvement is insignificant. We do not consider our continuing involvement to be significant when it relates to a VIE where we only invest in securities issued by the VIE and were not involved in the design of the VIE or where no transfers have occurred between us and the VIE. In addition, where we only have lending arrangements in the normal course of business with entities that could be VIEs, we have excluded these transactions with non-consolidated entities from the balances presented in Table 61. These loans are included as part of the asset quality disclosures that we make in Note 4 Loans and Related Allowance for Credit Losses.

Table 61: Non-Consolidated VIEs

In millions	PNC Risk of Loss (a)	Carrying Value of Assets Owned by PNC	Carrying Value of Liabilities Owned by PNC
December 31, 2022			
Mortgage-backed securitizations (b)	$ 22,666	$ 22,670 (c)	$ 1
Tax credit investments and other	4,411	4,240 (d)	2,063 (e)
Total	$ 27,077	$ 26,910	$ 2,064
December 31, 2021			
Mortgage-backed securitizations (b)	$ 18,708	$ 18,708 (c)	$ 1
Tax credit investments and other	3,865	3,893 (d)	1,798 (e)
Total	$ 22,573	$ 22,601	$ 1,799

(a) Represents loans, investments and other assets related to non-consolidated VIEs, net of collateral (if applicable). The risk of loss excludes any potential tax recapture associated with tax credit investments.
(b) Amounts reflect involvement with securitization SPEs where we transferred to, and/or service loans for, an SPE and we hold securities issued by that SPE. Values disclosed in the PNC Risk of Loss column represent our maximum exposure to loss for those securities' holdings.
(c) Included in Investment securities, Mortgage servicing rights and Other assets on our Consolidated Balance Sheet.
(d) Included in Investment securities, Loans, Equity investments and Other assets on our Consolidated Balance Sheet.
(e) Included in Deposits and Other liabilities on our Consolidated Balance Sheet.

Mortgage-Backed Securitizations

In connection with each Agency and Non-agency residential and commercial mortgage-backed securitization discussed above, we evaluate each SPE utilized in these transactions for consolidation. In performing these assessments, we evaluate our level of continuing involvement in these transactions as the nature of our involvement ultimately determines whether or not we hold a variable interest and/or are the primary beneficiary of the SPE. Factors we consider in our consolidation assessment include the significance of (i) our role as servicer, (ii) our holdings of mortgage-backed securities issued by the securitization SPE and (iii) the rights of third-party variable interest holders.

The first step in our assessment is to determine whether we hold a variable interest in the securitization SPE. We hold variable interests in Agency and Non-agency securitization SPEs through our holding of residential and commercial mortgage-backed securities issued by the SPEs and/or our recourse obligations. Each SPE in which we hold a variable interest is evaluated to determine whether we are the primary beneficiary of the entity. For Agency securitization transactions, our contractual role as servicer does not give us the power to direct the activities that most significantly affect the economic performance of the SPEs. Thus, we are not the primary beneficiary of these entities. For Non-agency securitization transactions, we would be the primary beneficiary to the extent our servicing activities give us the power to direct the activities that most significantly affect the economic performance of the SPE and we hold a more-than-insignificant variable interest in the entity.

Details about the Agency and Non-agency securitization SPEs where we hold a variable interest and are not the primary beneficiary are included in Table 61. Our maximum exposure to loss as a result of our involvement with these SPEs is the carrying value of the mortgage-backed securities, servicing assets, servicing advances and our liabilities associated with our recourse obligations. Creditors of the securitization SPEs have no recourse to our assets or general credit.

Tax Credit Investments and Other

For tax credit investments in which we do not have the right to make decisions that will most significantly impact the economic performance of the entity, we are not the primary beneficiary and thus do not consolidate the entity. These investments are disclosed in Table 61. The table also reflects our maximum exposure to loss exclusive of any potential tax credit recapture. Our maximum exposure to loss is equal to our legally binding equity commitments adjusted for recorded impairment, partnership results or amortization for qualifying low income housing tax credit investments when applicable. For all legally binding unfunded equity commitments, we increase our recognized investment and recognize a liability. As of December 31, 2022, we had a liability for unfunded commitments of $2.2 billion related to investments in qualified affordable housing projects which is reflected in Other liabilities on our Consolidated Balance Sheet.

Table 61 also includes our involvement in lease financing transactions with LLCs engaged in solar power generation that, to a large extent, provided returns in the form of tax credits. The outstanding financings and operating lease assets are reflected as Loans and Other assets, respectively, on our Consolidated Balance Sheet, whereas related liabilities are reported in Deposits and Other liabilities.

We make certain equity investments in various tax credit limited partnerships or LLCs. The purpose of these investments is to achieve a satisfactory return on capital and to assist us in achieving goals associated with the CRA. During 2022, we recognized $0.4 billion of amortization, $0.4 billion of tax credits and less than $0.1 billion of other tax benefits associated with qualified investments in LIHTCs within Income taxes. We recognized $0.3 billion of amortization, $0.3 billion of tax credits and less than $0.1 billion of other tax benefits associated with qualified investments in LIHTCs within Income taxes in 2021. Comparable amounts for 2020 were $0.2 billion, $0.2 billion and less than $0.1 billion, respectively.

NOTE 6 GOODWILL AND MORTGAGE SERVICING RIGHTS

Assets and liabilities of acquired entities are recorded at estimated fair value as of the acquisition date.

Goodwill

Allocations of Goodwill by business segment at December 31, 2022, 2021 and 2020 follow:

Table 62: Goodwill by Business Segment

In millions	Retail Banking	Corporate & Institutional Banking	Asset Management Group	Total
Balance as of December 31, 2022	$ 6,473	$ 4,325	$ 189	$ 10,987
Other		71		71
Balance as of December 31, 2021	$ 6,473	$ 4,254	$ 189	$ 10,916
BBVA acquisition	678	796	125	1,599
Other		84		84
Balance as of December 31, 2020	$ 5,795	$ 3,374	$ 64	$ 9,233

Goodwill increased during 2021 primarily as a result of the acquisition of BBVA. Goodwill was recorded and allocated to each of our three business segments and is not deductible for income tax purposes. See Note 2 Acquisition and Divestiture Activities for additional information.

We review goodwill in each of our reporting units for impairment at least annually, in the fourth quarter, or more frequently if events occur or circumstances have changed significantly from the annual test date. Based on the results of our analysis, there were no impairment charges related to goodwill in 2022, 2021 or 2020.

Mortgage Servicing Rights

We recognize the right to service mortgage loans for others as an intangible asset when the benefits of servicing are expected to be more than adequate compensation to a servicer for performing the servicing. MSRs are recognized either when purchased or when originated loans are sold with servicing retained. MSRs totaled $3.4 billion at December 31, 2022 and $1.8 billion at December 31, 2021, and consisted of loan servicing contracts for commercial and residential mortgages measured at fair value.

Commercial Mortgage Servicing Rights
We recognize gains (losses) on changes in the fair value of commercial MSRs. Commercial MSRs are subject to changes in value from actual or expected prepayment of the underlying loans and defaults as well as market driven changes in interest rates. We manage this risk by economically hedging the fair value of commercial MSRs with securities, derivative instruments and resale agreements which are expected to increase (or decrease) in value when the value of commercial MSRs decreases (or increases).

The fair value of commercial MSRs is estimated by using a discounted cash flow model incorporating inputs for assumptions as to constant prepayment rates, discount rates and other factors determined based on current market conditions and expectations.

Changes in the commercial MSRs follow:

Table 63: Commercial Mortgage Servicing Rights

In millions	2022	2021	2020
January 1	$ 740	$ 569	$ 649
Additions:			
From loans sold with servicing retained	62	87	100
Purchases	46	41	44
Changes in fair value due to:			
Time and payoffs (a)	(208)	(119)	(115)
Other (b)	473	162	(109)
December 31	$ 1,113	$ 740	$ 569
Related unpaid principal balance at December 31	$ 281,277	$ 272,556	$ 243,960
Servicing advances at December 31	$ 421	$ 463	$ 437

(a) Represents decrease in MSR value due to passage of time, including the impact from both regularly scheduled loan principal payments, prepayments and loans paid off during the period.
(b) Represents MSR value changes resulting primarily from market-driven changes in interest rates.

Residential Mortgage Servicing Rights
We recognize gains (losses) on changes in the fair value of residential MSRs. Residential MSRs are subject to changes in value from actual or expected prepayment of the underlying loans and defaults as well as market driven changes in interest rates. We manage this risk by economically hedging the fair value of residential MSRs with securities and derivative instruments that are expected to increase (or decrease) in value when the value of residential MSRs decreases (or increases).

The fair value of residential MSRs is estimated by using a discounted cash flow valuation model that calculates the present value of estimated future net servicing cash flows, taking into consideration actual and expected mortgage loan prepayment rates, discount rates, servicing costs, and other factors that are determined based on current market conditions.

Changes in the residential MSRs follow:

Table 64: Residential Mortgage Servicing Rights

In millions	2022	2021	2020
January 1	$ 1,078	$ 673	$ 995
Additions:			
BBVA Acquisition		35	
From loans sold with servicing retained	57	87	45
Purchases	897	411	208
Changes in fair value due to:			
Time and payoffs (a)	(231)	(320)	(198)
Other (b)	509	192	(377)
December 31	$ 2,310	$ 1,078	$ 673
Unpaid principal balance of loans serviced for others at December 31	$ 189,831	$ 132,953	$ 120,778
Servicing advances at December 31	$ 165	$ 176	$ 143

(a) Represents decrease in MSR value due to passage of time, including the impact from both regularly scheduled loan principal payments, prepayments and loans paid off during the period.
(b) Represents MSR value changes resulting from market-driven changes in interest rates.

Sensitivity Analysis
The fair value of commercial and residential MSRs and significant inputs to the valuation models as of December 31, 2022 and December 31, 2021 are shown in Tables 65 and 66. The expected and actual rates of mortgage loan prepayments are significant factors driving the fair value. Management uses both internal proprietary models and a third-party model to estimate future commercial mortgage loan prepayments and a third-party model to estimate future residential mortgage loan prepayments. These models have been refined based on current market conditions and management judgment. Future interest rates are another important factor in the valuation of MSRs. Management utilizes market implied forward interest rates to estimate the future direction of mortgage and discount rates. The forward rates utilized are derived from the current yield curve for U.S. dollar interest rate swaps and are consistent with pricing of capital markets instruments. Changes in the shape and slope of the forward curve in future periods may result in volatility in the fair value estimate.

A sensitivity analysis of the hypothetical effect on the fair value of MSRs to adverse changes in key assumptions is presented in Tables 65 and 66. These sensitivities do not include the impact of the related hedging activities. Changes in fair value generally cannot be extrapolated because the relationship of the change in the assumption to the change in fair value may not be linear. Also, the effect of a variation in a particular assumption on the fair value of the MSRs is calculated independently without changing any other assumption. In reality, changes in one factor may result in changes in another (*e.g.*, changes in mortgage interest rates, which drive changes in prepayment rate estimates, could result in changes in the interest rate spread), which could either magnify or counteract the sensitivities.

The following tables set forth the fair value of commercial and residential MSRs and the sensitivity analysis of the hypothetical effect on the fair value of MSRs to immediate adverse changes of 10% and 20% in those assumptions:

Table 65: Commercial Mortgage Servicing Rights – Key Valuation Assumptions

Dollars in millions	December 31, 2022	December 31, 2021
Fair value	$ 1,113	$ 740
Weighted-average life (years)	4.0	4.2
Weighted-average constant prepayment rate	4.28 %	5.49 %
Decline in fair value from 10% adverse change	$ 8	$ 12
Decline in fair value from 20% adverse change	$ 15	$ 21
Effective discount rate	9.77 %	7.75 %
Decline in fair value from 10% adverse change	$ 34	$ 20
Decline in fair value from 20% adverse change	$ 68	$ 40

Table 66: Residential Mortgage Servicing Rights – Key Valuation Assumptions

Dollars in millions	December 31, 2022	December 31, 2021
Fair value	$ 2,310	$ 1,078
Weighted-average life (years)	8.0	5.7
Weighted-average constant prepayment rate	6.72 %	12.63 %
Decline in fair value from 10% adverse change	$ 55	$ 46
Decline in fair value from 20% adverse change	$ 107	$ 89
Weighted-average option adjusted spread	766 bps	857 bps
Decline in fair value from 10% adverse change	$ 69	$ 31
Decline in fair value from 20% adverse change	$ 134	$ 60

Fees from mortgage loan servicing, which include contractually specified servicing fees, late fees and ancillary fees were $0.6 billion for 2022 and $0.5 billion for both 2021 and 2020. We also generate servicing fees from fee-based activities provided to others for which we do not have an associated servicing asset. Fees from commercial and residential MSRs are reported within Noninterest income on our Consolidated Income Statement in Residential and commercial mortgage.

NOTE 7 LEASES

PNC enters into both lessor and lessee arrangements. For more information on lease accounting, see Note 1 Accounting Policies and for additional details on our equipment lease financing receivables see Note 4 Loans and Related Allowance for Credit Losses.

Lessor Arrangements

PNC's lessor arrangements primarily consist of direct financing, sales-type and operating leases for equipment. Lease agreements may include options to renew and for the lessee to purchase the leased equipment at the end of the lease term.

The following table provides details on our income from lessor arrangements:

Table 67: Lessor Income

Year ended December 31 In millions	2022	2021	2020
Sales-type and direct financing leases (a)	$ 243	$ 243	$ 269
Operating leases (b)	63	75	95
Lease income	$ 306	$ 318	$ 364

(a) Included in Loans interest income on the Consolidated Income Statement.
(b) Included in Lending and deposit services on the Consolidated Income Statement.

The following table provides the components of our equipment lease financing assets:

Table 68: Sales-Type and Direct Financing Leases

In millions	December 31, 2022	December 31, 2021
Lease receivables	$ 5,853	$ 5,829
Unguaranteed residual asset values (a)	1,422	977
Unearned income	(761)	(677)
Equipment lease financing	$ 6,514	$ 6,129

(a) In certain cases, PNC obtains third-party residual value insurance to reduce its residual risk. The carrying value of residual assets with third-party residual value insurance for at least a portion of the asset value was $0.4 billion for both 2022 and 2021.

Operating lease assets were $0.8 billion and accumulated depreciation was $0.2 billion at December 31, 2022 compared to operating lease assets of $0.9 billion and accumulated depreciation of $0.2 billion at December 31, 2021. We had no lease transactions with related parties or deferred selling profits at December 31, 2022 and 2021.

The future minimum lessor receivable arrangements at December 31, 2022 were as follows:

Table 69: Future Minimum Lessor Receivable Arrangements

In millions	Operating Leases	Sales-type and Direct Financing Leases
2023	$ 46	$ 1,474
2024	37	1,256
2025	28	890
2026	21	621
2027	11	609
2028 and thereafter	16	1,003
Total future minimum lease receivable arrangements	$ 159	$ 5,853

Lessee Arrangements

We lease retail branches, datacenters, office space, land and equipment under operating and finance leases. Our leases have remaining lease terms of 1 year to 45 years, some of which may include options to renew the leases for up to 99 years, and some of which may include options to terminate the leases prior to the end date of the lease term. Certain leases also include options to purchase the leased asset. The exercise of lease renewal, termination and purchase options is at our sole discretion.

Certain of our lease agreements include rental payments based on a percentage of revenue and others include rental payments if certain bank deposit levels are met. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants. Subleases to third parties were not material at December 31, 2022 and 2021.

Tables 70 and 71 provide details on our operating leases:

Table 70: Operating Lease Costs and Cash Flows

Year ended December 31 In millions	2022	2021	2020
Operating lease cost (a)	$ 395	$ 386	$ 358
Operating cash flows	$ 434	$ 400	$ 360

(a) Included in Occupancy, Equipment and Marketing expense on the Consolidated Income Statement.

Table 71: Operating Lease Assets and Liabilities

In millions	December 31, 2022	December 31, 2021
Operating lease assets (a)	$ 1,857	$ 1,919
Operating lease liabilities (b)	$ 2,160	$ 2,220

(a) Included in Other assets on the Consolidated Balance Sheet.
(b) Included in Accrued expenses and other liabilities on the Consolidated Balance Sheet.

Finance lease assets and liabilities, income, expense and cash flows at December 31, 2022 and 2021 were not material.

Operating lease term and discount rates of our lessee arrangements at December 31, 2022 and 2021 were as follows:

Table 72: Operating Lease Term and Discount Rates of Lessee Arrangements

	December 31, 2022	December 31, 2021
Weighted-average remaining lease term (years)	7	8
Weighted-average discount rate	2.24 %	1.99 %

The future lease payments based on maturity for our lessee liability arrangements at December 31, 2022 are as follows:

Table 73: Future Lease Payments for Operating Lease Liability Arrangements

In millions	December 31, 2022
2023	$ 428
2024	385
2025	343
2026	291
2027	247
2028 and thereafter	657
Total future lease payments	$ 2,351
Less: Interest	191
Present value of operating lease liability arrangements	$ 2,160

NOTE 8 PREMISES, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Premises, equipment and leasehold improvements, stated at cost less accumulated depreciation and amortization, were as follows:

Table 74: Premises, Equipment and Leasehold Improvements

In millions	December 31 2022	December 31 2021
Premises, equipment and leasehold improvements	$ 17,769	$ 16,651
Accumulated depreciation and amortization	(9,015)	(8,058)
Net book value	$ 8,754	$ 8,593

Depreciation expense on premises, equipment and leasehold improvements, as well as amortization expense, excluding intangible assets, primarily for capitalized internally developed software are shown in the following table:

Table 75: Depreciation and Amortization Expense

Year ended December 31 In millions	2022	2021	2020
Depreciation	$ 899	$ 844	$ 791
Amortization	130	122	115
Total depreciation and amortization	$ 1,029	$ 966	$ 906

NOTE 9 TIME DEPOSITS

The aggregate amount of time deposit accounts (including certificates of deposits) in denominations that met or exceeded the insured limit were $10.4 billion and $7.7 billion at December 31, 2022, and 2021, respectively.

Table 76 shows the total amount of time deposits at December 31, 2022 by future contractual maturity range:

Table 76: Time Deposits

In billions	
2023	$ 15.9
2024	$ 1.8
2025	$ 0.2
2026	$ 0.2
2027	$ 0.1
2028 and thereafter	$ 0.3
Total	$ 18.5

NOTE 10 BORROWED FUNDS

The following table shows the carrying value of total borrowed funds at December 31, 2022 (including adjustments related to accounting hedges, purchase accounting and unamortized original issuance discounts) by remaining contractual maturity:

Table 77: Borrowed Funds

In millions	
2023	$ 4,332
2024	$ 20,673
2025	$ 14,931
2026	$ 5,666
2027	$ 1,659
2028 and thereafter	$ 11,465
Total	$ 58,726

The following table presents the contractual rates and maturity dates of our FHLB borrowings, senior debt and subordinated debt as of December 31, 2022 and the carrying values as of December 31, 2022 and 2021.

Table 78: FHLB Borrowings, Senior Debt and Subordinated Debt

	Stated Rate	Maturity	Carrying Value	
Dollars in millions	2022	2022	2022	2021
Parent Company				
Senior debt	1.15% - 6.04%	2024 - 2033	$ 11,374	$ 10,369
Subordinated debt	3.90% - 4.63%	2024 - 2033	1,524	777
Junior subordinated debt	5.33 %	2028	205	205
Subtotal			13,103	11,351
Bank				
Federal Home Loan Bank borrowings (a)	4.48% - 4.72%	2023 - 2026	32,075	
Senior debt	2.50% - 5.07%	2023 - 2043	5,283	10,292
Subordinated debt	2.70% - 5.90%	2023 - 2029	4,578	6,014
Subtotal			41,936	16,306
Total			$ 55,039	$ 27,657

(a) FHLB borrowings are generally collateralized by residential mortgage loans, other mortgage-related loans and investment securities.

In Table 78, the carrying values for Parent Company senior and subordinated debt include basis adjustments of $(723) million and $(72) million, respectively, whereas Bank senior and subordinated debt include basis adjustments of $(256) million and $(232) million, respectively, related to fair value accounting hedges as of December 31, 2022.

Certain borrowings are reported at fair value, refer to Note 15 Fair Value for more information on those borrowings.

Junior Subordinated Debentures

PNC Capital Trust C, a wholly-owned finance subsidiary of The PNC Financial Services Group, Inc., owns junior subordinated debentures issued by PNC with a carrying value of $205 million. In June 1998, PNC Capital Trust C issued $200 million of trust preferred securities which bear interest at an annual rate of 3 month LIBOR plus 57 basis points. The trust preferred securities are currently redeemable by PNC Capital Trust C at par. In accordance with GAAP, the financial statements of the Trust are not included in our consolidated financial statements.

The obligations of The PNC Financial Services Group, Inc., as the parent of the Trust, when taken collectively, are the equivalent of a full and unconditional guarantee of the obligations of the Trust under the terms of the trust preferred securities. Such guarantee is subordinate in right of payment in the same manner as other junior subordinated debt. There are certain restrictions on our overall ability to obtain funds from our subsidiaries. For additional disclosure on these funding restrictions, see Note 20 Regulatory Matters.

We are subject to certain restrictions, including restrictions on dividend payments, in connection with the outstanding junior subordinated debentures. Generally, if (i) there is an event of default under the debentures, (ii) we elect to defer interest on the debentures, (iii) we exercise our right to defer payments on the related trust preferred securities, or (iv) there is a default under our guarantee of such payment obligations, subject to certain limited exceptions, we would be unable during the period of such default or deferral to make payments on our debt securities that rank equal or junior to the debentures as well as to make payments on our equity securities, including dividend payments.

NOTE 11 COMMITMENTS

In the normal course of business, we have various commitments outstanding, certain of which are not included on our Consolidated Balance Sheet. The following table presents our outstanding commitments to extend credit along with other commitments as of December 31, 2022 and 2021.

Table 79: Commitments to Extend Credit and Other Commitments

In millions	December 31, 2022	December 31, 2021
Commitments to extend credit		
Commercial	$ 198,542	$ 176,248
Home equity	22,783	19,410
Credit card	33,066	32,499
Other	7,337	9,081
Total commitments to extend credit	261,728	237,238
Net outstanding standby letters of credit (a)	10,575	9,303
Standby bond purchase agreements (b)	1,208	1,268
Other commitments (c)	3,661	3,045
Total commitments to extend credit and other commitments	$ 277,172	$ 250,854

(a) Net outstanding standby letters of credit include $3.6 billion and $3.3 billion at December 31, 2022 and 2021, respectively, which support remarketing programs.
(b) We enter into standby bond purchase agreements to support municipal bond obligations.
(c) Includes $2.2 billion and $2.0 billion related to investments in qualified affordable housing projects at December 31, 2022 and 2021, respectively.

Commitments to Extend Credit

Commitments to extend credit, or net unfunded loan commitments, represent arrangements to lend funds or provide liquidity subject to specified contractual conditions. These commitments generally have fixed expiration dates, may require payment of a fee and generally contain termination clauses in the event the customer's credit quality deteriorates.

Net Outstanding Standby Letters of Credit

We issue standby letters of credit and share in the risk of standby letters of credit issued by other financial institutions, in each case to support obligations of our customers to third parties, such as insurance requirements and the facilitation of transactions involving capital markets product execution. Approximately 98% of our net outstanding standby letters of credit were rated as Pass at December 31, 2022, with the remainder rated as Criticized. An internal credit rating of Pass indicates the expected risk of loss is currently low, while a rating of Criticized indicates a higher degree of risk.

If the customer fails to meet its financial or performance obligation to the third party under the terms of the contract or there is a need to support a remarketing program, then upon a draw by a beneficiary, subject to the terms of the letter of credit, we would be obligated to make payment to them. The standby letters of credit outstanding on December 31, 2022 had terms ranging from less than one year to eight years.

As of December 31, 2022, assets of $1.3 billion secured certain specifically identified standby letters of credit. In addition, a portion of the remaining standby letters of credit issued on behalf of specific customers is also secured by collateral or guarantees that secure the customers' other obligations to us. The carrying amount of the liability for our obligations related to standby letters of credit and participations in standby letters of credit was $0.2 billion at December 31, 2022 and is included in Other liabilities on our Consolidated Balance Sheet.

NOTE 12 EQUITY

Preferred Stock

The following table provides the number of preferred shares issued and outstanding, the liquidation value per share and the number of authorized preferred shares:

Table 80: Preferred Stock - Authorized, Issued and Outstanding

December 31 Shares in thousands	Liquidation value per share	Preferred Shares 2022	Preferred Shares 2021
Authorized			
$1 par value		20,000	20,000
Issued and outstanding			
Series B	$ 40	1	1
Series O	$ 100,000	10	10
Series P (a)	$ 100,000		15
Series R	$ 100,000	5	5
Series S	$ 100,000	5	5
Series T	$ 100,000	15	15
Series U	$ 100,000	10	
Series V	$ 100,000	12	
Total issued and outstanding		58	51

(a) On November 1, 2022, PNC redeemed all 15,000 shares of its Series P Preferred Stock, as well as all 60 million Depositary Shares each representing a fractional interest in such shares.

The following table discloses information related to the preferred stock outstanding as of December 31, 2022:

Table 81: Terms of Outstanding Preferred Stock

Preferred Stock	Issue Date	Number of Depositary Shares Issued and Outstanding	Fractional Interest in a Share of Preferred Stock Represented by Each Depositary Share	Dividend Dates (a)	Annual Per Share Dividend Rate	Optional Redemption Date (b)
Series B (c)	(c)	N/A	N/A	Quarterly from March 10th	$ 1.80	None
Series O (d)	July 27, 2011	1 million	1/100th	Semi-annually beginning on February 1, 2012 until August 1, 2021 Quarterly beginning on November 1, 2021	6.75% until August 1, 2021 3 Mo. LIBOR plus 3.678% per annum beginning on August 1, 2021	August 1, 2021
Series R (d)	May 7, 2013	500,000	1/100th	Semi-annually beginning on December 1, 2013 until June 1, 2023 Quarterly beginning on September 1, 2023	4.85% until June 1, 2023 3 Mo. LIBOR plus 3.04% per annum beginning June 1, 2023	June 1, 2023
Series S (d)	November 1, 2016	525,000	1/100th	Semi-annually beginning on May 1, 2017 until November 1, 2026 Quarterly beginning on February 1, 2027	5.00% until November 1, 2026 3 Mo. LIBOR plus 3.30% per annum beginning November 1, 2026	November 1, 2026
Series T (d)	September 13, 2021	1.5 million	1/100th	Quarterly beginning on December 15, 2021	3.40% until September 15, 2026 5 Yr. U.S. Treasury plus 2.595% per annum beginning September 15, 2026	September 15, 2026
Series U (d)	April 26, 2022	1 million	1/100th	Quarterly beginning on August 15, 2022	6.00% until May 15, 2027 5 Yr. U.S. Treasury plus 3.00% per annum beginning May 15, 2027	May 15, 2027
Series V (d)	August 19, 2022	1.25 million	1/100th	Quarterly beginning on December 15, 2022	6.20% until September 15, 2027 5 Yr. U.S. Treasury plus 3.238% per annum beginning September 15, 2027	September 15, 2027

(a) Dividends are payable when, as, and if declared by our Board of Directors or an authorized committee of our Board of Directors.
(b) Redeemable at our option on or after the date stated. With the exception of the Series B preferred stock, also redeemable at our option within 90 days of a regulatory capital treatment event as defined in the designations.
(c) Cumulative preferred stock. Holders of Series B preferred stock are entitled to 8 votes per share, which is equal to the number of full shares of common stock into which the Series B preferred stock is convertible. The Series B preferred stock was issued in connection with the consolidation of Pittsburgh National Corporation and Provident National Corporation in 1983.
(d) Non-Cumulative preferred stock.

Each outstanding series of preferred stock, other than the Series B, contains restrictions on our ability to pay dividends and make other shareholder payments. Subject to limited exceptions, if dividends are not paid on any such series of preferred stock, we cannot declare dividends on or repurchase shares of our common stock. In addition, if we would like to repurchase shares of preferred stock, such repurchases must be on a pro rata basis with respect to all such series of preferred stock.

The following table provides the dividends per share for PNC's common and preferred stock:

Table 82: Dividends Per Share

December 31	2022	2021	2020
Common Stock	$ 5.75	$ 4.80	$ 4.60
Preferred Stock			
Series B	$ 1.80	$ 1.80	$ 1.80
Series O	$ 4,881	$ 7,722	$ 6,750
Series P	$ 6,181	$ 6,125	$ 6,125
Series Q			$ 4,031
Series R	$ 4,850	$ 4,850	$ 4,850
Series S	$ 5,000	$ 5,000	$ 5,000
Series T	$ 3,400	$ 869	
Series U	$ 3,317		
Series V	$ 1,998		

On January 4, 2023, the PNC Board of Directors declared a quarterly cash dividend on common stock of $1.50 per share. The dividend, with a payment date of February 5, 2023, was paid on the next business day.

Other Shareholders' Equity Matters

At December 31, 2022, we had reserved approximately 79 million common shares to be issued in connection with certain stock plans.

Consistent with the SCB framework, which allows for capital return in amounts in excess of the SCB minimum levels, our Board of Directors has authorized a repurchase framework under the repurchase program approved on April 4, 2019 of up to 100 million common shares, of which approximately 49% were still available for repurchase at December 31, 2022. Under this framework, PNC expects quarterly repurchases of up to $500 million with the ability to adjust those levels as conditions warrant. PNC's SCB for the four-quarter period beginning October 1, 2022 is 2.9%.

NOTE 13 OTHER COMPREHENSIVE INCOME

Details of other comprehensive income (loss) are as follows:

Table 83: Other Comprehensive Income (Loss)

	Year ended December 31								
	2022			2021			2020		
In millions	Pre-tax	Tax effect	After-tax	Pre-tax	Tax effect	After-tax	Pre-tax	Tax effect	After-tax
Debt securities									
Net Unrealized gains (losses) on securities	$(10,866)	$ 2,561	$ (8,305)	$ (2,445)	$ 576	$ (1,869)	$ 2,113	$ (485)	$ 1,628
Less: Net realized gains (losses) reclassified to earnings (a)	(723)	171	(552)	6	(2)	4	302	(69)	233
Net change	(10,143)	2,390	(7,753)	(2,451)	578	(1,873)	1,811	(416)	1,395
Cash flow hedge derivatives									
Net Unrealized gains (losses) on cash flow hedge derivatives	(3,536)	833	(2,703)	(632)	149	(483)	918	(211)	707
Less: Net realized gains (losses) reclassified to earnings (a)	(260)	61	(199)	494	(117)	377	421	(97)	324
Net change	(3,276)	772	(2,504)	(1,126)	266	(860)	497	(114)	383
Pension and other postretirement benefit plan adjustments									
Net pension and other postretirement benefit plan activity and other reclassified to earnings (b)	(363)	85	(278)	486	(114)	372	82	(19)	63
Net change	(363)	85	(278)	486	(114)	372	82	(19)	63
Other									
Net unrealized gains (losses) on other transactions	(5)	(41)	(46)	4	(4)		10	5	15
Net change	(5)	(41)	(46)	4	(4)		10	5	15
Total other comprehensive income (loss) from continuing operations	(13,787)	3,206	(10,581)	(3,087)	726	(2,361)	2,400	(544)	1,856
Total other comprehensive income from discontinued operations							148	(33)	115
Total other comprehensive income (loss)	$(13,787)	$ 3,206	$(10,581)	$ (3,087)	$ 726	$ (2,361)	$ 2,548	$ (577)	$ 1,971

(a) Reclassifications for pre-tax debt securities and cash flow hedges are recorded in interest income and noninterest income on the Consolidated Income Statement.
(b) Reclassifications include amortization of actuarial losses (gains) and amortization of prior period services costs (credits) which are recorded in noninterest expense on the Consolidated Income Statement.

Table 84: Accumulated Other Comprehensive Income (Loss) Components

In millions, after-tax	Debt securities	Cash flow hedge derivatives	Pension and other postretirement benefit plan adjustments	Other	Accumulated other Comprehensive Income from Continuing Operations	Accumulated other Comprehensive Income from Discontinued Operations	Total
Balance at December 31, 2019	$ 1,067	$ 276	$ (408)	$ (21)	$ 914	$ (115)	$ 799
Net Activity	1,395	383	63	15	1,856	115	1,971
Balance at December 31, 2020	$ 2,462	$ 659	$ (345)	$ (6)	$ 2,770		$ 2,770
Net activity	(1,873)	(860)	372		(2,361)		(2,361)
Balance at December 31, 2021	$ 589	$ (201)	$ 27	$ (6)	$ 409		$ 409
Net activity	(7,753)	(2,504)	(278)	(46)	(10,581)		(10,581)
Balance at December 31, 2022 (a)	$ (7,164)	$ (2,705)	$ (251)	$ (52)	$ (10,172)		$(10,172)

(a) At December 31, 2022, AOCI included pretax losses of $314 million from derivatives that hedged the purchase of investment securities classified as held to maturity.

NOTE 14 EARNINGS PER SHARE

Table 85: Basic and Diluted Earnings Per Common Share

In millions, except per share data	2022	2021	2020
Basic			
Net income from continuing operations	$ 6,113	$ 5,725	$ 3,003
Less:			
Net income attributable to noncontrolling interests	72	51	41
Preferred stock dividends	301	233	229
Preferred stock discount accretion and redemptions	5	5	4
Net income from continuing operations attributable to common shareholders	5,735	5,436	2,729
Less: Dividends and undistributed earnings allocated to nonvested restricted shares	27	27	13
Net income from continuing operations attributable to basic common shareholders	$ 5,708	$ 5,409	$ 2,716
Net income from discontinued operations attributable to common shareholders			$ 4,555
Less: Undistributed earnings allocated to nonvested restricted shares			22
Net income from discontinued operations attributable to basic common shareholders			$ 4,533
Basic weighted-average common shares outstanding	412	426	427
Basic earnings per common share from continuing operations (a)	$ 13.86	$ 12.71	$ 6.37
Basic earnings per common share from discontinued operations (a)			$ 10.62
Basic earnings per common share	$ 13.86	$ 12.71	$ 16.99
Diluted			
Net income from continuing operations attributable to diluted common shareholders	$ 5,708	$ 5,409	$ 2,716
Net income from discontinued operations attributable to basic common shareholders			$ 4,533
Less: Impact of earnings per share dilution from discontinued operations			2
Net income from discontinued operations attributable to diluted common shareholders			$ 4,531
Basic weighted-average common shares outstanding	412	426	427
Diluted weighted-average common shares outstanding	412	426	427
Diluted earnings per common share from continuing operations (a)	$ 13.85	$ 12.70	$ 6.36
Diluted earnings per common share from discontinued operations (a)			$ 10.60
Diluted earnings per common share	$ 13.85	$ 12.70	$ 16.96

(a) Basic and diluted earnings per share under the two-class method are determined on net income reported on the income statement less earnings allocated to nonvested restricted shares and restricted share units with nonforfeitable dividends and dividend rights (participating securities).

NOTE 15 FAIR VALUE

Fair Value Measurement

We measure certain financial assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability on the measurement date and is determined using an exit price in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. The fair value hierarchy established by GAAP requires us to maximize the use of observable inputs when measuring fair value. The three levels of the fair value hierarchy are:

- **Level 1:** Fair value is determined using a quoted price in an active market for identical assets or liabilities. Level 1 assets and liabilities may include debt securities, equity securities and listed derivative contracts that are traded in an active exchange market, and certain U.S. Treasury securities that are actively traded in over-the-counter markets.
- **Level 2:** Fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly or indirectly. The majority of Level 2 assets and liabilities include debt securities and listed derivative contracts with quoted prices that are traded in markets that are not active, and certain debt and equity securities and over-the-counter derivative contracts whose fair value is determined using a pricing model without significant unobservable inputs.
- **Level 3:** Fair value is estimated using unobservable inputs that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models and discounted cash flow methodologies, or similar techniques for which the significant valuation inputs are not observable and the determination of fair value requires significant management judgment or estimation.

We characterize active markets as those where transaction volumes are sufficient to provide objective pricing information, with reasonably narrow bid/ask spreads, and where dealer quotes received do not vary widely and are based on current information. Inactive markets are typically characterized by low transaction volumes, price quotations that vary substantially among market participants or are not based on current information, wide bid/ask spreads, a significant increase in implied liquidity risk premiums, yields, or performance indicators for observed transactions or quoted prices compared to historical periods, a significant decline or absence of a market for new issuance, or any combination of the above factors. We also consider nonperformance risks, including credit risk, as part of our valuation methodology for all assets and liabilities measured at fair value.

Assets and liabilities measured at fair value, by their nature, result in a higher degree of financial statement volatility. Assets and liabilities classified within Level 3 inherently require the use of various assumptions, estimates and judgments when measuring their fair value. As observable market activity is commonly not available to use when estimating the fair value of Level 3 assets and liabilities, we must estimate fair value using various modeling techniques. These techniques include the use of a variety of inputs/ assumptions including credit quality, liquidity, interest rates or other relevant inputs across the entire population of our Level 3 assets and liabilities. Changes in the significant underlying factors or assumptions (either an increase or a decrease) in any of these areas underlying our estimates may have resulted in a significant increase/decrease in the Level 3 fair value measurement of a particular asset and/or liability from period to period.

Any models used to determine fair values or to validate dealer quotes are subject to review and independent testing as part of our model validation and internal control testing processes. Our Model Risk Management Group reviews significant models on at least an annual basis. In addition, the Valuation Committee approves valuation methodologies and reviews the results of independent valuation reviews and processes for assets and liabilities measured at fair value on a recurring basis.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Residential Mortgage Loans Held for Sale
We account for certain residential mortgage loans originated for sale at fair value on a recurring basis. The election of the fair value option aligns the accounting for the residential mortgages with the related hedges. Residential mortgage loans are valued based on quoted market prices, where available, prices for other traded mortgage loans with similar characteristics, and purchase commitments and bid information received from market participants. The prices are adjusted as necessary to include the embedded servicing value in the loans and to take into consideration the specific characteristics of certain loans that are priced based on the pricing of similar loans. These adjustments represent unobservable inputs to the valuation but are not considered significant given the relative insensitivity of the value to changes in these inputs to the fair value of the loans. Accordingly, the majority of residential mortgage loans held for sale are classified as Level 2.

Commercial Mortgage Loans Held for Sale
We account for certain commercial mortgage loans classified as held for sale in whole loan transactions at fair value. We determine the fair value of commercial mortgage loans held for sale based upon discounted cash flows. Fair value is determined using sale valuation assumptions that management believes a market participant would use in pricing the loans.

For loans to be sold to agencies with servicing retained, the fair value is adjusted for the estimated servicing cash flows, which is an unobservable input. This adjustment is not considered significant given the relative insensitivity of the value to changes in the input to the fair value of the loans. Accordingly, commercial mortgage loans held for sale to agencies are classified as Level 2.

Valuation assumptions may include observable inputs based on the benchmark interest rate swap curve, whole loan sales and agency sales transactions. The significant unobservable input for commercial mortgage loans held for sale, excluding those to be sold to agencies, is management's assumption of the spread applied to the benchmark rate. The spread over the benchmark curve includes management's assumptions of the impact of credit and liquidity risk. Significant increases (decreases) in the spread applied to the benchmark would have resulted in a significantly lower (higher) asset value. The wide range of the spread over the benchmark curve is due to the varying risk and underlying property characteristics within our portfolio. Based on the significance of the unobservable input, we classified this portfolio as Level 3.

Securities Available for Sale and Trading Securities

Securities accounted for at fair value include both the available for sale and trading portfolios. We primarily use prices obtained from pricing services, dealer quotes or recent trades to determine the fair value of securities. The majority of securities were priced by third-party vendors. The third-party vendors use a variety of methods when pricing securities that incorporate relevant market data to arrive at an estimate of what a buyer in the marketplace would pay for a security under current market conditions. We monitor and validate the reliability of vendor pricing on an ongoing basis through pricing methodology reviews, including detailed reviews of the assumptions and inputs used by the vendor to price individual securities, and through price validation testing. Securities not priced by one of our pricing vendors may be valued using a dealer quote, which are also subject to price validation testing. Price validation testing is performed independent of the risk-taking function and involves corroborating the prices received from third-party vendors and dealers with prices from another third party or through other sources, such as internal valuations or sales of similar securities. Security prices are also validated through actual cash settlement upon sale of a security.

Securities are classified within the fair value hierarchy after considering the activity level in the market for the security type and the observability of the inputs used to determine the fair value. When a quoted price in an active market exists for the identical security, this price is used to determine fair value and the security is classified within Level 1 of the hierarchy. Level 1 securities include U.S. Treasury securities.

When a quoted price in an active market for the identical security is not available, fair value is estimated using either an alternative market approach, such as a recent trade or matrix pricing, or an income approach, such as a discounted cash flow pricing model. If the inputs to the valuation are based primarily on market observable information, then the security is classified within Level 2 of the hierarchy. Level 2 securities include agency debt securities, agency residential mortgage-backed securities, agency and non-agency commercial mortgage-backed securities, certain non-agency residential mortgage-backed securities, asset-backed securities collateralized by non-mortgage-related corporate and consumer loans, and other debt securities. Level 2 securities are predominantly priced by third parties, either by a pricing vendor or dealer.

In certain cases where there is limited activity or less transparency around the inputs to the valuation, securities are classified within Level 3 of the hierarchy. Securities classified as Level 3 consist primarily of non-agency residential mortgage-backed and asset-backed securities collateralized by first- and second-lien residential mortgage loans. Fair value for these securities is primarily estimated using pricing obtained from third-party vendors. In some cases, fair value is estimated using a dealer quote, by reference to prices of securities of a similar vintage and collateral type or by reference to recent sales of similar securities. Market activity for these security types is limited with little price transparency. As a result, these securities are generally valued by the third-party vendor using a discounted cash flow approach that incorporates significant unobservable inputs and observable market activity where available. Significant inputs to the valuation include prepayment projections and credit loss assumptions (default rate and loss severity) and discount rates that are deemed representative of current market conditions. Significant increases (decreases) in any of those assumptions in isolation would have resulted in a significantly lower (higher) fair value measurement.

Certain infrequently traded debt securities within other debt securities available for sale and trading securities are also classified in Level 3 and are included in the Insignificant Level 3 assets, net of liabilities line item in Table 88. The significant unobservable inputs used to estimate the fair value of these securities include an estimate of expected credit losses and a discount for liquidity risk. These inputs are incorporated into the fair value measurement by either increasing the spread over the benchmark curve or by applying a credit and liquidity discount to the par value of the security. Significant increases (decreases) in credit and/or liquidity risk could have resulted in a significantly lower (higher) fair value estimate.

Loans

Loans accounted for at fair value consist primarily of residential mortgage loans. These loans are generally valued similarly to residential mortgage loans held for sale and are classified as Level 2. However, similar to residential mortgage loans held for sale, if these loans are repurchased and unsalable, they are classified as Level 3. In addition, repurchased VA loans, where only a portion of the principal will be reimbursed, are classified as Level 3. The fair value is determined using a discounted cash flow calculation based on our historical loss rate. We have elected to account for certain home equity lines of credit at fair value. These loans are classified as

Level 3. Significant inputs to the valuation of these loans include credit and liquidity discount, cumulative default rate, loss severity and gross discount rate and are deemed representative of current market conditions. Significant increases (decreases) in any of these assumptions would have resulted in a significantly lower (higher) fair value measurement.

Equity Investments

Equity investments includes money market mutual funds as well as direct and indirect private equity investments. Money market mutual funds are valued based on quoted prices in active markets for identical securities and classified within Level 1 of the hierarchy. The valuation of direct and indirect private equity investments requires significant management judgment due to the absence of quoted market prices, inherent lack of liquidity and the long-term nature of such investments. Various valuation techniques are used for direct investments, including multiples of adjusted earnings of the entity, independent appraisals, anticipated financing and sale transactions with third parties, or the pricing used to value the entity in a recent financing transaction. A multiple of adjusted earnings calculation is the valuation technique utilized most frequently and is the most significant unobservable input used in such calculation. Significant decreases (increases) in the multiple of earnings could have resulted in a significantly lower (higher) fair value measurement. Direct equity investments are classified as Level 3.

Indirect investments are not redeemable; however, we receive distributions over the life of the partnerships from liquidation of the underlying investments by the investee, which we expect to occur over the next 12 years. We value indirect investments in private equity funds using the NAV practical expedient as provided in the financial statements that we receive from fund managers. Due to the time lag in our receipt of the financial information and based on a review of investments and valuation techniques applied, adjustments to the manager-provided value are made when available recent portfolio company information or market information indicates a significant change in value from that provided by the manager of the fund. Indirect investments valued using NAV are not classified in the fair value hierarchy.

Mortgage Servicing Rights (MSRs)

MSRs are carried at fair value on a recurring basis. Assumptions incorporated into the MSRs valuation model reflect management's best estimate of factors that a market participant would use in valuing the MSRs. Although sales of MSRs do occur and can offer some market insight, MSRs do not trade in an active, open market with readily observable prices so the precise terms and conditions of sales are not available.

Residential MSRs

As a benchmark for the reasonableness of our residential MSRs fair value, we obtained opinions of value from independent brokers. These brokers provided a range (+/-10 bps) based upon their own discounted cash flow calculations of our portfolio that reflect conditions in the secondary market and any recently executed servicing transactions. We compare our internally-developed residential MSRs value to the ranges of values received from the brokers. If our residential MSRs fair value falls outside of the brokers' ranges, management will assess whether a valuation adjustment is warranted. For the periods presented, our residential MSRs value did not fall outside of the brokers' ranges.

Due to the nature of the unobservable valuation inputs, residential MSRs are classified as Level 3. The significant unobservable inputs used in the fair value measurement of residential MSRs are constant prepayment rates and spread over the benchmark curve. Significant increases (decreases) in prepayment rates and spread over the benchmark curve would have resulted in lower (higher) fair market value of residential MSRs.

Commercial MSRs

The fair value of commercial MSRs is estimated by using a discounted cash flow model incorporating unobservable inputs for assumptions such as constant prepayment rates, discount rates and other factors. Due to the nature of the unobservable valuation inputs and the limited availability of market pricing, commercial MSRs are classified as Level 3. Significant increases (decreases) in constant prepayment rates and discount rates would have resulted in significantly lower (higher) commercial MSR value determined based on current market conditions and expectations.

Financial Derivatives

Exchange-traded derivatives are valued using quoted market prices and are classified as Level 1. The majority of derivatives that we enter into are executed over-the-counter and are valued using internal models. These derivatives are primarily classified as Level 2, as the readily observable market inputs to these models are validated to external sources, such as industry pricing services, or are corroborated through recent trades, dealer quotes, yield curves, implied volatility or other market-related data. Level 2 financial derivatives are primarily estimated using observable benchmark interest rate swaps to construct projected discounted cash flows.

Financial derivatives that are priced using significant management judgment or assumptions are classified as Level 3. Unobservable inputs related to interest rate contracts include probability of funding of residential mortgage loan commitments and estimated servicing cash flows of commercial and residential mortgage loan commitments. Probability of default and loss severity are the significant unobservable inputs used in the valuation of risk participation agreements. The fair values of Level 3 assets and liabilities related to these interest rate contract financial derivatives as of December 31, 2022 and 2021 are included in the Insignificant Level 3 assets, net of liabilities line item in Table 88 of this Note 15.

In connection with the sales of portions of our Visa Class B common shares, we entered into swap agreements with the purchasers of the shares to retain any future risk of decreases in the conversion rate of Class B common shares to Class A common shares resulting from increases in the escrow funded by Visa to pay for the costs of resolution of the pending interchange litigation (see Note 21 Legal Proceedings). These swaps also require PNC to make periodic payments based on the market price of the Class A common shares at a fixed rate of interest (in certain cases subject to step-up provisions) until the Visa litigation is resolved. An increase in the estimated length of litigation resolution date, a decrease in the estimated conversion rate, or an increase in the estimated growth rate of the Class A share price would have had a negative impact on the fair value of the swaps and vice versa.

The fair values of our derivatives include a credit valuation adjustment to reflect our own and our counterparties' nonperformance risk. Our credit valuation adjustment is computed using credit default swap spreads, in conjunction with internal historical recovery observations.

Other Assets and Liabilities

Other assets held at fair value on a recurring basis primarily include assets related to PNC's deferred compensation and supplemental incentive savings plans.

The assets related to PNC's deferred compensation and supplemental incentive savings plans primarily consist of a prepaid forward contract referencing an amount of shares of PNC stock, equity mutual funds and fixed income funds, and are valued based on the underlying investments. These assets are valued either by reference to the market price of PNC's stock or by using the quoted market prices for investments other than PNC's stock and are included in Levels 1 and 2.

All Level 3 other assets and liabilities are included in the Insignificant Level 3 assets, net of liabilities line item in Table 88 in this Note 15.

Other Borrowed Funds

Other borrowed funds primarily consist of U.S. Treasury securities sold short which are classified as Level 1. Other borrowed funds also includes the related liability for certain repurchased loans for which we have elected the fair value option and are classified as either Level 2 or Level 3, consistent with the level classification of the corresponding loans. All Level 3 amounts are included in the Insignificant Level 3 assets, net of liabilities line item in Table 88 in this Note 15.

The following table summarizes our assets and liabilities measured at fair value on a recurring basis, including instruments for which we have elected the fair value option:

Table 86: Fair Value Measurements – Recurring Basis Summary

	December 31, 2022				December 31, 2021			
In millions	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value
Assets								
Residential mortgage loans held for sale		$ 411	$ 243	$ 654		$ 1,221	$ 81	$ 1,302
Commercial mortgage loans held for sale		243	33	276		526	49	575
Securities available for sale								
U.S. Treasury and government agencies	$ 8,108	262		8,370	$ 41,873	4,291		46,164
Residential mortgage-backed								
Agency		28,823		28,823		67,632		67,632
Non-agency			819	819		61	1,097	1,158
Commercial mortgage-backed								
Agency		1,675		1,675		1,773		1,773
Non-agency		1,253	3	1,256		3,433	3	3,436
Asset-backed		5	124	129		6,246	163	6,409
Other		3,032	55	3,087		4,895	69	4,964
Total securities available for sale	8,108	35,050	1,001	44,159	41,873	88,331	1,332	131,536
Loans		541	769	1,310		617	884	1,501
Equity investments (a)	1,173		1,778	3,147	1,373		1,680	3,231
Residential mortgage servicing rights			2,310	2,310			1,078	1,078
Commercial mortgage servicing rights			1,113	1,113			740	740
Trading securities (b)	798	1,168		1,966	250	1,601		1,851
Financial derivatives (b) (c)	16	3,747	5	3,768	5	5,109	38	5,152
Other assets	352	80		432	404	114		518
Total assets (d)	$ 10,447	$ 41,240	$ 7,252	$ 59,135	$ 43,905	$ 97,519	$ 5,882	$147,484
Liabilities								
Other borrowed funds	$ 1,230	$ 232	$ 4	$ 1,466	$ 725	$ 45	$ 3	$ 773
Financial derivatives (c) (e)	4	7,491	123	7,618		3,285	285	3,570
Other liabilities			294	294			175	175
Total liabilities (f)	$ 1,234	$ 7,723	$ 421	$ 9,378	$ 725	$ 3,330	$ 463	$ 4,518

(a) Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.
(b) Included in Other assets on the Consolidated Balance Sheet.
(c) Amounts at December 31, 2022 and 2021 are presented gross and are not reduced by the impact of legally enforceable master netting agreements that allow us to net positive and negative positions and cash collateral held or placed with the same counterparty. See Note 16 Financial Derivatives for additional information related to derivative offsetting.
(d) Total assets at fair value as a percentage of total consolidated assets was 11% and 26% at December 31, 2022 and 2021, respectively. Level 3 assets as a percentage of total assets at fair value was 12% and 4% as of December 31, 2022 and 2021, respectively. Level 3 assets as a percentage of total consolidated assets was 1% at both December 31, 2022 and 2021.
(e) Included in Other liabilities on the Consolidated Balance Sheet.
(f) Total liabilities at fair value as a percentage of total consolidated liabilities was 2% and 1% at December 31, 2022 and 2021, respectively. Level 3 liabilities as a percentage of total liabilities at fair value was 4% and 10% as of December 31, 2022 and 2021, respectively. Level 3 liabilities as a percentage of total consolidated liabilities was less than 1% at both December 31, 2022 and 2021.

Reconciliations of assets and liabilities measured at fair value on a recurring basis using Level 3 inputs for 2022 and 2021 are as follows:

Table 87: Reconciliation of Level 3 Assets and Liabilities

Year Ended December 31, 2022

Level 3 Instruments Only In millions	Fair Value Dec. 31, 2021	Total realized / unrealized gains or losses for the period (a) Included in Earnings	Included in Other comprehensive income (b)	Purchases	Sales	Issuances	Settlements	Transfers into Level 3	Transfers out of Level 3	Fair Value Dec. 31, 2022	Unrealized gains / losses for the period on assets and liabilities held on Consolidated Balance Sheet at Dec. 31, 2022 (a) (c)
Assets											
Residential mortgage loans held for sale	$ 81	$ (5)		$ 226	$ (34)		$ (13)	$ 29	$ (41) (d)	$ 243	$ (5)
Commercial mortgage loans held for sale	49	(6)					(10)			33	(6)
Securities available for sale											
Residential mortgage-backed non-agency	1,097	22	$ (108)				(192)			819	
Commercial mortgage-backed non-agency	3									3	
Asset-backed	163	2	(18)				(23)			124	
Other	69			6			(20)			55	
Total securities available for sale	1,332	24	(126)	6			(235)			1,001	
Loans	884	23		55	(10)		(164)		(19) (d)	769	23
Equity investments	1,680	445		291	(772)			134 (e)		1,778	237
Residential mortgage servicing rights	1,078	509		897		$ 57	(231)			2,310	509
Commercial mortgage servicing rights	740	473		46		62	(208)			1,113	473
Financial derivatives	38	(6)		8			(35)			5	19
Total assets	$ 5,882	$ 1,457	$ (126)	$ 1,529	$ (816)	$ 119	$ (896)	$ 163	$ (60)	$ 7,252	$ 1,250
Liabilities											
Other borrowed funds	$ 3					$ 7	$ (6)			$ 4	
Financial derivatives	285	$ 49			$ 14		(225)			123	$ 62
Other liabilities	175	77		$ 32		876	(866)			294	66
Total liabilities	$ 463	$ 126		$ 32	$ 14	$ 883	$ (1,097)			$ 421	$ 128
Net gains (losses)		$ 1,331 (f)									$ 1,122 (g)

(Continued from previous page)

Year Ended December 31, 2021

Level 3 Instruments Only In millions	Fair Value Dec. 31, 2020	Total realized / unrealized gains or losses for the period (a): Included in Earnings	Total realized / unrealized gains or losses for the period (a): Included in Other comprehensive income (b)	Purchases	Sales	Issuances	Settlements	Transfers into Level 3	Transfers out of Level 3	Impact from BBVA Acquisition	Fair Value Dec. 31, 2021	Unrealized gains / losses for the period on assets and liabilities held on Consolidated Balance Sheet at Dec. 31, 2021 (a) (c)
Assets												
Residential mortgage loans held for sale	$ 163	$ (1)		$ 47	$ (83)		$ (41)	$ 18	$ (22) (d)		$ 81	$ (1)
Commercial mortgage loans held for sale	57				(6)		(2)				49	(1)
Other consumer loans held for sale					(256)					$ 256		
Securities available for sale												
Residential mortgage-backed non-agency	1,365	37	$ 6				(311)				1,097	
Commercial mortgage-backed non-agency	11		(8)								3	
Asset-backed	199	2	9				(47)				163	
Other	72		1	6			(10)				69	
Total securities available for sale	1,647	39	8	6			(368)				1,332	
Loans	647	45		124	(15)		(194)		(14) (d)	291	884	44
Equity investments	1,263	627		573	(783)						1,680	338
Residential mortgage servicing rights	673	192		411		$ 87	(320)			35	1,078	192
Commercial mortgage servicing rights	569	162		41		87	(119)				740	162
Financial derivatives	118	83		5			(174)			6	38	113
Total assets	$ 5,137	$ 1,147	$ 8	$ 1,207	$(1,143)	$ 174	$ (1,218)	$ 18	$ (36)	$ 588	$ 5,882	$ 847
Liabilities												
Other borrowed funds	$ 2					$ 5	$ (4)				$ 3	
Financial derivatives	273	$ 145			$ 6		(146)			$ 7	285	$ 158
Other liabilities	43	151				321	(340)				175	111
Total liabilities	$ 318	$ 296			$ 6	$ 326	$ (490)			$ 7	$ 463	$ 269
Net gains (losses)		$ 851 (f)										$ 578 (g)

(a) Losses for assets are bracketed while losses for liabilities are not.
(b) The difference in unrealized gains and losses for the period included in Other comprehensive income and changes in unrealized gains and losses for the period included in Other comprehensive income for securities available for sale held at the end of the reporting period were insignificant.
(c) The amount of the total gains or losses for the period included in earnings that is attributable to the change in unrealized gains or losses related to those assets and liabilities held at the end of the reporting period.
(d) Residential mortgage loan transfers out of Level 3 are primarily driven by residential mortgage loans transferring to OREO as well as reclassification of mortgage loans held for sale to held for investment.
(e) Transfers into Level 3 were due to certain private company investments valued using significant unobservable inputs during the current period.
(f) Net gains (losses) realized and unrealized included in earnings related to Level 3 assets and liabilities included amortization and accretion. The amortization and accretion amounts were included in Interest income on the Consolidated Income Statement and the remaining net gains (losses) realized and unrealized were included in Noninterest income on the Consolidated Income Statement.
(g) Net unrealized gains (losses) related to assets and liabilities held at the end of the reporting period were included in Noninterest income on the Consolidated Income Statement.

An instrument's categorization within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Changes from one quarter to the next related to the observability of inputs to a fair value measurement may result in a reclassification (transfer) of assets or liabilities between hierarchy levels.

Quantitative information about the significant unobservable inputs within Level 3 recurring assets and liabilities is as follows:

Table 88: Fair Value Measurements – Recurring Quantitative Information

December 31, 2022

Level 3 Instruments Only Dollars in millions	Fair Value	Valuation Techniques	Unobservable Inputs	Range (Weighted-Average) (a)
Commercial mortgage loans held for sale	$ 33	Discounted cash flow	Spread over the benchmark curve (b)	585bps - 2,465bps (959bps)
Residential mortgage-backed non-agency securities	819	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 27.9% (9.9%)
			Constant default rate	0.0% - 13.0% (4.0%)
			Loss severity	15.0% - 80.0% (46.1%)
			Spread over the benchmark curve (b)	289bps weighted-average
Asset-backed securities	124	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 40.0% (7.5%)
			Constant default rate	0.0% - 7.3% (2.1%)
			Loss severity	20.0% - 100.0% (49.0%)
			Spread over the benchmark curve (b)	296bps weighted-average
Loans - Residential real estate - Uninsured	570	Consensus pricing (c)	Cumulative default rate	3.6% - 100.0% (66.2%)
			Loss severity	0.0% - 100.0% (6.2%)
			Discount rate	5.5% - 7.5% (5.9%)
Loans - Residential real estate - Government insured	76	Discounted cash flow	Loss severity	6.0% weighted-average
			Discount rate	7.9% weighted-average
Loans - Home equity - First-lien	25	Consensus pricing (c)	Cumulative default rate	3.6% - 100.0% (72.5%)
			Loss severity	0.0% - 100.0% (15.3%)
			Discount rate	5.5% - 7.5% (6.5%)
Loans - Home equity - Second-lien	98	Consensus pricing (c)	Credit and liquidity discount	0.4% - 100.0% (46.2%)
Equity investments	1,778	Multiple of adjusted earnings	Multiple of earnings	4.5x - 25.0x (9.1x)
Residential mortgage servicing rights	2,310	Discounted cash flow	Constant prepayment rate	0.0% - 34.5% (6.7%)
			Spread over the benchmark curve (b)	254bps - 1,653bps (766bps)
Commercial mortgage servicing rights	1,113	Discounted cash flow	Constant prepayment rate	3.9% - 9.8% (4.3%)
			Discount rate	7.8% - 10.1% (9.8%)
Financial derivatives - Swaps related to sales of certain Visa Class B common shares	(107)	Discounted cash flow	Estimated conversion factor of Visa Class B shares into Class A shares	160.6% weighted-average
			Estimated annual growth rate of Visa Class A share price	16.0%
			Estimated length of litigation resolution date	Q2 2023
Insignificant Level 3 assets, net of liabilities (d)	(8)			
Total Level 3 assets, net of liabilities (e)	$ 6,831			

(Continued from previous page)

December 31, 2021

Level 3 Instruments Only Dollars in millions	Fair Value	Valuation Techniques	Unobservable Inputs	Range (Weighted-Average) (a)
Commercial mortgage loans held for sale	$ 49	Discounted cash flow	Spread over the benchmark curve (b)	555bps - 15,990bps (9,996bps)
Residential mortgage-backed non-agency securities	1,097	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 30.7% (11.3%)
			Constant default rate	0.0% - 16.9% (4.6%)
			Loss severity	20.0% - 96.4% (47.6%)
			Spread over the benchmark curve (b)	163bps weighted-average
Asset-backed securities	163	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 40.0% (11.1%)
			Constant default rate	1.4% - 20.0% (3.2%)
			Loss severity	8.0% - 100.0% (57.4%)
			Spread over the benchmark curve (b)	182bps weighted-average
Loans - Residential real estate - Uninsured	622	Consensus pricing (c)	Cumulative default rate	3.6% - 100.0% (74.2%)
			Loss severity	0.0% - 100.0% (6.9%)
			Discount rate	4.8% - 6.8% (5.2%)
Loans - Residential real estate - Government insured	109	Discounted cash flow	Loss severity	6.0% weighted-average
			Discount rate	3.5% weighted-average
Loans - Home equity - First-lien	28	Consensus pricing (c)	Cumulative default rate	3.6% - 100.0% (75.8%)
			Loss severity	0.0% - 98.4% (17.7%)
			Discount rate	4.8% - 6.8% (6.0%)
Loans - Home equity - Second-lien	125	Consensus pricing (c)	Credit and liquidity discount	0.5% - 100.0% (47.3%)
Equity investments	1,680	Multiple of adjusted earnings	Multiple of earnings	5.0x - 14.4x (8.8x)
Residential mortgage servicing rights	1,078	Discounted cash flow	Constant prepayment rate	0.0% - 41.0% (12.6%)
			Spread over the benchmark curve (b)	249bps - 2,218bps (857bps)
Commercial mortgage servicing rights	740	Discounted cash flow	Constant prepayment rate	5.0% - 15.5% (5.5%)
			Discount rate	5.4% - 8.0% (7.8%)
Financial derivatives - Swaps related to sales of certain Visa Class B common shares	(277)	Discounted cash flow	Estimated conversion factor of Visa Class B shares into Class A shares	161.8% weighted-average
			Estimated annual growth rate of Visa Class A share price	16.0%
			Estimated length of litigation resolution date	Q2 2023
Insignificant Level 3 assets, net of liabilities (d)	5			
Total Level 3 assets, net of liabilities (e)	$ 5,419			

(a) Unobservable inputs were weighted by the relative fair value of the instruments.
(b) The assumed yield spread over the benchmark curve for each instrument is generally intended to incorporate non-interest rate risks, such as credit and liquidity risks.
(c) Consensus pricing refers to fair value estimates that are generally internally developed using information such as dealer quotes or other third-party provided valuations or comparable asset prices.
(d) Represents the aggregate amount of Level 3 assets and liabilities measured at fair value on a recurring basis that are individually and in the aggregate insignificant. The amount includes certain financial derivative assets and liabilities, trading securities, other securities, residential mortgage loans held for sale, other assets, other borrowed funds and other liabilities.
(e) Consisted of total Level 3 assets of $7.3 billion and total Level 3 liabilities of $0.4 billion as of December 31, 2022 and $5.9 billion and $0.5 billion as of December 31, 2021, respectively.

Financial Assets Accounted for at Fair Value on a Nonrecurring Basis

We may be required to measure certain financial assets at fair value on a nonrecurring basis. These adjustments to fair value usually result from the application of lower of amortized cost or fair value accounting or write-downs of individual assets due to impairment and are included in Table 89.

Nonaccrual Loans

The carrying value of nonaccrual loans represents the fair value of those loans which have been adjusted due to impairment. The impairment is primarily based on the appraised value of the collateral.

Appraisals are obtained by licensed or certified appraisers at least annually and more recently in certain instances. All third-party appraisals are reviewed and any adjustments to the initial appraisal are incorporated into the final issued appraisal report. In instances where an appraisal is not obtained, collateral value is determined consistent with external third-party appraisal standards by an internal person independent of the asset manager.

Equity Investments

The majority of the amounts below for equity investments represent the carrying value of LIHTC investments held for sale calculated using a discounted cash flow model. The significant unobservable input is management's estimate of required market rate of return.

The market rate of return is based on comparison to recent LIHTC sales in the market. Significant increases (decreases) in this input would result in a significantly lower (higher) carrying value of the investments.

OREO and Foreclosed Assets

The carrying value of OREO and foreclosed assets includes valuation adjustments recorded subsequent to the transfer to OREO and foreclosed assets. These valuation adjustments are based on the fair value less cost to sell of the property. Fair value is based on appraised value or sales price and the appraisal process for OREO and foreclosed assets is the same as described above for nonaccrual loans.

Long-Lived Assets

Long-lived assets consists of buildings for which valuation adjustments were recorded during the period. A facility classified as held for use is impaired to the extent its carrying value is not recoverable and exceeds fair value. Valuation adjustments on buildings held for sale are based on the fair value of the property less an estimated cost to sell and are recorded subsequent to the transfer of the asset to held for sale status. Fair value is determined either by a third-party appraisal, recent sales offer, changes in market or property conditions or, where we have agreed to sell the building to a third party, the contractual sales price. Impairment on these long-lived assets is recorded in Other noninterest expense on our Consolidated Income Statement.

Assets measured at fair value on a nonrecurring basis are as follows:

Table 89: Fair Value Measurements – Nonrecurring (a) (b) (c)

Year ended December 31 In millions	Fair Value 2022	Fair Value 2021	Gains (Losses) 2022	Gains (Losses) 2021	Gains (Losses) 2020
Assets					
Nonaccrual loans	$ 280	$ 348	$ (287)	$ (4)	$ (111)
Equity investments	135		(1)		
OREO and foreclosed assets	10	6			(2)
Long-lived assets	23	103	(15)	(45)	(27)
Total assets	$ 448	$ 457	$ (303)	$ (49)	$ (140)

(a) All Level 3 for the periods presented, except for $42 million included in Equity investments which was categorized as Level 1 as of December 31, 2022.
(b) Valuation techniques applied were fair value of property or collateral.
(c) Unobservable inputs used were appraised value/sales price, broker opinions or projected income/required improvement costs. Additional quantitative information was not meaningful for the periods presented.

Financial Instruments Accounted for under Fair Value Option

We elect the fair value option to account for certain financial instruments. For more information on these financial instruments for which the fair value option election has been made, refer to the Fair Value Measurement section of this Note 15. These financial instruments are initially measured at fair value. Gains and losses from initial measurement and any changes in fair value are subsequently recognized in earnings.

Interest income related to changes in the fair values of these financial instruments is recorded on the Consolidated Income Statement in Other interest income, except for certain residential mortgage loans, for which income is also recorded in Loans interest income. Changes in the value on prepaid forward contracts included in Other assets is reported in Noninterest expense and interest expense on the Other borrowed funds is reported in Borrowed funds interest expense.

Fair values and aggregate unpaid principal balances of items for which we elected the fair value option are as follows:

Table 90: Fair Value Option – Fair Value and Principal Balances

	December 31, 2022			December 31, 2021		
In millions	Fair Value	Aggregate Unpaid Principal Balance	Difference	Fair Value	Aggregate Unpaid Principal Balance	Difference
Assets						
Residential mortgage loans held for sale						
Accruing loans less than 90 days past due	$ 609	$ 633	$ (24)	$ 1,249	$ 1,219	$ 30
Accruing loans 90 days or more past due	5	5		6	6	
Nonaccrual loans	40	49	(9)	47	57	(10)
Total	$ 654	$ 687	$ (33)	$ 1,302	$ 1,282	$ 20
Commercial mortgage loans held for sale (a)						
Accruing loans less than 90 days past due	$ 261	$ 256	$ 5	$ 575	$ 580	$ (5)
Nonaccrual loans	15	44	(29)			
Total	$ 276	$ 300	$ (24)	$ 575	$ 580	$ (5)
Loans						
Accruing loans less than 90 days past due	$ 509	$ 521	$ (12)	$ 487	$ 498	$ (11)
Accruing loans 90 days or more past due	155	167	(12)	262	278	(16)
Nonaccrual loans	646	880	(234)	752	1,028	(276)
Total	$ 1,310	$ 1,568	$ (258)	$ 1,501	$ 1,804	$ (303)
Other assets	$ 80	$ 80		$ 105	$ 107	$ (2)
Liabilities						
Other borrowed funds	$ 31	$ 32	$ (1)	$ 30	$ 30	
Other liabilities	$ 196		$ 196			

(a) There were no accruing loans 90 days or more past due within this category at December 31, 2022 or December 31, 2021.

The changes in fair value for items for which we elected the fair value option are as follows:

Table 91: Fair Value Option – Changes in Fair Value (a)

Year ended December 31 In millions	Gains (Losses) 2022	2021	2020
Assets			
Residential mortgage loans held for sale	$ (80)	$ 152	$ 198
Commercial mortgage loans held for sale	$ 52	$ 115	$ 128
Loans	$ 42	$ 80	$ 44
Other assets	$ (16)	$ 28	$ (3)
Liabilities			
Other liabilities	$ (67)		

(a) The impact on earnings of offsetting hedged items or hedging instruments is not reflected in these amounts.

Additional Fair Value Information Related to Financial Instruments Not Recorded at Fair Value

This section presents fair value information for all other financial instruments that are not recorded on the Consolidated Balance Sheet at fair value. We used the following methods and assumptions to estimate the fair value amounts for these financial instruments.

Cash and Due from Banks and Interest-earning Deposits with Banks
Due to their short-term nature, the carrying amounts for Cash and due from banks and Interest-earning deposits with banks reported on our Consolidated Balance Sheet approximate fair value.

Securities Held to Maturity
We primarily use prices obtained from pricing services, dealer quotes or recent trades to determine the fair value of securities. Refer to the Fair Value Measurement section of this Note 15 for additional information relating to our pricing processes and procedures.

Net Loans
Fair values are estimated based on the discounted value of expected net cash flows incorporating assumptions about prepayment rates, net credit losses and servicing fees. Nonaccrual loans are valued at their estimated recovery value. The carrying value of Net loans are presented net of the ALLL.

Other Assets

The carrying value of Other assets, which include accrued interest receivable, cash collateral, federal funds sold and resale agreements, certain loans held for sale, and FHLB and FRB stock, approximates fair value. The aggregate carrying value of our FHLB and FRB stock was $2.5 billion and $1.3 billion at December 31, 2022 and 2021, respectively.

Deposits

For time deposits, fair values are estimated by discounting contractual cash flows using current market rates for instruments with similar maturities. For deposits with no defined maturity, such as noninterest-bearing and interest-bearing demand and interest-bearing money market and savings deposits, carrying values approximate fair values.

Borrowed Funds

For short-term borrowed funds, including federal funds purchased, commercial paper, repurchase agreements and certain other short-term borrowings and payables, carrying value approximates fair value. For long-term borrowed funds, quoted market prices are used, when available, to estimate fair value. When quoted market prices are not available, fair value is estimated based on current market interest rates and credit spreads for debt with similar terms and maturities.

Unfunded Lending Related Commitments and Letters of Credit

The fair value of unfunded lending related commitments and letters of credit is determined from a market participant's view including the impact of changes in interest rates and credit. We establish a liability on these facilities related to the creditworthiness of our counterparty.

Other Liabilities

Other liabilities includes interest-bearing cash collateral held related to derivatives and other accrued liabilities. Due to its short-term nature, the carrying value of Other liabilities reported on our Consolidated Balance Sheet approximates fair value.

The carrying amounts and estimated fair values, as well as the level within the fair value hierarchy, of these financial instruments as of December 31, 2022 and 2021 are as follows:

Table 92: Additional Fair Value Information Related to Other Financial Instruments

		Fair Value			
In millions	Carrying Amount	Total	Level 1	Level 2	Level 3
December 31, 2022					
Assets					
Cash and due from banks	$ 7,043	$ 7,043	$ 7,043		
Interest-earning deposits with banks	27,320	27,320		$ 27,320	
Securities held to maturity	95,183	90,279	30,748	59,377	$ 154
Net loans (excludes leases)	313,460	310,864			310,864
Other assets	6,022	6,022		6,020	2
Total assets	$ 449,028	$ 441,528	$ 37,791	$ 92,717	$ 311,020
Liabilities					
Time deposits	$ 18,470	$ 18,298		$ 18,298	
Borrowed funds	57,182	57,557		55,922	$ 1,635
Unfunded lending related commitments	694	694			694
Other liabilities	660	660		660	
Total liabilities	$ 77,006	$ 77,209		$ 74,880	$ 2,329
December 31, 2021					
Assets					
Cash and due from banks	$ 8,004	$ 8,004	$ 8,004		
Interest-earning deposits with banks	74,250	74,250		$ 74,250	
Securities held to maturity	1,429	1,522	890	456	$ 176
Net loans (excludes leases)	275,874	280,498			280,498
Other assets	4,205	4,204		4,141	63
Total assets	$ 363,762	$ 368,478	$ 8,894	$ 78,847	$ 280,737
Liabilities					
Time deposits	$ 17,366	$ 17,180		$ 17,180	
Borrowed funds	30,011	30,616		28,936	$ 1,680
Unfunded lending related commitments	662	662			662
Other liabilities	449	449		449	
Total liabilities	$ 48,488	$ 48,907		$ 46,565	$ 2,342

The aggregate fair values in Table 92 represent only a portion of the total market value of our assets and liabilities as, in accordance with the guidance related to fair values about financial instruments, we exclude the following:

- financial instruments recorded at fair value on a recurring basis (as they are disclosed in Table 86),
- investments accounted for under the equity method,
- equity securities without a readily determinable fair value that apply for the alternative measurement approach to fair value under ASU 2016-01,
- real and personal property,
- lease financing,
- loan customer relationships,
- deposit customer intangibles,
- mortgage servicing rights (MSRs),
- retail branch networks,
- fee-based businesses, such as asset management and brokerage,
- trademarks and brand names,
- trade receivables and payables due in one year or less,
- deposit liabilities with no defined or contractual maturities under ASU 2016-01, and
- insurance contracts.

NOTE 16 FINANCIAL DERIVATIVES

We use a variety of financial derivatives to both mitigate exposure to market (primarily interest rate) and credit risks inherent in our business activities, as well as to facilitate customer risk management activities. We manage these risks as part of our overall asset and liability management process and through our credit policies and procedures. Derivatives represent contracts between parties that usually require little or no initial net investment and result in one party delivering cash or another type of asset to the other party based on a notional amount and an underlying as specified in the contract.

Derivative transactions are often measured in terms of notional amount, but this amount is generally not exchanged and it is not recorded on the balance sheet. The notional amount is the basis to which the underlying is applied to determine required payments under the derivative contract. The underlying is a referenced interest rate, security price, credit spread or other index. Residential and commercial real estate loan commitments associated with loans to be sold also qualify as derivative instruments.

The following table presents the notional and gross fair value amounts of all derivative assets and liabilities held by us:

Table 93: Total Gross Derivatives (a)

	December 31, 2022			December 31, 2021		
In millions	Notional / Contract Amount	Asset Fair Value (b)	Liability Fair Value (c)	Notional / Contract Amount	Asset Fair Value (b)	Liability Fair Value (c)
Derivatives used for hedging						
Interest rate contracts (d):						
Fair value hedges	$ 24,231			$ 23,345		
Cash flow hedges	40,310		$ 1	48,961	$ 15	$ 14
Foreign exchange contracts:						
Net investment hedges	1,120	$ 24		1,113		24
Total derivatives designated for hedging	$ 65,661	$ 24	$ 1	$ 73,419	$ 15	$ 38
Derivatives not used for hedging						
Derivatives used for mortgage banking activities (e):						
Interest rate contracts:						
Swaps	$ 47,908	$ 7	$ 1	$ 35,623		
Futures (f)	5,537			4,592		
Mortgage-backed commitments	4,516	85	89	9,917	$ 55	$ 31
Other	18,017	90	14	12,225	46	12
Total interest rate contracts	75,978	182	104	62,357	101	43
Derivatives used for customer-related activities:						
Interest rate contracts:						
Swaps	354,150	1,597	5,397	297,711	3,335	1,520
Futures (f)	32			907		
Mortgage-backed commitments	2,799	10	6	4,147	5	6
Other	29,071	334	321	25,718	125	72
Total interest rate contracts	386,052	1,941	5,724	328,483	3,465	1,598
Commodity contracts:						
Swaps	5,792	1,003	1,067	8,840	1,150	1,161
Other	4,488	205	202	3,128	213	212
Total commodity contracts	10,280	1,208	1,269	11,968	1,363	1,373
Foreign exchange contracts and other	30,512	366	293	27,563	199	179
Total derivatives for customer-related activities	426,844	3,515	7,286	368,014	5,027	3,150
Derivatives used for other risk management activities:						
Foreign exchange contracts and other	12,785	47	227	11,512	9	339
Total derivatives not designated for hedging	$ 515,607	$ 3,744	$ 7,617	$ 441,883	$ 5,137	$ 3,532
Total gross derivatives	$ 581,268	$ 3,768	$ 7,618	$ 515,302	$ 5,152	$ 3,570
Less: Impact of legally enforceable master netting agreements		1,523	1,523		928	928
Less: Cash collateral received/paid		714	1,571		604	1,657
Total derivatives		$ 1,531	$ 4,524		$ 3,620	$ 985

(a) Centrally cleared derivatives are settled in cash daily and result in no derivative asset or derivative liability being recognized on our Consolidated Balance Sheet.
(b) Included in Other assets on our Consolidated Balance Sheet.
(c) Included in Other liabilities on our Consolidated Balance Sheet.
(d) Represents primarily swaps.
(e) Includes both residential and commercial mortgage banking activities.
(f) Futures contracts are settled in cash daily and result in no derivative asset or derivative liability being recognized on our Consolidated Balance Sheet.

All derivatives are carried on our Consolidated Balance Sheet at fair value. Derivative balances are presented on the Consolidated Balance Sheet on a net basis taking into consideration the effects of legally enforceable master netting agreements and, when appropriate, any related cash collateral exchanged with counterparties. Further discussion regarding the offsetting rights associated with these legally enforceable master netting agreements is included in the Offsetting and Counterparty Credit Risk section of this Note 16. Any nonperformance risk, including credit risk, is included in the determination of the estimated net fair value of the derivatives. Further discussion on how derivatives are accounted for is included in Note 1 Accounting Policies.

Derivatives Designated As Hedging Instruments

Certain derivatives used to manage interest rate and foreign exchange risk as part of our asset and liability risk management activities are designated as accounting hedges. Derivatives hedging the risks associated with changes in the fair value of assets or liabilities are considered fair value hedges, derivatives hedging the variability of expected future cash flows are considered cash flow hedges, and derivatives hedging a net investment in a foreign subsidiary are considered net investment hedges. Designating derivatives as accounting hedges allows for gains and losses on those derivatives to be recognized in the same period and in the same income statement line item as the earnings impact of the hedged items.

Fair Value Hedges

We enter into receive-fixed, pay-variable interest rate swaps to hedge changes in the fair value of outstanding fixed-rate debt caused by fluctuations in market interest rates. We also enter into pay-fixed, receive-variable interest rate swaps and zero-coupon swaps to hedge changes in the fair value of fixed rate and zero-coupon investment securities caused by fluctuations in market interest rates. Gains and losses on the interest rate swaps designated in these hedge relationships, along with the offsetting gains and losses on the hedged items attributable to the hedged risk, are recognized in current earnings within the same income statement line item.

Cash Flow Hedges

We enter into receive-fixed, pay-variable interest rate swaps and interest rate caps and floors to modify the interest rate characteristics of designated commercial loans from variable to fixed in order to reduce the impact of changes in future cash flows due to market interest rate changes. We also periodically enter into forward purchase and sale contracts to hedge the variability of the consideration that will be paid or received related to the purchase or sale of investment securities. The forecasted purchase or sale is consummated upon gross settlement of the forward contract itself. For these cash flow hedges, gains and losses on the hedging instruments are recorded in AOCI and are then reclassified into earnings in the same period the hedged cash flows affect earnings and within the same income statement line as the hedged cash flows.

In the 12 months that follow December 31, 2022, we expect to reclassify net derivative losses of $1.4 billion pretax, or $1.1 billion after-tax, from AOCI to interest income for these cash flow hedge strategies. This reclassified amount could differ from amounts actually recognized due to changes in interest rates, hedge de-designations and the addition of other hedges subsequent to December 31, 2022. As of December 31, 2022, the maximum length of time over which forecasted transactions are hedged is ten years.

Further detail regarding gains (losses) related to our fair value and cash flow hedge derivatives is presented in the following table:

Table 94: Gains (Losses) Recognized on Fair Value and Cash Flow Hedges in the Consolidated Income Statement (a) (b)

	Location and Amount of Gains (Losses) Recognized in Income			
	Interest Income		Interest Expense	Noninterest Income
In millions	Loans	Investment Securities	Borrowed Funds	Other
Year ended December 31, 2022				
Total amounts on the Consolidated Income Statement	$ 11,795	$ 2,726	$ 1,155	$ 952
Gains (losses) on fair value hedges recognized on:				
Hedged items (c)		$ (136)	$ 1,945	
Derivatives		$ 143	$ (1,976)	
Amounts related to interest settlements on derivatives		$ (2)	$ 120	
Gains (losses) on cash flow hedges (d):				
Amount of derivative gains (losses) reclassified from accumulated other comprehensive income	$ (259)	$ (1)		
Year ended December 31, 2021				
Total amounts on the Consolidated Income Statement	$ 9,007	$ 1,834	$ 361	$ 1,199
Gains (losses) on fair value hedges recognized on:				
Hedged items (c)		$ (5)	$ 937	
Derivatives		$ 9	$ (993)	
Amounts related to interest settlements on derivatives		$ (4)	$ 521	
Gains (losses) on cash flow hedges (d):				
Amount of derivative gains (losses) reclassified from accumulated other comprehensive income	$ 376	$ 57		$ 61
Year ended December 31, 2020				
Total amounts on the Consolidated Income Statement	$ 8,927	$ 2,041	$ 718	$ 608
Gains (losses) on fair value hedges recognized on:				
Hedged items (c)		$ 208	$ (1,059)	
Derivatives		$ (202)	$ 959	
Amounts related to interest settlements on derivatives		$ (9)	$ 480	
Gains (losses) on cash flow hedges (d):				
Amount of derivative gains (losses) reclassified from accumulated other comprehensive income	$ 375	$ 40		$ 6

(a) For all periods presented, there were no components of derivative gains or losses excluded from the assessment of hedge effectiveness for any of the fair value or cash flow hedge strategies.
(b) All cash flow and fair value hedge derivatives were interest rate contracts for the periods presented.
(c) Includes an insignificant amount of fair value hedge adjustments related to discontinued hedge relationships.
(d) For all periods presented, there were no gains or losses from cash flow hedge derivatives reclassified to income because it became probable that the original forecasted transaction would not occur.

Detail regarding the impact of fair value hedge accounting on the carrying value of the hedged items is presented in the following table:

Table 95: Hedged Items - Fair Value Hedges

	December 31, 2022		December 31, 2021	
In millions	Carrying Value of the Hedged Items	Cumulative Fair Value Hedge Adjustment included in the Carrying Value of Hedged Items (a)	Carrying Value of the Hedged Items	Cumulative Fair Value Hedge Adjustment included in the Carrying Value of Hedged Items (a)
Investment securities - available for sale (b)	$ 2,376	$ (121)	$ 2,655	$ 23
Borrowed funds	$ 21,781	$ (1,283)	$ 24,259	$ 663

(a) Includes less than $(0.1) billion and $(0.1) billion of fair value hedge adjustments primarily related to discontinued borrowed funds hedge relationships at December 31, 2022 and 2021, respectively.
(b) Carrying value shown represents amortized cost.

Net Investment Hedges

We enter into foreign currency forward contracts to hedge non-U.S. dollar net investments in foreign subsidiaries against adverse changes in foreign exchange rates. We assess whether the hedging relationship is highly effective in achieving offsetting changes in the value of the hedge and hedged item by qualitatively verifying that the critical terms of the hedge and hedged item match at the inception of the hedging relationship and on an ongoing basis. Net investment hedge derivatives are classified as foreign exchange contracts. There were no components of derivative gains or losses excluded from the assessment of the hedge effectiveness for the periods presented. Net gains on net investment hedge derivatives recognized in OCI were $119 million in 2022 and insignificant in both 2021 and 2020.

Derivatives Not Designated As Hedging Instruments

Residential mortgage loans that will be sold in the secondary market, and the related loan commitments, which are considered derivatives, are accounted for at fair value. Changes in the fair value of the loans and commitments due to interest rate risk are hedged with forward contracts to sell mortgage-backed securities, as well as U.S. Treasury and Eurodollar futures and options. Gains and losses on the loans and commitments held for sale and the derivatives used to economically hedge them are included in Residential and commercial mortgage noninterest income on the Consolidated Income Statement.

Residential mortgage servicing rights are accounted for at fair value with changes in fair value influenced primarily by changes in interest rates. Derivatives used to hedge the fair value of residential mortgage servicing rights include interest rate futures, swaps, options, and forward contracts to purchase mortgage-backed securities. Gains and losses on residential mortgage servicing rights and the related derivatives used for hedging are included in Residential and commercial mortgage noninterest income.

Commercial mortgage loans held for sale and the related loan commitments, which are considered derivatives, are accounted for at fair value. Derivatives used to economically hedge these loans and commitments from changes in fair value due to interest rate risk include forward loan sale contracts and interest rate swaps. Gains and losses on the commitments, loans and derivatives are included in Residential and commercial mortgage noninterest income. Derivatives used to economically hedge the change in value of commercial mortgage servicing rights include interest rate futures, swaps and options. Gains or losses on these derivatives are included in Residential and commercial mortgage noninterest income.

The residential and commercial mortgage loan commitments associated with loans to be sold which are accounted for as derivatives are valued based on the estimated fair value of the underlying loan and the probability that the loan will fund within the terms of the commitment. The fair value also takes into account the fair value of the embedded servicing right.

We offer derivatives to our customers in connection with their risk management needs. These derivatives primarily consist of interest rate swaps, interest rate caps and floors, swaptions and foreign exchange contracts. We primarily manage our market risk exposure from customer transactions by entering into a variety of hedging transactions with third-party dealers. Gains and losses on customer-related derivatives are included in Other noninterest income.

Included in the customer, mortgage banking risk management, and other risk management portfolios are written interest-rate caps and floors entered into with customers and for risk management purposes. We receive an upfront premium from the counterparty and are obligated to make payments to the counterparty if the underlying market interest rate rises above or falls below a certain level designated in the contract. Our ultimate obligation under written options is based on future market conditions.

We have entered into risk participation agreements to share some of the credit exposure with other counterparties related to interest rate derivative contracts or to take on credit exposure to generate revenue. The following table presents the notional amount of risk participation agreements sold and maximum potential exposures at December 31, 2022 and 2021.

Table 96: Risk Participation Agreements

	Year ended December 31	
In billions	2022	2021
Risk participation agreements:		
Sold - notional amount	$ 8.0	$ 8.0
Maximum potential amount of exposure (a)	$ 0.1	$ 0.3

(a) Based on the fair value of the underlying swaps assuming all underlying third party customers referenced in the swap contracts defaulted.

Further detail regarding the gains (losses) on derivatives not designated in hedging relationships is presented in the following table:

Table 97: Gains (Losses) on Derivatives Not Designated for Hedging

	Year ended December 31		
In millions	2022	2021	2020
Derivatives used for mortgage banking activities:			
Interest rate contracts (a)	$ (671)	$ (78)	$ 792
Derivatives used for customer-related activities:			
Interest rate contracts	220	149	210
Foreign exchange contracts and other	111	135	156
Gains from customer-related activities (b)	331	284	366
Derivatives used for other risk management activities:			
Foreign exchange contracts and other (b)	255	(30)	(338)
Total gains (losses) from derivatives not designated as hedging instruments	$ (85)	$ 176	$ 820

(a) Included in Residential and commercial mortgage noninterest income on our Consolidated Income Statement.
(b) Included in Capital markets and advisory and Other noninterest income on our Consolidated Income Statement.

Offsetting and Counterparty Credit Risk

We generally utilize a net presentation on the Consolidated Balance Sheet for those derivative financial instruments entered into with counterparties under legally enforceable master netting agreements. The master netting agreements reduce credit risk by permitting the closeout netting of all outstanding derivative instruments under the master netting agreement with the same counterparty upon the occurrence of an event of default. The master netting agreement also may require the exchange of cash or marketable securities to collateralize either party's net position. Collateral is typically exchanged daily on unsettled positions based on the net fair value of the positions with the counterparty as of the preceding day. Collateral representing initial margin, which is based on potential future exposure, may also be required to be exchanged. In certain cases, minimum thresholds must be exceeded before any collateral is exchanged. Any cash collateral exchanged with counterparties under these master netting agreements is also netted, when appropriate, against the applicable derivative fair values on the Consolidated Balance Sheet. However, the fair value of any securities held or pledged is not included in the net presentation on the balance sheet. In order for derivative instruments under a master netting agreement to be eligible for closeout netting under GAAP, we must conduct sufficient legal review to conclude with a well-founded basis that the offsetting rights included in the master netting agreement would be legally enforceable upon an event of default, including upon an event of bankruptcy, insolvency, or a similar proceeding of the counterparty. Enforceability is evidenced by a legal opinion that supports, with sufficient confidence, the enforceability of the master netting agreement in such circumstances.

Table 98 shows the impact legally enforceable master netting agreements had on our derivative assets and derivative liabilities at December 31, 2022 and 2021. The table includes cash collateral held or pledged under legally enforceable master netting agreements. The table also includes the fair value of any securities collateral held or pledged under legally enforceable master netting agreements. Cash and securities collateral amounts are included in the table only to the extent of the related net derivative fair values.

Table 98 includes OTC derivatives not settled through an exchange ("OTC derivatives") and OTC derivatives cleared through a central clearing house ("OTC cleared derivatives"). OTC derivatives represent contracts executed bilaterally with counterparties that are not settled through an organized exchange or directly cleared through a central clearing house. The majority of OTC derivatives are governed by the ISDA documentation or other legally enforceable master netting agreements. OTC cleared derivatives represent contracts executed bilaterally with counterparties in the OTC market that are novated to a central clearing house who then becomes our counterparty. OTC cleared derivative instruments are typically settled in cash each day based on the prior day value.

Table 98: Derivative Assets and Liabilities Offsetting

In millions	Gross Fair Value	Amounts Offset on the Consolidated Balance Sheet: Fair Value Offset Amount	Amounts Offset on the Consolidated Balance Sheet: Cash Collateral	Net Fair Value		Securities Collateral Held / Pledged Under Master Netting Agreements	Net Amounts
December 31, 2022							
Derivative assets							
Interest rate contracts:							
Over-the-counter cleared	$ 23			$ 23			$ 23
Over-the-counter	2,100	$ 974	$ 630	496		$ 34	462
Commodity contracts	1,208	335	2	871			871
Foreign exchange and other contracts	437	214	82	141			141
Total derivative assets	$ 3,768	$ 1,523	$ 714	$ 1,531	(a)	$ 34	$ 1,497
Derivative liabilities							
Interest rate contracts:							
Over-the-counter cleared	$ 28			$ 28			$ 28
Over-the-counter	5,801	$ 625	$ 1,041	4,135		$ 78	4,057
Commodity contracts	1,269	679	520	70		4	66
Foreign exchange and other contracts	520	219	10	291			291
Total derivative liabilities	$ 7,618	$ 1,523	$ 1,571	$ 4,524	(b)	$ 82	$ 4,442
December 31, 2021							
Derivative assets							
Interest rate contracts:							
Over-the-counter cleared	$ 20			$ 20			$ 20
Over-the-counter	3,561	$ 533	$ 593	2,435		$ 300	2,135
Commodity contracts	1,363	299	1	1,063			1,063
Foreign exchange and other contracts	208	96	10	102			102
Total derivative assets	$ 5,152	$ 928	$ 604	$ 3,620	(a)	$ 300	$ 3,320
Derivative liabilities							
Interest rate contracts:							
Over-the-counter cleared	$ 12			$ 12			$ 12
Over-the-counter	1,643	$ 569	$ 776	298			298
Commodity contracts	1,373	291	784	298			298
Foreign exchange and other contracts	542	68	97	377			377
Total derivative liabilities	$ 3,570	$ 928	$ 1,657	$ 985	(b)		$ 985

(a) Represents the net amount of derivative assets included in Other assets on our Consolidated Balance Sheet.
(b) Represents the net amount of derivative liabilities included in Other liabilities on our Consolidated Balance Sheet.

In addition to using master netting agreements and other collateral agreements to reduce credit risk associated with derivative instruments, we also seek to manage credit risk by evaluating credit ratings of counterparties and by using internal credit analysis, limits, and monitoring procedures.

At December 31, 2022, cash and debt securities (primarily agency mortgage-backed securities) totaling $1.5 billion were pledged to us under master netting agreements and other collateral agreements to collateralize net derivative assets due from counterparties and to meet initial margin requirements, and we pledged cash and debt securities (primarily agency mortgage-backed securities) totaling $2.5 billion under these agreements to collateralize net derivative liabilities owed to counterparties and to meet initial margin requirements. These totals may differ from the amounts presented in the preceding offsetting table because these totals may include collateral exchanged under an agreement that does not qualify as a master netting agreement or because the total amount of collateral pledged exceeds the net derivative fair values with the counterparty as of the balance sheet date due to timing or other factors, such as initial margin. To the extent not netted against the derivative fair values under a master netting agreement, the receivable for cash pledged is included in Other assets and the obligation for cash held is included in Other liabilities on our Consolidated Balance Sheet. Securities pledged to us by counterparties are not recognized on our balance sheet. Likewise, securities we have pledged to counterparties remain on our balance sheet.

Credit-Risk Contingent Features

Certain derivative agreements contain various credit-risk-related contingent provisions, such as those that require our debt to maintain a specified credit rating from one or more of the major credit rating agencies. If our debt ratings were to fall below such specified ratings, the counterparties to the derivative instruments could request immediate payment or demand immediate and ongoing full collateralization on derivative instruments in net liability positions. The following table presents the aggregate fair value of derivative instruments with credit-risk-related contingent features, the associated collateral posted in the normal course of business and the maximum amount of collateral we would be required to post if the credit-risk-related contingent features underlying these agreements had been triggered on December 31, 2022 and 2021.

Table 99: Credit-Risk Contingent Features

	Year ended December 31	
In billions	2022	2021
Net derivative liabilities with credit-risk contingent features	$ 5.8	$ 2.4
Collateral posted	1.7	1.8
Maximum additional amount of collateral exposure	$ 4.1	$ 0.6

NOTE 17 EMPLOYEE BENEFIT PLANS

Pension and Postretirement Plans

We have a noncontributory, qualified defined benefit pension plan covering eligible employees. Benefits are determined using a cash balance formula where earnings credits are a percentage of eligible compensation. Earnings credit percentages for those employees who were plan participants on December 31, 2009 are frozen at the level earned to that point. Earnings credits for all employees who became participants on or after January 1, 2010 are a flat 3% of eligible compensation. All participants as of December 31, 2009 earn a minimum rate on their cash balances; new participants on or after January 1, 2010 earn interest credits on their cash balances based on 30-year Treasury securities. New participants on or after January 1, 2010 are not subject to the minimum rate. The plan provides for a minimum annual earnings credit amount of $2,000, subject to eligibility criteria. Pension contributions to the plan are typically based on an actuarially determined amount necessary to fund total benefits payable to plan participants. Assets of the qualified pension plan are held in a separate Trust.

We also maintain nonqualified supplemental retirement plans for certain employees and provide certain health care and life insurance benefits for qualifying retired employees (postretirement benefits) through various plans. PNC reserves the right to terminate or make changes to these plans at any time. The nonqualified pension plan is unfunded. Contributions from PNC, and participant contributions in the case of the postretirement benefit plans, cover all benefits paid under the nonqualified pension plan and postretirement benefit plans. The postretirement plan provides benefits to certain retirees that are at least actuarially equivalent to those provided by Medicare Part D and accordingly, we receive a federal subsidy. PNC has established a VEBA to partially fund postretirement medical and life insurance benefit obligations.

We use a measurement date of December 31 for plan assets and benefit obligations.

A reconciliation of the changes in the projected benefit obligation for qualified pension, nonqualified pension and postretirement benefit plans as well as the change in plan assets for the qualified pension and postretirement benefit plans follows:

Table 100: Reconciliation of Changes in Projected Benefit Obligation and Change in Plan Assets

	Qualified Pension (a)		Nonqualified Pension		Postretirement Benefits	
In millions	2022	2021	2022	2021	2022	2021
Accumulated benefit obligation at December 31	$ 4,517	$ 5,370	$ 219	$ 272		
Projected benefit obligation at January 1	$ 5,423	$ 5,174	$ 280	$ 263	$ 326	$ 337
Service cost	142	133	3	4	4	4
Interest cost	156	139	7	6	9	8
Amendments		(4)				
Actuarial (gains)/losses and changes in assumptions (a)	(833)	(88)	(44)	(4)	(57)	(11)
Participant contributions					2	3
Federal Medicare subsidy on benefits paid					1	1
Benefits paid	(345)	(320)	(24)	(21)	(25)	(25)
Projected benefit obligation from BBVA acquisition		389		32		9
Projected benefit obligation at December 31	$ 4,543	$ 5,423	$ 222	$ 280	$ 260	$ 326
Fair value of plan assets at January 1	$ 6,788	$ 6,073			$ 263	$ 262
Actual return on plan assets	(1,043)	670			(21)	2
Employer contribution			$ 24	$ 21	22	20
Participant contributions					2	3
Federal Medicare subsidy on benefits paid					1	1
Benefits paid	(345)	(320)	(24)	(21)	(25)	(25)
Fair value of plan assets from BBVA acquisition		365				
Fair value of plan assets at December 31	$ 5,400	$ 6,788			$ 242	$ 263
Funded status	$ 857	$ 1,365	$ (222)	$ (280)	$ (18)	$ (63)
Amounts recognized on the consolidated balance sheet						
Noncurrent asset	$ 857	$ 1,365			$ 10	
Current liability			$ (24)	$ (25)	(3)	$ (2)
Noncurrent liability			(198)	(255)	(25)	(61)
Net amount recognized on the consolidated balance sheet	$ 857	$ 1,365	$ (222)	$ (280)	$ (18)	$ (63)
Amounts recognized in AOCI consist of:						
Prior service cost (credit)	$ 14	$ 17			$ 1	$ 1
Net actuarial loss (gain)	322	(186)	$ 31	$ 80	(32)	(2)
Amount of loss (gain) recognized in AOCI	$ 336	$ (169)	$ 31	$ 80	$ (31)	$ (1)

(a) The actuarial (gains)/losses and changes in assumptions in 2022 and 2021 were primarily related to a change in the discount rate used to measure the projected benefit obligation.

PNC Pension Plan Assets

The long-term investment strategy for pension plan assets in our qualified pension plan (the Plan) is to:

- Meet present and future benefit obligations to all participants and beneficiaries;
- Cover reasonable expenses incurred to provide such benefits, including expenses incurred in the administration of the Trust and the Plan;
- Provide sufficient liquidity to meet benefit and expense payment requirements on a timely basis; and
- Provide a total return that, over the long term, maximizes the ratio of trust assets to liabilities by maximizing investment return, at an appropriate level of risk.

The Plan's named investment fiduciary has the ability to make short to intermediate term asset allocation shifts under the dynamic asset allocation strategy based on factors such as the Plan's funded status, the named investment fiduciary's view of return on equities relative to long term expectations, the named investment fiduciary's view on the direction of interest rates and credit spreads, and other relevant financial or economic factors which would be expected to impact the ability of the Trust to meet its obligation to participants and beneficiaries. Accordingly, the allowable asset allocation ranges have been updated to incorporate the flexibility required by the dynamic allocation policy.

The asset strategy allocations for the Plan at the end of 2022 and 2021, and the target allocation range at the end of 2022, by asset category, are as follows.

Table 101: Asset Strategy Allocations

	Target Allocation Range	Percentage of Plan Assets by Strategy at December 31	
		2022	2021
Asset Category			
Domestic Equity	15 – 40%	21 %	20 %
International Equity	10 – 25%	17 %	17 %
Private Equity	0 – 15%	11 %	12 %
Total Equity	30 – 70%	49 %	49 %
Domestic Fixed Income	10 – 40%	30 %	28 %
High Yield Fixed Income	0 – 25%	9 %	7 %
Total Fixed Income	10 – 65%	39 %	35 %
Real estate	0 – 10%	6 %	5 %
Other	0 – 20%	6 %	11 %
Total	100%	100 %	100 %

The asset category represents the allocation of Plan assets in accordance with the investment objective of each of the Plan's investment managers. Certain domestic equity investment managers utilize derivatives and fixed income securities as described in their Investment Management Agreements to achieve their investment objective under the Investment Policy Statement. Other investment managers may invest in eligible securities outside of their assigned asset category to meet their investment objectives. The actual percentage of the fair value of total Plan assets held as of December 31, 2022 for equity securities, fixed income securities, real estate and all other assets are 63%, 24%, 6% and 7%, respectively.

We believe that, over the long term, asset allocation is the single greatest determinant of risk. Asset allocation will deviate from the target percentages due to market movement, cash flows, investment manager performance and implementation of shifts under the dynamic asset allocation policy. Material deviations from the asset allocation targets can alter the expected return and risk of the Trust. However, frequent rebalancing of the asset allocation targets may result in significant transaction costs, which can impair the Trust's ability to meet its investment objective. Accordingly, the Trust portfolio is periodically rebalanced to maintain asset allocation within the target ranges described above.

In addition to being diversified across asset classes, the Trust is diversified within each asset class. Secondary diversification provides a reasonable basis for the expectation that no single security or class of securities will have a disproportionate impact on the total risk and return of the Trust.

Where investment strategies permit the use of derivatives and/or currency management, language is incorporated in the managers' guidelines to define allowable and prohibited transactions and/or strategies. Derivatives are typically employed by investment managers to modify risk/return characteristics of their portfolio(s), implement asset allocation changes in a cost effective manner, or reduce transaction costs. Under the managers' investment guidelines, derivatives may not be used solely for speculation or leverage. Derivatives are to be used only in circumstances where they offer the most efficient economic means of improving the risk/reward profile of the portfolio.

Fair Value Measurements

As further described in Note 15 Fair Value, GAAP establishes the framework for measuring fair value, including a hierarchy used to classify the inputs used in measuring fair value.

A description of the valuation methodologies used for assets measured at fair value at both December 31, 2022 and 2021 follows:

Table 102: Pension Plan Valuation Methodologies

Asset	Valuation Methodology
Money market funds	• Valued at the NAV of the shares held by the pension plan at year end.
U.S. government and agency securities Corporate debt Common stock	• Valued at the closing price reported on the active market on which the individual securities are traded. • If quoted market prices are not available for the specific security, then fair values are estimated by using pricing models or quoted prices of securities with similar characteristics. Such securities are generally classified within Level 2 of the valuation hierarchy but may be a Level 3 depending on the level of liquidity and activity in the market for the security.
Mutual funds	• Valued based on third-party pricing of the fund that is not actively traded.
Other investments Derivative financial instruments Group annuity contracts Preferred stock	• Derivative financial instruments - recorded at estimated fair value as determined by third-party appraisals and pricing models. • Group annuity contracts - measured at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuer. • Preferred stock - valued at the closing price reported on an active market on which the securities are traded.
Investments measured at NAV Collective trust fund investments Limited partnerships	• Collective trust fund investments - valued based upon the units of such collective trust fund held by the Plan at year end multiplied by the respective unit value. The unit value of the collective trust fund is based upon significant observable inputs, although it is not based upon quoted prices in an active market. The underlying investments of the collective trust funds consist primarily of equity securities, debt obligations, short-term investments, and other marketable securities. Due to the nature of these securities, there are no unfunded commitments or redemption restrictions. • Limited partnerships - valued by investment managers based on recent financial information used to estimate fair value. The unit value of limited partnerships is based upon significant observable inputs, although it is not based upon quoted marked prices in an active market.

These methods may result in fair value calculations that may not be indicative of net realizable values or future fair values. Furthermore, while the pension plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2022 and 2021.

Table 103: Pension Plan Assets - Fair Value Hierarchy

	December 31, 2022				December 31, 2021			
In millions	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value
Interest bearing cash	$ 51			$ 51		$ 11		$ 11
Money market funds	333			333	$ 725			725
U.S. government and agency securities	454	$ 136		590	583	124		707
Corporate debt		699	$ 2	701		962	$ 4	966
Common stock	605			605	739		1	740
Mutual funds		150		150		278		278
Other	1	1		2		148		148
Investments measured at NAV (a)				2,968				3,213
Total	$ 1,444	$ 986	$ 2	$ 5,400	$ 2,047	$ 1,523	$ 5	$ 6,788

(a) Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.

The following table provides information regarding our estimated future cash flows related to our various plans.

Table 104: Estimated Cash Flows

	Pension Plans		Postretirement Benefits
In millions	Qualified Pension	Nonqualified Pension	
Estimated 2023 employer contributions		$ 25	$ 23
Estimated future benefit payments			
2023	$ 326	$ 25	$ 23
2024	$ 336	$ 24	$ 24
2025	$ 353	$ 24	$ 23
2026	$ 356	$ 23	$ 23
2027	$ 337	$ 22	$ 23
2028-2032	$ 1,691	$ 96	$ 106

The qualified pension plan contributions are deposited into the Trust, and the qualified pension plan benefit payments are paid from the Trust. We do not expect to be required to make a contribution to the qualified plan for 2023 based on the funding calculations under the Pension Protection Act of 2006. For the other plans, total contributions and the benefit payments are the same and represent expected benefit amounts, which are paid from general assets. Postretirement benefits are net of participant contributions. Estimated cash flows reflect the partial funding of postretirement medical and life insurance obligations in the VEBA.

The components of net periodic benefit cost/(income) and other amounts recognized in OCI were as follows:

Table 105: Components of Net Periodic Benefit Cost (a)

	Qualified Pension Plan			Nonqualified Pension Plan			Postretirement Benefits		
Year ended December 31 – in millions	2022	2021	2020	2022	2021	2020	2022	2021	2020
Net periodic cost consists of:									
Service cost	$ 142	$ 133	$ 122	$ 3	$ 4	$ 3	$ 4	$ 4	$ 4
Interest cost	156	139	160	7	6	8	9	8	11
Expected return on plan assets	(298)	(273)	(302)				(6)	(6)	(6)
Amortization of prior service cost/(credit)	3	4	4						
Amortization of actuarial (gain)/loss				5	6	5			
Net periodic cost (benefit)	$ 3	$ 3	$ (16)	$ 15	$ 16	$ 16	$ 7	$ 6	$ 9
Other changes in plan assets and benefit obligations recognized in OCI:									
Current year prior service cost/(credit)		(4)							
Amortization of prior service (cost)/credit	(3)	(4)	(4)						
Current year actuarial loss/(gain)	508	(485)	(112)	(44)	(4)	17	(30)	(7)	3
Amortization of actuarial gain/(loss)				(5)	(6)	(5)			
Total recognized in OCI	$ 505	$ (493)	$ (116)	$ (49)	$ (10)	$ 12	$ (30)	$ (7)	$ 3
Total amounts recognized in net periodic cost and OCI	$ 508	$ (490)	$ (132)	$ (34)	$ 6	$ 28	$ (23)	$ (1)	$ 12

(a) The service cost component is included in Personnel expense on the Consolidated Income Statement. All other components are included in Other noninterest expense on the Consolidated Income Statement.

The weighted-average assumptions used (as of the beginning of each year) to determine the net periodic costs shown in Table 105 were as follows:

Table 106: Net Periodic Costs - Assumptions

	Net Periodic Cost Determination		
As of January 1	2022	2021	2020
Discount rate (a)			
Qualified pension	2.90 %	2.60 %	3.30 %
Nonqualified pension	2.65 %	2.15 %	3.05 %
Postretirement benefits	2.80 %	2.40 %	3.20 %
Rate of compensation increase (average) (b)	4.25 %	4.25 %	4.25 %
Interest crediting rate (average)			
Qualified Pension	3.70 %	3.70 %	3.85 %
Nonqualified pension	4.00 %	4.00 %	4.15 %
Postretirement benefits	1.65 %	1.30 %	2.05 %
Assumed health care cost trend rate (c)			
Initial trend	6.00 %	6.00 %	6.25 %
Ultimate trend	4.50 %	5.00 %	5.00 %
Year ultimate trend reached	2028	2025	2025
Expected long-term return on plan assets (b) (d)	4.50 %	4.40 %	5.50 %

(a) The 2021 discount rate for each plan is a blended rate that is inclusive of the BBVA plans acquired during the year.
(b) Rate disclosed is for the qualified pension plan.
(c) Rate is applicable only to the postretirement benefit plans.
(d) The 2021 rate is a blended rate that is inclusive of the BBVA plan assets acquired during the year.

The weighted-average assumptions used (as of the end of each year) to determine year end obligations for pension and postretirement benefits were as follows:

Table 107: Other Pension Assumptions

Year ended December 31	2022	2021
Discount rate		
Qualified pension	5.55 %	2.90 %
Nonqualified pension	5.45 %	2.65 %
Postretirement benefits	5.50 %	2.80 %
Rate of compensation increase (average) (a)	4.25 %	4.25 %
Interest crediting rate (average)		
Qualified pension	4.65 %	3.70 %
Nonqualified pension	4.80 %	4.00 %
Postretirement benefits	4.30 %	1.65 %
Assumed health care cost trend rate (b)		
Initial trend	6.00 %	6.00 %
Ultimate trend	4.50 %	4.50 %
Year ultimate trend reached	2029	2025

(a) Rate disclosed is for the qualified pension plan.
(b) Rate is applicable only to the postretirement benefit plans.

The discount rates are determined independently for each plan by comparing the expected future benefits that will be paid under each plan with yields available on high quality corporate bonds of similar duration. For this analysis, 10% of bonds with the highest yields and 40% with the lowest yields were removed from the bond universe.

With all other assumptions held constant, a 0.50% decline in the discount rate would have resulted in an immaterial change in net periodic benefit cost in 2022 and to be recognized in 2023 for each of the qualified pension, nonqualified pension and postretirement benefit plans.

The expected return on plan assets is a long-term assumption established by considering historical and anticipated returns of the asset classes invested in by the pension plan and the allocation strategy currently in place among those classes. For purposes of setting and reviewing this assumption, "long-term" refers to the period over which the plan's projected benefit obligations will be disbursed. We review this assumption at each measurement date and adjust it if warranted. Our selection process references certain historical data and the current environment, but primarily utilizes qualitative judgment regarding future return expectations. We also examine the assumption used by other companies with similar pension investment strategies. Taking into account all of these factors, the expected long-term return on plan assets for determining net periodic pension cost for 2022 was 4.50%. We are increasing our expected long-term return on assets to 6.20% for determining pension cost for 2023. This decision was made after considering the views of both internal and external capital market advisors, particularly with regard to the effects of the recent economic environment on long-term prospective equity and fixed income returns.

Defined Contribution Plans

The ISP is a qualified defined contribution plan that covers all of our eligible employees. Newly-hired full time employees and part-time employees who are eligible to participate in the ISP are automatically enrolled in the ISP with a deferral rate equal to 4% of eligible compensation in the absence of an affirmative election otherwise. Employee benefits expense related to the ISP was $175 million in 2022, $168 million in 2021 and $147 million in 2020, representing cash contributed to the ISP by PNC.

The ISP is a 401(k) Plan and includes an employee stock ownership feature. Employee contributions are invested in a number of investment options, including pre-mixed portfolios and individual core funds, available under the ISP at the direction of the employee.

NOTE 18 STOCK BASED COMPENSATION PLANS

We have long-term incentive award plans (Incentive Plans) that provide for the granting of incentive stock options, nonqualified stock options, stock appreciation rights, performance share units, restricted share units, other share-based awards and dollar-denominated awards to executives and, other than incentive stock options, to non-employee directors. Certain Incentive Plan awards may be paid in stock, cash or a combination of stock and cash. We typically grant a substantial portion of our stock-based compensation awards during the first quarter of each year.

Performance Share Unit Awards and Restricted Share Unit Awards

PNC grants share unit awards that are based on performance, service and certain metrics tied to market conditions. The fair value of nonvested performance share unit awards and restricted share unit awards is initially determined based on prices not less than the market value of our common stock on the date of grant with a reduction for estimated forfeitures. Fair value is determined based on a Monte Carlo model, with subsequent remeasurement based on the achievement of one or more performance goals. Additionally, certain performance share unit awards could require subsequent adjustment due to certain discretionary risk review triggers.

The weighted-average grant date fair value of performance share unit awards and restricted share unit awards granted in 2022, 2021 and 2020 was $198.28, $161.04 and $150.23 per share, respectively. The total intrinsic value of performance share unit awards and restricted share unit awards vested during 2022, 2021 and 2020 was approximately $322 million, $207 million and $213 million, respectively. We recognize compensation expense for such awards ratably over the corresponding vesting and/or performance periods for each type of program.

A rollforward of the nonvested performance share unit and restricted share unit awards follows:

Table 108: Nonvested Performance Share Unit Awards and Restricted Share Unit Awards - Rollforward

Shares in thousands	Nonvested Performance Share Units	Weighted-Average Grant Date Fair Value	Nonvested Restricted Share Units	Weighted-Average Grant Date Fair Value
December 31, 2021	599	$ 133.59	3,582	$ 142.94
Granted (a) (b)	332	$ 173.25	1,214	$ 205.11
Vested/Released (a)	(246)	$ 110.14	(1,328)	$ 122.88
Forfeitures			(120)	$ 172.63
December 31, 2022	685	$ 161.20	3,348	$ 172.40

(a) Includes adjustments for achieving specific performance goals for performance share unit awards granted in prior periods.
(b) Includes 170 performance share units with market conditions.

In Table 108, the units and related weighted-average grant date fair value of the performance unit share awards exclude the effect of dividends on the underlying shares, as those dividends will be paid in cash if and when the underlying shares are issued to the participants.

NOTE 19 INCOME TAXES

The components of income tax expense from continuing operations are as follows:

Table 109: Components of Income Tax Expense

Year ended December 31 In millions	2022	2021	2020
Current			
Federal	$ 782	$ 894	$ 669
State	227	191	158
Total current	$ 1,009	$ 1,085	$ 827
Deferred			
Federal	307	123	(373)
State	44	55	(28)
Total deferred	$ 351	$ 178	$ (401)
Total	$ 1,360	$ 1,263	$ 426

Significant components of deferred tax assets and liabilities are as follows:

Table 110: Deferred Tax Assets and Liabilities

December 31 – in millions	2022	2021
Deferred tax assets		
Net unrealized losses on securities and financial instruments	$ 3,107	
Allowance for loan and lease losses	1,152	$ 1,170
Lease obligations	548	563
Compensation and benefits	369	290
Allowance for unfunded lending related commitments	170	161
Loss and credit carryforward	98	140
Accrued expenses	78	151
Other	252	311
Total gross deferred tax assets	5,774	2,786
Valuation allowance	(27)	(33)
Total deferred tax assets	5,747	2,753
Deferred tax liabilities		
Leasing	1,034	1,023
Fixed assets	589	704
Right of Use Assets	472	488
Mortgage servicing rights	325	89
Goodwill and intangibles	270	278
Net unrealized gains on securities and financial instruments		120
Other	405	254
Total deferred tax liabilities	3,095	2,956
Net deferred tax asset (liability)	$ 2,652	$ (203)

A reconciliation between the statutory and effective tax rates from continuing operations follows:

Table 111: Reconciliation of Statutory and Effective Tax Rates

Year ended December 31	2022	2021	2020
Statutory tax rate	21.0 %	21.0 %	21.0 %
Increases (decreases) resulting from:			
State taxes net of federal benefit	2.7	2.6	2.0
Tax-exempt interest	(1.2)	(0.9)	(1.7)
Life insurance	(0.8)	(0.8)	(1.6)
Tax credits	(3.2)	(4.4)	(6.0)
Unrecognized tax benefits	0.1	0.3	(1.6)
Subsidiary liquidation			(1.2)
Other	(0.4)	0.3	1.5
Effective tax rate	18.2 %	18.1 %	12.4 %

The net operating loss carryforwards at December 31, 2022 and 2021 follow:

Table 112: Net Operating Loss Carryforwards

Dollars in millions	December 31, 2022	December 31, 2021	Expiration
Net Operating Loss Carryforwards:			
Federal	$ 45	$ 166	2030-2032
State	$ 698	$ 872	2023-2039

The majority of the tax credit carryforwards expire in 2023-2040 and were $45 million at December 31, 2022 and $51 million at December 31, 2021. Some federal and state net operating loss and credit carryforwards are from acquired entities and utilization is subject to various statutory limitations. We anticipate that we will be able to fully utilize our carryforwards for federal tax purposes. However, we have recorded an insignificant valuation allowance against our carryforwards for state tax purposes as of December 31, 2022.

Retained earnings included $0.1 billion at both December 31, 2022 and 2021 in allocations for bad debt deductions of former thrift subsidiaries for which no income tax has been provided. Under current law, if certain subsidiaries use these bad debt reserves for purposes other than to absorb bad debt losses, they will be subject to Federal income tax at the current corporate tax rate.

A reconciliation of the beginning and ending balance of unrecognized tax benefits is as follows:

Table 113: Change in Unrecognized Tax Benefits

In millions	2022	2021	2020
Balance of gross unrecognized tax benefits at January 1	$ 275	$ 265	$ 130
Increases:			
Positions taken during a current period			265
Acquired unrecognized tax benefits		8	
Positions taken during a prior period	46	7	
Decreases:			
Positions taken during a prior period		(2)	
Settlements with taxing authorities	(3)	(3)	(130)
Balance of gross unrecognized tax benefits at December 31	$ 318	$ 275	$ 265
Favorable impact if recognized	$ 258	$ 217	$ 209

We do not expect that the balance of unrecognized tax benefits will significantly increase or decrease in the next twelve months.

We are subject to U.S. federal income tax as well as income tax in most states and some foreign jurisdictions. Table 114 summarizes the status of significant IRS examinations.

Table 114: IRS Tax Examination Status

	Year(s)		Status at December 31, 2022
	PNC Financial Services Group, Inc.	BBVA USA Bancshares, Inc.	
Federal	2020-2021	2018	Under Exam

In addition, we are under continuous examinations by various state taxing authorities. With few exceptions, we are no longer subject to state and local and foreign income tax examinations by taxing authorities for periods before 2014. For all open audits, any potential adjustments have been considered in establishing our unrecognized tax benefits as of December 31, 2022.

Our policy is to classify interest and penalties associated with income taxes as income tax expense. For 2022 and 2021, the amount of gross interest and penalties was insignificant. At December 31, 2022 and 2021, the related amounts of accrued interest and penalties were also insignificant.

NOTE 20 REGULATORY MATTERS

We are subject to the regulations of certain federal, state and foreign agencies and undergo examinations by such regulatory authorities.

The ability to undertake new business initiatives (including acquisitions), the access to and cost of funding for new business initiatives, the ability to pay dividends, the ability to repurchase shares or other capital instruments, the level of deposit insurance costs, and the level and nature of regulatory oversight depend, in large part, on a financial institution's capital strength.

As of January 1, 2020, the 2019 Tailoring Rules became effective for PNC. The most significant changes involve the election to exclude specific AOCI items from CET1 capital and higher thresholds used to calculate CET1 capital deductions.

On March 27, 2020, the regulatory agencies issued an interim final rule permitting banking organizations to delay the estimated impact on regulatory capital stemming from implementing the CECL standard. PNC elected to delay the estimated impact of CECL on CET1 capital through December 31, 2021, followed by a three-year transition period. CECL's estimated impact on CET1 capital is defined as the change in retained earnings at adoption plus or minus 25% of the change in CECL ACL at the balance sheet date, excluding the allowance for PCD loans, compared to CECL ACL at adoption. Effective for the first quarter of 2022, PNC is now in the three-year transition period, and the full impact of the CECL standard is being phased-in to regulatory capital through December 31, 2024.

At December 31, 2022 and 2021, PNC and PNC Bank, our domestic banking subsidiary, were both considered "well capitalized," based on applicable U.S. regulatory capital ratio requirements.

The following table sets forth the Basel III regulatory capital ratios at December 31, 2022 and 2021, for PNC and PNC Bank:

Table 115: Basel Regulatory Capital (a)

December 31 Dollars in millions	Amount 2022	Amount 2021	Ratios 2022	Ratios 2021	"Well Capitalized" Requirements
Risk-based capital					
Common equity Tier 1					
PNC	$ 39,685	$ 40,066	9.1 %	10.3 %	N/A
PNC Bank	$ 43,658	$ 42,024	10.2 %	11.1 %	6.5 %
Tier 1					
PNC	$ 45,431	$ 45,075	10.4 %	11.6 %	6.0 %
PNC Bank	$ 43,658	$ 42,024	10.2 %	11.1 %	8.0 %
Total					
PNC	$ 53,440	$ 52,451	12.3 %	13.5 %	10.0 %
PNC Bank	$ 50,666	$ 49,083	11.8 %	12.9 %	10.0 %
Leverage					
PNC	$ 45,431	$ 45,075	8.2 %	8.2 %	N/A
PNC Bank	$ 43,658	$ 42,024	8.0 %	7.8 %	5.0 %

(a) Calculated using the regulatory capital methodology applicable to us during both 2022 and 2021.

The principal source of parent company cash flow is the dividends it receives from PNC Bank, which may be impacted by the following:

- Capital needs,
- Laws and regulations,
- Corporate policies,
- Contractual restrictions, and
- Other factors.

Also, there are statutory and regulatory limitations on the ability of national banks to pay dividends or make other capital distributions. The amount available for dividend payments to the parent company by PNC Bank without prior regulatory approval was approximately $3.5 billion at December 31, 2022.

Under federal law, a bank subsidiary generally may not extend credit to, or engage in other types of covered transactions (including the purchase of assets) with, the parent company or its non-bank subsidiaries on terms and under circumstances that are not substantially the same as comparable transactions with nonaffiliates. A bank subsidiary may not extend credit to, or engage in a covered transaction with, the parent company or a non-bank subsidiary if the aggregate amount of the bank's extensions of credit and other covered transactions with the parent company or non-bank subsidiary exceeds 10% of the capital stock and surplus of such bank subsidiary or the aggregate amount of the bank's extensions of credit and other covered transactions with the parent company and all non-bank subsidiaries exceeds 20% of the capital stock and surplus of such bank subsidiary. Such extensions of credit, with limited exceptions, must be at least fully collateralized in accordance with specified collateralization thresholds, with the thresholds varying based on the type of assets serving as collateral. In certain circumstances, federal regulatory authorities may impose more restrictive limitations.

The Federal Reserve is authorized to establish reserve requirements for certain types of deposits and other liabilities of depository institutions. Effective March 26, 2020, the reserve requirement ratios were reduced to zero. At December 31, 2022, the balance outstanding at the Federal Reserve Bank was $26.9 billion. This amount is included in Interest-earning deposits with banks on our Consolidated Balance Sheet.

NOTE 21 LEGAL PROCEEDINGS

We establish accruals for legal proceedings, including litigation and regulatory and governmental investigations and inquiries, when information related to the loss contingencies represented by those matters indicates both that a loss is probable and that the amount of loss can be reasonably estimated. Any such accruals are adjusted thereafter as appropriate to reflect changed circumstances. When we are able to do so, we also determine estimates of reasonably possible losses or ranges of reasonably possible losses, whether in excess of any related accrued liability or where there is no accrued liability, for disclosed legal proceedings ("Disclosed Matters," which are those matters disclosed in this Note 21). For Disclosed Matters where we are able to estimate such possible losses or ranges of possible losses, as of December 31, 2022, we estimate that it is reasonably possible that we could incur losses in excess of related accrued liabilities, if any, in an aggregate amount less than $300 million. The estimates included in this amount are based on our analysis of currently available information and are subject to significant judgment and a variety of assumptions and uncertainties. As new information is obtained, we may change our estimates. Due to the inherent subjectivity of the assessments and unpredictability of outcomes of legal proceedings, any amounts accrued or included in this aggregate amount may not represent the ultimate loss to us from the legal proceedings in question. Thus, our exposure and ultimate losses may be higher, and possibly significantly so, than the amounts accrued or this aggregate amount.

In our experience, legal proceedings are inherently unpredictable. One or more of the following factors frequently contribute to this inherent unpredictability: the proceeding is in its early stages; the damages sought are unspecified, unsupported or uncertain; it is unclear whether a case brought as a class action will be allowed to proceed on that basis or, if permitted to proceed as a class action, how the class will be defined; the other party is seeking relief other than or in addition to compensatory damages (including, in the case of regulatory and governmental investigations and inquiries, the possibility of fines and penalties); the matter presents meaningful legal uncertainties, including novel issues of law; we have not engaged in meaningful settlement discussions; discovery has not started or is not complete; there are significant facts in dispute; the possible outcomes may not be amenable to the use of statistical or quantitative analytical tools; predicting possible outcomes depends on making assumptions about future decisions of courts or regulatory bodies or the behavior of other parties; and there are a large number of parties named as defendants (including where it is uncertain how damages or liability, if any, will be shared among multiple defendants). Generally, the less progress that has been made in the proceedings or the broader the range of potential results, the harder it is for us to estimate losses or ranges of losses that it is reasonably possible we could incur.

As a result of these types of factors, we are unable, at this time, to estimate the losses that are reasonably possible to be incurred or ranges of such losses with respect to some of the matters disclosed, and the aggregate estimated amount provided above does not include an estimate for every Disclosed Matter. Therefore, as the estimated aggregate amount disclosed above does not include all of the Disclosed Matters, the amount disclosed above does not represent our maximum reasonably possible loss exposure for all of the Disclosed Matters. The estimated aggregate amount also does not reflect any of our exposure to matters not so disclosed, as discussed below under “Other.”

We include in some of the descriptions of individual Disclosed Matters certain quantitative information related to the plaintiff’s claim against us as alleged in the plaintiff’s pleadings or other public filings or otherwise publicly available information. While information of this type may provide insight into the potential magnitude of a matter, it does not necessarily represent our estimate of reasonably possible loss or our judgment as to any currently appropriate accrual.

Some of our exposure in Disclosed Matters may be offset by applicable insurance coverage. We do not consider the possible availability of insurance coverage in determining the amounts of any accruals (although we record the amount of related insurance recoveries that are deemed probable up to the amount of the accrual) or in determining any estimates of possible losses or ranges of possible losses.

Interchange Litigation

Beginning in June 2005, a series of antitrust lawsuits were filed against Visa®, Mastercard®, and several major financial institutions, including cases naming National City (since merged into The PNC Financial Services Group, Inc.) and its subsidiary, National City Bank of Kentucky (since merged into National City Bank, which, in turn, was merged into PNC Bank). The plaintiffs in these cases are merchants operating commercial businesses throughout the U.S., as well as trade associations. Some of these cases (including those naming National City entities) were brought as class actions on behalf of all persons or business entities that have accepted Visa or Mastercard. The cases have been consolidated for pre-trial proceedings in the U.S. District Court for the Eastern District of New York under the caption *In re Payment Card Interchange Fee and Merchant-Discount Antitrust Litigation* (Master File No. 1:05-md-1720- MKB-JO).

In July 2012, the parties entered into a memorandum of understanding with the class plaintiffs and an agreement in principle with certain individual plaintiffs with respect to a settlement of these cases, under which the defendants agreed to pay approximately $6.6 billion collectively to the class and individual settling plaintiffs and agreed to changes in the terms applicable to their respective card networks (including an eight-month reduction in default credit interchange rates). The parties entered into a definitive agreement with respect to this settlement in October 2012. The court granted final approval of the settlement in December 2013. Several objectors appealed the order of approval to the U.S. Court of Appeals for the Second Circuit, which issued an order in June 2016, reversing approval of the settlement and remanding for further proceedings. In November 2016, the plaintiffs filed a petition for a writ of certiorari with the U.S. Supreme Court to challenge the court of appeal’s decision. The Supreme Court denied the petition in March 2017.

As a result of the reversal of the approval of the settlement, the class actions have resumed in the district court. In November 2016, the district court appointed separate interim class counsel for a proposed class seeking damages and a proposed class seeking equitable (injunctive) relief. In February 2017, each of these counsel filed a proposed amended and supplemental complaint on behalf of its respective proposed class. These complaints make similar allegations, including that the defendants conspired to monopolize and to fix the prices for general purpose card network services, that the restructuring of Visa and Mastercard, each of which included an initial public offering, violated the antitrust laws, and that the defendants otherwise imposed unreasonable restraints on trade, resulting in the payment of inflated interchange fees and other fees, which also violated the antitrust laws. In their complaints, collectively the plaintiffs seek, among other things, injunctive relief, unspecified damages (trebled under the antitrust laws) and attorneys' fees. PNC is named as a defendant in the complaint seeking damages but is not named as a defendant in the complaint that seeks equitable relief.

In September 2017, the magistrate judge at the district court granted in part and denied in part the plaintiffs' motions to file their proposed amended complaints. The dispute over amendment arose in part from the decision in *United States v. American Express, Co.,* 838 F.3d 179 (2d Cir. 2016), in which the court held that the relevant market in a similar complaint against American Express is "two-sided," *i.e*., requires consideration of effects on consumers as well as merchants. In June 2018, the U.S. Supreme Court affirmed (under the caption *Ohio v. American Express Co.*) the court of appeals decision. Previously, the plaintiffs in this litigation had alleged a one-sided market, and, as a result of the court's decision in *American Express*, they sought leave to add claims based on a two-sided market. The order allowed the complaint to be amended to include allegations pertaining to a two-sided market only to the extent those claims are not time-barred, but held that the two-sided market allegations do not relate back to the time of the original complaint and are not subject to tolling. In October 2017, the plaintiffs appealed this order to the presiding district court judge. In August 2018, the judge overruled this decision, finding that the two-sided market allegations do relate back.

In September 2018, the relevant parties entered an amended definitive agreement to resolve the claims of the class seeking damages. In this amended settlement agreement, the parties agreed, among other things, to the following terms:

- An additional settlement payment from all defendants of $900 million, with Visa's share of the additional settlement payment being $600 million. The additional settlement payment will be added to the approximately $5.3 billion previously paid by the defendants pursuant to the original 2012 settlement agreement.
- Up to $700 million may be returned to the defendants (with up to $467 million to Visa) if more than 15% of class members (by payment volume) opt out of the class. As more than 15% of class members opted out of the class, $700 million has been returned to the defendants ($467 million to Visa).

This amended settlement agreement is subject to court approval. Following preliminary approval in January 2019, and after class notice, the submission of opt-outs, and the filing of objections, the district court granted final approval of the settlement in December 2019. Several objectors have appealed the district court's order granting final approval to the U.S. Court of Appeals for the Second Circuit. Oral argument of this appeal was held on March 16, 2022. Some merchants that opted out from the settlement have brought lawsuits against Visa and Mastercard and one or more of the issuing banks. Resolution by Visa of claims by merchants that opted out of the settlement, including those that file lawsuits, have been or will be paid from the Visa litigation escrow account.

National City and National City Bank entered into judgment and loss sharing agreements with Visa and certain other banks with respect to all of the above referenced litigation. We were not originally named as defendants in any of the Visa or Mastercard related antitrust litigation nor were we initially parties to the judgment or loss sharing agreements. However, we became responsible for National City's and National City Bank's position in the litigation and responsibilities under the agreements through our acquisition of National City. In addition, following Visa's reorganization in 2007 in contemplation of its initial public offering, U.S. Visa members received shares of Class B Visa common stock, convertible upon resolution of specified litigation, including the remaining litigation described above, into shares of Class A Visa common stock, with the conversion rate adjusted to reflect amounts paid or escrowed to resolve the specified litigation, and also remained responsible for indemnifying Visa against the specified litigation. Our Class B Visa common stock is all subject to this conversion adjustment provision, and we are now responsible for the indemnification obligations of our predecessors as well as ourselves. We have also entered into a Mastercard Settlement and Judgment Sharing Agreement with Mastercard and other financial institution defendants and an Omnibus Agreement Regarding Interchange Litigation Sharing and Settlement Sharing with Visa, Mastercard and other financial institution defendants. The Omnibus Agreement, in substance, apportions resolution of the claims in this litigation into a Visa portion and a Mastercard portion, with the Visa portion being two-thirds and the Mastercard portion being one-third. This apportionment only applies in the case of either a global settlement involving all defendants or an adverse judgment against the defendants, to the extent that damages either are related to the merchants' inter-network conspiracy claims or are otherwise not attributed to specific Mastercard or Visa conduct or damages. The Mastercard portion (or any Mastercard-related liability not subject to the Omnibus Agreement) will then be apportioned under the Mastercard Settlement and Judgment Sharing Agreement among Mastercard and PNC and the other financial institution defendants that are parties to this agreement. The responsibility for the Visa portion (or any Visa-related liability not subject to the Omnibus Agreement) will be apportioned under the pre-existing indemnification responsibilities and judgment and loss sharing agreements.

USAA Patent Infringement Litigation

In September 2020, a lawsuit (*United Services Automobile Association v. PNC Bank N.A.* (Case No. 2:20-cv-319)) was filed in the United States District Court for the Eastern District of Texas against PNC Bank for patent infringement ("the first Texas case"). The plaintiff amended its complaint in December 2020. As amended, the complaint alleges that PNC's mobile remote deposit capture systems infringe on four patents owned by the plaintiff. The plaintiff seeks, among other things, a judgment that PNC is infringing each of the patents, damages for willful infringement, and attorneys' fees. In December 2020, we filed a motion to dismiss the amended complaint, and in January 2021, we filed a motion to transfer the lawsuit to the United States District Court for the Western District of Pennsylvania. In February 2021, we answered the amended complaint and asserted counterclaims alleging that the plaintiff infringed four patents owned by PNC Bank, as well as for a declaratory judgment that PNC Bank does not infringe certain patents asserted by the plaintiff. In March 2021, the plaintiff filed a motion to dismiss two of the patent infringement counterclaims, as well as to sever the patent infringement counterclaims for trial. In June 2021, the plaintiff filed an answer to PNC's counterclaims and asserted a counterclaim in reply seeking a declaratory judgment that two of the asserted PNC patents are unenforceable due to inequitable conduct and unclean hands in prosecution of the patents. In September 2021, the court denied our motion to dismiss and our motion to transfer the case. In November 2021, the court denied the plaintiff's motion to dismiss two of the patent infringement counterclaims. Also in November 2021, the court issued a memorandum opinion and order construing certain claim terms of the patents in suit. In February 2022, the magistrate judge granted the plaintiff's motion to sever the patent infringement counterclaims for trial. In March 2022, the court overruled PNC's objections to and adopted the magistrate judge's ruling on the motion to sever.

In December 2020, we filed a lawsuit (*PNC Bank, N.A. v. United Services Automobile Association* (Case No. 2:20-cv-1886)) in the United States District Court for the Western District of Pennsylvania against USAA seeking declaratory judgment of non-infringement as to two of the patents at issue in the first Texas case and awarding PNC its fees and costs. In January 2021, USAA filed a motion to dismiss or transfer PNC Bank's declaratory judgment complaint. In June 2021, the court stayed this case pending a decision on the motion to transfer filed by PNC Bank in the first Texas case. The United States District Court for the Eastern District of Texas denied PNC Bank's motion to transfer in the first Texas case in September 2021. This case presently remains stayed and administratively closed.

In March 2021, USAA filed a second lawsuit (*United Services Automobile Association v. PNC Bank N.A*. (Case No. 2:21-cv-110)) in the United States District Court for the Eastern District of Texas against PNC Bank for patent infringement. The complaint alleges that PNC's mobile remote deposit capture systems infringe two patents owned by the plaintiff. The plaintiff seeks, among other things, a judgment that PNC is infringing each of the patents, damages for willful infringement, and attorneys' fees. In April 2021, we moved to consolidate this action with the first Texas case, and we filed motions to dismiss and transfer this action. In July 2021, this action was consolidated with the first Texas case (together, "the first consolidated cases"). In September 2021, the court denied our motion to dismiss and our motion to transfer for the same reasons set forth in its September 2021 orders in the first Texas case. In November 2021, the court issued a memorandum opinion and order construing certain claim terms of the patents in suit. In May 2022, following a jury trial in the first consolidated cases, a jury found against PNC for willful infringement of at least one of the plaintiff's asserted patent claims and awarded approximately $218 million. In July 2022, the parties submitted briefs on PNC's remaining equitable defenses. In August 2022, the court denied our request for relief, entered final judgment, declined to award enhanced damages for willfulness, and awarded USAA pre-judgment and applicable post-judgment interest. In September 2022, PNC filed its post-trial motions for judgment as a matter of law and for a new trial.

In July 2021, USAA filed a third lawsuit (*United Services Automobile Association v. PNC Bank N.A*. (Case No. 2:21-cv-246)) in the United States District Court for the Eastern District of Texas against PNC Bank for patent infringement ("the third Texas case"). The complaint alleges that PNC's mobile remote deposit capture systems, including its new versions, infringe three additional patents owned by the plaintiff. The plaintiff seeks, among other things, a judgment that PNC is infringing each of the patents, damages for willful infringement, and attorneys' fees. In July 2021, we filed motions to dismiss and transfer this action; the court denied these motions in January 2022. In March 2022, the court issued a memorandum opinion and order construing certain claim terms of the patents in suit. In June 2022, the court opened a new case for PNC's patent infringement counterclaims (originally asserted in the first Texas case) ("the fourth Texas case") and consolidated the fourth Texas case into the third Texas case (together, "the second consolidated cases"). In September 2022, following a jury trial in the second consolidated cases, a jury found against PNC for infringement of at least one of the two asserted patents and awarded $4.3 million, and determined that PNC did not willfully infringe the patents. The jury further found that USAA did not infringe any of PNC's asserted patents. On January 23, 2023, USAA filed a motion for a new trial regarding damages in the second consolidated cases.

In August 2021, USAA filed a lawsuit (*United Services Automobile Association v. BBVA USA* (Case No. 2:21-cv-311)) in the United States District Court for the Eastern District of Texas against BBVA USA for patent infringement ("the BBVA USA Texas case"). The complaint alleges that BBVA USA's remote deposit capture systems infringe the same six USAA patents at issue in the first consolidated cases. The plaintiff seeks, among other things, a judgment that BBVA USA is infringing each of the patents, damages for willful infringement, and attorneys' fees. In October 2021, BBVA USA was merged into PNC Bank. Also in October 2021, we answered the complaint and asserted counterclaims for a declaratory judgment that the asserted patents are invalid and not infringed. In March 2022, the court entered the parties' stipulation to, among other things, proceed under the constructions set forth in the first consolidated cases. In June 2022, the court entered a stipulation proposed by the parties, stayed all deadlines, and administratively closed the matter.

In January 2022, the Patent Trial and Appeal Board granted institution of inter partes review ("IPR") with respect to petitions filed by PNC for three of the six patents then at issue in the first consolidated cases and in the BBVA USA Texas case. The Patent Trial and

Appeal Board denied institution of an IPR with respect to PNC's petitions for three of the six patents then at issue in the first consolidated cases and in the BBVA USA Texas case. Oral argument for the IPR proceedings at the Patent Trial and Appeal Board occurred on October 25 and 26, 2022. Because of USAA's case narrowing in the first consolidated cases, only one of these three patents being reviewed was presented to the jury in the first consolidated cases. On January 19, 2023, with respect to two of the three patents in which an IPR was instituted, the Patent Trial and Appeal Board entered its Final Written Decision. It found each of the challenged claims in these two patents to be unpatentable. One of these patents was presented to the jury in the first consolidated cases. On January 20, 2023, with respect to the third patent in which an IPR was instituted, the Patent Trial and Appeal Board entered its Final Written Decision. It found that all the challenged claims in this third patent were unpatentable. On January 27, 2023, based on the Patent Trial and Appeal Board's finding that the asserted claims of one of the patents presented to the jury in the first consolidated cases were unpatentable, PNC filed a motion seeking leave to file a supplemental brief in support of a motion for a new trial as well as its brief in support for a new trial in the first consolidated cases. On February 1, 2023, the court granted PNC's motion for leave to file a supplemental brief in support for a new trial and accepted PNC's brief for a new trial.

In May and June 2022, the Patent Trial and Appeal Board granted institution of IPR with respect to petitions filed by PNC for two of the three patents then at issue in the third Texas case. The Patent Trial and Appeal Board denied institution of an IPR with respect to PNC's petitions for one of the three patents then at issue in the third Texas case. Oral argument for the first of the two IPR proceedings at the Patent Trial and Appeal Board occurred on February 9 and oral argument for the second is presently scheduled for March 13, 2023. Because of USAA's case narrowing in the third Texas case, only one of these two patents being reviewed was presented to the jury in the third Texas case.

Regulatory and Governmental Inquiries

We are the subject of investigations, audits, examinations and other forms of regulatory and governmental inquiry covering a broad range of issues in our consumer, mortgage, brokerage, securities and other financial services businesses, as well as other aspects of our operations. In some cases, these inquiries are part of reviews of specified activities at multiple industry participants; in others, they are directed at PNC individually. From time to time, these inquiries have involved and may in the future involve or lead to regulatory enforcement actions and other administrative proceedings. These inquiries have also led to and may in the future lead to civil or criminal judicial proceedings. Some of these inquiries result in remedies including fines, penalties, restitution, or alterations in our business practices, and in additional expenses and collateral costs and other consequences. Such remedies and other consequences typically have not been material to us from a financial standpoint, but could be in the future. Even if not financially material, they may result in significant reputational harm or other adverse consequences.

Our practice is to cooperate fully with regulatory and governmental investigations, audits and other inquiries.

Other

In addition to the proceedings or other matters described above, PNC and persons to whom we may have indemnification obligations, in the normal course of business, are subject to various other pending and threatened legal proceedings in which claims for monetary damages and other relief are asserted. We do not anticipate, at the present time, that the ultimate aggregate liability, if any, arising out of such other legal proceedings will have a material adverse effect on our financial position. However, we cannot now determine whether or not any claims asserted against us or others to whom we may have indemnification obligations, whether in the proceedings or other matters described above or otherwise, will have a material adverse effect on our results of operations in any future reporting period, which will depend on, among other things, the amount of the loss resulting from the claim and the amount of income otherwise reported for the reporting period.

NOTE 22 PARENT COMPANY

Summarized financial information of the parent company is as follows:

Table 116: Parent Company - Income Statement

Year ended December 31 In millions	2022	2021	2020
Operating Revenue			
Dividends from continuing operations:			
Bank subsidiaries and bank holding company	$ 3,925	$ 3,980	$ 13,701
Non-bank subsidiaries	280	424	345
Interest income	104	15	38
Noninterest income (loss)	(37)	41	37
Total operating revenue	4,272	4,460	14,121
Operating Expense			
Interest expense	326	129	179
Other expense	136	245	91
Total operating expense	462	374	270
Income before income taxes and equity in undistributed net income of subsidiaries	3,810	4,086	13,851
Equity in undistributed net income of subsidiaries from continuing operations:			
Bank subsidiaries and bank holding company	1,848	1,085	(12,009)
Non-bank subsidiaries	455	543	(86)
Income from continuing operations before taxes	6,113	5,714	1,756
Income tax expense (benefit) from continuing operations	72	41	(1,206)
Net income from continuing operations	6,041	5,673	2,962
Dividends from discontinued operations:			
Bank subsidiaries and bank holding company			126
Equity in undistributed net income of subsidiaries from discontinued operations:			
Bank subsidiaries and bank holding company			5,651
Income from discontinued operations before taxes			5,777
Income taxes from discontinued operations			1,222
Net income from discontinued operations			4,555
Net income	$ 6,041	$ 5,673	$ 7,517
Other comprehensive income, net of tax:			
Net pension and other postretirement benefit plan activity arising during the period	1	11	1
Other comprehensive income	1	11	1
Comprehensive income	$ 6,042	$ 5,684	$ 7,518

Table 117: Parent Company - Balance Sheet

December 31 – in millions	2022	2021
Assets		
Cash held at banking subsidiary	$ 4,654	$ 5,367
Restricted deposits with banking subsidiary	175	175
Investments in:		
Bank subsidiaries and bank holding company	48,867	56,596
Non-bank subsidiaries	3,170	2,693
Loans with affiliates	1,484	1,179
Other assets	2,057	1,999
Total assets	$ 60,407	$ 68,009
Liabilities		
Subordinated debt (a)	$ 1,728	$ 982
Senior debt (a)	11,379	10,362
Other borrowed funds from affiliates		343
Accrued expenses and other liabilities	1,526	627
Total liabilities	14,633	12,314
Equity		
Shareholders' equity	45,774	55,695
Total liabilities and equity	$ 60,407	$ 68,009

(a) See Note 10 Borrowed Funds for additional information on contractual rates and maturity dates of senior debt and subordinated debt for parent company.

In connection with certain affiliates' commercial and residential mortgage servicing operations, the parent company has committed to maintain such affiliates' net worth above minimum requirements.

Table 118: Parent Company - Interest Paid and Income Tax Refunds (Payments)

Year ended December 31 – in millions	Interest Paid	Income Tax Refunds/ (Payments)
2022	$ 314	$ (255)
2021	$ 307	$ 386
2020	$ 335	$ 29

Table 119: Parent Company - Statement of Cash Flows

Year ended December 31 – in millions	2022	2021	2020
Operating Activities			
Net income	$ 6,041	$ 5,673	$ 7,517
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in undistributed net earnings of subsidiaries	(2,303)	(1,628)	
Return on investment in subsidiaries			6,444
Other	95	(248)	237
Net cash provided (used) by operating activities	$ 3,833	$ 3,797	$ 14,198
Investing Activities			
Proceeds from available for sale securities		$ 300	
Net change in loans and securities from affiliates	$ (531)	(1,188)	$ (2,808)
Net change in nonrestricted interest-earning deposits			7,024
Net cash paid for acquisition		(11,358)	
Other	(84)	(5)	
Net cash provided (used) by investing activities	$ (615)	$ (12,251)	$ 4,216
Financing Activities			
Net change in other borrowed funds from affiliates	$ (1,138)	$ (435)	$ 473
Proceeds from long-term borrowings	4,335	1,692	1,986
Repayments of long-term borrowings	(1,500)	(500)	(1,750)
Preferred stock issuances	2,225	1,484	
Preferred stock redemptions	(1,500)		(480)
Common and treasury stock issuances	68	66	65
Acquisition of treasury stock	(3,731)	(1,079)	(1,624)
Preferred stock cash dividends paid	(301)	(233)	(229)
Common stock cash dividends paid	(2,389)	(2,056)	(1,979)
Net cash provided (used) by financing activities	$ (3,931)	$ (1,061)	$ (3,538)
Net Increase (Decrease) In Cash And Due From Banks	$ (713)	$ (9,515)	$ 14,876
Net Cash Provided By Discontinued Operations			11,542
Net Cash Activity From Continuing Operations	(713)	(9,515)	3,334
Cash and restricted deposits held at banking subsidiary at beginning of year	5,542	15,057	181
Cash and restricted deposits held at banking subsidiary at end of year	$ 4,829	$ 5,542	$ 15,057

NOTE 23 SEGMENT REPORTING

We have three reportable business segments:

- Retail Banking
- Corporate & Institutional Banking
- Asset Management Group

Results of individual businesses are presented based on our internal management reporting practices. There is no comprehensive, authoritative body of guidance for management accounting equivalent to GAAP; therefore, the financial results of our individual businesses are not necessarily comparable with similar information for any other company. We periodically refine our internal methodologies as management reporting practices are enhanced. To the extent significant and practicable, retrospective application of new methodologies is made to prior period reportable business segment results and disclosures to create comparability with the current period.

During the second quarter of 2020, we divested our entire 22.4% investment in BlackRock, which had previously been reported as a separate business segment. See Note 2 Acquisition and Divestiture Activity for additional information on the sale and details on our results and cash flow for 2020.

Total business segment financial results differ from total consolidated net income. These differences are reflected in the “Other” category in Table 120. “Other” includes residual activities that do not meet the criteria for disclosure as a separate reportable business, such as asset and liability management activities, including net securities gains or losses, ACL for investment securities, certain trading activities, certain runoff consumer loan portfolios, private equity investments, intercompany eliminations, certain corporate overhead, tax adjustments that are not allocated to business segments, exited businesses and differences between business segment performance reporting and financial statement reporting (GAAP). Assets, revenue and earnings attributable to foreign activities were not material in the periods presented for comparison.

Financial results are presented, to the extent practicable, as if each business operated on a standalone basis. Additionally, we have aggregated the results for corporate support functions within “Other” for financial reporting purposes.

Net interest income in business segment results reflects our internal funds transfer pricing methodology. Assets receive a funding charge and liabilities and capital receive a funding credit based on a transfer pricing methodology that incorporates product repricing characteristics, tenor and other factors.

We have allocated the ALLL and the allowance for unfunded lending related commitments based on the loan exposures within each business segment’s portfolio. Key reserve assumptions and estimation processes react to and are influenced by observed changes in loan portfolio performance experience, the financial strength of the borrower and economic conditions. Key reserve assumptions are periodically updated.

Table 120: Results of Businesses

Year ended December 31 In millions	Retail Banking	Corporate & Institutional Banking	Asset Management Group	Other	Consolidated (a)
2022					
Income Statement					
Net interest income	$ 7,540	$ 5,179	$ 608	$ (313)	$ 13,014
Noninterest income	2,967	3,621	936	582	8,106
Total revenue	10,507	8,800	1,544	269	21,120
Provision for (recapture of) credit losses	259	198	28	(8)	477
Depreciation and amortization	310	213	29	587	1,139
Other noninterest expense	7,288	3,438	1,057	248	12,031
Income (loss) from continuing operations before income taxes (benefit) and noncontrolling interests	2,650	4,951	430	(558)	7,473
Income taxes (benefit) from continuing operations	621	1,064	100	(425)	1,360
Net income (loss) from continuing operations	2,029	3,887	330	(133)	6,113
Less: Net income attributable to noncontrolling interests	55	17			72
Net income (loss) from continuing operations excluding noncontrolling interests	$ 1,974	$ 3,870	$ 330	$ (133)	$ 6,041
Average Assets	$ 113,829	$ 219,941	$ 14,505	$ 202,377	$ 550,652
2021					
Income Statement					
Net interest income	$ 6,206	$ 4,526	$ 476	$ (561)	$ 10,647
Noninterest income	2,796	3,783	987	998	8,564
Total revenue	9,002	8,309	1,463	437	19,211
Provision for (recapture of) credit losses	(101)	(646)	(7)	(25)	(779)
Depreciation and amortization	293	208	23	542	1,066
Other noninterest expense	6,623	3,271	918	1,124	11,936
Income (loss) from continuing operations before income taxes (benefit) and noncontrolling interests	2,187	5,476	529	(1,204)	6,988
Income taxes (benefit) from continuing operations	508	1,138	123	(506)	1,263
Net income (loss) from continuing operations	1,679	4,338	406	(698)	5,725
Less: Net income attributable to noncontrolling interests	31	14		6	51
Net income (loss) from continuing operations excluding noncontrolling interests	$ 1,648	$ 4,324	$ 406	$ (704)	$ 5,674
Average Assets	$ 106,331	$ 188,470	$ 11,677	$ 216,688	$ 523,166
2020					
Income Statement					
Net interest income	$ 5,609	$ 3,999	$ 357	$ (19)	$ 9,946
Noninterest income	2,519	3,062	854	520	6,955
Total revenue	8,128	7,061	1,211	501	16,901
Provision for (recapture of) credit losses	968	2,088	21	98	3,175
Depreciation and amortization	251	197	45	490	983
Other noninterest expense	5,768	2,659	813	74	9,314
Income (loss) from continuing operations before income taxes (benefit) and noncontrolling interests	1,141	2,117	332	(161)	3,429
Income taxes (benefit) from continuing operations	266	433	77	(350)	426
Net income from continuing operations	875	1,684	255	189	3,003
Less: Net income attributable to noncontrolling interests	31	10			41
Net income from continuing operations excluding noncontrolling interests	$ 844	$ 1,674	$ 255	$ 189	$ 2,962
Average Assets	$ 97,643	$ 183,189	$ 8,186	$ 160,277	$ 449,295

(a) There were no material intersegment revenues for 2022, 2021 and 2020.

Business Segment Products and Services

Retail Banking provides deposit, lending, brokerage, insurance services, investment management and cash management products and services to consumer and small business customers. Our customers are serviced through our branch network, ATMs, call centers, online banking and mobile channels. As a result of the BBVA acquisition, we have become a coast-to-coast retail bank. Our national expansion strategy is designed to grow customers with digitally-led banking and a thin branch network as we expand into new markets. Deposit products include checking, savings and money market accounts and certificates of deposit. Lending products include residential mortgages, home equity loans and lines of credit, auto loans, credit cards, education loans and personal and small business loans and lines of credit. The residential mortgage loans are directly originated within our branch network and nationwide, and are typically underwritten to agency and/or third-party standards, and either sold, servicing retained or held on our balance sheet. Brokerage, investment management and cash management products and services include managed, education, retirement and trust accounts.

Corporate & Institutional Banking provides lending, treasury management, capital markets and advisory products and services to mid-sized and large corporations and government and not-for-profit entities. Lending products include secured and unsecured loans, letters of credit and equipment leases. The Treasury Management business provides corporations with cash and investment management services, receivables and disbursement management services, funds transfer services, international payment services and access to online/mobile information management and reporting services. Capital markets and advisory includes services and activities primarily related to merger and acquisition advisory, equity capital markets advisory, asset-backed financing, loan syndication, securities underwriting and customer-related trading. We also provide commercial loan servicing and technology solutions for the commercial real estate finance industry. Products and services are provided nationally.

Asset Management Group provides private banking for high net worth and ultra high net worth clients and institutional asset management. The Asset Management group is composed of two operating units:

- PNC Private Bank provides products and services to emerging affluent, high net worth and ultra high net worth individuals and their families including investment and retirement planning, customized investment management, credit and cash management solutions, trust management and administration. In addition, multi-generational family planning services are also provided to ultra high net worth individuals and their families which include estate, financial, tax, fiduciary and customized performance reporting through PNC Private Bank Hawthorn.
- Institutional Asset Management provides outsourced chief investment officer, custody, private real estate, cash and fixed income client solutions, retirement plan fiduciary investment services to institutional clients including corporations, healthcare systems, insurance companies, unions, municipalities and non-profits.

NOTE 24 FEE-BASED REVENUE FROM CONTRACTS WITH CUSTOMERS

A subset of our noninterest income relates to certain fee-based revenue within the scope of ASC Topic 606 - *Revenue from Contracts with Customers* (Topic 606). The objective of the standard is to clarify the principles for recognizing revenue from contracts with customers across all industries and to develop a common revenue standard under GAAP. The standard requires the application of a five-step recognition model to contracts, allocating the amount of consideration we expect to be entitled to across distinct promises in the contract, called performance obligations, and recognizing revenue when or as those services are transferred to the customer.

Fee-based revenue within the scope of Topic 606 is recognized within our three reportable business segments: Retail Banking, Corporate & Institutional Banking and Asset Management Group. Interest income, income from lease contracts, fair value gains from financial instruments (including derivatives), income from mortgage servicing rights and guarantee products, letter of credit fees, non-refundable fees associated with acquiring or originating a loan and gains from the sale of financial assets are outside of the scope of Topic 606.

Effective for the first quarter of 2022, PNC updated the presentation of its noninterest income categorization to be based on product and service type, and accordingly, has changed the basis of presentation of its noninterest income revenue streams to: (i) Asset management and brokerage, (ii) Capital markets related, (iii) Card and cash management, (iv) Lending and deposit services, (v) Residential and commercial mortgage and (vi) Other noninterest income. Additionally, in the fourth quarter of 2022, PNC updated the name of the noninterest income line item “Capital markets related” to “Capital markets and advisory.” This update did not impact the components of the category. All periods presented herein reflect these changes. For a description of each updated noninterest income revenue stream, see Note 1 Accounting Policies.

Table 121 presents the noninterest income recognized within the scope of Topic 606 for each of our three reportable business segments’ principal products and services, along with the relationship to the noninterest income revenue streams shown on our Consolidated Income Statement. A description of the fee-based revenue and how it is recognized for each segment’s principal products and services follows this Table 121.

Table 121: Noninterest Income by Business Segment and Reconciliation to Consolidated Noninterest Income

Year ended December 31 In millions	Retail Banking	Corporate & Institutional Banking	Asset Management Group
2022			
Asset management and brokerage			
Asset management fees			$ 908
Brokerage fees	$ 528		8
Total asset management and brokerage	528		916
Card and cash management			
Treasury management fees	40	$ 1,284	
Debit card fees	684		
Net credit card fees (a)	237		
Merchant services	186	66	
Other	97		
Total card and cash management	1,244	1,350	
Lending and deposit services			
Deposit account fees	583		
Other	67	33	
Total lending and deposit services	650	33	
Residential and commercial mortgage (b)		140	
Capital markets and advisory		790	
Other		59	
Total in-scope noninterest income	2,422	2,372	916
Out-of-scope noninterest income (c)	545	1,249	20
Noninterest income by business segment	$ 2,967	$ 3,621	$ 936

Reconciliation to consolidated noninterest income	**For the year ended December 31, 2022**
Total in-scope business segment noninterest income	$ 5,710
Out-of-scope business segment noninterest income (c)	1,814
Noninterest income from other segments	582
Noninterest income as shown on the Consolidated Income Statement	$ 8,106

(Continued from previous page)

Year ended December 31 In millions	Retail Banking	Corporate & Institutional Banking	Asset Management Group
2021			
Asset management and brokerage			
Asset management fees			$ 964
Brokerage fees	$ 464		9
Total asset management and brokerage	464		973
Card and cash management			
Treasury management fees	46	$ 1,097	
Debit card fees	665		
Net credit card fees (a)	221		
Merchant services	174	62	
Other	115		
Total card and cash management	1,221	1,159	
Lending and deposit services			
Deposit account fees	542		
Other	58	40	
Total lending and deposit services	600	40	
Residential and commercial mortgage (b)		141	
Capital markets and advisory		1,110	
Other		50	
Total in-scope noninterest income	2,285	2,500	973
Out-of-scope noninterest income (c)	511	1,283	14
Noninterest income by business segment	$ 2,796	$ 3,783	$ 987

Reconciliation to consolidated noninterest income	**For the year ended December 31, 2021**
Total in-scope business segment noninterest income	$ 5,758
Out-of-scope business segment noninterest income (c)	1,808
Noninterest income from other segments	998
Noninterest income as shown on the Consolidated Income Statement	$ 8,564

(Continued from previous page)

Year ended December 31 In millions	Retail Banking	Corporate & Institutional Banking	Asset Management Group
2020			
Asset management and brokerage			
Asset management fees			$ 836
Brokerage fees	$ 367		
Total asset management and brokerage	367		836
Card and cash management			
Treasury management fees	33	$ 863	
Debit card fees	522		
Net credit card fees (a)	179		
Merchant services	154	34	
Other	105		
Total card and cash management	993	897	
Lending and deposit services			
Deposit account fees	497		
Other	53	42	
Total lending and deposit services	550	42	
Residential and commercial mortgage (b)		111	
Capital markets and advisory		759	
Other		41	
Total in-scope noninterest income	1,910	1,850	836
Out-of-scope noninterest income (c)	609	1,212	18
Noninterest income by business segment	$ 2,519	$ 3,062	$ 854

Reconciliation to consolidated noninterest income	**For the year ended December 31, 2020**
Total in-scope business segment noninterest income	$ 4,596
Out-of-scope business segment noninterest income (c)	1,839
Noninterest income from other segments	520
Noninterest income as shown on the Consolidated Income Statement	$ 6,955

(a) Net credit card fees consists of interchange fees of $662 million, $582 million and $469 million and credit card reward costs of $425 million, $361 million and $290 million for the years ended December 31, 2022, 2021 and 2020, respectively.
(b) Residential mortgage noninterest income falls under the scope of other accounting and disclosure requirements outside of Topic 606 and is included within the out-of-scope noninterest income line for the Retail Banking segment.
(c) Out-of-scope noninterest income includes revenue streams that fall under the scope of other accounting and disclosure requirements outside of Topic 606.

Retail Banking

Brokerage Fees

Retail Banking earns fee revenue by providing its customers a wide range of investment options through its brokerage services including mutual funds, annuities, stocks, bonds, long-term care and insurance products and managed accounts. We earn fee revenue for transaction-based brokerage services, such as the execution of market trades once the transaction has been completed as of the trade date. In other cases, such as investment management services, we earn fee revenue over the term of the customer contract.

Treasury Management Fees

Retail Banking earns fee revenue by providing customers with receivables and payables management services, funds transfer services, and access to online/mobile information management and reporting services. Treasury management fees are primarily recognized over time as we perform these services.

Debit Card and Net Credit Card Fees

As an issuing bank, Retail Banking earns interchange fee revenue from debit and credit card transactions. By offering card products, we maintain and administer card-related services, such as credit card reward programs, account data and statement information, card activation, card renewals, and card suspension and blockage. Interchange fees are earned when cardholders make purchases and are presented in Table 121 net of credit card reward costs, which are earned by customers when they make purchases.

Merchant Services

Retail Banking earns fee revenue for debit and credit card processing services and products. We provide these services to merchant businesses including point-of-sale payment acceptance capabilities and customized payment processing built around the merchant's specific requirements. We earn fee revenue as the merchant's customers make purchases.

Deposit Account Fees
Retail Banking provides demand deposit, money market and savings account products for consumer and small business customers. Services include online and branch banking, overdraft and wire transfer services, imaging services and cash alternative services, such as money orders and cashier's checks. We recognize fee income at the time these services are performed for the customer.

Other
Other noninterest income primarily includes ATM fees earned from our customers and non-PNC customers. These fees are recognized as transactions occur.

Corporate & Institutional Banking

Treasury Management Fees
Corporate & Institutional Banking provides corporations with cash and investment management services, receivables and disbursement management services, funds transfer services, international payment services and access to online/mobile information management and reporting services. Treasury management fees are primarily recognized over time as we perform these services.

Merchant Services
Corporate & Institutional Banking earns fee revenue for debit and credit card processing services and products. We provide these services to merchant businesses including point-of-sale payment acceptance capabilities and customized payment processing built around the merchant's specific requirements. We earn fee revenue as the merchant's customers make purchases.

Commercial Mortgage
Commercial mortgage banking activities include servicing responsibilities where we do not own the servicing rights. Servicing responsibilities typically consist of collecting and remitting monthly borrower principal and interest payments, maintaining escrow deposits, performing loss mitigation and foreclosure activities, and, in certain instances, funding of servicing advances. We recognize servicing fees over time as we perform these activities.

Capital Markets and Advisory
Capital markets and advisory fees include securities underwriting fees, merger and acquisition advisory fees and other advisory-related fees. We generally recognize these fees when the related transaction closes.

Other
Other noninterest income within Corporate & Institutional Banking is primarily comprised of fees from collateral management and asset management services. We earn these fees over time as we perform these services.

Asset Management Group

Asset Management Fees
Asset Management Group provides both personal wealth and institutional asset management services including investment management, custody services, retirement planning, family planning, trust management and retirement plan fiduciary investment services. Asset management fees are recognized over the term of the customer contract based on the value of assets under management at a point in time.

Brokerage Fees
Asset Management Group provides a wide range of investment options through its brokerage services including mutual funds, annuities, stocks, bonds, insurance products, and managed accounts. Brokerage fees are recognized over the term of the customer contract either based on the value of brokerage assets at a point in time or based on transactions executed on behalf of the customer.

NOTE 25 SUBSEQUENT EVENTS

On January 19, 2023, the parent company issued $1.25 billion of senior fixed-to-floating rate notes with a maturity date of January 26, 2027 (the "2027 Senior Notes") and $1.5 billion of senior fixed-to-floating rate notes with a maturity date of January 24, 2034 (the "2034 Senior Notes"). Interest is payable on the 2027 Senior Notes semi-annually in arrears at a fixed rate of 4.758% per annum, on January 26 and July 26 of each year, beginning on July 26, 2023. Beginning on January 26, 2026, interest is payable on the 2027 Senior Notes quarterly in arrears at a floating rate per annum equal to Compounded SOFR (determined with respect to each quarterly interest period using the SOFR Index as described in the Prospectus Supplement), plus 1.085%, on April 26, 2026, July 26, 2026, October 26, 2026 and at the maturity date. Interest is payable on the 2034 Senior Notes semi-annually in arrears at a fixed rate of 5.068% per annum, on January 24 and July 24 of each year, beginning on July 24, 2023. Beginning on January 24, 2033, interest is payable on the 2034 Senior Notes quarterly in arrears at a floating rate per annum equal to Compounded SOFR (determined with respect to each quarterly interest period using the SOFR Index as described in the Prospectus Supplement), plus 1.933%, on April 24, 2033, July 24, 2023, October 24, 2033 and at the maturity date.

On February 7, 2023, PNC issued 1,500,000 depositary shares each representing 1/100th ownership in a share of 6.250% fixed-rate reset non-cumulative perpetual preferred stock, Series W, with a par value of $1 per share.

STATISTICAL INFORMATION (UNAUDITED)

THE PNC FINANCIAL SERVICES GROUP, INC.

AVERAGE CONSOLIDATED BALANCE SHEET AND NET INTEREST ANALYSIS (a) (b) (c) (d)

Taxable-equivalent basis Dollars in millions	2022 Average Balances	2022 Interest Income/ Expense	2022 Average Yields/ Rates	2021 Average Balances	2021 Interest Income/ Expense	2021 Average Yields/ Rates	2020 Average Balances	2020 Interest Income/ Expense	2020 Average Yields/ Rates
Assets									
Interest-earning assets:									
Investment securities									
Securities available for sale									
Residential mortgage-backed									
Agency	$ 42,151	$ 889	2.11 %	$ 57,325	$ 881	1.54 %	$ 50,594	$ 1,109	2.19 %
Non-agency	842	64	7.60 %	1,100	84	7.64 %	1,480	109	7.36 %
Commercial mortgage-backed	4,107	104	2.53 %	6,093	149	2.45 %	6,865	183	2.67 %
Asset-backed	2,184	37	1.69 %	5,745	99	1.72 %	5,090	129	2.53 %
U.S. Treasury and government agencies	21,642	314	1.45 %	34,394	448	1.30 %	17,234	324	1.88 %
Other	3,982	102	2.56 %	4,852	144	2.97 %	4,564	160	3.51 %
Total securities available for sale	74,908	1,510	2.02 %	109,509	1,805	1.65 %	85,827	2,014	2.35 %
Securities held to maturity									
Residential mortgage-backed	29,325	677	2.31 %						
Commercial mortgage-backed	1,400	51	3.64 %						
Asset-backed	4,446	122	2.74 %				18		
U.S. Treasury and government agencies	25,074	300	1.20 %	805	23	2.86 %	786	22	2.80 %
Other	1,996	87	4.31 %	660	27	4.09 %	648	28	4.32 %
Total securities held to maturity	62,241	1,237	1.99 %	1,465	50	3.41 %	1,452	50	3.44 %
Total investment securities	137,149	2,747	2.00 %	110,974	1,855	1.67 %	87,279	2,064	2.36 %
Loans									
Commercial and industrial	168,663	6,079	3.60 %	143,389	4,180	2.92 %	139,254	4,276	3.07 %
Commercial real estate	34,954	1,389	3.97 %	33,159	991	2.99 %	28,765	858	2.98 %
Equipment lease financing	6,196	238	3.84 %	6,286	240	3.82 %	6,812	263	3.86 %
Consumer	54,721	2,814	5.14 %	54,338	2,602	4.79 %	55,423	2,730	4.93 %
Residential real estate	43,165	1,366	3.16 %	31,524	1,047	3.32 %	22,379	852	3.81 %
Total loans	307,699	11,886	3.86 %	268,696	9,060	3.37 %	252,633	8,979	3.55 %
Interest-earning deposits with banks	41,050	578	1.41 %	79,869	103	0.13 %	47,333	100	0.21 %
Other interest-earning assets	9,651	337	3.50 %	8,539	190	2.23 %	9,553	239	2.50 %
Total interest-earning assets/interest income	495,549	15,548	3.14 %	468,078	11,208	2.39 %	396,798	11,382	2.87 %
Noninterest-earning assets	55,103			55,088			52,497		
Total assets	$550,652			$523,166			$449,295		
Liabilities and Equity									
Interest-bearing liabilities:									
Interest-bearing deposits									
Money market	$ 61,376	444	0.72 %	$ 68,124	19	0.03 %	$ 60,229	138	0.23 %
Demand	118,749	583	0.49 %	101,471	30	0.03 %	82,295	109	0.13 %
Savings	106,577	176	0.17 %	91,194	44	0.05 %	75,574	233	0.31 %
Time deposits	12,340	64	0.52 %	18,439	33	0.18 %	20,673	163	0.79 %
Total interest-bearing deposits	299,042	1,267	0.42 %	279,228	126	0.05 %	238,771	643	0.27 %
Borrowed funds									
Federal Home Loan Bank borrowings	13,674	440	3.22 %	661	3	0.45 %	9,470	103	1.09 %
Senior debt	16,265	401	2.47 %	22,390	224	1.00 %	27,030	428	1.58 %
Subordinated debt	7,081	206	2.91 %	6,432	86	1.34 %	5,936	112	1.89 %
Other	5,430	108	1.99 %	5,025	48	0.96 %	5,502	75	1.36 %
Total borrowed funds	42,450	1,155	2.72 %	34,508	361	1.05 %	47,938	718	1.50 %
Total interest-bearing liabilities/interest expense	341,492	2,422	0.71 %	313,736	487	0.16 %	286,709	1,361	0.47 %
Noninterest-bearing liabilities and equity:									
Noninterest-bearing deposits	144,382			139,683			95,055		
Accrued expenses and other liabilities	16,414			15,299			15,774		
Equity	48,364			54,448			51,757		
Total liabilities and equity	$550,652			$523,166			$449,295		
Interest rate spread			2.43 %			2.23 %			2.40 %
Benefit from use of noninterest bearing sources			0.22			0.06			0.13
Net interest income/margin		$ 13,126	2.65 %		$ 10,721	2.29 %		$ 10,021	2.53 %

(a) Calculated using average daily balances.

(b) Nonaccrual loans are included in loans, net of unearned income. The impact of financial derivatives used in interest rate risk management is included in the interest income/expense and average yields/rates of the related assets and liabilities. Basis adjustments related to hedged items are included in noninterest-earning assets and noninterest-bearing liabilities. Average balances of securities are based on amortized historical cost (excluding adjustments to fair value, which are included in other assets). Average balances for certain loans and borrowed funds accounted for at fair value are included in noninterest-earning assets and noninterest-bearing liabilities, with changes in fair value recorded in Noninterest income.

(c) Loan fees for the years ended December 31, 2022, 2021 and 2020 were $188 million, $208 million and $156 million, respectively.

(d) Interest income calculated as taxable-equivalent interest income. To provide more meaningful comparisons of interest income and yields for all interest-earning assets, as well as net interest margins, we use interest income on a taxable-equivalent basis in calculating average yields and net interest margin by increasing the interest income earned on tax-exempt assets to make it fully equivalent to interest income earned on taxable investments. This adjustment is not permitted under GAAP. See Reconciliation of Taxable-Equivalent Net Interest Income in this Statistical Information section for more information.

ANALYSIS OF YEAR-TO-YEAR CHANGES IN NET INTEREST INCOME (a) (b)

	2022/2021			2021/2020		
Taxable-equivalent basis	Increase/(Decrease) in Income/ Expense Due to Changes in:			Increase/(Decrease) in Income/ Expense Due to Changes in:		
In millions	Volume	Rate	Total	Volume	Rate	Total
Interest-Earning Assets						
Investment securities						
Securities available for sale						
Residential mortgage-backed						
Agency	$ (269)	$ 277	$ 8	$ 134	$ (362)	$ (228)
Non-agency	$ (20)		(20)	$ (29)	$ 4	(25)
Commercial mortgage-backed	$ (50)	$ 5	(45)	$ (20)	$ (14)	(34)
Asset-backed	$ (60)	$ (2)	(62)	$ 15	$ (45)	(30)
U.S. Treasury and government agencies	$ (181)	$ 47	(134)	$ 247	$ (123)	124
Other	$ (24)	$ (18)	(42)	$ 10	$ (26)	(16)
Total securities available for sale	$ (644)	$ 349	(295)	$ 476	$ (685)	(209)
Securities held to maturity						
Residential mortgage-backed		$ 677	677			
Commercial mortgage-backed		$ 51	51			
Asset-backed		$ 122	122			
U.S. Treasury and government agencies	$ 297	$ (20)	277			
Other	$ 59	$ 1	60	$ 1	$ (1)	
Total securities held to maturity	$ 1,217	$ (30)	1,187			
Total investment securities	$ 485	$ 407	892	$ 481	$ (690)	(209)
Loans						
Commercial and industrial	$ 811	$ 1,088	1,899	$ 125	$ (221)	(96)
Commercial real estate	$ 56	$ 342	398	$ 131	$ 2	133
Equipment lease financing	$ (3)	$ 1	(2)	$ (20)	$ (3)	(23)
Consumer	$ 18	$ 194	212	$ (53)	$ (75)	(128)
Residential real estate	$ 370	$ (51)	319	$ 314	$ (119)	195
Total loans	$ 1,411	$ 1,415	2,826	$ 555	$ (474)	81
Interest-earning deposits with banks	$ (73)	$ 548	475	$ 52	$ (49)	3
Other interest-earning assets	$ 27	$ 120	147	$ (24)	$ (25)	(49)
Total interest-earning assets	$ 684	$ 3,656	$ 4,340	$ 1,883	$ (2,057)	$ (174)
Interest-Bearing Liabilities						
Interest-bearing deposits						
Money market	$ (2)	$ 427	$ 425	$ 16	$ (135)	$ (119)
Demand	$ 6	$ 547	553	$ 21	$ (100)	(79)
Savings	$ 8	$ 124	132	$ 40	$ (229)	(189)
Time deposits	$ (14)	$ 45	31	$ (16)	$ (114)	(130)
Total interest-bearing deposits	$ 10	$ 1,131	1,141	$ 94	$ (611)	(517)
Borrowed funds						
Federal Home Loan Bank borrowings	$ 335	$ 102	437	$ (62)	$ (38)	(100)
Senior debt	$ (75)	$ 252	177	$ (64)	$ (140)	(204)
Subordinated debt	$ 10	$ 110	120	$ 9	$ (35)	(26)
Other	$ 4	$ 56	60	$ (7)	$ (20)	(27)
Total borrowed funds	$ 100	$ 694	794	$ (172)	$ (185)	(357)
Total interest-bearing liabilities	$ 48	$ 1,887	1,935	$ 113	$ (987)	(874)
Change in net interest income	$ 654	$ 1,751	$ 2,405	$ 1,704	$ (1,004)	$ 700

(a) Changes attributable to rate/volume are prorated into rate and volume components.

(b) Interest income calculated as taxable-equivalent interest income. To provide more meaningful comparisons of interest income, we use interest income on a taxable-equivalent basis by increasing the interest income earned on tax-exempt assets to make it fully equivalent to interest income earned on taxable investments. This adjustment is not permitted under GAAP. See Reconciliation of Taxable-Equivalent Net Interest Income in this Statistical Information section for more information.

Non-GAAP Financial Information

PNC reports certain financial measures that are not in accordance with GAAP. These non-GAAP financial measures are provided as supplemental information to the financial measures in this Report that are calculated and presented in accordance with GAAP. While we believe that these non-GAAP measures are useful tools for the purpose of evaluating certain financial results, they should not be considered superior to and are not intended to be considered in isolation or as a substitute for the related GAAP financial measures presented in this Report.

Reconciliation of Taxable-Equivalent Net Interest Income (non-GAAP) (a)

Year ended December 31 In millions	2022	2021	2020
Net interest income (GAAP)	$ 13,014	$ 10,647	$ 9,946
Taxable-equivalent adjustments	112	74	75
Net interest income (non-GAAP)	$ 13,126	$ 10,721	$ 10,021

(a) The interest income earned on certain earning assets is completely or partially exempt from federal income tax. As such, these tax-exempt instruments typically yield lower returns than taxable investments. To provide more meaningful comparisons of net interest income, we use interest income on a taxable-equivalent basis by increasing the interest income earned on tax-exempt assets to make it fully equivalent to interest income earned on taxable investments. This adjustment is not permitted under GAAP.

Reconciliation of Tangible Book Value Per Common Share (non-GAAP)

December 31 Dollars in millions, except per share data	2022	2021	2020
Book value per common share	$ 99.93	$ 120.61	$ 119.11
Tangible book value per common share			
Common shareholders' equity	$ 40,028	$ 50,685	$ 50,493
Goodwill and other intangible assets	(11,400)	(11,406)	(9,381)
Deferred tax liabilities on goodwill and other intangible assets	261	270	188
Tangible common shareholders' equity	$ 28,889	$ 39,549	$ 41,300
Period-end common shares outstanding (in millions)	401	420	424
Tangible book value per common share (non-GAAP) (a)	$ 72.12	$ 94.11	$ 97.43

(a) Tangible book value per common share is a non-GAAP measure and is calculated based on tangible common shareholders' equity divided by period-end common shares outstanding. We believe this non-GAAP measure serves as a useful tool to help evaluate the strength and discipline of a company's capital management strategies and as an additional, conservative measure of total company value.

Selected Loan Maturities and Interest Sensitivity

	Loans Due After 1 Year		Contractual Maturity Range				
December 31, 2022 In millions	Predetermined Rate	Floating or Adjustable Rate	1 Year or Less	After 1 Year Through 5 Years	After 5 Years Through 15 Years	After 15 Years	Gross Loans
Commercial							
Commercial and industrial	$ 20,235	$ 121,380	$ 40,604	$ 125,101	$ 13,440	$ 3,074	$ 182,219
Commercial real estate	6,489	19,408	10,419	20,780	4,265	852	36,316
Equipment lease financing	4,531	145	1,838	4,017	659		6,514
Total commercial	31,255	140,933	52,861	149,898	18,364	3,926	225,049
Consumer							
Residential real estate	29,609	14,533	1,747	5,408	14,613	24,121	45,889
Home equity	14,237	10,388	1,358	4,716	8,433	11,476	25,983
Automobile	10,847		3,989	10,000	847		14,836
Credit card			7,069				7,069
Education	552	1,443	178	715	1,121	159	2,173
Other consumer	1,279	360	3,387	1,528	111		5,026
Total consumer	56,524	26,724	17,728	22,367	25,125	35,756	100,976
Total loans	$ 87,779	$ 167,657	$ 70,589	$ 172,265	$ 43,489	$ 39,682	$ 326,025

At December 31, 2022, $39.9 billion notional amount of receive-fixed interest rate swaps were designated as part of cash flow hedging strategies that converted the floating rate (LIBOR/SOFR) on the underlying commercial loans to a fixed rate as part of risk management strategies.

Uninsured Deposits

The aggregate amount of uninsured deposits, defined as (i) the portion of deposit accounts in U.S. offices that exceed the FDIC insurance limit or similar state deposit insurance regime and (ii) amounts in any other uninsured investment or deposit accounts that are classified as deposits and not subject to any federal or state deposit insurance regime were estimated to be $200.0 billion and $197.8 billion at December 31, 2022 and 2021, respectively. The portion of U.S. time deposits in excess of the FDIC insurance limit or similar state deposit regime was $9.3 billion at December 31, 2022.

GLOSSARY

DEFINED TERMS

2019 Tailoring Rules – Rules adopted by the federal banking agencies to better tailor the application of their capital, liquidity, and enhanced prudential requirements for banking organizations to the asset size and risk profile (as measured by certain regulatory metrics) of the banking organization. Effective January 1, 2020, the agencies' capital and liquidity rules classify all BHCs with $100 billion or more in total assets into one of four categories (Category I, Category II, Category III, and Category IV).

Adjusted average total assets – Primarily consisted of total average quarterly (or annual) assets plus/less unrealized losses (gains) on investment securities, less goodwill and certain other intangible assets (net of eligible deferred taxes).

Allowance for credit losses (ACL) – A valuation account that is deducted from or added to the amortized cost basis of the related financial assets to present the net carrying value at the amount expected to be collected on the financial asset.

Amortized cost basis – Amount at which a financial asset is originated or acquired, adjusted for applicable accretion or amortization of premiums, discounts and net deferred fees or costs, collection of cash, charge-offs, foreign exchange and fair value hedge accounting adjustments.

Basel III common equity Tier 1 (CET1) capital (Tailoring Rules) – Common stock plus related surplus, net of treasury stock, plus retained earnings, less goodwill, net of associated deferred tax liabilities, less other disallowed intangibles, net of deferred tax liabilities and plus/less other adjustments. Investments in unconsolidated financial institutions, as well as mortgage servicing rights and deferred tax assets, must then be deducted to the extent such items (net of associated deferred tax liabilities) individually exceed 25% of our adjusted Basel III common equity Tier 1 capital.

Basel III common equity Tier 1 capital ratio – Common equity Tier 1 capital divided by period-end risk-weighted assets (as applicable).

Basel III Tier 1 capital – Common equity Tier 1 capital, plus qualifying preferred stock, plus certain trust preferred capital securities, plus certain noncontrolling interests that are held by others and plus/less other adjustments.

Basel III Tier 1 capital ratio – Basel III Tier 1 capital divided by period-end risk-weighted assets (as applicable).

Basel III Total capital – Tier 1 capital plus qualifying subordinated debt, plus certain trust preferred securities, plus, under the Basel III transitional rules and the standardized approach, the allowance for loan and lease losses included in Tier 2 capital and other.

Basel III Total capital ratio – Basel III Total capital divided by period-end risk-weighted assets (as applicable).

Basel Committee – Basel Committee on Banking Supervision.

BBVA – BBVA USA Bancshares, Inc.

BBVA USA – BBVA USA, the Alabama-chartered bank subsidiary of BBVA USA Bancshares, Inc.

BlackRock – BlackRock, Inc.

Bloomberg Short-Term Bank Yield Index (BSBY) – BSBY is a series of credit sensitive reference rates that incorporate bank credit spreads and defines a forward term structure. BSBY seeks to measure the average yields at which large global banks access senior unsecured marginal wholesale funding.

Charge-off – Process of removing a loan or portion of a loan from our balance sheet because it is considered uncollectible. We also record a charge-off when a loan is transferred from portfolio holdings to held for sale by reducing the loan carrying amount to the fair value of the loan, if fair value is less than carrying amount.

Collateral dependent loans – Loans expected to be repaid substantially through the operation or sale of the collateral underlying the loan when a borrower is experiencing financial difficulty, and for which we have elected to measure the loan at the estimated fair value of collateral (less costs to sell if sale or foreclosure of the property is expected). Additionally, we consider a loan to be collateral dependent when foreclosure or liquidation of the underlying collateral is probable.

Combined loan-to-value ratio (CLTV) – This is the aggregate principal balance(s) of the mortgages on a property divided by its appraised value or purchase price.

Common shareholders' equity – Total shareholders' equity less the liquidation value of preferred stock.

Company – The PNC Financial Services Group, Inc. and its subsidiaries (interchangeable with "PNC," "we," "us," "the Company" or "the Corporation" on this Report).

COVID-19 – The coronavirus that emerged in late 2019, which resulted in a worldwide pandemic beginning in 2020 (interchangeable with "the pandemic" or "the COVID-19 pandemic" in this Report).

Credit valuation adjustment – Represents an adjustment to the fair value of our derivatives for our own and counterparties' non-performance risk.

Criticized commercial loans – Loans with potential or identified weaknesses based upon internal risk ratings that comply with the regulatory classification definitions of "special mention," "substandard" or "doubtful."

Current Expected Credit Loss (CECL) – Methodology for estimating the ACL on in-scope financial assets held at amortized cost and unfunded lending related commitments, which uses a combination of expected losses over a reasonable and supportable forecast period, a reversion period and long run average credit losses for their estimated contractual term.

Discretionary client assets under management – Assets over which we have sole or shared investment authority for our customers/clients. We do not include these assets on our Consolidated Balance Sheet.

Dodd-Frank – Dodd-Frank Wall Street Reform and Consumer Protection Act.

Earning assets – Assets that generate income, which include: interest-earning deposits with banks, loans held for sale, loans, investment securities and certain other assets.

Effective duration – A measurement, expressed in years, that, when multiplied by a change in interest rates, would approximate the percentage change in value of on- and off- balance sheet positions.

Efficiency – Noninterest expense divided by total revenue.

Estimated contractual term - In the context of CECL, the contractual term of the financial asset or credit exposure, adjusted for estimated draws and prepayments, certain embedded extension options and extensions granted under troubled debt restructurings.

Exchange Act – Securities Exchange Act of 1934, as amended.

Exposure at default (EAD) – The credit exposure estimated to be outstanding in the event of default of a credit obligor.

Fair value – The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Federal Reserve – The Board of Governors of the Federal Reserve System.

Fee income – Refers to the following categories within Noninterest income: Asset management and brokerage, Capital markets and advisory, Card and cash management, Lending and deposit services, and Residential and commercial mortgage.

FICO score – A credit bureau-based industry standard score created by Fair Isaac Co. which predicts the likelihood of borrower default. We use FICO scores both in underwriting and assessing credit risk in our consumer lending portfolio. Lower FICO scores indicate likely higher risk of default, while higher FICO scores indicate likely lower risk of default.

Foreign exchange contracts – Contracts that provide for the future receipt and delivery of foreign currency at previously agreed-upon terms.

Futures and forward contracts – Contracts in which the buyer agrees to purchase and the seller agrees to deliver a specific financial instrument at a predetermined price or yield. May be settled either in cash or by delivery of the underlying financial instrument.

Home price index (HPI) – A broad measure of the movement of single-family house prices in the U.S.

Interest rate swap contracts – Contracts that are entered into primarily as an asset/liability management strategy to reduce interest rate risk. Interest rate swap contracts are exchanges of interest rate payments, such as fixed-rate payments for floating-rate payments, based on notional principal amounts.

Intrinsic value – The difference between the price, if any, required to be paid for stock issued pursuant to an equity compensation arrangement and the fair market value of the underlying stock.

Leverage ratio – Basel III Tier 1 capital divided by average quarterly adjusted total assets.

London InterBank Offered Rate (LIBOR) – LIBOR is the average interest rate charged when banks in the London wholesale money market (or interbank market) borrow unsecured funds from each other.

Loan-to-value ratio (LTV) – A calculation of a loan's collateral coverage that is used both in underwriting and assessing credit risk in our lending portfolio. LTV is the sum total of loan obligations secured by collateral divided by the market value of that same collateral. Market value of the collateral is based on an independent valuation of the collateral. For example, a LTV of less than 90% is better secured and has less credit risk than a LTV of greater than or equal to 90%.

Long run average – In the context of CECL, expected credit losses or credit risk parameters for the remaining estimated contractual maturity beyond the reasonable and supportable forecast and reversion periods. The long run average is generally derived from historical loss information and current portfolio characteristics, without considering current or forecasted conditions.

Loss given default (LGD) – Assuming a credit obligor enters default status, an estimate of loss, based on collateral type, collateral value, loan exposure and other factors. LGD is net of recovery, through any means, including but not limited to the liquidation of collateral or deficiency judgments rendered from foreclosure or bankruptcy proceedings.

Nonaccrual loans – Loans for which we do not accrue interest income. Nonaccrual loans include nonperforming loans, in addition to loans accounted for under fair value option and loans accounted for as held for sale for which full collection of contractual principal and/or interest is not probable.

Nondiscretionary client assets under administration – Assets we hold for our customers/clients in a nondiscretionary, custodial capacity. We do not include these assets on our Consolidated Balance Sheet.

Nonperforming assets – Nonperforming assets include nonperforming loans, OREO and foreclosed assets. We do not accrue interest income on assets classified as nonperforming.

Nonperforming loans – Loans accounted for at amortized cost whose credit quality has deteriorated to the extent that full collection of contractual principal and interest is not probable, including TDRs which have not returned to performing status. Interest income is not recognized on nonperforming loans. Nonperforming loans exclude certain government insured or guaranteed loans for which we expect to collect substantially all principal and interest, loans held for sale, and loans accounted for under the fair value option.

Notional amount – The basis to which the underlying referenced interest rate, security price, credit spread or other index is applied to determine required payments under the derivative contract.

Off-balance sheet arrangements – Activities that involve entities that are not consolidated or otherwise reflected in our Consolidated Balance Sheet.

Operating leverage – The period to period dollar or percentage change in total revenue less the dollar or percentage change in noninterest expense. A positive variance indicates that revenue growth exceeded expense growth (*i.e.*, positive operating leverage) while a negative variance implies expense growth exceeded revenue growth (*i.e.*, negative operating leverage).

Options – Contracts that grant the purchaser, for a premium payment, the right, but not the obligation, to either purchase or sell the associated financial instrument at a set price during a specified period or at a specified date in the future.

Other real estate owned (OREO) and foreclosed assets – Assets taken in settlement of troubled loans primarily through deed-in-lieu of foreclosure or foreclosure. Foreclosed assets include real and personal property. Certain assets that have a government-guarantee which are classified as other receivables are excluded.

PNC Bank – PNC Bank, National Association.

Probability of default (PD) – An estimate of the likelihood that a credit obligor will enter default status.

Purchased credit deteriorated assets (PCD) – Acquired loans or debt securities that, at acquisition, are determined to have experienced a more-than-insignificant deterioration in credit quality since origination or issuance.

Reasonable and supportable forecast period – In the context of CECL, the period for which forecasts and projections of macroeconomic variables have been determined to be reasonable and supportable, and are used as inputs for ACL measurement.

Recovery – Cash proceeds received on a loan that we had previously charged-off. We credit the amount received to the allowance for loan and lease losses.

Reversion period – In the context of CECL, the period between the end of the reasonable and supportable forecast period and the point at which losses are expected to have reverted to their long run average, in order to reflect an overall reasonable estimate of expected credit losses.

Risk appetite – A dynamic, forward-looking view on the aggregate amount of risk we are willing and able to take in executing business strategy in light of the current business environment.

Risk limits – Quantitative measures based on forward-looking assumptions that allocate our aggregate risk appetite (*e.g.,* measure of loss or negative events) to business lines, legal entities, specific risk categories, concentrations and as appropriate, other levels.

Risk profile – The risk profile is a point-in-time assessment of risk. The profile represents overall risk position in relation to the desired risk appetite. The determination of the risk profile's position is based on qualitative and quantitative analysis of reported risk limits, metrics, operating guidelines and qualitative assessments.

Risk-weighted assets – Computed by the assignment of specific risk-weights (as defined by the Board of Governors of the Federal Reserve System) to assets and off-balance sheet instruments.

Secured Overnight Financing Rate (SOFR) – SOFR is a reference rate that is based on overnight transactions in the U.S. Treasury repurchase market.

Servicing rights – Intangible assets or liabilities created by an obligation to service assets for others. Typical servicing rights include the right to receive a fee for collecting and forwarding payments on loans and related taxes and insurance premiums held in escrow.

Supplementary leverage exposure – The sum of adjusted average assets and certain off-balance sheet exposures, including undrawn credit commitments and derivative potential future exposures.

Supplementary leverage ratio – Basel III Tier 1 capital divided by Supplementary leverage exposure.

Taxable-equivalent interest income – The interest income earned on certain assets that is completely or partially exempt from federal income tax. These tax-exempt instruments typically yield lower returns than taxable investments.

Troubled debt restructuring (TDR) – A loan whose terms have been restructured in a manner that grants a concession to a borrower experiencing financial difficulties.

Unfunded lending related commitments – Standby letters of credit, financial guarantees, commitments to extend credit and similar unfunded obligations that are not unilaterally, unconditionally, cancellable at PNC's option.

Value-at-risk (VaR) – A statistically-based measure of risk that describes the amount of potential loss which may be incurred due to adverse market movements. The measure is of the maximum loss which should not be exceeded on 95 out of 100 days for a 95% VaR.

Yield curve – A graph showing the relationship between the yields on financial instruments or market indices of the same credit quality with different maturities. For example, a "normal" or "positive" yield curve exists when long-term bonds have higher yields than short-term bonds. A "flat" yield curve exists when yields are the same for short-term and long-term bonds. A "steep" yield curve exists when yields on long-term bonds are significantly higher than on short-term bonds. An "inverted" or "negative" yield curve exists when short-term bonds have higher yields than long-term bonds.

ACRONYMS

ACL	Allowance for credit losses	**GNMA**	Government National Mortgage Association
ALLL	Allowance for loan and lease losses	**GSIB**	Globally systemically important bank
AML	Anti-Money Laundering	**HPI**	Home price index
AOCI	Accumulated other comprehensive income	**ISDA**	International Swaps and Dealer Association
ASC	Accounting Standards Codification	**ISP**	The PNC Incentive Savings Plan
ASU	Accounting Standards Update	**LCR**	Liquidity Coverage Ratio
BEC	Business email compromise scams	**LGD**	Loss given default
BHC	Bank holding company	**LIBOR**	London Interbank Offered Rate
BHC Act	Bank Holding Company Act of 1956	**LIHTC**	Low income housing tax credit
bps	Basis points	**LLC**	Limited liability company
BSA	Bank Secrecy Act	**LTV**	Loan-to-value ratio
BSBY	Bloomberg Short-Term Bank Yield Index	**MD&A**	Management's Discussion and Analysis of Financial Condition and Results of Operations
CARES Act	Coronavirus Aid, Relief and Economic Security Act	**MSR**	Mortgage servicing right
CCAR	Comprehensive Capital Analysis and Review	**NAV**	Net asset value
CECL	Current Expected Credit Losses	**NSFR**	Net Stable Funding Ratio
CET1	Common equity tier 1	**OCC**	Office of the Comptroller of the Currency
CFPB	Consumer Financial Protection Bureau	**OCI**	Other comprehensive income
CFTC	Commodity Futures Trading Commission	**OREO**	Other real estate owned
CLTV	Combined loan-to-value ratio	**OTC**	Over-the-counter
CRA	Community Reinvestment Act	**OTTI**	Other than temporary impairment
DFAST	Dodd-Frank capital stress testing	**PCD**	Purchased credit deteriorated
DUS	Delegated Underwriting and Servicing program	**PD**	Probability of default
EAD	Exposure at default	**PPP**	Paycheck Protection Program
ERISA	Employee Retirement Income Security Act of 1974, as amended	**RAC**	Reserve Adequacy Committee
ERM	Enterprise Risk Management	**ROAPs**	Removal of account provisions
FDI Act	Federal Deposit Insurance Act	**ROU**	Right-of-use assets
FDIC	Federal Deposit Insurance Corporation	**SCB**	Stress capital buffer
FHA	Federal Housing Administration	**SCCL**	Single counterparty credit limit
FHLB	Federal Home Loan Bank	**SEC**	Securities and Exchange Commission
FHLMC	Federal Home Loan Mortgage Corporation	**SOFR**	Secured Overnight Financing Rate
FICO	Fair Isaac Corporation (credit score)	**SPE**	Special purpose entity
FinCEN	Financial Crimes Enforcement Network	**TDR**	Troubled debt restructuring
FINRA	Financial Industry Regulatory Authority	**U.S.**	United States of America
FNMA	Federal National Mortgage Association	**USD**	United States Dollar
FOMC	Federal Open Market Committee	**VA**	Department of Veterans Affairs
FSOC	Financial Stability Oversight Council	**VaR**	Value-at-risk
GAAP	Accounting principles generally accepted in the United States of America	**VEBA**	Voluntary Employee Beneficiary Association
GDP	Gross Domestic Product	**VIE**	Variable interest entity
GLB Act	Gramm-Leach-Bliley Act		

ITEM 9 – CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A – CONTROLS AND PROCEDURES

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of The PNC Financial Services Group, Inc. and subsidiaries (PNC) is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Exchange Act Rule 13a-15(f).

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

We performed an evaluation under the supervision and with the participation of our management, including the Chairman, President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer, of the effectiveness of PNC's internal control over financial reporting as of December 31, 2022. This assessment was based on criteria for effective internal control over financial reporting described in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management concluded that PNC maintained effective internal control over financial reporting as of December 31, 2022.

PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited our consolidated financial statements as of and for the year ended December 31, 2022 included in this Report, has also audited the effectiveness of PNC's internal control over financial reporting as of December 31, 2022. The report of PricewaterhouseCoopers LLP is included under Item 8 of this Report.

DISCLOSURE CONTROLS AND PROCEDURES AND CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

As of December 31, 2022, we performed an evaluation under the supervision and with the participation of our management, including the Chairman, President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures and of changes in our internal control over financial reporting.

Based on that evaluation, our Chairman, President and Chief Executive Officer and our Executive Vice President and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities and Exchange Act of 1934, as amended) were effective as of December 31, 2022, and that there has been no change in PNC's internal control over financial reporting that occurred during the fourth quarter of 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B – OTHER INFORMATION

None.

PART III

ITEM 10 – DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Certain of the information regarding our directors (or nominees for director), executive officers and Audit Committee (and Audit Committee financial experts), required by this item is included under the captions "Election of Directors (Item 1)," and "Corporate Governance – Board committees – Audit Committee," in our Proxy Statement to be filed for the 2023 annual meeting of shareholders and is incorporated herein by reference.

Additional information regarding our executive officers is included in Part I of this Report under the caption "Information about our Executive Officers."

Information regarding our compliance with Section 16(a) of the Securities Exchange Act of 1934 is included, to the extent necessary, under the caption "Delinquent Section 16(a) Reports" in our Proxy Statement to be filed for the 2023 annual meeting of shareholders and is incorporated herein by reference.

Certain information regarding our PNC Code of Business Conduct and Ethics required by this item is included under the captions "Corporate Governance – Our Code of Business Conduct and Ethics" and "Director and Executive Officer Relationships – Code of Business Conduct and Ethics" in our Proxy Statement to be filed for the 2023 annual meeting of shareholders and is incorporated herein by reference. Our PNC Code of Business Conduct and Ethics is available on our corporate website at www.pnc.com/corporategovernance. In addition, any future amendments to, or waivers from, a provision of the PNC Code of Business Conduct and Ethics that applies to our directors or executive officers (including our principal executive officer, principal financial officer, and principal accounting officer or controller) will be posted at this internet address.

ITEM 11 – EXECUTIVE COMPENSATION

The information required by this item is included under the captions "Corporate Governance – Board committees – Human Resources Committee – Compensation committee interlocks and insider participation," "Director Compensation," "Compensation Discussion and Analysis," "Compensation Committee Report," "Compensation and Risk," "Compensation Tables," "Change in Control and Termination of Employment" and "CEO Pay Ratio" in our Proxy Statement to be filed for the 2023 annual meeting of shareholders and is incorporated herein by reference. In accordance with Item 407(e)(5) of Regulation S-K, the information set forth under the caption "Compensation Committee Report" in such Proxy Statement will be deemed to be furnished in this Report and will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act as a result of furnishing the disclosure in this manner.

ITEM 12 – SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item regarding security ownership of certain beneficial owners and management is included under the caption “Security Ownership of Management and Certain Beneficial Owners” in our Proxy Statement to be filed for the 2023 annual meeting of shareholders and is incorporated herein by reference.

Information regarding our compensation plans under which PNC equity securities are authorized for issuance as of December 31, 2022 is included in the table which follows. For additional information regarding these plans, see Note 18 Stock Based Compensation Plans.

Equity Compensation Plan Information
At December 31, 2022

	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights		(b) Weighted-average exercise price of outstanding options, warrants and rights (1)	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))	
Plan Category					
Equity compensation plans approved by security holders	4,324,886	(2)	$ 63.87	20,020,179	(3)
Equity compensation plans not approved by security holders					
Total	**4,324,886**		**$ 63.87**	**20,020,179**	

(1) – The weighted-average exercise price does not take into account restricted stock units or incentive performance units because they have no exercise price.

(2) – Of this total, the following amounts relate to the 2016 Incentive Award Plan (2016 Incentive Plan), approved by shareholders on April 26, 2016: 3,338,653 are stock-payable restricted stock units (at a maximum share award level), 871,648 are performance share units (at maximum share award level) and 59,658 are deferred stock units (at a maximum share award level). Also included in this total are the following amounts that relate to the 2006 Incentive Award Plan, as amended and restated (2006 Incentive Plan): 10,750 are stock options and 44,177 are stock-payable restricted stock units (at a maximum award level).

Following shareholder approval of the 2016 Incentive Plan, no further grants were permitted under the 2006 Incentive Plan, and the balance of shares authorized but unissued under the 2006 Incentive Plan were made available under the 2016 Incentive Plan.

(3) – Includes 1,786,148 shares available for issuance under the Employee Stock Purchase Plan, of which 106,038 shares are subject to purchase during the purchase period ending December 31, 2022. The amount available for awards under the 2016 Incentive Plan is 18,234,031.

ITEM 13 – CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is included under the captions “Director and Executive Officer Relationships – Director independence, – Transactions with directors, – Family relationships, and – Indemnification and advancement of costs” and “Related Person Transactions” in our Proxy Statement to be filed for the 2023 annual meeting of shareholders and is incorporated herein by reference.

ITEM 14 – PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is included under the caption “Ratification of Independent Registered Public Accounting Firm” in our Proxy Statement to be filed for the 2023 annual meeting of shareholders and is incorporated herein by reference.

PART IV

ITEM 15 – EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Financial Statements, Financial Statement Schedules

Our consolidated financial statements required in response to this Item are incorporated by reference from Item 8 of this Report.

Exhibit Index

Exhibit No.	Description	Method of Filing +
2.1.1	Share Purchase Agreement, dated as of November 15, 2020, between Banco Bilbao Vizcaya Argentaria, S.A. and The PNC Financial Services Group, Inc.	Incorporated herein by reference to Exhibit 2.1 of the Corporation's Current Report on Form 8-K filed November 19, 2020
2.1.2	Amendment No. 1 to the Purchase Agreement	Incorporated herein by reference to Exhibit 2.1.2 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021
3.1.1	Amended and Restated Articles of Incorporation of the Corporation, effective January 2, 2009	Incorporated herein by reference to Exhibit 3.1 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2008
3.1.2	Statement with Respect to Shares of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series O dated July 21, 2011	Incorporated herein by reference to Exhibit 3.1 of the Corporation's Current Report on Form 8-K filed July 27, 2011
3.1.3	Statement with Respect to Shares of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series P dated April 19, 2012	Incorporated herein by reference to Exhibit 3.1 of the Corporation's Current Report on Form 8-K filed April 24, 2012
3.1.4	Statement with Respect to Shares of 5.375% Non-Cumulative Perpetual Preferred Stock, Series Q dated September 14, 2012	Incorporated herein by reference to Exhibit 3.1 of the Corporation's Current Report on Form 8-K filed September 21, 2012
3.1.5	Statement with Respect to Shares of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series R dated May 2, 2013	Incorporated herein by reference to Exhibit 3.1 of the Corporation's Current Report on Form 8-K filed May 7, 2013
3.1.6	Amendment to Amended and Restated Articles of Incorporation of the Corporation, effective November 19, 2015	Incorporated herein by reference to Exhibit 3.1.6 of the Corporation's Current Report on Form 8-K filed November 20, 2015
3.1.7	Statement with Respect to Shares of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series S dated October 27, 2016	Incorporated herein by reference to Exhibit 3.1 of the Corporation's Current Report on Form 8-K filed November 1, 2016
3.1.8	Statement with Respect to Shares of the 3.400% Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock, Series T	Incorporated herein by reference to Exhibit 3.1 of the Corporation's Current Report on Form 8-K filed September 13, 2021
3.1.9	Statement with Respect to Shares of the 6.000% Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock, Series U	Incorporated herein by reference to Exhibit 3.1 of the Corporation's Current Report on Form 8-K filed April 26, 2022
3.1.10	Statement with Respect to Shares of the 6.200% Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock, Series V	Incorporated herein by reference to Exhibit 3.1 of the Corporation's Current Report on Form 8-K filed August 19, 2022
3.1.11	Statement with Respect to Shares of the 6.250% Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock, Series W	Incorporated herein by reference to Exhibit 3.1 of the Corporation's Current Report on Form 8-K filed February 7, 2023
3.2	Amended and Restated Bylaws of the Corporation effective February 10, 2022	Filed herewith

Exhibit No.	Description	Method of Filing +
4.1	There are no instruments with respect to long-term debt of the Corporation and its subsidiaries that involve a total amount of securities authorized thereunder that exceed 10 percent of the total assets of the Corporation and its subsidiaries on a consolidated basis. The Corporation agrees to provide the SEC with a copy of instruments defining the rights of holders of long-term debt of the Corporation and its subsidiaries on request.	
4.2	Deposit Agreement dated July 27, 2011, between the Corporation, Computershare Trust Company, N.A., Computershare Inc. and the holders from time to time of the Depositary Receipts representing interests in the Series O preferred stock	Incorporated herein by reference to Exhibit 4.2 of the Corporation's Current Report on Form 8-K filed July 27, 2011
4.3	Deposit Agreement, dated April 24, 2012, between the Corporation, Computershare Trust Company, N.A., Computershare Inc. and the holders from time to time of the Depositary Receipts representing interests in the Series P preferred stock	Incorporated herein by reference to Exhibit 4.2 of the Corporation's Current Report on Form 8-K filed April 24, 2012
4.4	Deposit Agreement, dated May 7, 2013, between the Corporation, Computershare Trust Company, N.A., Computershare Inc. and the holders from time to time of the Depositary Receipts representing interests in the Series R preferred stock	Incorporated herein by reference to Exhibit 4.2 of the Corporation's Current Report on Form 8-K filed May 7, 2013
4.5	Deposit Agreement, dated November 1, 2016, between the Corporation, Computershare Trust Company, N.A., Computershare Inc. and the holders from time to time of the Depositary Receipts representing interests in the Series S preferred stock	Incorporated herein by reference to Exhibit 4.2 of the Corporation's Current Report on Form 8-K filed November 1, 2016
4.6	Deposit Agreement, dated September 13, 2021, between the Corporation, Computershare Trust Company, N.A., Computershare Inc. and the holders from time to time of the Depositary Receipts representing interests in the Series T preferred stock	Incorporated herein by reference to Exhibit 4.1 of the Corporation's Current Report on Form 8-K filed September 13, 2021
4.7	Deposit Agreement, dated as of April 26, 2022, between the Corporation, Computershare Trust Company, N.A. and Computershare Inc., as depositary, and the holders from time to time of the Depositary Receipts representing interests in the Series U preferred stock	Incorporated herein by reference to Exhibit 4.1 of the Corporation's Current Report on Form 8-K filed April 26, 2022
4.8	Deposit Agreement, dated as of August 19, 2022, between the Corporation, Computershare Trust Company, N.A. and Computershare Inc., as depositary, and the holders from time to time of the Depositary Receipts representing interests in the Series V preferred stock	Incorporated herein by reference to Exhibit 4.1 of the Corporation's Current Report on Form 8-K filed August 19, 2022
4.9	Deposit Agreement, dated as of February 7, 2023, between the Corporation, Computershare Trust Company, N.A. and Computershare Inc., as depositary, and the holders from time to time of the Depositary Receipts representing interests in the Series W preferred stock	Incorporated herein by reference to Exhibit 4.1 of the Corporation's Current Report on Form 8-K filed February 7, 2023
4.10	Form of PNC Bank, National Association Subordinated Fixed Rate Global Bank Note issued prior to January 16, 2014	Incorporated herein by reference to Exhibit 4.11 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004
4.11.1	Issuing and Paying Agency Agreement, dated January 16, 2014, between PNC Bank, National Association and PNC Bank, National Association, relating to the $25 billion Global Bank Note Program for the Issue of Senior and Subordinated Bank Notes	Incorporated herein by reference to Exhibit 4.25 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2013

Exhibit No.	Description	Method of Filing +
4.11.2	Amendment No. 1 to Issuing and Paying Agency Agreement, dated May 22, 2015, between PNC Bank, National Association and PNC Bank, National Association, relating to the $30 billion Global Bank Note Program for the Issue of Senior and Subordinated Bank Notes	Incorporated herein by reference to Exhibit 4.21.2 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015
4.11.3	Amendment No. 2 to Issuing and Paying Agency Agreement, dated May 27, 2016, between PNC Bank, National Association and PNC Bank, National Association, relating to the $40 billion Global Bank Note Program for the Issue of Senior and Subordinated Bank Notes	Incorporated herein by reference to Exhibit 4.20.3 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016
4.12	Forms of PNC Bank, National Association Senior Global Bank Notes issued after January 16, 2014 (included in Exhibit 4.11.1)	Incorporated herein by reference to Exhibit 4.25 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2013
4.13	Forms of PNC Bank, National Association Subordinated Global Bank Notes issued on or after May 22, 2015 (included in Exhibit 4.11.2)	Incorporated herein by reference to Exhibit 4.21.2 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015
4.14	Description of the Corporation's Securities	Filed herewith
10.1.1	The Corporation's Supplemental Executive Retirement Plan, as amended and restated effective January 1, 2009	Incorporated herein by reference to Exhibit 10.2 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2008*
10.1.2	Amendment 2009-1 to the Corporation's Supplemental Executive Retirement Plan, as amended and restated effective January 1, 2009	Incorporated herein by reference to Exhibit 10.3 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2009*
10.1.3	Amendment 2013-1 to the Corporation's Supplemental Executive Retirement Plan, as amended and restated effective January 1, 2009	Incorporated herein by reference to Exhibit 10.1.3 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2013*
10.2	The Corporation's ERISA Excess Pension Plan, as amended and restated effective January 1, 2023	Filed herewith*
10.3.1	The Corporation's Key Executive Equity Program, as amended and restated effective January 1, 2009	Incorporated herein by reference to Exhibit 10.6 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2008*
10.3.2	Amendment 2009-1 to the Corporation's Key Executive Equity Program, as amended and restated as of January 1, 2009	Incorporated herein by reference to Exhibit 10.9 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2009*
10.4.1	The Corporation's Supplemental Incentive Savings Plan, as amended and restated effective January 1, 2010	Incorporated herein by reference to Exhibit 10.17 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2011*
10.4.2	Amendment 2013-1 to the Corporation's Supplemental Incentive Savings Plan, as amended and restated effective January 1, 2010	Incorporated herein by reference to Exhibit 10.4.2 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2013*
10.5.1	The Corporation and Affiliates Deferred Compensation Plan, as amended and restated May 5, 2009	Incorporated herein by reference to Exhibit 10.62 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009*
10.5.2	Amendment 2009-1 to the Corporation and Affiliates Deferred Compensation Plan, as amended and restated May 5, 2009	Incorporated herein by reference to Exhibit 10.17 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2009*
10.5.3	Amendment 2010-1 to the Corporation and Affiliates Deferred Compensation Plan, as amended and restated May 5, 2009	Incorporated herein by reference to Exhibit 10.20 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2010*
10.5.4	Amendment 2011-1 to the Corporation and Affiliates Deferred Compensation Plan, as amended and restated May 5, 2009	Incorporated herein by reference to Exhibit 10.23 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2011*

Exhibit No.	Description	Method of Filing +
10.5.5	Amendment 2012-1 to the Corporation and Affiliates Deferred Compensation Plan, as amended and restated May 5, 2009	Incorporated herein by reference to Exhibit 10.24 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2012*
10.5.6	Amendment 2013-1 to the Corporation and Affiliates Deferred Compensation Plan, as amended and restated May 5, 2009	Incorporated herein by reference to Exhibit 10.5.6 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2013*
10.6.1	The Corporation and Affiliates Deferred Compensation and Incentive Plan, as amended and restated effective January 1, 2020	Incorporated herein by reference to Exhibit 10.6.3 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2019*
10.6.2	Amendment 2021-1 to the Corporation and Affiliates Deferred Compensation and Incentive Plan, as amended and restated effective January 1, 2020	Incorporated herein by reference to Exhibit 10.6.1 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021*
10.6.3	Amendment 2021-2 to the Corporation and Affiliates Deferred Compensation and Incentive Plan, as amended and restated effective January 1, 2020	Incorporated herein by reference to Exhibit 10.6.3 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2021*
10.7	The PNC Financial Services Group, Inc. 2016 Incentive Award Plan	Incorporated herein by reference to Exhibit 99.1 of the Corporation's Form S-8 (File No. 333-210995) filed April 29, 2016*
10.8.1	The Corporation's 2006 Incentive Award Plan, as amended and restated effective as of March 11, 2011	Incorporated herein by reference to Exhibit 10.70 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011*
10.8.2	Addendum to the Corporation's 2006 Incentive Award Plan, effective as of January 26, 2012	Incorporated herein by reference to Exhibit 10.28 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2011*
10.9	The Corporation's Directors Deferred Compensation Plan, as amended and restated effective January 1, 2015	Incorporated herein by reference to Exhibit 10.52 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014*
10.10	The Corporation's 2016 Incentive Award Plan Directors Deferred Stock Unit Program effective January 1, 2017	Incorporated herein by reference to Exhibit 10.16 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2016*
10.11	Trust Agreement between the Corporation, as settlor, and Matrix Trust Company, as trustee	Incorporated herein by reference to Exhibit 10.15 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2017*
10.12	Trust Agreement between PNC Investment Corp., as settlor, and PNC Bank, National Association, as trustee	Incorporated herein by reference to Exhibit 10.34 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005*
10.13	Certificate of Corporate Action for Grantor Trusts effective January 1, 2012	Incorporated herein by reference to Exhibit 10.37 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2011*
10.14	Certificate of Corporate Action for Grantor Trusts effective December 1, 2021	Incorporated herein by reference to Exhibit 10.14 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2021*
10.15	The Corporation's Employee Stock Purchase Plan, as amended and restated as of January 1, 2020	Incorporated herein by reference to Exhibit 4.4 of the Corporation's Form S-8 (File No. 333-238049) filed May 6, 2020*
10.16	2013 forms of employee stock option and restricted share unit agreements	Incorporated herein by reference to Exhibit 10.64 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2012*
10.17	Additional 2013 forms of employee stock option, performance unit, restricted stock and restricted share unit agreements	Incorporated herein by reference to Exhibit 10.82 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013*

Exhibit No.	Description	Method of Filing +
10.18	2020 Form of Performance Share Units Award Agreement	Incorporated herein by reference to Exhibit 10.39 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020*
10.19	2020 Form of Restricted Share Units Award Agreement	Incorporated herein by reference to Exhibit 10.40 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020*
10.20	2020 Form of Restricted Share Units Award Agreement - Senior Leader Program	Incorporated herein by reference to Exhibit 10.41 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020*
10.21	2021 Form of Performance Share Units Award Agreement	Incorporated herein by reference to Exhibit 10.26 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2021*
10.22	2021 Form of Restricted Share Units Award Agreement	Incorporated herein by reference to Exhibit 10.36 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2021*
10.23	2021 Form of Restricted Share Units Award Agreement – Senior Leader Program	Incorporated herein by reference to Exhibit 10.37 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021*
10.24	2022 Form of Performance Share Units Award Agreement	Incorporated herein by reference to Exhibit 10.34 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022*
10.25	2022 Form of Restricted Share Units Award Agreement	Incorporated herein by reference to Exhibit 10.35 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022*
10.26	2022 Form of Restricted Share Units Award Agreement – Senior Leader Program	Incorporated herein by reference to Exhibit 10.36 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022*
10.27	2022 Form of Performance Restricted Share Units Award Agreement	Incorporated herein by reference to Exhibit 10.37 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022*
10.28	Form of Time Sharing Agreement between the Corporation and certain executives	Incorporated herein by reference to Exhibit 10.33 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022*
10.29	Form of change of control employment agreements	Incorporated herein by reference to Exhibit 10.51 of the Corporation's Current Report on Form 8-K filed August 16, 2016*
10.30.1	The National City Corporation 2004 Deferred Compensation Plan, as amended and restated effective January 1, 2005	Incorporated herein by reference to Exhibit 10.35 of National City Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006*
10.30.2	Amendment to The National City Corporation 2004 Deferred Compensation Plan, as amended and restated effective January 1, 2005	Incorporated herein by reference to Exhibit 10.56 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2010*
10.31.1	Distribution Agreement, dated January 16, 2014, between PNC Bank, National Association and the Dealers named therein, relating to the $25 billion Global Bank Note Program for the Issue of Senior and Subordinated Bank Notes	Incorporated by reference to Exhibit 10.47 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2014
10.31.2	Amendment No. 1 to Distribution Agreement, dated May 22, 2015, between PNC Bank, National Association and the Dealers named therein, relating to the $30 billion Global Bank Note Program for the Issue of Senior and Subordinated Bank Notes	Incorporated herein by reference to Exhibit 10.47.2 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015

Exhibit No.	Description	Method of Filing +
10.31.3	Amendment No. 2 to Distribution Agreement, dated May 27, 2016, between PNC Bank, National Association and the Dealers named therein, relating to the $40 billion Global Bank Note Program for the Issue of Senior and Subordinated Bank Notes	Incorporated herein by reference to Exhibit 10.48.3 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016
21	Schedule of Certain Subsidiaries of the Corporation	Filed herewith
22	Subsidiary Issuers of Guaranteed Securities	Filed herewith
23.1	Consent of PricewaterhouseCoopers LLP, the Corporation's Independent Registered Public Accounting Firm	Filed herewith
24	Powers of Attorney	Filed herewith
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350	Furnished herewith
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350	Furnished herewith
101.INS	Inline XBRL Instance Document	Filed herewith**
101.SCH	Inline XBRL Taxonomy Extension Schema Document	Filed herewith
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	Filed herewith
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)	

\+ Incorporated document references to filings by the Corporation are to SEC File No. 001-09718, and to filings by National City Corporation are to SEC File No. 001-10074.
* Denotes management contract or compensatory plan.
** The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL.

You can obtain copies of these Exhibits electronically at the SEC's website at www.sec.gov. The Exhibits are also available as part of this Form 10-K on PNC's corporate website at www.pnc.com/secfilings. Shareholders and bondholders may also obtain copies of Exhibits, without charge, by contacting Shareholder Relations at 800-843-2206 or via e-mail at investor.relations@pnc.com. The Interactive Data File (XBRL) exhibit is only available electronically.

ITEM 16 – FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

The PNC Financial Services Group, Inc.
(Registrant)

By: /s/ Robert Q. Reilly
Robert Q. Reilly
Executive Vice President and Chief Financial Officer
February 22, 2023

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of The PNC Financial Services Group, Inc. and in the capacities indicated on February 22, 2023.

Signature	Capacities
/s/ William S. Demchak William S. Demchak	Chairman, President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Robert Q. Reilly Robert Q. Reilly	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ Gregory H. Kozich Gregory H. Kozich	Senior Vice President and Controller (Principal Accounting Officer)
* Joseph Alvarado; Debra A. Cafaro; Marjorie Rodgers Cheshire; Andrew T. Feldstein; Richard J. Harshman; Daniel R. Hesse; Renu Khator, Linda R. Medler, Robert A. Niblock, Martin Pfinsgraff; Bryan Salesky, Toni Townes-Whitley; Michael J. Ward	Directors

*By: /s/ Laura Gleason
Laura Gleason, Attorney-in-Fact,
pursuant to Powers of Attorney filed herewith

EXHIBIT 31.1

In accordance with Exchange Act Rules 13a-14(f) and 15d-14(f), this certification does not relate to Interactive Data Files as defined in Rule 11 of Regulation S-T.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, William S. Demchak, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2022 of The PNC Financial Services Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 22, 2023

/s/ William S. Demchak

William S. Demchak

Chairman, President and Chief Executive Officer

EXHIBIT 31.2

In accordance with Exchange Act Rules 13a-14(f) and 15d-14(f), this certification does not relate to Interactive Data Files as defined in Rule 11 of Regulation S-T.

Certification of Chief Financial Officer

I, Robert Q. Reilly, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2022 of The PNC Financial Services Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2023

/s/ Robert Q. Reilly

Robert Q. Reilly
Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

In accordance with Exchange Act Rules 13a-14(f) and 15d-14(f), this certification does not relate to Interactive Data Files as defined in Rule 11 of Regulation S-T.

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K for the year ended December 31, 2022 of The PNC Financial Services Group, Inc. (Corporation) as filed with the Securities and Exchange Commission on the date hereof (Report), I, William S. Demchak, Chairman, President and Chief Executive Officer of the Corporation, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation for the dates and periods covered by the Report.

This certificate is being made for the exclusive purpose of compliance by the Chief Executive Officer of the Corporation with the requirements of Section 906 of the Sarbanes-Oxley Act of 2002, and may not be used by any person or for any reason other than as specifically required by law.

/s/ William S. Demchak

William S. Demchak
Chairman, President and Chief Executive Officer

February 22, 2023

EXHIBIT 32.2

In accordance with Exchange Act Rules 13a-14(f) and 15d-14(f), this certification does not relate to Interactive Data Files as defined in Rule 11 of Regulation S-T.

CERTIFICATION BY CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K for the year ended December 31, 2022 of The PNC Financial Services Group, Inc. (Corporation) as filed with the Securities and Exchange Commission on the date hereof (Report), I, Robert Q. Reilly, Executive Vice President and Chief Financial Officer of the Corporation, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation for the dates and periods covered by the Report.

This certificate is being made for the exclusive purpose of compliance by the Chief Financial Officer of the Corporation with the requirements of Section 906 of the Sarbanes-Oxley Act of 2002, and may not be used by any person or for any reason other than as specifically required by law.

/s/ Robert Q. Reilly

Robert Q. Reilly
Executive Vice President and Chief Financial Officer

February 22, 2023

TREASURY MANAGEMENT

ACCELERATE RECEIVABLES
SOLUTIONS FOR UTILITIES

Your utility needs secure, efficient tools and services to accelerate the collection of receivables from your customers. You may also want to integrate a payment process within your existing web portal while avoiding a major financial investment or complex implementation.

PNC DELIVERS

PNC offers a suite of receivables solutions that can help accelerate collections, increase automation and efficiency, improve reconciliation, and lower costs.

AUTOMATE YOUR RECEIVABLES PROCESS

PNC's Integrated Receivables solution, built on our multi-site National Lockbox Network, can help improve the timeliness of collections by optimizing mail float and streamlining deposit preparation for check payments. More than just a lockbox solution, Integrated Receivables is a solution incorporating all paper and electronic payment types.

Integrated Receivables combines payments from your residential and commercial customers, including OCR Coupons and paper (checks), ACH/EDI, wire and Real-Time Payments®, into one interface. The result is a single stream of remittance information for more efficient reporting, timely cash application and information management.

You can help increase your auto cash application rates with the unique features offered by Integrated Receivables:

- **Virtual batching** groups transactions based on your business rules, so that output is no longer tied to how the transactions were received. It is designed to expedite the resolution of exception items.
- **A/R Matching** matches information captured from payments and remittances against an open accounts receivables/invoice file provided from your accounts receivable system. Your specific business rules drive the matching process, including data augmentation of invoice records based on information available within the open invoice file.

- **Exception Manager** enables you to review transactions that don't meet your minimum processing requirements. Your business rules determine which transactions are made available for review, allowing you to resolve exceptions prior to receipt of your daily transmission files.
- **Workflow Manager** allows operators to assign transactions to individual users for resolution and cash application by creating an individual "to do" list with reason codes such as "contact customer" or "out of balance" for each user to reference. Either the standard reason code list or a customized list can be created for the user to resolve the exceptions and clear the transactions.
- **ReConnect** is a feature of PNC's Integrated Receivables service that brings electronic payments and remittance information delivered via email back together automatically. Reconnect addresses decoupled ACH and wire payments from your commercial customers. Data can be captured from connected email remittance and included in your daily data transmission to help increase auto cash application rates.

- **Remittance On-Site (ROS)**, our fully integrated remote capture service, handles stranded payments and remittances received outside of the lockbox environment. Using this service, you can scan transactions received at your office and transmit them to PNC via the Integrated Receivables module for same-day processing as easily as if they were sent to your lockbox. ROS can help eliminate the expense and delay of preparing and sending payments through overnight courier.
- **Real-time payment innovation** can provide an array of benefits through a new payments and messaging system referred to as RTP. These enhancements, along with a new receivables hub, can further support straight-through processing.

PRESENT BILLS ELECTRONICALLY

PayerExpress® provides an online portal branded for your utility that enables you to present bills electronically and enables your customers to make payments electronically (card and account debit authorization). If your utility wants to add payment capabilities onto your existing customer portal, PayerExpress can help you through Single Sign-On or API integration.

It supports both one-time and enrolled payments, as well as options for your customer service representatives to collect payments from your customers or add the interactive voice response (IVR) option to integrate phone payments in real time with the PayerExpress application. This service can help increase automation and efficiency, improve reconciliation, reduce risk of fraud, and reduce postage and bill printing costs by enabling your customers to opt out of paper.

PNC offers a variety of other tools that can enhance the capabilities of PayerExpress:

- **Print Mail Express** enables PNC to print and mail your bills and/or present them electronically to significantly enhance receivables processing.
- **eLockbox** consolidates all bill payments made at bank websites to your PNC Bank account. Electronic payment delivery can eliminate manual checks sent to you by online bill payment providers.

PNC views each PayerExpress implementation as a customized project, and we assign experienced implementation specialists to work with you to plan, design and develop your personalized PayerExpress service.

MANAGE RECEIVABLES IN THE OFFICE OR ON THE GO

PINACLE®, PNC's top-rated online and mobile banking portal, helps you easily and securely access the information you need to manage your daily accounts receivable position.

- **Handle your daily operating cash at in-person payment locations. PNC's Cash Logistics** service accepts and processes your currency/coin and delivers shipments to your in-person payment locations. PINACLE provides you with daily reporting and auditing tools.

> Your utility needs secure, efficient tools and services to accelerate the collection of receivables from your customers.

READY TO HELP

PNC's Treasury Management group combines a wider range of financial resources with a deeper understanding of your business to help you achieve your goals.

To learn more about how we can bring ideas, insights and solutions to you, please contact your Treasury Management Officer or visit **pnc.com/treasury**.

PNC, PNC Bank, PINACLE and PayerExpress are registered marks of The PNC Financial Services Group, Inc. ("PNC").

RTP is a registered trademark of The Clearing House Payments Company, LLC.

Bank deposit, treasury management and lending products and services are provided by PNC Bank, National Association, a wholly-owned subsidiary of PNC and **Member FDIC**.

PNC does not charge a fee for the mobile banking service. However, a supported mobile device is needed to use mobile banking. Also, your wireless carrier may charge you for data usage. Check with your wireless carrier for details regarding your specific wireless plan and any data usage or text messaging charges that may apply.

Lending, leasing and equity products and services, as well as certain other banking products and services, require credit approval.

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TREASURY MANAGEMENT

PINACLE® LIQUIDITY MANAGEMENT

INCREASE RETURNS ON LIQUIDITY BALANCES

You need online access to a diverse collection of short-term investments that offer market-competitive yields and correspond with your investment objectives. You also need trading, screening and compliance tools, downloadable reports, and detailed investment information to help you meet your liquidity management goals.

PNC DELIVERS

PNC's PINACLE® Liquidity Management service simplifies and automates the short-term investment process by providing convenient online access to select bank products and a wide array of money market funds.

CONVENIENCE AND EFFICIENCY

- Leverage single sign-on access through PINACLE, PNC's top-rated online corporate banking portal.
- Purchase bank products and trade with multiple money market mutual funds through a single source.
- Download reports detailing transaction history and accrued interest.
- Easily manage account administration and user entitlements.

FEATURES AND BENEFITS

- View daily activity, maturing investments, and your portfolio summary through the dashboard.
- Choose between batch trading or single threaded trading options.
- Establish compliance rules that govern your online trading activity to help you comply with your company's investment policy.
- Customize data tables to reflect investment objectives.
- Examine bank products and money fund investment options using a combined research page.
- Sort and filter investment options based on a number of criteria, including assets under management, investment discipline, maturity, yield and expense ratio.
- Access real-time investment and credit ratings from Moody's, S&P's and Fitch.
- Automatically calculate fund ownership position on a daily basis.
- Access investment information, prospectuses and yield data.
- Leverage charts to help you track positions and investment allocations.

CHOOSE THE INVESTMENT OPTIONS THAT MEET YOUR INVESTMENT NEEDS

- Select from these market-competitive bank products:
  - **Domestic Certificate of Deposit** — Time deposit held at a fixed rate for a predetermined term
  - **Nassau Time Deposit*** — U.S. dollar–denominated deposit held in the PNC Nassau, Bahamas, branch
- Choose from a robust selection of competitive money market fund options including the following fund families:*
  - Invesco
  - BlackRock
  - Dreyfus
  - Federated
  - Fidelity
  - Goldman Sachs
  - JP Morgan
  - Morgan Stanley
  - Western Asset
  - Wells Fargo

PINACLE® | PNC®

READY TO HELP

At PNC, we combine a wider range of financial resources with a deeper understanding of your business to help you achieve your goals. Contact PNC's Treasury Management Client Care Team to quickly address questions regarding PINACLE, account administration and trading functionality. Speak with licensed, registered representatives from PNC's Capital Markets for answers to questions related to investment alternatives and strategies, or visit **pnc.com/treasury**.

*PNC Bank Nassau Sweep deposits are **not insured** by the Federal Deposit Insurance Corporation or guaranteed by the United States Government or any agency thereof. In the event of failure of PNC Bank, the funds in your PNC Nassau Sweep deposit would be treated as unsecured, non-deposit liabilities, and you would be a general unsecured creditor of PNC Bank.

PNC and PINACLE are registered marks of The PNC Financial Services Group, Inc. (PNC).

Banking deposit products are provided by PNC Bank, National Association, a wholly-owned subsidiary of The PNC Financial Services Group, Inc., and **Member FDIC**.

Money Market Mutual Funds are offered by PNC Capital Markets LLC, a registered broker/dealer, member FINRA and SIPC.

Important Investor Information: Brokerage products are: Not FDIC Insured. Not Bank Guaranteed. May Lose Value.

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TREASURY MANAGEMENT

PNC ACCOUNT VERIFICATION SERVICES

HELP PROTECT YOUR COMPANY FROM IMPROPER PAYMENTS AND FINANCIAL LOSS

Account ownership and identity verification are critical to avoid financial losses. You need a service that can help confirm the identity and account details of your intended counterparty before a payment is initiated.

PNC Account Verification Services can help confirm the existence and identity of your counterparties instantly, increasing confidence that the person or business you are interacting with is indeed who they claim. Additionally, the tool provides information about the bank account you believe them to own or control, empowering you to make payments with confidence and limit returns.

PNC DELIVERS

PNC Account Verification Services can be used for a variety of purposes, including, but not limited to:

- **Payables:** Help confirm vendors' identity, existence and payment instructions prior to onboarding or when changes are requested.
- **Receivables:** Help adhere to Nacha rules as well as screen customers' bank account ownership and status during enrollment, reducing return rates and associated costs.
- **Direct Deposit:** Help confirm direct deposit instructions for new and existing employees during employee onboarding and routine change requests.
- **Transactions:** Help confirm account details in advance of releasing high-dollar, time-sensitive or otherwise critical one-time transactions.

HOW IT WORKS

Verification is performed through the submission of inquiries. The contents of the inquiries are compared against robust public and proprietary data sources comprising current and accurate identity and bank account data. For each inquiry, PNC Account Verification Services will deliver standard responses and associated details where applicable. Responses and additional details are received in as quickly as real time and can assist with confirming the existence of business and consumer entities, and the status, standing, and ownership or signatory authority of their bank accounts.

These responses can succinctly and intuitively inform you whether the contents of your submitted inquiry match against the source data, allowing you to take immediate action.

MORE THAN ONE-THIRD OF BUSINESSES ARE VICTIMS OF BUSINESS EMAIL COMPROMISE

65%	of organizations were victims of payments fraud attacks in 2022[1]
$2.7B	in total reported BEC/EAC* fraud losses in 2022 (21,832 complaints)[2]
71%	of organizations were targeted by BEC fraud in 2022[1]
$11.4B	in total reported BEC/EAC fraud losses between 2015 and 2022 (141,116 complaints)[3]
40%	of organizations experienced a financial loss due to BEC fraud in 2022[1]

***** Business Email Compromise/Email Account Compromise
1 2023 AFP® Payments Fraud and Control Report.
2 2022 Internet Crime Report (FBI Internet Crime Complaint Center).
3 2015-2022 Internet Crime Reports (FBI Internet Crime Complaint Center).

IDENTITY THEFT SCAMS POSE SIGNIFICANT RISK TO U.S. CONSUMERS AND BUSINESSES ALIKE[4]

37%	of U.S. consumers were victims of application fraud between 2019 and 2020
$712B+	in U.S. firms' total losses due to identity theft in 2020
38%	of U.S. consumers experienced account takeover between 2019 and 2020
$3.1T+	in U.S. firms' total actual and expected losses due to identity theft between 2019 and 2023
AT LEAST 50%	of account takeover victims knew the person who overtook their account

4 U.S. Identity Theft: The Stark Reality, Aite Group, March 2021.

BENEFITS

- Detect and avert potential imposter fraud schemes such as social engineering and identity theft, and scams aimed at diverting legitimate payments to a criminal.
- Improve supplier and customer onboarding experiences by integrating the ability to confirm the entity's identity and bank account information directly within the enrollment process, prior to establishing or changing standing payment instructions.
- Optimize the efficiency of payment operations while minimizing the volume of returned transactions and time spent both researching and resubmitting those payments.
- Enhance and streamline counterparty and payment due diligence activities by increasing the enrollment throughput of qualified customers by reducing false positives and risk.
- Safeguard your reputation with suppliers, customers and other counterparties as a trusted payer by maintaining or improving your organization's operational efficiency and "risk hygiene."

CONNECTION OPTIONS

With a number of available channel and connection options, you can easily integrate PNC Account Verification Services within your existing workflows in a manner that works best for your organization.

- **PINACLE®:** PNC's top-rated corporate online and mobile banking platform can be leveraged to submit both near–real-time single-entry inquires and batch file inquires.
- **API:** An application programming interface (API) that directly connects your back-office or online enrollment systems with the service is ideal for near–real-time single-entry inquiries and creating unique experiences.
- **File Transfer:** A file transfer connection is ideal for high-volume batch file inquiries.

HELPING YOUR ORGANIZATION ADHERE WITH THE NACHA WEB DEBIT RULE

ACH Originators of WEB debit entries are required to use a "commercially reasonable fraudulent transaction detection system" to screen WEB debits for fraud. WEB debits are internet-initiated ACH transactions where money is pulled from a consumer bank account using authorization given via the internet or wireless network.[5]

Under the Nacha Supplemental Fraud Detection for WEB Debits Rule — which took effect March 19, 2021 — the existing screening requirement has been supplemented to make it explicit that "account validation" is part of a "commercially reasonable fraudulent transaction detection system." The supplemental requirement applies to the first use of an account number or changes to the account number.[5]

As an "account validation" solution, PNC Account Verification Services can help your organization adhere to the Nacha WEB Debit rule, offer a better customer experience, and help to reduce ACH debit return rates, which can simplify returns processing.

5 Nacha Operating Rules & Guidelines, Article Two, Subsection 2.5.17.4.

READY TO HELP

At PNC, we combine a wider range of financial resources with a deeper understanding of your business to help you achieve your goals. To learn more about how we can bring ideas, insight and solutions to you, please contact your Treasury Management Officer or visit **pnc.com/verificationservices**.

Terms and conditions apply to this service.

Nacha is a trademark of National Automated Clearing House Association.

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TREASURY MANAGEMENT

PNC EARNEDIT

HELPING EMPLOYEES ACCESS THE PAY THEY'VE EARNED, AS THEY EARN IT, WITH ON-DEMAND PAY

Giving your employees the ability to access their pay as it is earned with on-demand pay — instead of having to wait for payday — can help them improve their financial wellness. And employers report that offering this benefit has increased employee engagement and reduced turnover and absenteeism.[1]

PNC DELIVERS

PNC EarnedIt (powered by DailyPay™) provides your employees with an intuitive, easy-to-use on-demand pay experience. This voluntary, opt-in benefit allows your employees to control the timing of when they receive their earned and unpaid income. PNC EarnedIt helps employees harness the power of their pay to meet unexpected expenses, pay bills on time and save money before payday.

HOW IT WORKS

PNC EarnedIt is simple to implement and operate. The technology interfaces easily with nearly any payroll and time management system. PNC EarnedIt sits on top of your existing payroll process and requires no changes to how you run payroll today — no changes to payroll processes, tax withholdings or paystub production, and no funding required by you. And because we provide 24/7 customer support to your employee users to answer questions they may have, your organization will have no additional overhead or change in the payroll process to support.

> PNC EarnedIt helps employees harness the power of their pay to meet unexpected expenses, pay bills on time and save money before payday.

Powered by dailypay.

PAYROLL IMPLEMENTATION

Seamless integration into your existing systems
PNC EarnedIt connects with your timekeeping system to determine the employee's gross earnings. This can be done via batch reporting or through an SFTP or API connection.

PAY BALANCE | Discrepancies, taxes, deductions, etc.

24/7/365 visibility into available funds for employees
Once enrolled, the pay balance is made available for the employee to make transfers. The pay balance contains up to 80% of the employee's anticipated net earned pay after deductions and withholdings.

PAY BALANCE | TRANSFER AMOUNT

Employees control the timing of access to their pay
Employees can transfer the desired amount from their pay balance to their bank account, debit card or pay card, at any time before payday, subject to applicable restrictions. They can choose to transfer their pay on the same day or the next business day. Withdrawals are capped at no more than two withdrawals and $1,000 of net earned income in a 24-hour period.

REMAINING BALANCE | Transferred Before Payday

Remainder of pay is distributed on scheduled paydays
PNC EarnedIt automatically deposits the remainder of their paycheck (also known as "Remainder Pay") into the employee's primary bank account on payday.

FULL PAYCHECK

Funds advanced are recouped through the existing payroll process
On payday, the employer deposits the employee's full net pay into the employee's unique DailyPay EarnedIt Account, and funds are recouped through the existing payroll process. This process occurs whether or not any early transfers were made.

By payday, the employee has received their total paycheck via:
1. Any early transfers, less applicable fees
2. Remainder Pay, on payday

TECHNICAL & SECURITY STANDARDS

The PNC EarnedIt solution is powered by DailyPay, a leading on-demand pay provider. DailyPay's mission is to deliver earned income to employees through their massive data network and proprietary funding model, with security and connections into more than 6,000 endpoints in the banking system. This technology is tax compliant, as there are no changes to withholding or constructive receipt.

DailyPay Security:

- SOC II, Type II certified
- PCI DSS Level 1
- ISO 27001 certified
- SSO and multifactor authentication
- TLS and multilayered encryption with AES-256

PNC EARNEDIT CAN HELP EMPLOYEES

PNC EarnedIt can help:

- Reduce the need for pay advances from the employer
- Eliminate the need for predatory, high-interest payday loans
- Reduce dependence on familial financial support
- Provide support for the more than half of U.S. employees who live paycheck to paycheck
- Maintain dignity and privacy around financial burdens
- Improve financial stability by enabling on-time bill pay
- Raise their credit scores
- Feel happier and be more productive and more likely to show up for work

POTENTIAL BENEFITS OF USING PNC EARNEDIT (powered by DailyPay)

For Employers:[1]

- An industry-leading average employee adoption rate of 35%
- 73% of employees say their opinion of their employer improved as a result of offering this benefit
- An increase in job application volume for open roles
- 52% faster recruiting for open positions
- Reduced absenteeism, as 59% of users say they are more motivated to go to work
- Increased employee tenure by as much as 73%[2]

For Employees:

- Same-day or next-day access to earned pay for an easy-to-understand fee structure, similar to an ATM fee
- Ability to transfer earnings to any bank account, debit card or pay card
- Helps prevent cash flow issues that are related to payday schedule
- Users report they save an average of $1,205 annually in overdraft fees, late fees and payday loan interest[3]
- 77% of employees report feeling less financial stress[3]

Powered by dailypay.

READY TO HELP

At PNC, we combine a wider range of financial resources with a deeper understanding of your business to help you achieve your goals. To learn more about how we can bring ideas, insight and solutions to you, please contact your Treasury Management Officer or visit **pnc.com/treasury**.

1 Based on DailyPay client data and user research, 2020–2021.

2 Mercator Advisory Group EWA Report, 2021 (commissioned by DailyPay).

3 Based on DailyPay user research, 2020.

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