Table of Contents

DEPOSITORY AGREEMENT

We hereby offer to pay interest on the deposits of the City of Chicago and the Chicago Board of Education in Fiscal Year 2022 in accordance with the following schedules:

INTEREST-BEARING DEPOSITS

We hereby offer to pay interest on deposit accounts of the City of Chicago and Chicago Board of Education at the following minimum rate(s):

Type of Account	Rate[1]	Minimum Deposit Requirement (if any)
Money Market Deposit Account	See below	None
Interest Bearing Checking Account	See below	None
Corporate Analysis w/ Interest[2]	See below	None

[1]PNC does not offer an interest-bearing account that has a minimum rate paid. Furthermore, depository rates for municipalities are provided following a consultative discussion and analysis on each specific request.

[2]Interest is earned on excess balances above what is required to cover service charges.

TIME DEPOSITS OR CERTIFICATES OF DEPOSIT

We hereby offer to pay interest on single maturity time deposits or certificates of deposit of $100,000 or more at the then current market rate being paid by our institution on similar principal amounts and for similar maturity terms; or at the following other rates:

(Please describe in detail your proposed rate schedule if your institution is offering to pay other than the current market rate. Attach sheets if necessary.)

PNC offers the following rates on Certificates of Deposit[3, 4]:

8 – 90 days: 0.01%
91 – 180 days: 0.01%
181 – 365 days: 0.01%
366 days – 540 days: 0.01%

[3]The rates offered are the rates being paid as of November 16, 2021. Please note, rates are reviewed on a regular basis and can be changed at any time without notice.

[4]PNC offers a proprietary Liquidity Management portal for municipalities to self-direct investments into multiple money market mutual funds.

The City shall reject the Proposal of any institution that does not offer rates on certificates of deposit or time deposits as prescribed above.

We understand that:

$ Interest on all certificates of deposit shall be computed on a 360-day basis rounded to 3 decimals.

$ Interest shall be paid to the City on the date of maturity.

Furthermore, we understand that any costs incurred in administering the City's account, including any costs incurred in collateralizing and safekeeping the City's investments, will be borne by our institution.

We understand the City's objective to invest its monies with financial institutions that demonstrate a commitment to benefit Chicago's communities and, in accordance with Chapter 2-32-440 of the Municipal Code of Chicago, have provided supplemental information to demonstrate our commitment. It is further understood that all information included in, attached to, or required by this Depository Agreement and related documents responding to the City's Request for Proposal shall become public record upon delivery to the City.

We certify that we have read the terms and conditions of this Request for Proposal and fully understand its intent. We also certify that we have adequate personnel, equipment and facilities to fulfill all requirements and to qualify as a municipal depository. Upon execution by the City below, it is our understanding that the Depository Agreement, along with all the requirements, provisions and stipulations as contained in the Request for Proposal, which is incorporated herein by reference, constitute the agreement between our institution and the City.

Submitted by: Dorothy Abreu

Title: Senior Vice President, Public Finance

Date: November 16, 2021

Authorized Signature:

____

Name of Institution:
PNC Bank, National Association

Location of Principal Place of Business: 1 N. Franklin, Ste 2800 Chicago, IL 60606

If known, please indicate which City Ward the Principal Place of Business is located 42nd Ward

How many facilities are located within the City of Chicago? 41 branches

Is your bank a Regularly Organized State Bank, National Bank, or Federal Bank? (Please indicate State, National or Federal) National Banking Association

Is your bank Federally Insured? Yes Type of Insurance? FDIC

Is your bank Minority Owned? (as defined by the Federal Reserve Board) No

What is the Bank's Aggregate Amount of Capital Stock as of 12/31/2020? $54,010,000,000
Surplus as of 12/31/2020? $16,815,000,000
Total Assets as of 12/31/2020? $466,679,000,000

Name of Person Preparing the Proposal:
Dorothy Abreu

Work Phone: 312-338-2295 Fax: N/A Email: dorothy.abreu@pnc.com

Executed for the City of Chicago:

By: Jonathan Casiano

Title: Senior Vice President

Date: 11-15-21

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: 312-338-2295 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): 22-1146430

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

2022 Municipal Depository RFP

G. Which City agency or department is requesting this EDS? Office of the Comptroller

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 from 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 - 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 Bank, National Association

(Print or type exact legal name of Disclosing Party)

By: ______________________
(Sign here)

Jonathan Casiano

(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) NOVEMBER 17, 2021,

at COOK County, ILLINOIS (state).

Marcia V Wright
Notary Public

Commission expires: 7/20/22

OFFICIAL SEAL
MARCIA V WRIGHT
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:07/20/22

Attachment A

PNC BANK

CERTIFICATE

The undersigned, Deborah L. Falkowski, 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 By-Laws of the Bank and a true and correct copy of Resolutions adopted by the Board of Directors of the Bank on April 27, 2021;

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

(3) Jonathan N. Casiano is a duly appointed Senior Vice President of the Bank.

Excerpt from By-Laws of PNC Bank, National Association

"Article VI. General Powers of Officers

Section 1. The corporate seal of the Bank may be imprinted or affixed by any process. The Secretary and any other officers authorized by resolution of the Board of Directors shall have authority to affix and attest the corporate seal of the Bank.

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

Board Resolutions Adopted April 27, 2021

WHEREAS, pursuant to the By-Laws of PNC Bank, National Association (the "Bank"), the board of directors ("Board"), seeks to grant authority to certain officers to take the actions evidenced herein.

NOW, THEREFORE, BE IT RESOLVED, that the Chairman of the Board, the Chief Executive Officer, the President, each Senior Vice Chairman, each Vice Chairman, each Executive Vice President, each Senior Vice President, each Vice President, each Assistant Vice President, 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, the Senior Deputy General Counsel, and each Deputy General Counsel (the "Authorizing Officers") of PNC Bank, National Association (the "Bank") shall have the authority to affix and attest the seal of the Bank;

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 is hereby 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, Senior Deputy General Counsel, Deputy General Counsel, or Chief Counsel of the Bank are and each of them is hereby 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 Bank's Chairman of the Board, Chief Executive Officer, President, Secretary, or any Senior Vice Chairman, Vice Chairman, Executive Vice President, General Counsel, Senior Deputy General Counsel, Deputy General Counsel, 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 Bank's Chairman of the Board, Chief Executive Officer, President, Secretary, or any Senior Vice Chairman, Vice Chairman, or Executive Vice President, General Counsel, Senior Deputy General Counsel, Deputy General Counsel, 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 Bank) designated in writing by the Chief Executive Officer, the President, any Senior Vice Chairman, Vice Chairman, Executive Vice President, Senior Vice President, or the Corporate Secretary or Secretary of the Corporation or 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 of Directors or committee of the Board of Directors 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 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 is hereby 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; and

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.

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 4th day of November, 2021.

Deborah L. Falkowski

Deborah L. Falkowski

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.

____

____

____

Directors and Executive Officers Report

PNC Bank, National Association

Directors

Name	Position
Alvarado, Joseph	Director
Bunch, Charles	Director
Cafaro, Debra	Director
Cheshire, Marjorie	Director
Demchak, William	Director
Feldstein, Andrew	Director
Harshman, Richard	Director
Hesse, Daniel	Director
Lyons, Michael	Director
Medler, Linda	Director
Parsley, III, E William	Director
Pfinsgraff, Martin	Director
Reilly, Robert	Director
Salesky, Bryan	Director
Townes-Whitley, Toni	Director
Ward, Michael	Director

Executive Officers

Name	Position
Brown, Carole	Executive Vice President
Brown, Carole	Head of Asset Management Group
Bynum, Richard	Executive Vice President
Bynum, Richard	Chief Corporate Responsibility Officer
Demchak, William	Chief Executive Officer
Demchak, William	President
Demchak, William	Chairman
Fallon, Kieran	Executive Vice President
Fallon, Kieran	Chief Risk Officer
Guild, Deborah	Executive Vice President
Guild, Deborah	Head of Enterprise Technology
Guild, Deborah	Chief Information Security Officer
Hannon, Michael	Executive Vice President
Hannon, Michael	Chief Credit Officer
Henn, Vicki	Chief Human Resources Officer
Henn, Vicki	Executive Vice President
Jordan, Gregory	Executive Vice President
Jordan, Gregory	General Counsel

Jordan, Gregory	Head of Regulatory and Government Affairs
Jordan, Gregory	Chief Administrative Officer
Juchno, Stacy	General Auditor
Juchno, Stacy	Executive Vice President
Kozich, Gregory	Senior Vice President
Kozich, Gregory	Controller
Krishnan, Ganesh	Executive Vice President
Krishnan, Ganesh	Enterprise Chief Information Officer
Larrimer, Karen	Executive Vice President
Larrimer, Karen	Chief Customer Officer
Larrimer, Karen	Head of Retail Banking
Lyons, Michael	Executive Vice President
Lyons, Michael	Head of Corporate and Institutional Banking
Parsley, III, E William	Executive Vice President
Parsley, III, E William	Chief Operating Officer
Reilly, Robert	Executive Vice President
Reilly, Robert	Chief Financial Officer

Report Printed as of : 11/17/2021

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 11/17/20 (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 September 30, 2021) of the PNC Financial Services Group, Inc., please see Note 13 Legal Proceedings section on pages 94-95. On 10K (Fiscal Year Ending December 31, 2021), please see Note 21 Legal Proceedings section on pages 175-179. 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:

Jonathan Casiano
Senior Vice President & Relationship Manager
PNC Bank - Public Finance Group
One North Franklin Street, Suite 2800
Chicago, IL 60606
(T) 312.338.2295
jonathan.casiano@pnc.com

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):

2022 Municipal Depository RFP

G. Which City agency or department is requesting this EDS? Office of the Comptroller

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:

____

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. Pittsburgh, PA 15222	100% (in the Disclosing Party)

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" [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.

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

By: ______________________
(Sign here)

Jonathan Casiano
(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) NOVEMBER 17, 2021,

at COOK County, ILLINOIS (state).

Marcia V Wright
Notary Public

Commission expires: 7/20/22

OFFICIAL SEAL
MARCIA V WRIGHT
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:07/20/22

PNC BANCORP, INC.

222 DELAWARE AVENUE
WILMINGTON, DE 19801

CERTIFICATE

The undersigned, Deborah L. Falkowski, 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 this day 12th November, 2021.

Deborah L. Falkowski

PNC BANCORP, INC. CORPORATE SEAL DELAWARE 1990

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.

____

____

____

PNC Bancorp, Inc.

Directors

Name	Position
Hutchinson, James	Director
Jolles, Janet	Director
Reilly, Robert	Director

Report Printed as of : 11/15/2021

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 11/17/2021 (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 September 30, 2021) of the PNC Financial Services Group, Inc., please see Note 13 Legal Proceedings section on page 94-95. On 10K (Fiscal Year Ending December 31, 2020), please see Note 21 Legal Proceedings section on pages 175-179. 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:

Jonathan Casiano
Senior Vice President & Relationship Manager
PNC Bank - Public Finance Group
One North Franklin Street, Suite 2800
Chicago, IL 60606
(T) 312.338.2295
jonathan.casiano@pnc.com

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: 312-338-2295 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): 25-1435979

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

2022 Municipal Depository RFP

G. Which City agency or department is requesting this EDS? Office of the Comptroller

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	8.72%

*Vanguard group has an 8.72% through its ownership of publicly traded shares.
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 (indicate whether paid or estimated.) **NOTE:** "hourly rate" or "t.b.d." is not an acceptable response.
None.			

(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 - 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) ____________________,

at ______________ County, _____________ (state).

____
Notary Public

Commission expires: __________________

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.

____

____

____

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, 2020
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
Depositary Shares Each Representing a 1/4,000 Interest in a Share of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series P	PNC P	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. ☒

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, 2020, determined using the per share closing price on that date on the New York Stock Exchange of $105.21, was approximately $44.5 billion. There is no non-voting common equity of the registrant outstanding.

Number of shares of registrant’s common stock outstanding at February 5, 2021: 424,020,492

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 2021 annual meeting of shareholders (Proxy Statement) are incorporated by reference into Part III of this Form 10-K.

TABLE OF CONTENTS

TABLE OF CONTENTS (Continued)

MD&A TABLE REFERENCE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS TABLE REFERENCE

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 earnings, revenues, expenses, 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. 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 the Notes To Consolidated Financial Statements included in Item 8 of this Report. 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 196 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 services companies 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 primarily in markets across the Mid-Atlantic, Midwest and Southeast. We also have strategic international offices in four countries outside the U.S. At December 31, 2020, our consolidated total assets, total deposits and total shareholders' equity were $466.7 billion, $365.3 billion and $54.0 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.

Pending Acquisition of BBVA USA Bancshares, Inc.

On November 16, 2020, PNC announced a definitive agreement with BBVA, S.A. to acquire BBVA, a U.S. financial holding company conducting its business operations primarily through its U.S. banking subsidiary, BBVA USA, for a fixed purchase price of $11.6 billion in cash. BBVA USA has over 600 branches in Texas, Alabama, Arizona, California, Florida, Colorado and New Mexico. The transaction is expected to add approximately $102 billion in total assets, $86 billion of deposits and $66 billion of loans to PNC's Consolidated Balance Sheet and to close in mid-2021, subject to customary closing conditions, including receipt of regulatory approvals. Note 2 Acquisition and Divestiture Activity in the Notes to Consolidated Financial Statements in Item 8 of this Report and our Current Reports on Form 8-K dated November 16, 2020 and November 19, 2020 contain additional information regarding this pending acquisition.

Second Quarter Sale of Equity Investment in BlackRock, Inc.

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. The after-tax gain on the sale of $4.3 billion, and donation expense and BlackRock's historical results for all periods presented, are reported as discontinued operations. For additional details on the divestiture of our equity investment in BlackRock, see Note 2 Acquisition and Divestiture Activity in the Notes to Consolidated Financial Statements in Item 8 of this Report.

Coronavirus (COVID-19) Pandemic

The COVID-19 pandemic and public health response to contain it led to a severe recession in the first half of 2020, after the U.S. economy reached a peak in economic activity in February 2020. There is still a great deal of uncertainty about the length and severity of the pandemic and the strength or reversal of the economic rebound, including whether there will be additional fiscal stimulus from the federal government and, if so, its size, scope and effectiveness.

PNC is committed to putting our resources to work to support our customers, communities and the broader financial system. PNC participated in funding PPP loans under the CARES Act and, at December 31, 2020, had $12.0 billion of PPP loans outstanding, down from the $13.7 billion funded during the second quarter of 2020 as a result of loan forgiveness and repayments. PNC also is participating in funding new and second draw PPP loans in 2021 under the Consolidated Appropriations Act. PNC continues to grant loan modifications for customers in need through various hardship relief programs. We analyze and make decisions on these modifications based on each individual borrower's situation. PNC is also assisting customers with the PPP loan forgiveness process. See the Troubled Debt Restructurings and Loan Modifications in the Credit Risk Management portion of the Risk Management section of Item 7 for details on our commercial and consumer loan modifications.

Our retail branches have largely reopened as we continue to prioritize the safety and well-being of our customers and employees, while complying with all state and local health mandates and managing in accordance with Center for Disease Control guidelines. As of February 16, 2021, approximately 98% of PNC branch lobbies were fully opened.

Our technology infrastructure and systems are designed for business resiliency and security. We have leveraged these capabilities and our business continuity plans to execute a work-from-home strategy, which has resulted in many of our employees working from home during 2020 and into 2021. PNC has also implemented various strategies that are designed to promote the health and safety of our employees who need to be on-site to execute their job responsibilities.

See the Supervision and Regulation section of this Item 1 for additional detail on the CARES Act and other governmental responses to the pandemic and its economic and financial impacts. Also see Risk Factors in Item 1A of this Report for a description of the associated risks related to the COVID-19 pandemic.

Subsidiaries

Our corporate legal structure at December 31, 2020 consisted of one domestic subsidiary bank, including its subsidiaries, and 51 active non-bank subsidiaries, in addition to various affordable housing investments and historic rehabilitation investments. Our bank subsidiary is PNC Bank, a national bank headquartered in Pittsburgh, Pennsylvania. 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	189
Analysis Of Year-To-Year Changes In Net Interest Income	190
Book Values Of Securities	50 and 118-121
Maturities And Weighted-Average Yield Of Securities	50 and 121
Loan Types	49, 64, 123-124 and 191
Selected Loan Maturities And Interest Sensitivity	192
Nonaccrual, Past Due And Restructured Loans And Other Nonperforming Assets	64-76, 104-111, 122-132 and 191
Potential Problem Loans	64-76 and 126
Summary Of Loan Loss Experience	73-76, 131-132 and 193
Allocation Of Allowance For Loan And Lease Losses	73-76 and 193
Average Amount And Average Rate Paid On Deposits	189
Time Deposits Of $100,000 Or More	194
Selected Consolidated Financial Data	39-41
Short-term Borrowings – not included as average balances during 2020, 2019 and 2018 were less than 30% of total shareholders' equity at the end of each period.	

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.

We are subject to numerous governmental regulations, some of which are highlighted below. See Note 20 Regulatory Matters in the Notes To Consolidated Financial Statements in Item 8 of this Report 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.

In addition, we are subject to comprehensive supervision and periodic 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 management of risks associated with the COVID-19 pandemic, the protection of confidential customer information, cyber security, 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, and protections for military service members and individuals in bankruptcy.

New legislation, changes in rules promulgated by federal financial regulators, other federal and state regulatory authorities and self-regulatory organizations, or changes in the interpretation or enforcement of existing laws and rules, may directly affect the operations and profitability of our businesses. We anticipate new legislative and regulatory initiatives over the next several years, focused specifically on banking and other financial services in which we are engaged. Legislative and regulatory developments to date, as well as those that come in the future, have had and are likely to continue to have an impact on the conduct of our business. The more detailed description of the significant regulations to which we are subject included in this Report is based on current laws and regulations and is subject to potentially material change. See also 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.

The profitability of our businesses could also be affected by rules and regulations that impact the business and financial sectors in general, including changes to the 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) and the financial markets and financial system in general.

COVID-19 Relief
Since the outbreak of COVID-19, the U.S. Government has taken a wide variety of actions in order to aid businesses and consumers financially impacted by COVID-19, facilitate the orderly functioning of financial markets, and assist banking organizations in being able to meet the credit and other banking needs of their customers and communities.

The CARES Act, as subsequently amended by the PPP and Health Care Enhancement Act and the Consolidated Appropriations Act, authorizes the SBA and the Treasury Department to expend up to $943 billion to support the issuance by SBA-approved lenders of first-draw loans of up to $10 million and second-draw loans of up to $2 million to small and medium-sized businesses that meet certain size and other eligibility requirements under the PPP. Borrowers may use the proceeds of a PPP loan only for specified purposes (such as meeting payroll) and borrowers can have the loan partially or fully forgiven (and repaid by the SBA) to the extent the borrower expends funds during a limited period following receipt of the loan proceeds for payroll costs or other specified expenses. Eligible businesses may apply for a first-or second-draw PPP loan until March 31, 2021. Borrowers and lenders are required to provide certain certifications and documentation, and conduct certain reviews, in connection with PPP loan applications as specified in the PPP rules and associated guidance, which are subject to change and further clarification by the SBA and Treasury. PNC Bank is participating in the PPP.

The CARES Act also permits residential and multifamily mortgage borrowers with federally backed mortgages to request payment forbearance for up to six months or 30 days, respectively, under a streamlined process if the borrower is experiencing a financial hardship due to the COVID-19 national emergency. The borrower may request an extension of these forbearance periods, for up to an additional six months for residential borrowers and 60 days for multifamily borrowers. Residential mortgage borrowers with federally backed mortgages, and tenants of multifamily borrowers that receive forbearance under these provisions, also benefit from certain foreclosure and eviction protections. For these purposes, federally backed mortgages include those guaranteed or insured by the FNMA, FHLMC, FHA or VA. Under revised Federal Housing Finance Agency policies, servicers of FNMA and FHLMC-guaranteed residential mortgages, such as PNC Bank, will no longer have an obligation to advance scheduled payments on a mortgage loan that is in a mortgage-backed security once the servicer has advanced four months of missed payments on the loan. Various states and municipalities also have imposed new foreclosure and eviction limitations of varying scope and degree in response to the COVID-19 pandemic. The CARES Act also provides consumers certain temporary protections up to 120 days after the termination of the COVID-19 national emergency against the reporting of negative credit information to a credit reporting agency as a result of loan accommodations provided.

The CARES Act, as modified by the Consolidated Appropriations Act, permits financial institutions to temporarily suspend the requirements under GAAP to categorize loan modifications related to the COVID-19 pandemic as a TDR through the earlier of 60 days after the national emergency termination or January 2, 2022, and the determination of such a loan modification as being a TDR. The federal banking agencies, along with the CFPB and the National Credit Union Administration, and separately the FFIEC, released statements that, among other things, clarify the agencies' and FFIEC's views on TDRs, including the interaction between agency guidance on TDRs and the CARES Act, and prudent risk management and consumer protection principles. We are following the provisions within the CARES Act, as amended, and the agencies' and FFIEC's statements when evaluating our COVID-19 related loan modification requests.

Federal Reserve Liquidity Facilities. To help promote the flow of credit and the orderly functioning of financial markets, the Federal Reserve in 2020 established a number of new lending or liquidity facilities using its emergency lending authority under section 13(3) of the Federal Reserve Act. Many of these facilities are or were supported by funding provided by the Treasury Department, either from the Emergency Stabilization Fund or under the CARES Act. Certain of these facilities (the Primary Market Corporate Credit Facility, Secondary Market Corporate Credit Facility, Municipal Liquidity Facility, Term Asset-Backed Securities Loan Facility and Main Street Lending Facility) have ceased making or purchasing new extensions of credit. The following emergency facilities continue to make or purchase new extensions of credit:

- Commercial Paper Funding Facility, which purchases highly rated unsecured and asset-backed commercial paper issued by eligible U.S. issuers;
- Paycheck Protection Program Lending Facility, which provides lenders funding secured by SBA-guaranteed loans made under the PPP described above;
- Primary Dealer Credit Facility, which provides secured funding to broker-dealers that are registered as primary dealers with the Federal Reserve in exchange for a broad range of collateral; and
- Money Market Mutual Fund Liquidity Facility, which provides liquidity to money market mutual funds by lending to U.S. banking entities in exchange for highly-rated collateral acquired from money market mutual funds.

In October 2020, the Federal banking agencies finalized rules to encourage banking organizations to use the Money Market Mutual Fund Liquidity Facility and Paycheck Protection Program Liquidity Facility. Under the rules, banking organizations may exclude from leverage and risk-based capital requirements any eligible assets sold or pledged to the Federal Reserve on a non-recourse basis as part of these programs, and they are required to neutralize the effect under the LCR of participating in these programs. The banking agencies also clarified that, consistent with the CARES Act, covered loans originated by a banking organization under the PPP will receive a zero percent risk weight for regulatory capital purposes, even if not pledged to the Federal Reserve.

In addition, in March 2020, the Federal Reserve announced changes to its discount window lending for insured depository institutions, such as PNC Bank. These changes permit insured depository institutions to borrow from the discount window, on a fully collateralized basis, for periods of up to 90 days, with such loans being prepayable and renewable by the borrowing institution on a daily basis. These changes, which will remain in effect until the Federal Reserve announces otherwise, provide insured depository institutions additional tools for managing their liquidity profile, including for purposes of the LCR. The Federal Reserve must publicly disclose the details (including the name of the borrower or counterparty) of discount window transactions and transactions conducted by facilities established by the Federal Reserve on a delayed basis.

The Federal banking agencies, CFPB, SEC, and CFTC have issued other rules, guidance, statements, orders or other actions to, among other things, facilitate the continued provision of financial services, encourage financial institutions to work with customers affected by the pandemic, and reduce operational or regulatory challenges resulting from the pandemic and the private-sector and governmental actions designed to mitigate its effects. These actions and statements, among others, clarified when appraisals or evaluations are required for real estate-secured transactions and allowed required appraisals and evaluations to be deferred in certain circumstances, encouraged banking organizations to use their capital and liquidity buffers to continue to provide credit to customers and support the smooth functioning of markets, and encouraged financial institutions to make available small-dollar loans to consumers and small businesses affected by COVID-19.

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 the Dodd-Frank Act.

In 2019, the federal banking agencies adopted rules 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 (the “2019 Tailoring Rules”). 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), 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, 2020, PNC had cross-jurisdictional activities for these purposes of $13.3 billion. PNC does not expect the pending acquisition of BBVA, if consummated, would affect its classification as a Category III institution.

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 interest less required deductions. Prior to January 1, 2020, CET1 capital for PNC and PNC Bank also included AOCI related to both available for sale securities and pension and other post-retirement plans. Effective January 1, 2020, and as permitted by the 2019 Tailoring Rules, PNC and PNC Bank elected to exclude AOCI related to these items 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, less the deductions required from Total capital.

Under the regulatory capital rules effective as of January 1, 2020, 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 items individually exceed 25% of the institution’s adjusted CET1 capital. As of December 31, 2020, 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 FASB'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. See Note 1 Accounting Policies in the Notes to Consolidated Financial Statements in Item 8 of this Report for more detail on the CECL standard. Separately, the Federal banking agencies adopted a rule that permits banking organizations that are 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 is added to CET1 through December 31, 2021, then phased-out over the following three years. PNC and PNC Bank have elected this five-year transition period effective March 31, 2020, which impacts regulatory capital ratios disclosed in this Report.

PNC and PNC Bank are required to use the standardized approach for determining a banking organization's 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, securitization 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 value-at-risk), 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 2020, PNC's SCB for the period from the fourth quarter of 2020 through the third quarter of 2021 was set at 2.5%. 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, PNC 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% to avoid limitations on capital distributions and certain discretionary incentive compensation payments. Because PNC's SCB is established as part of the CCAR process, and is based on PNC's projected performance (as determined by the Federal Reserve) under the relevant Supervisory Severely Adverse scenario (which can change, potentially materially, from stress test to stress test), PNC's SCB may vary, potentially materially, over time and, thus, PNC may be required to maintain capital above these levels to avoid limitations on capital distributions and certain discretionary incentive compensation payments. In addition, while a firm's SCB is typically determined as part of the Federal Reserve's annual CCAR process, the Federal Reserve has reserved 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. However, in light of ongoing economic uncertainty related to the COVID-19 pandemic, the Federal Reserve has imposed special limitations on dividends and share repurchases by CCAR-participating BHCs during the first quarter of 2021 and these restrictions may be continued in future quarters, potentially in modified form.

For Category III banking organizations (such as PNC and PNC Bank), these higher SCB or capital conservation buffer levels above the regulatory minimums could be supplemented by a countercyclical capital buffer of up to an additional 2.5% of risk-weighted assets. This buffer 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 determines to establish an earlier effective date. If the full countercyclical buffer amount is implemented, PNC and PNC Bank would be required to maintain a CET1 capital ratio of at least 9.5%, a Tier 1 capital ratio of at least 11%, and a Total capital ratio of at least 13% to avoid limitations on capital distributions and certain discretionary incentive compensation payments.

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 SLR. 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 SLR of 3.0%. As of December 31, 2020, the leverage and SLR 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 TLAC, or enhanced SLR requirements that apply to U.S. GSIBs.

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 SLR (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, as a financial holding company, PNC and PNC Bank must remain "well capitalized."

At December 31, 2020, 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 Item 7 of this Report and Note 20 Regulatory Matters in the Notes To Consolidated Financial Statements in Item 8 of this Report.

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 the nine quarter review period, as well as the results of stress tests conducted by both the company and the Federal Reserve under different hypothetical macro-economic 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 light of the economic uncertainty presented by the COVID-19 pandemic, the Federal Reserve required large BHCs like PNC to resubmit their capital plans and additional stress test results in December 2020. The Federal Reserve has indicated that it expects to complete the review of these resubmitted capital plans in early 2021.

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, are comprehensively 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 2021 CCAR exercise, we must file our capital plan and stress testing results using financial data as of December 31, 2020, with the Federal Reserve by April 6, 2021. We expect to receive the Federal Reserve's response to the capital plan submitted as part of the 2021 CCAR, as well as PNC's preliminary SCB for the period from the fourth quarter of 2021 through the third quarter of 2022, in June 2021. The Federal Reserve must provide firms their final SCB for this period by August 31, 2021, which would reflect any changes made to the firm's planned common stock dividends to remain in compliance with the firm's SCB.

As part of the annual CCAR and DFAST processes, the Federal Reserve releases certain revenue, loss and capital results for each participating firm from its supervisory stress testing exercises. 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 macro-economic scenario and applying the agencies' DFAST capital action assumptions.

Regulatory Liquidity Standards and Liquidity Risk Management Requirements. The Basel Committee's Basel III framework also includes short-term liquidity standards (LCR) and long-term funding standards (NSFR).

The U.S. banking agencies' LCR rules are designed to ensure that covered banking organizations maintain an adequate level of cash and HQLA 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 HQLA, as calculated in accordance with the haircuts and limitations in the rule, divided by its net cash outflows, with the quotient expressed as a percentage. 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. At December 31, 2020, the LCR for PNC and PNC Bank exceeded the required minimum levels.

The NSFR is designed to promote a stable maturity structure of assets and liabilities of banking organizations over a one-year time horizon. In 2020, the federal banking agencies finalized rules that would implement the NSFR in the U.S., which become effective July 1, 2021. The rules require a covered BHC to calculate its NSFR as the ratio of its ASF to its RSF amount 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. We expect PNC and PNC Bank to be in compliance with the NSFR when it becomes effective.

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 RSF (as calculated under the rules) reduced by 15%, thereby reducing the amount of HQLA or ASF each institution must hold to meet the LCR and NSFR minimum requirements, respectively. As of December 31, 2020, PNC had weighted short-term wholesale funding for these purposes of $31.4 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.*, HQLA, cash outflows and inflows for the LCR, and ASF and RSF 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 HQLA and ASF, and concentration of funding sources.

As a Category III institution, PNC also is subject to Federal Reserve rules that require PNC to, 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 Item 7 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 is also subject to federal laws limiting extensions of credit to its parent holding company and non-bank affiliates as discussed in Note 20 Regulatory Matters in the

Notes To Consolidated Financial Statements in Item 8 of this Report. 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 Item 7 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, 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 the 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 is required to impose a maximum 15-to-1 debt to equity ratio on a BHC if the federal agencies that comprise the FSOC determine that the company poses a grave threat to the financial stability of the U.S. and that the imposition of such a debt-to-equity requirement would mitigate such risk. The Federal Reserve also is required to establish early remediation requirements for BHCs with more than $250 billion in total assets and continues to work towards finalizing these requirements.

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, 2020, PNC Bank had an Outstanding rating with respect to CRA.

In 2020, the OCC finalized rules to modernize its regulations implementing the CRA. The rules significantly alter what activities by a bank qualify for CRA credit, where such activities must be conducted to receive credit, how the agencies measure a bank's CRA performance, and how a bank must document and report its CRA qualifying activities. The new rules would go into effect for PNC Bank on January 1, 2023.

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. As a result of rule changes adopted in 2019, 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.

To date, the prohibitions under the final Volcker Rule regulations have not had a material effect on our businesses or revenue; however it is possible that the regulations may be modified in the future. Moreover, the conditions for engaging in exempted trading activities and having permissible relationships with a private fund under the regulations could, depending on the agencies' approach to interpreting them, cause us to forego engaging in hedging or other transactions that we would otherwise undertake in the ordinary course of business and, thus, to some extent, may limit our ability to most effectively hedge our risks, manage our balance sheet or provide products or services to our customers. We also have divested prohibited investments in covered funds and received extensions allowing an extended conformance period for our remaining $0.1 billion interests in illiquid covered funds.

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 agencies determine 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, 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 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 nonbank 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. 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 January 1, 2022.

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. The BHC Act and other federal law enumerates the factors the Federal Reserve must consider when reviewing the merger of BHCs, the acquisition of banks or the acquisition of voting securities of a bank or BHC. These factors include the competitive effects of the proposal in the relevant geographic markets; the financial and managerial resources and future prospects of the companies and banks involved in the transaction; the effect of the transaction on the financial stability of the U.S.; the organizations' compliance with anti-money laundering laws and regulations; the convenience and needs of the communities to be served; and the records of performance under the CRA of the insured depository institutions involved in the transaction.

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 nonbank entity into PNC Bank. PNC and PNC Bank have requested the prior approval of the Federal Reserve and the OCC, respectively, to acquire BBVA and BBVA USA, and to merge BBVA with and into PNC and BBVA USA with and into PNC Bank.

In 2020, the Federal Reserve finalized 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. 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. These requirements became effective on April 1, 2020. Banks may request an extension of this compliance date in certain circumstances for up to one year.

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. In December 2020, the FDIC finalized rules that establish a new framework 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.

PNC's next resolution plan is scheduled to be a targeted plan and is due to be filed by December 17, 2021. 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.

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, but it is unclear at this time when PNC Bank's next resolution plan will be due. Depending on how the agencies conduct their review of the resolution plans submitted by PNC and PNC Bank, these requirements could affect the ways in which PNC structures and conducts its business and result in higher compliance and operating costs.

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-dealer 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.

PNC Bank is provisionally registered as 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 comprehensive and significant 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, have and will continue to 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 and certain of our student lending and servicing activities are subject to regulation by the Department of Education.

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.

PNC Bank competes 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, and
- Issuers of commercial paper and other securities, including mutual funds.

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

Employees totaled 51,257 at December 31, 2020. This total included 49,549 full-time and 1,708 part-time employees, of which 27,621 full-time and 1,611 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 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 acquisition 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 62% 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. We measure representation of LGBTQ+, people with disabilities, veterans, women and across all races and certain ethnicities as self-disclosed by our employees. As of December 31, 2020, approximately 59% of PNC's workforce and 50% of PNC's employees in managerial roles were women. People of color represented approximately 29% of PNC's workforce, including 22% of our employees in managerial roles, as of December 31, 2020.
- *Total rewards*. 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 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, educational assistance and on-site health care and child care services, 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.

PNC continues to recognize the impacts that the COVID-19 pandemic has had and will likely continue to have on our Human Capital. For more information on COVID-19 related impacts to our Human Capital, see the "Coronavirus (COVID-19) Pandemic" section of this Item 1.

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 Shareholder Services at 800-982-7652 or via the online contact form at www.computershare.com/contactus 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 corporate 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, Personnel and Compensation, or Risk Committees (all of which are posted on our corporate website at www.pnc.com/corporategovernance) may do so by sending their requests to our Corporate Secretary at corporate headquarters 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 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 included in Item 7 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 disclosure in this Item 1A:
- The COVID-19 pandemic has had and is likely to continue to have an adverse effect, possibly materially, on our overall business and financial performance.
- 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.
- The likely discontinuance of the submission of 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.
- Societal responses to climate change 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 the 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, by market interest rates and movements in those rates and changes in the values of financial assets.
- We are subject to risks related to inaccurate estimates and assumptions, such as those used in our asset and liability valuations and the determination of the amount of loss allowances and impairments, 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 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 in part by acquiring other financial services business from time to time as these acquisitions, including the pending acquisition of BBVA, 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 COVID-19 Pandemic

The COVID-19 pandemic has had and is likely to continue to have an adverse effect, possibly materially, on our overall business and financial performance.

Starting in early 2020 and continuing into 2021, federal, state and local governments have responded to the COVID-19 pandemic by enacting a variety of measures to manage the related public health effects, including restricting travel, limiting the conduct of businesses and controlling individual interactions such as through required social distancing measures. Collectively, these measures, together with voluntary changes in behavior, led to a substantial decrease in economic activity and a dramatic increase in unemployment in the second quarter of 2020. Governmental bodies also enacted laws designed to stabilize the economy and provide relief to businesses and individuals to mitigate the consequences of COVID-19 and the policies restricting the operation of businesses and the movement of individuals.

While economic conditions have improved, economic activity remains below its pre-pandemic level, with the partial recovery inconsistent across different geographic regions, sectors, companies and individuals and subject to setbacks as conditions related to the pandemic fluctuate. If efforts to contain COVID-19 are unsuccessful and restrictions on businesses and activities continue in place for extended periods or are increased, the recovery would likely be much weaker and the economy could fall back into recession. While several vaccines have been approved for use and others remain in development or clinical trials, significant uncertainty remains regarding the speed with which effective vaccines can be manufactured and widely distributed and the willingness of individuals to get vaccinated. As a result, there is still a great deal of uncertainty about the length and severity of the pandemic and the strength or reversal of the economic rebound, including whether there will be additional fiscal stimulus from the federal government and, if so, its size, scope and effectiveness. Accordingly, the outbreak and its consequences, including responsive measures to manage it, had and are likely to continue to have an adverse effect, possibly materially, on our overall business and financial performance. The longer the public health crisis lasts and the greater its severity, the greater the likely adverse impact on the economy, our customers and our business and financial performance. The following are examples of the most likely impacts on PNC:

- The deterioration of national and global economic conditions and elevated levels of unemployment have negatively affected and are likely to continue to negatively affect, possibly materially, our financial performance and operations. The following are the key factors contributing to this risk:
  - There is a greater likelihood that more of our commercial and consumer customers or counterparties will become delinquent on their loans or other obligations to us, which, in turn, will result in a higher level of non-performing loans and net charge-offs, particularly in the sectors most adversely impacted by the pandemic. Even if a loan returns to full performing status, it may be on modified terms that result in, for example, a term extension, interest rate reduction or principal deferral or forgiveness. Increases in loan delinquencies or modifications will also result in increased administrative costs. In addition, given the uncertainty about the length and severity of the pandemic and the strength or reversal of the economic rebound, our provision for credit losses may be more volatile period-to-period with a corresponding increase in period-to-period volatility in our net income.
  - There has been and there is likely to continue to be a decrease in the demand for certain of our products and services which could be further exacerbated if customers lose confidence due to concerns regarding the economy. We have also waived certain fees associated with our products and services for customers affected by the pandemic and may continue to do so. In addition, while customer deposits have grown aiding our liquidity, future changes in behavior resulting in declining deposit balances would likely increase our funding costs and reduce our net interest income and liquidity resources.
  - These rapidly changing and unprecedented market conditions have impacted and may continue to impact the valuation of assets as reported within our consolidated financial statements, as well as causing substantial reductions

in the value of our assets under management, all with the possible effects described in the Risk Factor headed "Our business and financial performance are vulnerable to the impact of changes in the values of financial assets."
    - Although PNC's capital levels continue to be strong, the degradation in economic conditions also has and is likely to continue to negatively affect our capital position, possibly materially, which is critical to our ability to operate and grow our business. In addition, continued or accelerated disruption and volatility in the financial markets or long-lasting or deeper recessionary conditions may diminish our access to the capital markets or result in or contribute to downgrades of our credit ratings. We have suspended our discretionary common share repurchase program and may take further actions that would limit a return of capital to shareholders, including potentially a reduction or suspension of the dividend payable to common shareholders, as a result of these conditions and their effect on our financial performance and position or as a result of regulatory guidance.
- Some of the legislation responsive to the outbreak, including the CARES Act and the Consolidated Appropriations Act, provides for certain commercial and consumer protections which have altered and may continue to alter the profitability of the transactions in which we engage, such as by allowing borrowers to delay payments on loans or other obligations and imposing other costs on us. These laws have also delayed and restricted and may continue to delay or restrict our ability to realize the value of collateral by, for example, providing temporary foreclosure protection and eviction protection even when customers are in breach of their obligations to us. These laws may be extended or increased in scope, and other laws may be enacted in response to the pandemic that have similar or broader effects on us. We may also be limited in our ability to realize the value of collateral as a result of court closures and related delays. Moreover, collateral may be liquidated at prices insufficient to recover the full amount of exposure to us as a result of deteriorating economic conditions and volatile markets. See Supervision and Regulation in Item 1 of this Report for more information on PNC's implementation of these programs.
- Other laws related to employee benefits and the treatment of employees have negatively impacted and may continue to negatively impact us by increasing administrative, compensation and benefits costs by, for example, mandating coverage of certain COVID-19 related testing and treatment or mandating additional paid or unpaid leave. Further governmental action that is taken to mitigate the economic effects of the pandemic, as well as additional compensation or benefit actions taken by PNC, could adversely affect our financial condition and results of operations, possibly materially, in other ways that are not known now.
- In response to the outbreak and its economic consequences, the Federal Reserve lowered its target for the federal funds rate to a range of 0% to 0.25% and has signaled that it expects to keep interest rates at a low level for through at least 2023. As a result of the high percentage of our assets and liabilities that are in the form of interest-bearing or interest-related instruments, this change in interest rates has had and likely will continue to have a negative impact on our net interest income and net interest margin, which could be material and which could materially adversely affect our profitability. The effects of a low interest rate environment are further described in the Risk Factor headed "Our business and financial performance are impacted significantly by market interest rates and movements in those rates."
- To protect our employees, customers and the communities in which we operate, we modified the operations of many of our retail branches, including temporarily closing some branches, limiting operations to drive-through only in other locations, and otherwise implemented work-from-home policies for a significant portion of our workforce. While our retail operations have largely re-opened, we cannot guarantee that our branches will continue to remain open if the outbreak worsens or there is an increase in governmental restrictions. Our non-branch based workforce continues to work primarily remotely. We believe we are capable of substantially meeting the needs of our customers despite these modifications. However, these efforts may result in the loss of customers, impede our ability to perform certain transactions, and impair our ability to effectively identify, manage and control risk. For example, customers may be unwilling or unable to conduct transactions with us via online channels or through a local branch that is operating only in a drive-through mode. Another example is the infrastructure needed to provide products and services via online channels or to work effectively in a work-from-home environment, such as internet, telecommunications and internal information technology systems, may fail to perform as anticipated, resulting in our inability to deliver products or services or effectively manage the risks arising from our businesses. In addition, we rely on our employees, third party vendors and service providers and other counterparties, both domestically and abroad, to support many aspects of our business. Reduced workforces which may be caused by, but not limited to, illness, quarantine, stay at home or other government mandates, or difficulties transitioning back to an in office environment, could result in an adverse impact to our operations and financial performance. Redeployment of employees from current positions and of technology from current uses to support products and services responsive to the outbreak may further adversely impact our operations. Further, third party vendors, service providers and other counterparties, both domestically and abroad, face access, connectivity or other challenges operating within a work-from-home virtual environment.
- In support of our employees, customers and communities, we may take steps beyond or in addition to those required by governmental or regulatory minimums which may further adversely impact our profitability. For example, we have provided and may continue to provide additional relief or forbearance to customers, health and wellness benefits to employees (including significant company approved leave) or financial support for community initiatives to assist those in need as a result of the outbreak. The actual or perceived failure to provide sufficient services, support or relief to those businesses or individuals in need or properly implement legislation responsive to the outbreak or our voluntary commitments could negatively impact our reputation with adverse consequences to our business. In addition, such actual or perceived failure, or

operational and other issues that arise in connection with the implementation of government-mandated or other financial assistance or relief programs present elevated levels of legal and reputational risk, including governmental and regulatory inquiries, investigations and enforcement actions, as well as private lawsuits. Participation by PNC in governmental programs designed to provide liquidity to the financial system or impacted businesses, such as borrowing through the Federal Reserve discount window or borrowing from, or selling financial assets to, facilities established by the Federal Reserve or participation in programs under the CARES Act and the Consolidated Appropriations Act, such as the PPP, also have exposed and may continue to expose us to governmental investigation and action or public scrutiny and criticism, either at the time we participate in the program or subsequently.

Refer to our other Risk Factors in this Item 1A for information regarding other factors that have and are likely to continue to affect our business and financial performance as a result of the pandemic.

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 unemployment. Such economic conditions also may 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 financial institutions such as PNC, 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, dislocations in international trade, such as increased tariffs and interruptions in international supply chains likely adversely affect companies that are relatively dependent on imports or exports, impacting prices and demand for goods or services. Affected companies may experience lower levels of business and possible declining creditworthiness as compared to companies less dependent on international trade.

Given the geographic scope of our business and operations, we are most exposed to issues within the U.S. economy and financial markets. Within the U.S., we are currently most exposed to issues primarily within markets located in the Mid-Atlantic, Midwest and Southeast. Following the proposed acquisition of BBVA, including its U.S. banking subsidiary, BBVA USA, this footprint will expand particularly to include a larger presence in the Southwest and West Coast, thereby increasing our exposure to regional economic issues in those areas.

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 performance from economic conditions outside the U.S. is not likely to be significant, although the impact would increase if we expand our foreign business more than nominally. We are, however, susceptible to the risk that such 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. In particular, the COVID-19 pandemic has led to economic issues of the types described here and presents the risk of further such impacts. See the immediately preceding Risk Factor for a discussion of risks associated with the COVID-19 pandemic.

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 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. The recent election of a new U.S. President, together with some changes in the membership of Congress, including change in control of the Senate, will likely lead to changes in law or policy, including the level of regulation of financial institutions and the enforcement environment. Moreover, a change in regulatory practices that increases the time frames to obtain regulatory approvals for acquisitions and other activities or makes them more difficult to obtain could affect our ability to make acquisitions or introduce new products and services.

Concern regarding the ability of Congress and the President, which increases to the extent government is divided, 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.

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 have a significant impact on interest rates and overall financial market performance. 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. We cannot 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.

In addition, monetary policy actions by governmental authorities in the European Union or other countries could have an impact on 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 one or more of the potential effects on us 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.” The Federal Reserve has lowered its benchmark rates to historically low levels as a result of the COVID-19 pandemic. See the Risk Factor headed “The COVID-19 pandemic has had and is likely to continue to have an adverse effect, possibly materially, on our overall business and financial performance.”

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 manner in which 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 involving both our business and organization, with multiple regulators or agencies having supervisory or enforcement oversight over aspects of our business. 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, and consumer and investor protection and prevent money laundering and terrorist financing. 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.

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.

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. These activities also could result in significant fines, penalties, or required corrective actions, some of which could be expensive and difficult to implement. As we expand our product and service offerings into additional states or countries, either through organic growth or acquisition, we will 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.

See the immediately following Risk Factor for a discussion of risks associated with capital and liquidity regulation. Also see Supervision and Regulation in Item 1 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 in the Notes To Consolidated Financial Statements in Item 8 of this Report also discusses some of the regulation 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 have the ability to apply stricter capital and liquidity standards than those developed by 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 also has imposed additional limitations on capital distributions through the first quarter of 2021 by CCAR participating BHCs (including PNC) and may extend these limitations, potentially in modified form. In addition, capital and liquidity requirements may 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 engage in capital- and liquidity-related initiatives. For example, the Basel Committee in 2017 finalized additional, significant changes to the international capital framework for banking organizations. See the Supervision and Regulation section included in Item 1 of this Report. As it is unclear, at this time, 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.

In 2020, the regulatory agencies issued a rule permitting banks to delay the estimated impact on regulatory capital stemming from implementing the CECL accounting standard. PNC elected to adopt this optional transition provision effective March 31, 2020. As a result, our regulatory capital does not currently reflect the full impact of CECL.

Regulatory capital and liquidity requirements are subject to regular review and revision by the Basel Committee and the U.S. banking agencies. Future changes to the capital and liquidity rules may require PNC or PNC Bank to maintain more or higher quality capital or greater liquidity, which would 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 are discussed in the Supervision and Regulation section included in Item 1 of this Report and the Liquidity and Capital Management portion of the Risk Management section of Item 7 of this Report.

The likely discontinuance of the submission of 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.

As a large financial institution, a significant portion of our transactions involve variable or adjusting interest rates that are calculated by adding a contractually defined credit spread to a base or reference rate. For many years, LIBOR has been used as a reference rate for a substantial majority of our transactions involving variable or adjustable interest, 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 financial instruments entered into by others that use LIBOR as the reference rate.

LIBOR is derived from the rates at which LIBOR panel banks borrow from other global banks. LIBOR is accordingly viewed as a "credit-sensitive" rate as the rates submitted by panel banks on which LIBOR is based reflect the credit risk associated with the submitting banks.

We currently anticipate that non-USD LIBOR will cease to be available after year end 2021 and that the most widely used USD LIBOR tenor settings will cease after June 30, 2023. The Federal Reserve and other official sector representatives have also communicated guidance that supervised institutions should stop entering into new USD LIBOR contracts no later than year end 2021. Accordingly, we are preparing for the likelihood of LIBOR cessation.

At present, SOFR is expected to be the alternative reference rate that will replace LIBOR for most types of transactions.

SOFR is viewed as a "riskless rate" as it is derived from rates on overnight U.S. Treasury repurchase transactions, which are essentially overnight loans secured by U.S. Treasury securities, which are largely viewed as not presenting credit risk. Because SOFR is an overnight rate derived from observations of actual transactions, the rate can be volatile, especially if there are disruptions in the underlying repurchase market, but any daily volatility historically does not create volatility when rates are cumulatively measured over customary LIBOR terms (e.g., one month or three months).

Changing to SOFR or another riskless rate could result in a value transfer between contracting parties to instruments originally based on LIBOR. Historically, in periods of economic or financial industry stress, riskless rates that are analogous to SOFR have been relatively stable. In contrast, LIBOR, which is designed to reflect the credit risk of banks, has widened relative to riskless rates, reflecting increased uncertainty regarding the credit-worthiness of banks. Accordingly, assuming that SOFR will behave like its historical analogs, an instrument that transitions from LIBOR to SOFR may not yield identical economic outcomes for each contracting party to an instrument had the instrument continued to reference LIBOR. Similarly, SOFR, because it is riskless, tends to be a lower rate than LIBOR. To address these differences between LIBOR and SOFR, certain industry recommended LIBOR fallback provisions include a concept of an adjustment spread that is applied when a LIBOR-based contract falls back to SOFR and that is calculated based on a five-year median look-back of the historical spot difference between the applicable LIBOR tenor and the applicable SOFR tenor. However, because any such adjustment spread will be based on a historical median, it is likely that the adjustment spread may not reflect the spot difference between LIBOR and SOFR at certain points in time and there may be a value transfer between the contracting parties over the life of the instrument because the all-in rate applied to a contract, even taking into account the spread adjustment, might have behaved differently over the life of the instrument in the absence of LIBOR cessation.

Any value transfer could be financially adverse or beneficial to us or to our other contracting parties to that instrument (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, in turn could lead to litigation, potentially as class actions, or other adverse consequences, including dissatisfied customers or impaired relationships with financial institution counterparties resulting in loss of business. As a result, over the life of a transaction that transitions from LIBOR to a new reference rate, our monetary obligations to our counterparty (or their 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 effected. For some instruments, the method of transitioning to a new reference rate may be challenging, especially where the contract does not provide for a transition upon LIBOR cessation or the relevant contractual language relating to a potential transition is ambiguous or inadequate under the circumstances.

For example, the vast majority of LIBOR-based interest rate derivative contracts executed prior to January 25, 2021, do not include adequate fallbacks for LIBOR cessation. In response, the industry trade group for derivatives (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 fallback provisions into legacy derivatives contracts. Although we have adhered to the ISDA protocol, it is possible that many "end users" of swaps, i.e., our borrowers who have hedged their interest rate payment obligations, may not adhere. In addition, there are differences between the new ISDA fallback provisions and the fallback provisions that have been proposed for loans, which differences could result in a mismatch between the reference rate or other economics in our borrowers' legacy derivatives contracts and their loans for which such derivatives contracts are intended as a hedge. For these end-user counterparties, one-on-one negotiation with each counterparty will be necessary in order to amend legacy swaps to adequately address LIBOR cessation. If we are unable to agree to appropriate LIBOR cessation provisions with these swaps counterparties, there will be uncertainty as to how to value and effect our rights and obligations under our legacy swap contracts. Although legislative solutions to address LIBOR cessation in derivative contracts have been proposed, there is no assurance such solutions will be implemented, and we may seek to negotiate with impacted counterparties or, if not possible, effect reference rate transition through other means. Addressing transition under these circumstances may be challenging or ineffective, could result in litigation, and in some cases may involve concession on our part that has the effect of reducing the value of the instrument to us.

We have other contracts that do contemplate LIBOR cessation but do so in a manner 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) or that gives us or another party absolute discretion to select a rate. Some provide for determination of a reference rate without providing for adjustment of the credit spread. In these types of cases, there will likely be uncertainty surrounding transition, with all of the risks described in this Risk Factor.

Transitioning from LIBOR to alternative 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 and the diversity of potential approaches to transition and given the possibility that the period during which the transition will need to take place may have a short duration.

Similarly, our failure to successfully implement transition from LIBOR to alternative rates could result in 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.

In order to address LIBOR cessation and the associated risks, we have established an enterprise LIBOR transition program, described in the Market Risk Management portion of the Risk Management section in Item 7 of this Report. 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 could magnify the risks previously outlined.

New customer privacy initiatives will impose additional operational burdens on PNC, may limit our ability to pursue desirable business initiatives and increase the risks associated with any future use of customer data.

Recently there has been an increase in legislative and regulatory efforts to protect the privacy of consumer data. Significant examples include the General Data Protection Regulation of the European Union and the California Consumer Privacy Act. These initiatives, among other things, limit how companies can use customer 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 customer data. These types of initiatives increase compliance complexity and related costs, result in significant financial penalties for compliance failures, and limit our ability to develop new products or respond to technological changes. Such legal requirements also could heighten the reputational impact of perceived misuses of customer data by us, our vendors, or others who gain unauthorized access to our customer 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.

Societal responses to climate change could adversely affect our business and performance, including indirectly through impacts on our customers.

Concerns over the long-term impacts of climate change have led and will continue to lead to governmental efforts around the world to mitigate those impacts. Consumers and businesses also are changing their behavior as a result of these concerns. PNC and its customers will need to respond to new laws and regulations as well as consumer and business preferences resulting from climate change concerns. We and our customers may face cost increases, asset value reductions, operating process changes, and the like as a result of 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 as well as their exposure to the effects of climate change. Among the impacts to PNC could be a drop in demand for our products and services, particularly in certain sectors. In addition, we could face reductions in creditworthiness on the part of some customers or in the value of assets securing loans, pressure from individuals or groups to cease doing business with certain companies or sectors, or additional regulatory restrictions or costs associated with providing products or services to certain companies or sectors. The Risk Factor headed "We are at risk for an adverse impact on our business due to damage to our reputation" has further discussion of risks associated with activist pressure. Our efforts to take these risks into account in making lending and other decisions, including by increasing our business with climate-friendly companies, 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.

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 and monitor 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, and data protection enhancements, as well as increased online and mobile device interaction with customers. We expect these trends to continue for the foreseeable future. Change is coming both from traditional banking companies and non-bank financial technology companies offering financial products and services, particularly payment services and lending. Our ability to succeed is dependent on the technologies we employ and offer our customers and the extent to which we at least keep pace with, if not exceed, our competitors' progress and our customers' needs and expectations.

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 or 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 the 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 it 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 a period of time. In such a circumstance, 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 fully any losses. Over time, there have been 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. 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 design or performance issues. In addition, our ability to use our technology effectively could be impacted due to 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 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 (apps) 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 apps often ask users to provide their secure banking log-in information and credentials (username and password) so the apps can link to users' accounts at financial institutions. Companies offering these apps frequently use third-party data aggregators – behind-the-scenes technology companies that serve as a data-gathering service provider – to deliver customer financial data that is used by the financial apps. To do this, data aggregators are provided with customers' log-in information and credentials, which allows the aggregators to access the customers' online account 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. In fact, the Director of the FinCEN has stated that FinCEN has seen high incidences of fraud, including ACH 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 apps and data aggregators. Even where PNC does not have responsibility for fraud losses associated with these apps 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 include disruptions to 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, would likely 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, bordering on 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. Most corporate and commercial transactions are now handled electronically, and our retail customers increasingly use online access and mobile devices 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 apps, on behalf of our customers.

In the ordinary course, 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. The 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 the third party, including those offering financial apps. Although we take steps to provide safety and security for our customers' transactions with us and their customer information to the extent they are utilizing their own devices or providing third parties access to their accounts, our ability to assure such safety and security is necessarily limited.

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 the business. If the 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, but to date such losses have not been material to us. 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. Over the last few years, several large companies disclosed that they had suffered substantial data security breaches compromising millions of user accounts and credentials. To date, our losses and costs related to these types of breaches, including those where some of the accounts affected were with PNC, have not been material. Other similar events in the future could be more significant to us. 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. 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. To date, our losses and costs related to these types of attacks have not been material, but ransomware attacks have increased in recent years and there is no guarantee that future attacks will not be successful.

A number of companies have fallen victim to BEC scams in recent years. BEC 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. While we have not experienced material losses from BEC scams to date, some of our commercial customers have been victimized. 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 DDoS 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.

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.

To date, none of these types of attacks have had a material impact on us. Nonetheless, we cannot entirely block efforts by bad actors to harm us. And our efforts to prevent significant harm from attacks may be insufficient. 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 cyber security 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 towards 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 particular future situation, nor the effectiveness of our oversight of risk at third parties. 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 can 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.

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 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 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.

In the ordinary course of business, we often have heightened credit exposure to a particular industry, region 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 or business borrower, we may have outsized exposure to a particular borrower experiencing financial distress. Events adversely affecting specific customers or counterparties, industries, regions or financial markets, including a decline in their creditworthiness or a worsening overall risk profile, could materially and adversely affect us. Declining economic conditions also may impact commercial borrowers more than consumer borrowers, or vice versa. Thus, the concentration and mix of our loan portfolio may affect the severity of the impact of a recession on us.

Our credit risk may be exacerbated when collateral held by us to secure obligations to us cannot be realized upon, including as a result 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 us.

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 could 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 are reflected in net income through provision for credit losses. An increase in credit risk would likely lead to an increase in provision for credit losses with a resulting reduction in our net income and would increase our allowance. An improvement of economic conditions or our economic outlook, particularly following a period of poor economic conditions, has and could continue to 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.

The COVID-19 pandemic has adversely impacted both commercial borrowers and consumers. In addition, the declines in GDP and increases in unemployment associated with the pandemic, and responsive measures to manage it, have significantly impacted the economic and qualitative factors used for purposes of our estimation of credit losses under CECL. For a discussion of the increased credit risk arising from the pandemic and its impact to our estimation of credit losses, see the Risk Factor headed “The COVID-19 pandemic has had and is likely to continue to have an adverse effect, possibly materially, on our overall business and financial performance.”

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 and the interest that we pay on liabilities, 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 mortgage 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.

We may also experience spread compression by offering higher than expected deposit rates in order to attract and maintain deposits as a result of increased competition.

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.

While in general higher interest rates 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 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. The current very low interest rate environment increases the potential for negative interest rates to occur.

We discuss the impact of governmental monetary policy on interest rates in the Risk Factors 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” and “The COVID-19 pandemic has had and is likely to continue to have an adverse effect, possibly materially, on our overall 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. Credit-based assets and liabilities will fluctuate in value due to changes in the perceived creditworthiness of borrowers or other counterparties and also due to changes in market interest rates.

Changes in loan prepayment speeds, which often occur when interest rates change, impact the value of our mortgage servicing rights, possibly adversely. Also, 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.

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, 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. Other 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.

For a discussion of the risks presented by the COVID-19 pandemic to the values of financial assets, see the Risk Factor headed "The COVID-19 pandemic has had and is likely to continue to have an adverse effect, possibly materially, on our overall business and financial performance."

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. Inaccurate estimates could materially impact our results of operations or financial position.

We must use estimates, assumptions and judgments when assets and liabilities are measured and reported at fair value. 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 in any particular market 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 quantitative models to measure risks and to estimate many financial values. We use models throughout much of our business, relying on them for much of our decision making. Examples of areas we use models include determining the pricing of various products, grading loans and extending credit, measuring interest rate and other market risks, predicting or estimating losses, assessing capital adequacy, and calculating economic and regulatory capital levels. We also use models to estimate the value of financial instruments and balance sheet items. In particular, we depend significantly on complex models for credit loss accounting under CECL, many of which have only been in use for a relatively short period of time.

Models generally evaluate the performance of various factors under anticipated future conditions, relying on historical data to help build the model and in part on assumptions as to the future, often with respect to macro-economic conditions, in order to generate the output. Poorly designed or implemented models, including in the choice of relevant historical data or future-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. Also, information we provide to the public or to our regulators based on poorly designed or implemented models could be inaccurate or misleading. Some of the decisions that our regulators make, including those related to capital distributions to our shareholders, would likely be affected adversely if they perceive that the quality of the relevant models used is insufficient.

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. For a discussion of the risks related to declines in demand for our products and services as a result of the COVID-19 pandemic, see the Risk Factor headed "The COVID-19 pandemic has had and is likely to continue to have an adverse effect, possibly materially, on our overall business and financial performance."

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. We may also 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. This is particularly true to the extent that our competitors are better able to do so.

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 customers could remove money from checking, savings or other types of deposit accounts with us in favor of other banks or other types of investment products. Deposits are a low cost source of funds for us. Therefore, losing deposits could increase our funding costs and reduce our net interest income.

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 for higher returns elsewhere. 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. 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 and employees. 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 but not involving misconduct, including negative perceptions regarding our ability to maintain the security of our technology systems and protect client data. The reputational impact is likely greater to the extent that the bad conduct, error or failure 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 conduct of others in the industry even where we have not engaged in the 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 from social and environmental activists, with accompanying reputational risk. Activists target companies in our industry, including PNC, 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 environment, consumer health and safety, or society at large. In addition, other activists target companies in our industry, including PNC, seeking increased transparency and action with respect to diversity and inclusion (including pay equity) and political activities. Activist criticism has come in many forms, including protests at PNC facilities. PNC, together with 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. Many of these issues are divisive without broad agreement as to the appropriate steps a company such as PNC should take and often with strong feelings on both sides. 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 activist concerns or by others as having inappropriately yielded to activist pressures. Activist pressure can also be a factor in decisions as to which business opportunities and customers we pursue, potentially resulting in foregone profit opportunities. The OCC has requested comment on a proposed rule that would prohibit large national banks, such as PNC Bank, from declining to provide credit or other products or services to customers engaged in lawful activities except for documented, pre-approved risk-related reasons. The rule, if adopted, could cause some customers to switch their business to other banks that are not subject to these restrictions or have other negative consequences on PNC's businesses, operations and risk management activities.

The speed with which information now moves through social media and non-mainstream 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. Once information has gone viral, it can be hard 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 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, as well as the labor markets where we compete for talented employees.

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 without being subject to the same types of regulation, supervision and restrictions as are applicable to banks. 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.

Another increasingly competitive factor in the financial services industry is the ability to attract and retain talented and diverse employees across many of our businesses and support areas. This factor presents greater risk when we are expanding into new markets, developing new product lines, or significantly enhancing staffing in certain areas, particularly technology. This competition leads to increased expenses in affected business areas. In addition, the transition to increased work-from-home, which is likely to survive the COVID-19 pandemic for many companies, may exacerbate the challenges of attracting and retaining talented and diverse employees as job markets may be less constrained by physical geography. Limitations on the manner in which 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.

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.

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, or implement new technologies, as we may fail to adequately identify or manage operational risks resulting from such changes.

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 could result in significant harm to PNC. This 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. These 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. Risks can arise through greater complexity and inadequate performance by the third party, specifically where that performance could affect us or our customers. 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, where 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 in the Notes To Consolidated Financial Statements in Item 8 of this Report.

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 related deposits and other liabilities present risks and uncertainties to us in addition to those presented by the nature of the business acquired. These risks and uncertainties are found in the pending acquisition of BBVA, including its U.S. banking subsidiary, BBVA USA, and its integration into PNC following closing.

Acquisitions may be substantially more expensive or take longer to complete than anticipated. This risk includes unanticipated costs incurred in connection with the integration of the acquired business. 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. In some cases, it may prove impossible to realize them in their entirety. 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, if being retained, the quality of leadership of the acquired company.

Specific factors that can affect the ultimate results from acquisitions include, depending on the nature of the business acquired, the following:

- 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 a significant aspect of the value of an acquired business is intellectual property, the extent to which the intellectual property may be protected and commercialized by PNC following 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 as a result 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 be filed or commenced thereafter, as a result 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 for a period of time post-closing prior to integrating the acquired company's data into PNC's models. The acquired company's 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 for a period of time.

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. An acquired company's financial and business information and data may not be maintained at the level of detail or comprehensiveness to meet all of our post-acquisition needs.

Prospective acquisition targets are also subject to their own risks that we cannot manage or control prior to closing and that may impact their business, financial condition, results of operations and cash flows. 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.

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 they) 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 negatively impacted as well by changes in leadership at 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."

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 disasters (whether caused naturally or by human conduct), pandemics, terrorist activities, international hostilities and domestic civil unrest 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 disasters, pandemics, terrorist activities, international hostilities or domestic civil unrest could result from impacts to the financial markets, the economy in general or in any particular 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 our 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. To the extent that climate change increases the frequency or severity of adverse weather conditions, the impact from these types of natural disasters on us or our customers would be worse. The specific risks associated with the COVID-19 pandemic are discussed in the Risk Factor headed “The COVID-19 pandemic has had and is likely to continue to have an adverse effect, possibly materially, on our overall business and financial performance.”

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 disasters, pandemics, terrorist activities, international hostilities or domestic civil unrest 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 in the Notes To Consolidated Financial Statements in Item 8 of this Report.

ITEM 3 – LEGAL PROCEEDINGS

See the information set forth in Note 21 Legal Proceedings in the Notes To Consolidated Financial Statements in Item 8 of this Report, 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 19, 2021 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	56	Executive Vice President and Head of Asset Management Group	2019
Richard K. Bynum	50	Executive Vice President and Chief Corporate Responsibility Officer	2005
William S. Demchak	58	Chairman, President and Chief Executive Officer (b)	2002
Kieran J. Fallon	54	Executive Vice President and Chief Risk Officer	2011
Deborah Guild	52	Executive Vice President and Head of Enterprise Technology	2013
Michael J. Hannon	64	Executive Vice President and Chief Credit Officer	1982
Vicki C. Henn	52	Executive Vice President and Chief Human Resources Officer	1994
Gregory B. Jordan	61	Executive Vice President, General Counsel, Chief Administrative Officer and Head of Regulatory and Government Affairs	2013
Stacy M. Juchno	45	Executive Vice President and General Auditor	2009
Ganesh Krishnan	45	Executive Vice President and Enterprise Chief Information Officer	2008
Karen L. Larrimer	58	Executive Vice President, Chief Customer Officer and Head of Retail Banking	1995
Michael P. Lyons	50	Executive Vice President and Head of Corporate & Institutional Banking	2011
E William Parsley, III	55	Executive Vice President and Chief Operating Officer	2003
Robert Q. Reilly	56	Executive Vice President and Chief Financial Officer	1987
Gregory H. Kozich	57	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 for the 2021 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 one of the leading municipal finance investment bankers in the country.

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 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.

Deborah Guild was appointed Executive Vice President and Head of Enterprise Technology in November 2020. Prior to her appointment, she was PNC’s chief security officer. Previously, she 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 was 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.

Karen L. Larrimer was appointed Executive Vice President in 2013 and became head of Retail Banking in 2016. She has also served as Chief Customer Officer since April 2014, prior to which she served as Chief Marketing Officer.

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.

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 12, 2021, there were 49,295 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. The Federal Reserve also has imposed additional limitations on capital distributions through the first quarter of 2021 by CCAR participating bank holding companies (including PNC) and may extend these limitations, potentially in modified form. PNC announced on March 16, 2020 a temporary suspension of our common stock repurchase program in conjunction with the Federal Reserve's effort to support the U.S. economy during the pandemic and we continued the suspension through the fourth quarter of 2020, with the exception of employee benefit-related purchases in the third quarter. In 2021, our plan is to refrain from share repurchases, excluding employee benefit-related purchases, during the period leading up to our pending BBVA transaction close date.

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, 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 in the Notes To Consolidated Financial Statements in Item 8 of this Report, 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, 2020 in the table (with introductory paragraph and notes) in Item 12 of this Report.

Our stock transfer agent and registrar is:
Computershare
462 South 4th Street, Suite 1600
Louisville, KY 40202
800-982-7652
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 2020 are included in the following table:

In thousands, except per share data

2020 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	9	$ 111.63		75,109
November 1 – 30				75,109
December 1 – 31				75,109
Total	9	$ 111.63		

(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 in the Notes To Consolidated Financial Statements in Item 8 of this Report include additional information regarding our employee benefit and equity compensation plans that use PNC common stock.

(b) On April 4, 2019, our Board of Directors approved the establishment of a new stock repurchase program authorization in the amount of 100 million shares of PNC common stock, effective July 1, 2019. Under this authorization, repurchases may be made in open market or privately negotiated transactions, with the timing and exact amount of common stock repurchases depending on a number of factors including, among others, market and general economic conditions, regulatory capital considerations, alternative uses of capital, the potential impact on our credit ratings, and contractual and regulatory limitations, including the results of the supervisory assessment of capital adequacy and capital planning processes undertaken by the Federal Reserve as part of the CCAR process. In June 2019, we announced share repurchase programs of up to $4.3 billion for the four quarter period beginning with the third quarter of 2019, in accordance with PNC's 2019 capital plan. In January 2020, we announced an increase to these programs to repurchase up to an additional $1.0 billion in common shares through the end of the second quarter of 2020. PNC announced on March 16, 2020 a temporary suspension of our common stock repurchase program in conjunction with the Federal Reserve's effort to support the U.S. economy during the pandemic. We continued the suspension through the fourth quarter of 2020, with the exception of employee benefit-related purchases in the third quarter, consistent with the extension of the Federal Reserve's special capital distribution restrictions. Under these programs we repurchased 11.0 million shares in 2020 and 25.9 million shares in 2019. A maximum amount of 75.1 million shares remained available for repurchase under the new stock program authorization at December 31, 2020. In 2021, our plan is to refrain from share repurchases, excluding employee benefit-related purchases, during the period leading up to our pending BBVA transaction close date.

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, 2020, as compared with: (1) a selected peer group as set forth below and referred to as the "Peer Group;" (2) an overall stock market index, the S&P 500 Index; and (3) 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 on January 1, 2016 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, 2015 Total Return = Price change plus reinvestment of dividends					5-Year Compound Growth Rate
	Dec. 2015	Dec. 2016	Dec. 2017	Dec. 2018	Dec. 2019	Dec. 2020	
PNC	$ 100	$ 125.78	$ 158.43	$ 131.53	$ 185.32	$ 180.26	12.51 %
S&P 500 Index	$ 100	$ 111.95	$ 136.38	$ 130.39	$ 171.44	$ 202.96	15.21 %
S&P 500 Banks	$ 100	$ 124.31	$ 152.34	$ 127.30	$ 179.03	$ 154.41	9.08 %
Peer Group	$ 100	$ 132.72	$ 158.48	$ 125.50	$ 170.99	$ 154.90	9.15 %

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 2015 to December 2018. Historical data for SunTrust Banks, Inc. is not included as a part of Truist Financial Corporation in the preceding chart and table. This Peer Group was approved for 2020 by the Board of Directors' Personnel and Compensation Committee, and the Committee has approved the same peer group for 2021.

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, 2015 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 – SELECTED FINANCIAL DATA

This Selected Financial Data 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.

	Year ended December 31				
Dollars in millions, except per share data	2020	2019	2018	2017	2016
Summary of Operations					
Interest income	$ 11,307	$ 13,762	$ 12,582	$ 10,814	$ 9,652
Interest expense	1,361	3,797	2,861	1,706	1,261
Net interest income	9,946	9,965	9,721	9,108	8,391
Noninterest income	6,955	6,874	6,469	6,144	6,089
Total revenue	16,901	16,839	16,190	15,252	14,480
Provision for credit losses	3,175	773	408	441	433
Noninterest expense	10,297	10,574	10,296	10,398	9,476
Income from continuing operations before income taxes and noncontrolling interests	3,429	5,492	5,486	4,413	4,571
Income taxes from continuing operations	426	901	928	(185)	1,115
Net income from continuing operations	3,003	4,591	4,558	4,598	3,456
Income from discontinued operations before taxes	5,777	988	942	1,077	682
Income taxes from discontinued operations	1,222	161	154	287	153
Net income from discontinued operations	4,555	827	788	790	529
Net income	7,558	5,418	5,346	5,388	3,985
Less: Net income attributable to noncontrolling interests	41	49	45	50	82
Preferred stock dividends	229	236	236	236	209
Preferred stock discount accretion and redemptions	4	4	4	26	6
Net income attributable to common shareholders	$ 7,284	$ 5,129	$ 5,061	$ 5,076	$ 3,688
Per Common Share					
Basic earnings from continuing operations	$ 6.37	$ 9.59	$ 9.11	$ 8.87	$ 6.35
Basic earnings from discontinued operations	$ 10.62	$ 1.84	$ 1.68	$ 1.62	$ 1.07
Total basic earnings	$ 16.99	$ 11.43	$ 10.79	$ 10.49	$ 7.42
Diluted earnings from continuing operations	$ 6.36	$ 9.57	$ 9.06	$ 8.79	$ 6.27
Diluted earnings from discontinued operations	$ 10.60	$ 1.82	$ 1.65	$ 1.57	$ 1.03
Total diluted earnings	$ 16.96	$ 11.39	$ 10.71	$ 10.36	$ 7.30
Book value	$ 119.11	$ 104.59	$ 95.72	$ 91.94	$ 85.94
Cash dividends declared	$ 4.60	$ 4.20	$ 3.40	$ 2.60	$ 2.12
Effective tax rate from continuing operations (a)	12.4 %	16.4 %	16.9 %	(4.2)%	24.4 %
Performance Ratios from Continuing Operations					
Net interest margin (b)	2.53 %	2.89 %	2.97 %	2.87 %	2.73 %
Noninterest income to total revenue	41 %	41 %	40 %	40 %	42 %
Efficiency	61 %	63 %	64 %	68 %	65 %
Return on:					
Average common shareholders' equity	15.21 %	11.50 %	11.83 %	12.09 %	8.85 %
Average assets	1.68 %	1.35 %	1.41 %	1.45 %	1.10 %

(a) The effective tax rates are generally lower than the statutory rate due to the relationship of pretax income to tax credits and earnings that are not subject to tax.
(b) Net interest margin is the total yield on interest-earning assets minus the total rate on interest-bearing liabilities and includes the benefit from use of noninterest-bearing sources. To provide more meaningful comparisons of net interest margins, we use net interest income on a taxable-equivalent basis in calculating average yields used in the calculation of net interest margin by increasing the interest income earned on tax-exempt assets to make it fully equivalent to interest earned on taxable investments. This adjustment is not permitted under GAAP in the Consolidated Income Statement. For additional information, see Reconciliation of Taxable-Equivalent Net Interest Income (Non-GAAP) Statistical Information (Unaudited) section in Item 8 of this Report.

Dollars in millions, except as noted	Year ended December 31 2020	2019	2018	2017	2016
Balance Sheet Highlights					
Assets	$ 466,679	$ 410,295	$ 382,315	$ 380,768	$ 366,380
Loans	$ 241,928	$ 239,843	$ 226,245	$ 220,458	$ 210,833
Allowance for loan and lease losses (a)	$ 5,361	$ 2,742	$ 2,629	$ 2,611	$ 2,589
Interest-earning deposits with banks (b)	$ 85,173	$ 23,413	$ 10,893	$ 28,595	$ 25,711
Investment securities	$ 88,799	$ 86,824	$ 82,701	$ 76,131	$ 75,947
Loans held for sale	$ 1,597	$ 1,083	$ 994	$ 2,655	$ 2,504
Equity investments	$ 6,052	$ 5,176	$ 4,878	$ 3,816	$ 3,842
Asset held for sale (c)		$ 8,558	$ 8,016	$ 7,576	$ 6,886
Mortgage servicing rights	$ 1,242	$ 1,644	$ 1,983	$ 1,832	$ 1,758
Goodwill	$ 9,233	$ 9,233	$ 9,218	$ 9,173	$ 9,103
Other assets	$ 30,999	$ 32,202	$ 34,408	$ 27,894	$ 27,506
Noninterest-bearing deposits	$ 112,637	$ 72,779	$ 73,960	$ 79,864	$ 80,230
Interest-bearing deposits	$ 252,708	$ 215,761	$ 193,879	$ 185,189	$ 176,934
Total deposits	$ 365,345	$ 288,540	$ 267,839	$ 265,053	$ 257,164
Borrowed funds (d)	$ 37,195	$ 60,263	$ 57,419	$ 59,088	$ 52,706
Allowance for unfunded lending related commitments (a)	$ 584	$ 318	$ 285	$ 297	$ 301
Total shareholders' equity	$ 54,010	$ 49,314	$ 47,728	$ 47,513	$ 45,699
Common shareholders' equity	$ 50,493	$ 45,321	$ 43,742	$ 43,530	$ 41,723
Accumulated other comprehensive income (loss)	$ 2,770	$ 799	$ (725)	$ (148)	$ (265)
Period-end common shares outstanding (millions)	424	433	457	473	485
Loans to deposits	66 %	83 %	84 %	83 %	82 %
Client Assets (billions)					
Discretionary client assets under management	$ 170	$ 154	$ 148	$ 151	$ 137
Nondiscretionary client assets under administration	154	143	124	131	120
Total client assets under administration	324	297	272	282	257
Brokerage account client assets	59	54	47	49	44
Total	$ 383	$ 351	$ 319	$ 331	$ 301
Capital Ratios (e) (f)					
Basel III					
Common equity Tier 1	12.2 %	9.5 %	9.6 %	9.8 %	10.0 %
Common equity Tier 1 fully implemented (g)	11.8 %	N/A	N/A	N/A	N/A
Tier 1 risk-based	13.2 %	10.7 %	10.8 %	N/A	N/A
Total capital risk-based (h)	15.6 %	12.7 %	13.0 %	N/A	N/A
Leverage	9.5 %	9.1 %	9.4 %	9.6 %	9.8 %
Supplementary leverage	9.9 %	7.6 %	7.8 %	8.0 %	8.3 %
Other Selected Ratios					
Dividend payout	27.2 %	36.7 %	31.5 %	24.7 %	29.0 %
Common shareholders' equity to total assets	10.8 %	11.0 %	11.4 %	11.4 %	11.4 %
Average common shareholders' equity to average assets	10.7 %	11.1 %	11.3 %	11.3 %	11.5 %
Selected Statistics					
Employees	51,257	51,918	53,063	52,906	52,006
Retail Banking branches	2,162	2,296	2,372	2,459	2,520
ATMs	8,900	9,091	9,162	9,051	9,024

(a) Amounts at December 31, 2020 reflect the impact of adopting ASU 2016-13, Financial Instruments - *Credit Losses*, which is commonly referred to as the CECL standard and our transition from an incurred loss methodology for these reserves to an expected credit loss methodology. Refer to Note 1 Accounting Policies in the Notes To Consolidated Financial Statements in Item 8 of this Report for additional detail on the adoption of this standard.
(b) Includes balances held with the Federal Reserve Bank of Cleveland of $84.9 billion, $23.2 billion, $10.5 billion, $28.3 billion and $25.1 billion as of December 31, 2020, 2019, 2018, 2017 and 2016, respectively.
(c) Represents our held for sale investment in BlackRock. In the second quarter of 2020, PNC divested its entire investment in BlackRock. Prior period BlackRock investment balances have been reclassified to the Asset held for sale line in accordance with ASC 205-20, Presentation of Financial Statements - Discontinued Operations. Refer to Note 1 Accounting Policies and Note 2 Acquisition and Divestiture Activity in the Notes To Consolidated Financial Statements in Item 8 of this Report for additional details.
(d) Includes long-term borrowings of $29.3 billion, $33.2 billion, $37.4 billion, $43.1 billion and $38.3 billion for 2020, 2019, 2018, 2017 and 2016, respectively. Borrowings which mature more than one year after December 31, 2020 are considered to be long-term.
(e) See capital ratios discussion in the Supervision and Regulation section of Item 1 and in the Liquidity and Capital Management portion of the Risk Management section in Item 7 of this Report for additional discussion of these capital ratios.
(f) All ratios are calculated using the regulatory capital methodology applicable to PNC during each period presented, except for the 2016 and 2017 Basel III Common equity Tier 1 ratios, which are fully phased-in Basel III ratios and are presented as pro forma estimates. Ratios for all periods were calculated based on the standardized approach. Additional information on

the 2016 and 2017 fully phased-in ratios is included in the Transitional Basel III and Fully Phased-In Basel III Common Equity Tier 1 Capital Ratios (Non-GAAP) Statistical Information (Unaudited) section in Item 8 of this Report.
(g) The 2020 fully implemented CET1 ratio is calculated to reflect the full impact of CECL and excludes the benefits of the five-year transition provision.
(h) The 2020, 2019 and 2018 Basel III Total capital risk-based ratios include nonqualifying trust preferred capital securities of $40 million, $60 million, and $80 million, respectively, that are subject to a phase-out period that runs through 2021.

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 putting customers' needs first. 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 innovate and enhance products, services, security and processes.

Our capital priorities are to support customers and business investment, maintain appropriate capital in light of economic conditions, the Basel III framework and other regulatory expectations, and return excess capital to shareholders. 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 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 reserves needed for critical accounting estimates and related contingencies, and
- The closing of the pending BBVA acquisition and integration of its business into PNC after closing.

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 pandemic,
- The actions by the Federal Reserve, U.S. Treasury and other government agencies, including those that impact money supply and market interest rates,
- 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 and regulatory landscape,
- The impact of the results of the recent U.S. elections on the regulatory landscape, capital markets, and the response to and management of the pandemic,
- 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 the Cautionary Statement Regarding Forward-Looking Information section in this Item 7 and Item 1A Risk Factors in this Report.

Second Quarter Sale of Equity Investment in BlackRock, Inc.

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. The after-tax gain on the sale of $4.3 billion, and donation expense and BlackRock's historical results for all periods presented, are reported as discontinued operations. For additional details on the divestiture of our equity investment in BlackRock, see Note 2 Acquisition and Divestiture Activity in the Notes to Consolidated Financial Statements in Item 8 of this Report.

Pending Acquisition of BBVA USA Bancshares, Inc.

On November 16, 2020 PNC announced a definitive agreement to acquire BBVA, including its U.S. banking subsidiary BBVA USA, from the Spanish financial group BBVA, S.A for a fixed purchase price of $11.6 billion in cash. BBVA USA operates over 600 branches in Texas, Alabama, Arizona, California, Florida, Colorado and New Mexico. The transaction is expected to close in mid-2021 and add approximately $102 billion in total assets, $86 billion of deposits and $66 billion of loans, creating the fifth largest bank by assets and a PNC presence in 29 of the 30 largest markets in the U.S. See Note 2 Acquisition and Divestiture Activity in the Notes to Consolidated Financial Statements in Item 8 of this Report for details on the pending acquisition.

Income Statement Highlights

Net income from continuing operations for 2020 was $3.0 billion, or $6.36 per diluted common share, a decrease of 35% compared to net income from continuing operations of $4.6 billion, or $9.57 per diluted common share, for 2019.

- Total revenue increased $62 million to $16.9 billion.
    - Net interest income decreased $19 million to $9.9 billion.
        - Net interest margin decreased to 2.53% for 2020 compared to 2.89% for 2019.
    - Noninterest income increased $81 million, or 1%, to $7.0 billion.
- Provision for credit losses of $3.2 billion in 2020, calculated under the CECL accounting standard adopted January 1, 2020, increased $2.4 billion compared to $0.8 billion for 2019, reflecting changes due to the adoption of CECL, together with the significantly adverse economic impacts of the pandemic and its resulting effects on loan portfolio credit quality and loan growth.
- Noninterest expense decreased $277 million, or 3%, to $10.3 billion.
- We generated positive operating leverage in 2020 of 3%.

For additional detail, see the Consolidated Income Statement Review section of this Item 7.

Balance Sheet Highlights

Our balance sheet was strong and well positioned at December 31, 2020 and 2019. In comparison to December 31, 2019:

- Total assets increased $56.4 billion, or 14%, to $466.7 billion.
- Total loans increased $2.1 billion, or 1%, to $241.9 billion.
    - Total commercial loans grew $6.6 billion, or 4%, to $167.2 billion.
    - Total consumer loans decreased $4.5 billion, or 6%, to $74.7 billion.
- Investment securities increased $2.0 billion, or 2%, to $88.8 billion.
- Interest earning deposits with banks, primarily with the Federal Reserve Bank, increased $61.8 billion to $85.2 billion due to higher liquidity from deposit growth and proceeds from the sale of our equity investment in BlackRock.
- Total deposits increased $76.8 billion, or 27%, to $365.3 billion, due to growth in commercial deposits reflecting pandemic-related accumulation of liquidity by customers and higher consumer deposits driven by government stimulus payments and lower consumer spending.
- Borrowed funds of $37.2 billion decreased $23.1 billion, or 38%, reflecting use of liquidity from deposit growth and proceeds from the sale of our equity investment in BlackRock.

For additional detail, see the Consolidated Balance Sheet Review section of this Item 7.

Credit Quality Highlights

Credit quality metrics in 2020 reflected a challenging economic environment.

- At December 31, 2020 compared to December 31, 2019:
  - Nonperforming assets of $2.3 billion increased $585 million, or 33%, primarily due to the significantly adverse economic impacts of the pandemic.
  - Overall loan delinquencies of $1.4 billion decreased $141 million, or 9%, reflecting CARES Act and other forbearance and extension treatments.
- Net charge-offs of $832 million, or 0.33% of average loans, in 2020 increased 30% compared to net charge-offs of $642 million, or 0.27% of average loans, for 2019. Commercial loan net charge-offs increased $175 million, primarily in industries adversely impacted by the pandemic, and consumer loan net charge-offs increased $15 million compared to 2019.
- The ACL related to loans increased to $5.9 billion, or 2.46% of total loans, at December 31, 2020, calculated under the CECL accounting standard adopted January 1, 2020, compared to $3.1 billion, or 1.28% of total loans, at December 31, 2019. The increase was due to the transition impact from the adoption of the CECL standard along with the significantly adverse economic impacts of the pandemic and its resulting effects on loan portfolio credit quality and loan growth.

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 2020.

- The Basel III CET1 capital ratio was 12.2% at December 31, 2020 compared with 9.5% at December 31, 2019.
  - The December 31, 2020 ratio reflects higher capital due in part to the gain from the sale of our equity investment in BlackRock and changes under the Tailoring Rules, effective January 1, 2020 for PNC, partially offset by the impact of the CECL accounting standard.
  - Additionally, capital benefited from our election of a five-year transition period for CECL's estimated impact on CET1 capital. 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 compared to CECL ACL at transition. The estimated CECL impact is added to CET1 capital through December 31, 2021, then phased-out over the following three years.
- Common shareholder's equity increased 11% to $50.5 billion at December 31, 2020, compared to $45.3 billion at December 31, 2019.
- On January 5, 2021, the PNC board of directors declared a quarterly cash dividend on common stock of $1.15 per share payable on February 5, 2021.
- PNC announced on March 16, 2020 a temporary suspension of our common stock repurchase program in conjunction with the Federal Reserve's effort to support the U.S. economy during the pandemic, and continued the suspension through the fourth quarter of 2020, consistent with the extension of the Federal Reserve's special capital distribution restrictions. We repurchased $99 million of common shares in the third quarter to offset the effects of employee benefit plan-related issuances in 2020 as permitted by guidance from the Federal Reserve. In 2021, our plan is to refrain from share repurchases, excluding employee benefit-related purchases, during the period leading up to our pending BBVA transaction close date.

PNC's ability to take certain capital actions, including returning capital to shareholders, is subject to PNC meeting or exceeding a stress capital buffer established by the Federal Reserve Board in connection with the Federal Reserve Board's CCAR process. The Federal Reserve also has imposed additional limitations on capital distributions through the first quarter of 2021 by CCAR-participating bank holding companies and may extend these limitations, potentially in modified form. 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 2020 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 view that:

- The U.S. economy is in an economic recovery, following a very severe but very short economic contraction in the first half of 2020 due to the COVID-19 pandemic and public health measures to contain it.

- Despite the improvement in the economy since the spring of 2020, economic activity remains far below its prepandemic level and unemployment remains elevated.
- Growth will be much weaker in early 2021 because of record COVID-19 cases and continued government restrictions of economic activity. Growth should then pick up in the spring of 2021 as vaccines are more widely available and the federal government provides aid to households and small and medium-sized businesses. PNC does not expect real GDP to return to its pre-pandemic level until late 2021, and does not expect employment to return to its pre-pandemic level until at least 2023.
- PNC expects the FOMC to keep the fed funds rate in its current range of 0.00% to 0.25% through at least mid-2024.

See the Cautionary Statement Regarding Forward-Looking Information section in this Item 7 and Item 1A Risk Factors in this Report for other factors that could cause future events to differ, perhaps materially, from those anticipated in these forward-looking statements.

For information on financial results for the fourth quarter of 2020, see the Selected Quarterly Financial Data section in the Statistical Information (Unaudited) section of Item 8 of this Report.

For the PNC standalone full year 2021, excluding one-time costs related to the BBVA transaction, compared to full year 2020 where appropriate, we expect:
- Average loan growth to be down in the low-single digits range, and spot loan growth to be up in the low single-digits range, on a percentage basis,
- Revenue growth to be stable, which includes net interest income down modestly,
- Noninterest expense to remain stable, and
- The effective tax rate to be approximately 17%.

Assuming a mid-2021 close date and excluding one-time integration costs, we expect the pending BBVA acquisition to be approximately $600 million accretive to PNC's 2021 pre-provision net revenue.

For the first quarter of 2021, compared to the fourth quarter of 2020 where appropriate, we expect:
- Average loans to be stable to down modestly, with PPP loans to be up approximately $2 billion,
- Net interest income to decline approximately 1%, which includes the impact of two fewer days in the quarter,
  - Excluding the impact of PPP, net interest income to decline approximately 3%.
- Noninterest income to decline mid-single digits, on a percentage basis, with other noninterest income to be between $275 million and $325 million,
- Noninterest expense to be down in the mid-single digit range, on a percentage basis, and
- Net loan charge-offs to be between $200 million and $250 million.

CONSOLIDATED INCOME STATEMENT REVIEW

Our Consolidated Income Statement is presented in Item 8 of this Report. For the comparison of 2019 over 2018, see the Consolidated Income Statement Review section in our 2019 Form 10-K.

Net income from continuing operations for 2020 was $3.0 billion, or $6.36 per diluted common share, a decrease of $1.6 billion compared with net income from continuing operations of $4.6 billion, or $9.57 per diluted common share, for 2019. The decrease was primarily driven by a $2.4 billion increase in the provision for credit losses reflecting changes due to the adoption of CECL, together with the significantly adverse economic impacts of the pandemic and its resulting effects on loan portfolio credit quality and loan growth, partially offset by lower noninterest expense.

Net Interest Income

Table 1: Summarized Average Balances and Net Interest Income (a)

Year ended December 31 Dollars in millions	2020 Average Balances	2020 Average Yields/ Rates	2020 Interest Income/ Expense	2019 Average Balances	2019 Average Yields/ Rates	2019 Interest Income/ Expense
Assets						
Interest-earning assets						
Investment securities	$ 87,279	2.36 %	$ 2,064	$ 83,666	2.93 %	$ 2,450
Loans	252,633	3.55 %	8,979	235,016	4.51 %	10,604
Interest-earning deposits with banks	47,333	0.21 %	100	16,878	2.09 %	353
Other	9,553	2.50 %	239	12,425	3.69 %	458
Total interest-earning assets/interest income	$ 396,798	2.87 %	11,382	$ 347,985	3.98 %	13,865
Liabilities						
Interest-bearing liabilities						
Interest-bearing deposits	$ 238,771	0.27 %	643	$ 204,588	0.97 %	1,986
Borrowed funds	47,938	1.50 %	718	61,528	2.94 %	1,811
Total interest-bearing liabilities/interest expense	$ 286,709	0.47 %	1,361	$ 266,116	1.43 %	3,797
Net interest margin/income (Non-GAAP)		2.53 %	10,021		2.89 %	10,068
Taxable-equivalent adjustments			(75)			(103)
Net interest income (GAAP)			$ 9,946			$ 9,965

(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 decreased $19 million in 2020 compared with 2019. The decrease was driven by lower yields on interest-earning assets, partially offset by lower rates on deposits, higher interest earning asset balances, and lower borrowing rates and balances. Net interest margin decreased 36 basis points reflecting the impact of the 1.5% reduction in the federal funds rate by the Federal Reserve in March 2020 and related changes in other short-term rates.

Average investment securities increased $3.6 billion, or 4%, primarily due to an increase in residential mortgage-backed securities. Average investment securities represented 22% of average interest-earning assets in 2020, compared to 24% in 2019.

Average loans grew $17.6 billion, or 8%, driven by commercial and consumer loan growth. Average commercial loans increased by $15.5 billion, or 10%, reflecting new production, including PPP lending under the CARES Act, and higher multifamily agency warehouse lending, partially offset by lower average utilization of loan commitments.

Average consumer loans increased $2.1 billion, or 3%, to $77.8 billion as growth in residential mortgage, auto, unsecured installment and credit card loans was partially offset by declines in education loans due to runoff in the guaranteed government loan portfolio and home equity loan paydowns and payoffs that exceeded new origination volumes.

Average loans represented 64% of average interest-earning assets in 2020 compared to 68% in 2019.

Average interest-earning deposits grew $30.5 billion as average balances held with the Federal Reserve Bank increased due to higher liquidity from deposit growth and proceeds from the sale of our equity investment in BlackRock.

Average interest-bearing deposits grew $34.2 billion, or 17%, as growth in commercial and consumer deposits reflected pandemic-related accumulation of customer liquidity. In total, average interest-bearing deposits represented 83% of average interest-bearing liabilities in 2020 compared to 77% in 2019.

Further details regarding average loans and deposits are included in the Business Segments Review section of this Item 7.

Average borrowed funds decreased $13.6 billion, or 22%, primarily due to a decline in FHLB borrowings and federal funds purchased reflecting use of liquidity from deposit growth and proceeds from the sale of our equity investment in BlackRock.

Noninterest Income

Table 2: Noninterest Income

Year ended December 31 Dollars in millions	2020	2019	Change $	Change %
Noninterest income				
Asset management	$ 836	$ 862	$ (26)	(3)%
Consumer services	1,484	1,555	(71)	(5)%
Corporate services	2,167	1,914	253	13 %
Residential mortgage	604	368	236	64 %
Service charges on deposits	500	702	(202)	(29)%
Other	1,364	1,473	(109)	(7)%
Total noninterest income	$ 6,955	$ 6,874	$ 81	1 %

Noninterest income as a percentage of total revenue was 41% for both 2020 and 2019.

Asset management revenue declined due to the impact of PNC's divestiture activity in 2019 of the retirement recordkeeping business and PNC's proprietary mutual funds, partially offset by the impact of higher average equity markets. PNC's discretionary client assets under management increased to $170 billion at December 31, 2020 compared with $154 billion at December 31, 2019, primarily attributable to higher equity markets.

Consumer services revenue declined as a result of lower transaction volumes and activities, reflecting lower consumer spending.

Broad-based growth in corporate services revenue was driven by higher capital markets-related revenue, primarily from increased equity capital markets advisory fees and asset-backed financing fees, higher revenue from commercial mortgage banking activities and higher treasury management product revenue.

Residential mortgage revenue increased due to higher loan sales revenue driven by increased loan volume and favorable gain on sale margins and revenue from RMSR valuation, net of economic hedge, partially offset by lower servicing fees due to increased payoff volumes.

Service charges on deposits decreased due to lower transaction volumes, fees waived for customers experiencing pandemic-related hardships and the elimination of certain checking product fees.

Other noninterest income decreased due to lower revenue from private equity investments reflecting the significantly adverse economic impacts of the pandemic, lower gains on asset sales including the 2019 divestitures of PNC's retirement recordkeeping business and proprietary mutual funds and higher negative Visa Class B derivative fair value adjustments, primarily related to the extension of anticipated litigation resolution timing, partially offset by higher net securities gains and capital markets-related revenue.

Other noninterest income typically fluctuates from period to period depending on the nature and magnitude of transactions completed. 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 3: Noninterest Expense

Year ended December 31 Dollars in millions	2020	2019	Change $	Change %
Noninterest expense				
Personnel	$ 5,673	$ 5,647	$ 26	—
Occupancy	826	834	(8)	(1)%
Equipment	1,176	1,210	(34)	(3)%
Marketing	236	301	(65)	(22)%
Other	2,386	2,582	(196)	(8)%
Total noninterest expense	$ 10,297	$ 10,574	$ (277)	(3)%

The decrease in noninterest expense reflected lower business activity related to the significantly adverse economic impacts of the pandemic, including lower costs associated with business travel, marketing expense and lower equipment expense primarily due to technology-related write-offs in 2019, partially offset by higher personnel expense reflecting continued investment in our employees.

We achieved our 2020 continuous improvement program savings goal of $300 million. In 2021, our goal will once again be $300 million in cost savings, without regard to cost saves related to BBVA, which we expect to contribute to the funding of our business and technology investments.

Effective Income Tax Rate

The effective income tax rate from continuing operations was 12.4% for 2020 compared with 16.4% for 2019. The decrease was primarily due to tax credit benefits and the favorable resolution of certain tax matters in the third quarter of 2020.

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 in Item 8 of this Report.

Provision for Credit Losses

Table 4: Provision for Credit Losses

Year ended December 31 Dollars in millions	2020	2019
Provision for credit losses		
Loans and leases	$ 2,985	$ 773
Unfunded lending related commitments (a)	87	
Investment securities	80	
Other financial assets	23	
Total provision for credit losses	$ 3,175	$ 773

(a) For the year ended December 31, 2019, the provision for unfunded lending related commitments was included in the provision for loans and leases.

The provision for credit losses was $3.2 billion in 2020 compared to $0.8 billion in 2019. The provision in 2020 was calculated under the CECL accounting standard adopted January 1, 2020. The increase reflected changes due to the adoption of CECL, together with the significantly adverse economic impacts of the pandemic and its resulting effects on loan portfolio credit quality and loan growth.

Net interest income less the provision for credit losses was $6.8 billion, $9.2 billion and $9.3 billion for 2020, 2019 and 2018, respectively.

The Credit Risk Management portion of the Risk Management section of this Item 7 includes additional information regarding factors impacting the provision for credit losses.

Net Income from Discontinued Operations

The following table summarizes net income from our investment in BlackRock, which is now reported as discontinued operations as a result of the second quarter 2020 divestiture.

Table 5: Discontinued Operations

Year ended December 31 Dollars in millions	2020	2019
Net income from discontinued operations	$ 4,555	$ 827

For additional details on the divestiture of our equity investment in BlackRock, see Note 2 Acquisition and Divestiture Activity in the Notes to Consolidated Financial Statements in Item 8 of this Report.

CONSOLIDATED BALANCE SHEET REVIEW

The summarized balance sheet data in Table 6 is based upon our Consolidated Balance Sheet in Item 8 of this Report. For additional detail of the comparison of 2019 over 2018, see the Consolidated Balance Sheet Review section in our 2019 Form 10-K.

Table 6: Summarized Balance Sheet Data

Dollars in millions	December 31 2020	December 31 2019	Change $	Change %
Assets				
Interest-earning deposits with banks	$ 85,173	$ 23,413	$ 61,760	264 %
Loans held for sale	1,597	1,083	514	47 %
Asset held for sale (a)		8,558	(8,558)	(100)%
Investment securities	88,799	86,824	1,975	2 %
Loans	241,928	239,843	2,085	1 %
Allowance for loan and lease losses (b)	(5,361)	(2,742)	(2,619)	(96)%
Mortgage servicing rights	1,242	1,644	(402)	(24)%
Goodwill	9,233	9,233		
Other, net	44,068	42,439	1,629	4 %
Total assets	$ 466,679	$ 410,295	$ 56,384	14 %
Liabilities				
Deposits	$ 365,345	$ 288,540	$ 76,805	27 %
Borrowed funds	37,195	60,263	(23,068)	(38)%
Allowance for unfunded lending related commitments (b)	584	318	266	84 %
Other	9,514	11,831	(2,317)	(20)%
Total liabilities	412,638	360,952	51,686	14 %
Equity				
Total shareholders' equity	54,010	49,314	4,696	10 %
Noncontrolling interests	31	29	2	7 %
Total equity	54,041	49,343	4,698	10 %
Total liabilities and equity	$ 466,679	$ 410,295	$ 56,384	14 %

(a) Represents our held for sale investment in BlackRock. In the second quarter of 2020, PNC divested its entire investment in BlackRock. The prior period BlackRock investment balance has been reclassified to the Asset held for sale line in accordance with ASC 205-20, Presentation of Financial Statements - Discontinued Operations. Refer to Note 1 Accounting Policies and Note 2 Acquisition and Divestiture Activity in the Notes To Consolidated Financial Statements in Item 8 of this Report for additional details.
(b) Amount as of December 31, 2020 reflects the impact of adopting the CECL accounting standard and our transition from an incurred loss methodology for these reserves to an expected credit loss methodology. Prior period amounts represent ALLL under the incurred loss methodology. Refer to Note 1 Accounting Policies in the Notes To Consolidated Financial Statements in Item 8 of this Report for additional detail on the adoption of this standard.

Our balance sheet was strong and well-positioned at December 31, 2020 and December 31, 2019.

- Total assets increased as a result of higher interest-earning deposits with banks, primarily the Federal Reserve Bank, loan growth and higher investment securities.
- Total liabilities increased due to deposit growth reflecting customer liquidity accumulation, partially offset by lower borrowed funds, primarily FHLB borrowings, federal funds purchased and bank notes and senior debt.
- Total equity increased due to higher retained earnings driven by the gain on sale of our equity investment in BlackRock and higher AOCI, partially offset by dividends on common and preferred stock, share repurchases, the day-one effect of adopting the CECL accounting standard and the redemption of our Series Q preferred stock.

The ACL related to loans totaled $5.9 billion at December 31, 2020, an increase of $2.9 billion since December 31, 2019. The increase was attributable to a $0.6 billion day-one CECL transition adjustment and a $3.1 billion provision for credit losses, partially offset by net charge-offs of $0.8 billion. The provision reflects changes due to the adoption of the CECL standard, together with the significantly adverse economic impacts of the pandemic and its resulting effects on loan portfolio credit quality and 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, and
- Note 1 Accounting Policies and Note 4 Loans and Related Allowance for Credit Losses in the Notes To Consolidated Financial Statements included in Item 8 of this Report.

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 in the Notes To Consolidated Financial Statements in Item 8 of this Report.

Loans

Table 7: Loans

Dollars in millions	December 31 2020	December 31 2019	Change $	Change %
Commercial				
Commercial and industrial	$ 132,073	$ 125,337	$ 6,736	5 %
Commercial real estate	28,716	28,110	606	2 %
Equipment lease financing	6,414	7,155	(741)	(10)%
Total commercial	167,203	160,602	6,601	4 %
Consumer				
Home equity	24,088	25,085	(997)	(4)%
Residential real estate	22,560	21,821	739	3 %
Automobile	14,218	16,754	(2,536)	(15)%
Credit card	6,215	7,308	(1,093)	(15)%
Education	2,946	3,336	(390)	(12)%
Other consumer	4,698	4,937	(239)	(5)%
Total consumer	74,725	79,241	(4,516)	(6)%
Total loans	$ 241,928	$ 239,843	$ 2,085	1 %

Commercial loans increased primarily due to PPP loan originations and higher multifamily agency warehouse lending, partially offset by lower utilization of loan commitments. At December 31, 2020 PNC had $12.0 billion of PPP loans outstanding.

For commercial and industrial loans by industry and commercial real estate loans by geography and property type, see Loan Portfolio Characteristics and Analysis in the Credit Risk Management portion of the Risk Management section in this Item 7.

Total consumer loans declined as new originations decreased due to the significantly adverse economic impacts of the pandemic and lower consumer spending. Education loans declined primarily due to continued runoff of the government guaranteed education loan portfolio. Residential mortgage loans increased as the low interest rate environment resulted in an increase in the volume of originations retained by PNC, primarily of nonconforming loans, which are loans that do not meet agency standards as a result of exceeding agency conforming loan limits.

For information on home equity and residential real estate portfolios, including loans by geography, and our auto loan portfolio, see Loan Portfolio Characteristics and Analysis in the Credit Risk Management portion of the Risk Management section in this Item 7.

For additional information regarding our loan portfolio, see the Credit Risk Management portion of the Risk Management section in this Item 7 and Note 1 Accounting Policies, Note 4 Loans and Related Allowance for Credit Losses in our Notes To Consolidated Financial Statements included in Item 8 of this Report.

Investment Securities

Investment securities of $88.8 billion at December 31, 2020 increased $2.0 billion, or 2%, compared to December 31, 2019, due primarily to net purchases of U.S. Treasury and government agency securities, partially offset by portfolio run-off of agency residential mortgage-backed 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 LCR and other internal and external guidelines and constraints. During 2020, $16.2 billion of debt securities were transferred from held to maturity to available for sale pursuant to elections made under recently adopted accounting standards. See further discussion in Note 1 Accounting Policies in the Notes To Consolidated Financial Statements in Item 8 of this Report.

Table 8: Investment Securities

Dollars in millions	December 31, 2020 Amortized Cost (b)	December 31, 2020 Fair Value	December 31, 2019 Amortized Cost	December 31, 2019 Fair Value	Ratings (a) As of December 31, 2020 AAA/AA	A	BBB	BB and Lower	No Rating
U.S. Treasury and government agencies	$ 20,616	$ 21,631	$ 16,926	$ 17,348	100 %				
Agency residential mortgage-backed	47,355	48,911	50,266	50,984	100 %				
Non-agency residential mortgage-backed	1,272	1,501	1,648	1,954	10 %	1 %	2 %	48 %	39 %
Agency commercial mortgage-backed	2,571	2,688	3,153	3,178	100 %				
Non-agency commercial mortgage-backed (c)	3,678	3,689	3,782	3,806	87 %	1 %		5 %	7 %
Asset-backed (d)	5,060	5,150	5,096	5,166	92 %	1 %		6 %	1 %
Other debt (e)	5,061	5,393	4,580	4,771	67 %	21 %	10 %		2 %
Total investment securities (f)	$ 85,613	$ 88,963	$ 85,451	$ 87,207	96 %	1 %	1 %	1 %	1 %

(a) Ratings percentages allocated based on amortized cost.
(b) Amortized cost is presented net of applicable allowance for securities of $82 million at December 31, 2020 in accordance with the adoption of the CECL accounting standard. See the Recently Adopted Accounting Standards portion of Note 1 Accounting Policies in the Notes To Consolidated Financial Statements in Item 8 of this Report for additional detail on the CECL accounting standard.
(c) Collateralized primarily by office buildings, multifamily housing, industrial properties, retail properties and lodging properties.
(d) Collateralized primarily by corporate debt, government guaranteed and private 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 8 presents the distribution of our total investment securities portfolio by amortized cost and fair value, as well as by credit rating. We have included credit ratings information because we believe that the information is an indicator of the degree of credit risk to which we are exposed, which could affect our risk-weighted assets and, therefore, our risk-based regulatory capital ratios under the regulatory capital rules. Changes in credit ratings classifications could indicate increased or decreased credit risk and could be accompanied by a reduction or increase in the fair value of our investment securities portfolio. We continually monitor the credit risk in our portfolio and maintain the allowance for 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 1 Accounting Policies and Note 3 Investment Securities in the Notes To Consolidated Financial Statements included in Item 8 of this Report for additional details regarding the methodology for determining the allowance and the amount of the allowance for investment securities, respectively.

The duration of investment securities was 2.6 years at December 31, 2020. We estimate that at December 31, 2020 the effective duration of investment securities was 3.1 years for an immediate 50 basis points parallel increase in interest rates and 2.0 years for an immediate 50 basis points parallel decrease in interest rates. Comparable amounts at December 31, 2019 for the effective duration of investment securities were 2.8 years and 2.4 years, respectively.

Based on expected prepayment speeds, the weighted-average expected maturity of the investment securities portfolio was 3.4 years at December 31, 2020 compared to 4.1 years at December 31, 2019.

Table 9: Weighted-Average Expected Maturities of Mortgage and Asset-Backed Debt Securities

December 31, 2020	Years
Agency residential mortgage-backed	2.9
Non-agency residential mortgage-backed	6.0
Agency commercial mortgage-backed	4.2
Non-agency commercial mortgage-backed	2.5
Asset-backed	2.4

Additional information regarding our investment securities is included in Note 3 Investment Securities and Note 15 Fair Value in the Notes To Consolidated Financial Statements included in Item 8 of this Report.

Funding Sources

Table 10: Details of Funding Sources

Dollars in millions	December 31 2020	December 31 2019	Change $	Change %
Deposits				
Noninterest-bearing	$ 112,637	$ 72,779	$ 39,858	55 %
Interest-bearing				
Money market	59,737	54,115	5,622	10 %
Demand	92,294	71,692	20,602	29 %
Savings	80,985	68,291	12,694	19 %
Time deposits	19,692	21,663	(1,971)	(9)%
Total interest-bearing deposits	252,708	215,761	36,947	17 %
Total deposits	365,345	288,540	76,805	27 %
Borrowed funds				
Federal Home Loan Bank borrowings	3,500	16,341	(12,841)	(79)%
Bank notes and senior debt	24,271	29,010	(4,739)	(16)%
Subordinated debt	6,403	6,134	269	4 %
Other	3,021	8,778	(5,757)	(66)%
Total borrowed funds	37,195	60,263	(23,068)	(38)%
Total funding sources	$ 402,540	$ 348,803	$ 53,737	15 %

Growth in total deposits reflected growth in commercial deposits reflecting pandemic-related accumulation of liquidity by customers and higher consumer deposits driven by government stimulus payments and lower consumer spending.

Borrowed funds decreased due to lower FHLB borrowings, federal funds purchased (included in other borrowed funds) and bank notes and senior debt, reflecting the use of liquidity from deposit growth and proceeds from the sale of our equity investment in BlackRock.

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 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 2020 liquidity and capital activities. See Note 10 Borrowed Funds in the Notes to Consolidated Financial Statements in Item 8 of this Report for additional information related to our borrowings.

Shareholders’ Equity

Total shareholders’ equity was $54.0 billion at December 31, 2020, an increase of $4.7 billion, or 10%, compared to December 31, 2019. The increase resulted from net income of $7.6 billion, which included the gain on sale of our equity investment in BlackRock, and higher AOCI of $2.0 billion, partially offset by common and preferred dividends of $2.2 billion, common share repurchases of $1.4 billion, a day-one transition adjustment of $0.7 billion for the adoption of the CECL accounting standard and $0.5 billion for the redemption of our Series Q preferred stock.

PNC announced on March 16, 2020 a temporary suspension of our common stock repurchase program in conjunction with the Federal Reserve’s effort to support the U.S. economy during the pandemic, and continued the suspension through the fourth quarter of 2020, consistent with the extension of the Federal Reserve’s special capital distribution restrictions. We repurchased $99 million of common shares in the third quarter to offset the effects of employee benefit plan-related issuances in 2020 as permitted by guidance from the Federal Reserve. In 2021, our plan is to refrain from share repurchases, excluding employee benefit-related purchases, during the period leading up to our pending BBVA transaction close date.

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 in the Notes To Consolidated Financial Statements in Item 8 of this Report. 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 2020, 2019 and 2018.

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 in the Notes To Consolidated Financial Statements included in Item 8 of this Report for additional information on the sale and details on our results and cash flows for 2020, 2019 and 2018.

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 114 in Note 23 Segment Reporting in the Notes To Consolidated Financial Statements included in Item 8 of this Report. “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).

See the Executive Summary of this Item 7 for our discussion of the impact of pandemic-related developments on our business and operations, including pandemic relief efforts for our customers. We have granted loan modifications through various hardship relief programs to assist our customers in need during the pandemic. See Loan Modifications in the Troubled Debt Restructurings and Loan Modifications section of Credit Risk Management for details on these programs.

Retail Banking

Retail Banking's core strategy is to acquire and retain customers who maintain their primary checking and transaction relationships with us. We seek to deepen relationships by meeting the broad range of our customers' financial needs with savings, liquidity, lending, investment and retirement solutions. A strategic priority for us is to differentiate the customer experience and drive transformation and automation. A key element of our strategy is to expand the use of lower-cost alternative distribution channels, with an emphasis on digital capabilities, while continuing to optimize the traditional branch network. In addition, we have a disciplined process to continually improve the engagement of both our employees and customers, which is a strong driver of customer growth, retention and relationship expansion.

Table 11: Retail Banking Table

(Unaudited) Year ended December 31 Dollars in millions, except as noted	2020	2019	Change $	Change %
Income Statement				
Net interest income	$ 5,609	$ 5,520	$ 89	2 %
Noninterest income	2,519	2,648	(129)	(5)%
Total revenue	8,128	8,168	(40)	—
Provision for credit losses	968	517	451	87 %
Noninterest expense	6,019	6,011	8	—
Pretax earnings	1,141	1,640	(499)	(30)%
Income taxes	266	377	(111)	(29)%
Noncontrolling interest	31	50	(19)	(38)%
Earnings	$ 844	$ 1,213	$ (369)	(30)%
Average Balance Sheet				
Loans held for sale	$ 745	$ 627	$ 118	19 %
Loans				
Consumer				
Home equity	$ 22,633	$ 22,657	$ (24)	—
Residential real estate	18,171	16,196	1,975	12 %
Automobile	15,968	15,510	458	3 %
Credit card	6,629	6,550	79	1 %
Education	3,176	3,611	(435)	(12)%
Other consumer	2,334	2,244	90	4 %
Total consumer	68,911	66,768	2,143	3 %
Commercial	12,573	10,410	2,163	21 %
Total loans	$ 81,484	$ 77,178	$ 4,306	6 %
Total assets	$ 97,643	$ 92,959	$ 4,684	5 %
Deposits				
Noninterest-bearing demand	$ 39,754	$ 31,675	$ 8,079	26 %
Interest-bearing demand	47,557	42,077	5,480	13 %
Money market	23,436	25,317	(1,881)	(7)%
Savings	68,267	56,722	11,545	20 %
Certificates of deposit	11,222	12,613	(1,391)	(11)%
Total deposits	$ 190,236	$ 168,404	$ 21,832	13 %
Performance Ratios				
Return on average assets	0.86 %	1.30 %		
Noninterest income to total revenue	31 %	32 %		
Efficiency	74 %	74 %		

(continued on following page)

(continued from previous page)

Year ended December 31 Dollars in millions, except as noted		2020		2019	Change $		Change %
Supplemental Noninterest Income Information							
Consumer services	$	1,427	$	1,530	$	(103)	(7)%
Residential mortgage	$	604	$	368	$	236	64 %
Service charges on deposits	$	497	$	687	$	(190)	(28)%
Residential Mortgage Information							
Residential mortgage servicing statistics (in billions, except as noted) (a)							
Serviced portfolio balance (b)	$	121	$	120	$	1	1 %
Serviced portfolio acquisitions	$	33	$	12	$	21	175 %
MSR asset value (b)	$	0.7	$	1.0	$	(0.3)	(30)%
MSR capitalization value (in basis points) (b)		56		83		(27)	(33)%
Servicing income: (in millions)							
Servicing fees, net (c)	$	118	$	178	$	(60)	(34)%
Mortgage servicing rights valuation, net of economic hedge	$	137	$	47	$	90	191 %
Residential mortgage loan statistics							
Loan origination volume (in billions)	$	15.1	$	11.5	$	3.6	31 %
Loan sale margin percentage		3.57 %		2.41 %			
Percentage of originations represented by:							
Purchase volume (d)		40 %		47 %			
Refinance volume		60 %		53 %			
Other Information (b)							
Customer-related statistics (average)							
Non-teller deposit transactions (e)		64 %		57 %			
Digital consumer customers (f)		74 %		69 %			
Credit-related statistics							
Nonperforming assets	$	1,211	$	1,046	$	165	16 %
Net charge-offs - loans and leases	$	569	$	534	$	35	7 %
Other statistics							
ATMs		8,900		9,091		(191)	(2)%
Branches (g)		2,162		2,296		(134)	(6)%
Brokerage account client assets (in billions) (h)	$	59	$	54	$	5	9 %

(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) Excludes stand-alone 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 earned $0.8 billion in 2020 compared with $1.2 billion in 2019. The decrease in earnings was primarily attributable to a higher provision for credit losses and lower noninterest income, partially offset by higher net interest income.

Net interest income increased primarily due to wider interest rate spreads on the value of loans, as well as growth in average deposits and average loan balances, partially offset by narrower interest rate spreads on the value of deposits.

Noninterest income decreased largely due to declines in service charges on deposits as a result of fees waived for customers experiencing pandemic-related hardships and the elimination of certain checking product fees, as well as a decline in consumer services, including merchant services, and credit and debit card. Lower noninterest income also reflected the impact of negative derivative fair value adjustments related to Visa Class B common shares of $195 million in 2020 compared with negative adjustments of $100 million in 2019. These declines were partially offset by growth in residential mortgage revenue attributable to increased loan sales revenue as a result of the low interest rate environment and higher revenue from residential mortgage servicing rights valuation, net of economic hedge.

Provision for credit losses increased in 2020 compared to 2019 reflecting changes due to the adoption of the CECL accounting standard, together with the significantly adverse economic impacts of the pandemic.

Noninterest expense increased marginally, primarily as a result of higher personnel, branch-related expenses due in part to the impacts of the pandemic, equipment, and technology costs, partially offset by lower advertising and marketing.

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 2020, average total deposits increased compared to 2019 primarily driven by growth in demand and savings deposits which benefited from the impact of government stimulus payments and lower consumer spending due to the pandemic. Savings and demand deposits also increased due, in part, to a shift from money market deposits to relationship-based savings products.

Retail Banking average total loans grew in 2020 compared with 2019:

- Average commercial loans increased primarily due to PPP loans.
- Average residential real estate loans increased primarily as a result of growth in nonconforming residential mortgages and a robust refinance market driven by historically low interest rates.
- Average auto loan balances in 2020 grew at a lower rate than in recent years due to the impacts of the pandemic on auto sales.
- Average other consumer loans in 2020 increased at a lower rate than in 2019 as growth in the first quarter of 2020 primarily driven by unsecured installment loan originations through digital channels was muted for the remainder of the year as originations declined in part due to effects of the pandemic and customer behavior.
- Average credit card balances increased marginally in 2020 as balance growth in the first quarter of 2020 was largely offset by lower consumer spending for the remainder of the year due to the effects of the pandemic.
- Average education loans decreased driven by a decline in the runoff portfolio of government guaranteed education loans.
- Average home equity loans decreased as paydowns and payoffs exceeded new originated volume.

In 2018, we launched our national expansion strategy designed to grow customers with digitally-led banking and a thin branch network in markets outside of our existing retail branch network and began offering our digital high yield savings deposit product and opened our first solution center in Kansas City. Solution centers are an emerging branch operating model with a distinctive layout, where routine transactions are supported through a combination of technology and skilled banker assistance to create personalized customer experiences. The primary focus of the solution center is to bring a community element to our digital banking capabilities. The solution center provides a collaborative environment that connects our customers with our digital solutions and services, beyond deposits and withdrawals. Following the first solution center opening in 2018, four additional solution centers opened in 2019 with a second in Kansas City and three in the Dallas/Fort Worth market. In 2020, we expanded into three new markets, Boston, Houston and Nashville and opened seventeen new solution centers. We also offer digital unsecured installment and small business loans in the expansion markets. Beginning in mid-2021, we expect the BBVA acquisition will accelerate our Retail National expansion efforts to become a coast-to-coast Retail Bank.

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 our customers by providing a broad range of liquidity, banking and investment products. 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 have closed 162 branches in 2020.

- Approximately 74% of consumer customers used non-teller channels for the majority of their transactions in 2020 compared with 69% in 2019, in part reflecting consumer transaction behavior changes during the pandemic.
- Deposit transactions via ATM and mobile channels increased to 64% of total deposit transactions in 2020 from 57% in 2019, in part reflecting consumer transaction behavior changes during the pandemic.

Retail Banking continues to make progress on its multi-year initiative to redesign the home lending process, including integrating mortgage and home equity lending into a common platform. Technology enhancements supported increased residential mortgage origination volume. In addition, we enhanced the home equity origination process to make it easier and to reach additional customers by offering the product in new states. The enhanced product is currently available in forty-three states and we are moving toward offering the product in most of the remaining states in 2021. Additional improvements for both mortgage and home equity are planned to continue throughout 2021.

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 12: Corporate & Institutional Banking Table

(Unaudited) Year ended December 31 Dollars in millions	2020	2019	Change $	Change %
Income Statement				
Net interest income	$ 4,049	$ 3,714	$ 335	9 %
Noninterest income	3,062	2,537	525	21 %
Total revenue	7,111	6,251	860	14 %
Provision for credit losses	2,088	284	1,804	635 %
Noninterest expense	2,856	2,813	43	2 %
Pretax earnings	2,167	3,154	(987)	(31)%
Income taxes	483	706	(223)	(32)%
Noncontrolling interest	10		10	*
Earnings	$ 1,674	$ 2,448	$ (774)	(32)%
Average Balance Sheet				
Loans held for sale	$ 762	$ 505	$ 257	51 %
Loans				
Commercial				
Commercial and industrial	$ 125,426	$ 112,809	$ 12,617	11 %
Commercial real estate	27,180	26,340	840	3 %
Equipment lease financing	6,813	7,255	(442)	(6)%
Total commercial	159,419	146,404	13,015	9 %
Consumer	10	15	(5)	(33)%
Total loans	$ 159,429	$ 146,419	$ 13,010	9 %
Total assets	$ 183,189	$ 164,243	$ 18,946	12 %
Deposits				
Noninterest-bearing demand	$ 53,681	$ 39,141	$ 14,540	37 %
Interest-bearing demand	26,838	19,487	7,351	38 %
Money market	34,959	28,091	6,868	24 %
Other	8,825	6,676	2,149	32 %
Total deposits	$ 124,303	$ 93,395	$ 30,908	33 %
Performance Ratios				
Return on average assets	0.91 %	1.49 %		
Noninterest income to total revenue	43 %	41 %		
Efficiency	40 %	45 %		
Other Information				
Consolidated revenue from: (a)				
Treasury Management (b)	$ 1,884	$ 1,866	$ 18	1 %
Capital Markets (b)	$ 1,607	$ 1,140	$ 467	41 %
Commercial mortgage banking activities:				
Commercial mortgage loans held for sale (c)	$ 162	$ 97	$ 65	67 %
Commercial mortgage loan servicing income (d)	294	261	33	13 %
Commercial mortgage servicing rights valuation, net of economic hedge (e)	72	19	53	279 %
Total	$ 528	$ 377	$ 151	40 %
MSR asset value (f)	$ 569	$ 649	$ (80)	(12)%
Average Loans by C&IB business				
Corporate Banking	$ 81,977	$ 74,016	$ 7,961	11 %
Real Estate	40,381	37,149	3,232	9 %
Business Credit	22,589	22,586	3	—
Commercial Banking	10,415	7,984	2,431	30 %
Other	4,067	4,684	(617)	(13)%
Total average loans	$ 159,429	$ 146,419	$ 13,010	9 %
Credit-related statistics				
Nonperforming assets (f)	$ 827	$ 444	$ 383	86 %
Net charge-offs - loans and leases	$ 280	$ 105	$ 175	167 %

* - Not Meaningful
(a) See the additional revenue discussion regarding treasury management, capital markets-related products and services, 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 other noninterest income for valuations on commercial mortgage loans held for sale and related commitments, derivative valuations, originations 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 (primarily in corporate service fees) 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) Amounts are reported in corporate service fees.
(f) As of December 31.

Corporate & Institutional Banking earned $1.7 billion in 2020 compared to $2.4 billion in 2019, as higher provision for credit losses was partially offset by higher revenue.

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

Growth in noninterest income in the comparison reflected broad-based increases including higher capital markets-related revenue, revenue from commercial mortgage banking activities and treasury management product revenue.

Provision for credit losses increased in 2020 compared to 2019, primarily reflecting changes due to the adoption of the CECL accounting standard, together with the significantly adverse economic impacts of the pandemic and its resulting effects on loan portfolio credit quality.

Nonperforming assets at December 31, 2020 and net loan and lease charge-offs for 2020 increased over the comparative periods of 2019 primarily related to industries economically impacted by the pandemic.

Noninterest expense increased in the comparison largely due to higher variable costs associated with increased business activity and investments in strategic initiatives.

Average loans increased compared with 2019 due to strong growth in Corporate Banking, PNC Real Estate and Commercial Banking:

- Corporate Banking provides lending, equipment financing, treasury management and capital markets-related products and services to mid-sized and large corporations, and government and not-for-profit entities. Average loans for this business grew reflecting new production, including PPP loan originations, partially offset by lower average utilization of loan commitments.
- PNC Real Estate provides banking, financing and servicing solutions for commercial real estate clients across the country. Average loans for this business increased primarily driven by higher commercial mortgage and multifamily agency warehouse lending, partially offset by project loan payoffs.
- Commercial Banking provides lending, treasury management and capital markets-related products and services to smaller corporations and businesses. Average loans for this business increased primarily driven by PPP loan originations, partially offset by 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 marketable collateral. Average loans for this business were relatively unchanged as new originations were mostly offset by 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 increased in the comparison reflecting customers maintaining liquidity due to the economic impacts of the pandemic. We continue to actively monitor the interest rate environment and make adjustments in response to evolving market conditions, bank funding needs and client relationship dynamics.

Corporate & Institutional Banking continues to expand its Corporate Banking business, focused on the middle market and larger sectors. We executed on our expansion plans into the Seattle and Portland markets in 2020, and in 2021, we expect the BBVA acquisition to accelerate our expansion efforts across the Southwest, but this has not changed our strategy regarding our de novo expansion efforts. This follows offices opened in Boston and Phoenix in 2019, Denver, Houston and Nashville in 2018, and Dallas, Kansas City and Minneapolis in 2017. These locations complement Corporate & Institutional Banking national businesses with a significant presence in these cities, and build on past successes in the markets where PNC's retail banking presence was limited, such as in the Southeast. Our full suite of commercial products and services is offered in these locations.

Product Revenue

In addition to credit and deposit products for commercial customers, Corporate & Institutional Banking offers other services, including treasury management, capital markets-related 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, corporate service fees and other noninterest income. 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. The Other Information section in Table 12 includes the consolidated revenue to PNC for these services. A discussion of the consolidated revenue from these services follows.

The Treasury Management business provides payables, receivables, deposit and account services, liquidity and investments, and online and mobile banking products and services to our clients. 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 2019, treasury management revenue increased primarily due to higher deposit balances and product revenue, partially offset by narrower interest rate spreads on the value of deposits.

Capital markets-related products and services include foreign exchange, derivatives, securities underwriting, loan syndications, mergers and acquisitions advisory and equity capital markets advisory related services. The increase in capital markets-related revenue in the comparison was broad-based across most products and services and included higher credit valuations and fees on customer-related derivatives activities, underwriting fees, equity capital market advisory fees and asset-backed financing fees.

Commercial mortgage banking activities include revenue derived from commercial mortgage servicing (both net interest income and noninterest income) and revenue derived from commercial mortgage loans held for sale and related hedges. Total revenue from commercial mortgage banking activities increased in the comparison due to higher revenue across all activities.

Asset Management Group

Asset Management Group is focused on being a premier bank-held individual and institutional asset manager in each of the markets it serves. The business seeks to deliver high quality banking, trust and investment management services to our high net worth, ultra high net worth and institutional client sectors through a broad array of products and services. 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 13: Asset Management Group Table

(Unaudited) Year ended December 31 Dollars in millions, except as noted	2020	2019	Change $	Change %
Income Statement				
Net interest income	$ 357	$ 288	$ 69	24 %
Noninterest income	854	991	(137)	(14)%
Total revenue	1,211	1,279	(68)	(5)%
Provision for (recapture of) credit losses	21	(1)	22	*
Noninterest expense	858	939	(81)	(9)%
Pretax earnings	332	341	(9)	(3)%
Income taxes	77	79	(2)	(3)%
Earnings	$ 255	$ 262	$ (7)	(3)%
Average Balance Sheet				
Loans				
Consumer				
Residential real estate	$ 2,832	$ 1,923	$ 909	47 %
Other consumer	4,042	4,232	(190)	(4)%
Total consumer	6,874	6,155	719	12 %
Commercial	831	759	72	9 %
Total loans	$ 7,705	$ 6,914	$ 791	11 %
Total assets	$ 8,186	$ 7,360	$ 826	11 %
Deposits				
Noninterest-bearing demand	$ 1,568	$ 1,360	$ 208	15 %
Interest-bearing demand	7,777	4,060	3,717	92 %
Money market	1,613	1,832	(219)	(12)%
Savings	7,307	6,216	1,091	18 %
Other	650	822	(172)	(21)%
Total deposits	$ 18,915	$ 14,290	$ 4,625	32 %
Performance Ratios				
Return on average assets	3.12 %	3.56 %		
Noninterest income to total revenue	71 %	77 %		
Efficiency	71 %	73 %		
Supplemental Noninterest Income Information				
Asset management fees	$ 836	$ 862	$ (26)	(3)%
Other Information				
Nonperforming assets (a)	$ 66	$ 39	$ 27	69 %
Net charge-offs - loans and leases	$ 1	$ 5	$ (4)	(80)%
Client Assets Under Administration (in billions) (a) (b)				
Discretionary client assets under management	$ 170	$ 154	$ 16	10 %
Nondiscretionary client assets under administration	154	143	11	8 %
Total	$ 324	$ 297	$ 27	9 %
Discretionary client assets under management				
Personal	$ 108	$ 99	$ 9	9 %
Institutional	62	55	7	13 %
Total	$ 170	$ 154	$ 16	10 %

* - Not Meaningful
(a) As of December 31.
(b) Excludes brokerage account client assets.

Asset Management Group earned $255 million in 2020 compared with $262 million in 2019. Earnings decreased primarily due to lower revenue and an increase in provision for credit losses, partially offset by a decrease in noninterest expense.

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

Noninterest income decreased due to lower asset management fees resulting from the impact of 2019 divestiture activities and the gains recognized on the retirement recordkeeping and the PNC Capital Advisors investment management business divestitures in the prior period. This decline was partially offset by increases in the average equity markets.

Noninterest expense decreased in the comparison and was primarily attributable to the impact of the 2019 divestitures and lower variable costs.

Provision for credit losses increased reflecting changes due to the adoption of the CECL accounting standard, together with the significantly adverse economic impacts of the pandemic.

Asset Management Group's discretionary client assets under management increased in comparison to the prior year primarily attributable to higher equity markets as of December 31, 2020.

The Asset Management Group strives to be the leading relationship-based provider of investment, planning, banking and fiduciary services to wealthy individuals and institutions by proactively delivering value-added ideas, solutions and exceptional service.

Wealth Management and Hawthorn have nearly 100 offices operating in six out of the ten most affluent states in the U.S. with a majority co-located with retail banking branches. The businesses provide customized investments, planning, trust and estate administration and private banking solutions to affluent individuals and ultra-affluent families.

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

We expect that the BBVA acquisition will allow meaningful opportunities to grow the Asset Management Group segment by entering into new markets for both the Wealth Management and Institutional Asset Management businesses.

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 enhanced prudential standards and heightened standards 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 adoption of applicable regulatory pronouncements within our ERM Framework.

Risk Culture
A strong risk culture helps us make well-informed decisions, ensures individuals conform to the established culture, reduces an individual’s ability to do something for personal gain, and rewards employees 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 rather than pursuing individual interests. 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 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.

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 adjust in a timely manner 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 CEO and CFO lead the development of the corporate strategic plan, the strategic objectives and the comprehensive identification of material risks that could hinder successful implementation and execution of strategies. Strategic planning is linked to our risk management and capital planning processes.

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 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 Risk Management and Governance Standards and Guidelines and the Federal Reserve Board's Enhanced Prudential Standards rules. See the Supervision and Regulation section in Item 1 of this Report for more information.

To ensure the 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 which 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 by 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 any issues or exceptions. The risk areas help to ensure processes and controls owned by the businesses are designed and operating as intended, and they may intervene directly in modifying and developing first line of defense risk processes and controls.

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 the following 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.
- *Personnel and Compensation Committee*: oversees the compensation of our executive officers and other specified responsibilities related to personnel and compensation matters affecting us. The committee is also responsible for evaluating the relationship between risk-taking activities and incentive compensation plans.
- *Risk Committee*: oversees 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 Technology Subcommittee and a Compliance Subcommittee to facilitate Board-level oversight of risk management in these areas.

In 2020, the Board created the Special Committee on Equity & Inclusion, which assists the Board in its oversight of 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).

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 risk activities.

Working Committees – The Working Committees generally operate on delegated approval authority from a Corporate Committee, other Working Committees or provide oversight of regulatory/legal matters. Working Committees are intended to assist in the implementation of key enterprise-level activities within a business or function and support the oversight of the businesses 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 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, operational and compliance. 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 the 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 Control and Self-Assessments, scenario analysis, stress testing and special investigations.

Risks are aggregated and assessed within and across risk functions or businesses. The aggregated risk information is reviewed and reported at an enterprise level for adherence to the Risk Appetite Framework and approved by the Board of Directors or by 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 allow us to control and monitor our actual risk level and risk management effectiveness through the use of risk measures. Comprehensive, accurate and timely assessments of risk are essential to an effective ERM Framework. Effective risk measurement practices will uncover recurring risks that have been experienced in the past; make the known risks easy to monitor, understand, compare and report; 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 document 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 ensure compliance with our ERM Framework. Risk monitoring is accomplished in many ways, including performing risk assessments at the prime process 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) aggregate risks; (ii) identify concentrations; (iii) help ensure we remain within our established risk appetite; (iv) serve as a basis for monitoring our risk profile in relation to our risk appetite and (v) communicate risks to the Board of Directors and executive management.

Risk reports are produced at the line of business, functional risk and enterprise levels. The enterprise level risk report aggregates 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 to inform our risk profile enables 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.

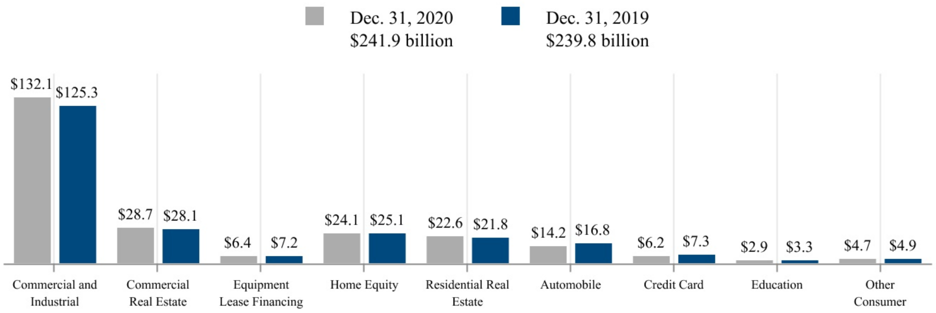
Each individual risk report includes an assessment of inherent risk, quality of risk management, residual risk, risk appetite and risk outlook. The enterprise level risk report includes an aggregate view of risks identified in the individual report and provides a summary of our overall risk profile compared to our risk appetite.

Credit Risk Management

Credit risk represents the possibility that a customer, counterparty or issuer may not perform in accordance with contractual terms. 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.

Loan Portfolio Characteristics and Analysis

Table 14: Details of Loans
In billions



We use several credit quality indicators, as further detailed in Note 4 Loans and Related Allowance for Credit Losses in the Notes To Consolidated Financial Statements in Item 8 of this Report, 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

Environmental and social risks are incorporated into the transaction and portfolio management policies and procedures that govern our underwriting and portfolio management practices. All Corporate & Institutional Banking transactions are subject 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. We have also chosen to limit new originations in sectors that are no longer consistent with our strategic direction, such as mountain-top removal coal mining and private prisons. We periodically review environmental and social risk topics in PNC's Credit Portfolio Strategy Committee, and outcomes of these reviews may result in changes to our due diligence, origination requirements, or limits on credit exposure. Our approach to identifying environmental and social risks is regularly reviewed by senior management and overseen by our Board of Directors. PNC will continue to refine its approach as banking conditions, regulatory requirements, investors' perspectives and our strategic direction evolve.

Commercial and Industrial

Commercial and industrial loans comprised 55% and 52% of our total loan portfolio at December 31, 2020 and 2019, 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, 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 geography that may exist in our portfolio. Our commercial and industrial portfolio is well-diversified as shown in the following table which provides a breakout by industry classification (classified based on the NAICS).

Table 15: Commercial and Industrial Loans by Industry

	December 31, 2020		December 31, 2019	
Dollars in millions	Amount	% of Total	Amount	% of Total
Commercial and industrial				
Manufacturing	$ 20,712	16 %	$ 21,540	17 %
Retail/wholesale trade	20,218	15	21,565	17
Service providers	19,419	15	16,112	13
Financial services	14,909	11	11,318	9
Real estate related (a)	13,369	10	12,346	10
Health care	8,987	7	8,035	6
Transportation and warehousing	7,095	5	7,474	6
Other industries	27,364	21	26,947	22
Total commercial and industrial loans	$ 132,073	100 %	$ 125,337	100 %

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

Commercial and industrial loan growth at December 31, 2020 primarily reflects the impact of PPP lending under the CARES Act and higher multifamily agency warehouse lending, partially offset by lower utilization of loan commitments. At December 31, 2020 PNC had $12.0 billion of PPP loans outstanding. See the Commercial High Impact Industries discussion within this Credit Risk Management section for additional discussion of the impact of COVID-19 on our commercial portfolio and how we are evaluating and monitoring the portfolio for elevated levels of credit risk.

Commercial Real Estate

Commercial real estate loans comprised $17.3 billion related to commercial mortgages, $6.3 billion of real estate project loans and $5.1 billion of intermediate term financing loans as of December 31, 2020. Comparable amounts were $17.0 billion, $5.6 billion and $5.5 billion, respectively, as of December 31, 2019.

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, 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 16: Commercial Real Estate Loans by Geography and Property Type

	December 31, 2020		December 31, 2019	
Dollars in millions	Amount	% of Total	Amount	% of Total
Geography (a)				
California	$ 4,458	16 %	$ 4,393	16 %
Florida	2,991	10	2,557	9
Texas	2,031	7	1,717	6
Maryland	1,770	6	1,889	7
Virginia	1,586	6	1,547	6
Pennsylvania	1,425	5	1,310	4
Ohio	1,247	4	1,307	4
New Jersey	1,117	4	1,106	4
Illinois	900	3	1,001	4
Georgia	859	3	876	3
Other	10,332	36	10,407	37
Total commercial real estate loans	$ 28,716	100 %	$ 28,110	100 %
Property Type				
Multifamily	$ 9,617	33 %	$ 9,003	32 %
Office	7,691	27	7,641	27
Retail	3,490	12	3,702	13
Industrial/warehouse	1,999	7	2,003	7
Hotel/motel	1,954	7	1,813	7
Seniors housing	1,417	5	1,123	4
Mixed use	835	3	943	3
Other	1,713	6	1,882	7
Total commercial real estate loans	$ 28,716	100 %	$ 28,110	100 %

(a) Presented in descending order based on loan balances at December 31, 2020.

Commercial High Impact Industries

In light of the current economic circumstances related to COVID-19, we are evaluating and monitoring our entire commercial portfolio for elevated levels of credit risk; however, the industry sectors that have been and we believe will continue to be most likely impacted by the effects of the pandemic are:

- Non-real estate related
  - Leisure recreation: restaurants, casinos, hotels, convention centers
  - Non-essential retail: retail excluding auto, gas, staples
  - Healthcare facilities: elective, private practices
  - Consumer services: religious organizations, childcare
  - Leisure travel: cruise, airlines, other travel/transportation
  - Other impacted areas: shipping, senior living, specialty education

- Real estate related
  - Non-essential retail and restaurants: malls, lifestyle centers, outlets, restaurants
  - Hotel: full service, limited service, extended stay
  - Seniors housing: assisted living, independent living

As of December 31, 2020, our outstanding loan balances in these industries totaled $17.2 billion, or approximately 7% of our total loan portfolio, while additional unfunded loan commitments totaled $11.2 billion. We continue to carefully monitor and manage these loans, and while we have not yet experienced material charge-offs in these industries, we do expect to see further stress.

In our non-real estate related category we have $9.7 billion in loans outstanding, $1.9 billion of which are funded through the PPP and guaranteed by the SBA under the CARES Act. Nonperforming loans in these industries totaled $0.1 billion, or 1% of total loans outstanding in the non-real estate related category, while criticized assets totaled $1.3 billion at December 31, 2020 with the greatest stress seen in the leisure recreation and leisure travel sectors.

Within the real estate related category we have $7.5 billion in loans outstanding, which includes real estate projects of $5.0 billion and unsecured real estate of $2.5 billion. Nonperforming loans in this category totaled $0.2 billion at December 31, 2020, or 3% of total loans outstanding in the commercial real estate related category, driven primarily by loans related to two real estate investment trusts. In this category, we continue to see substantial stress in the non-essential retail and hotel segments.

Oil and Gas Loan Portfolio

We are also monitoring our oil and gas portfolio closely for elevated levels of credit risk given the continued pressures on the energy industry. As of December 31, 2020, our outstanding loans in the oil and gas sector totaled $3.4 billion, or 1% of total loans, which included $0.1 billion funded through the PPP and guaranteed by the SBA under the CARES Act. This portfolio comprised approximately $1.6 billion in the midstream and downstream sectors, $0.9 billion of oil services companies and $0.9 billion related to exploration and production companies. Of the oil services category, approximately $0.2 billion is not asset-based or investment grade. Nonperforming loans in the oil and gas sector as of December 31, 2020 totaled $0.2 billion, or 6% of total loans outstanding in this sector. Additional unfunded loan commitments for the oil and gas portfolio totaled $7.1 billion at December 31, 2020.

Consumer

Home Equity

Home equity loans comprised $12.6 billion of primarily variable-rate home equity lines of credit and $11.5 billion of closed-end home equity installment loans at December 31, 2020. Comparable amounts were $13.9 billion and $11.2 billion, as of December 31, 2019, respectively.

We track borrower performance monthly, including obtaining original LTVs, updated FICO scores at least quarterly, updated LTVs at least quarterly, and other credit metrics at least quarterly, including the historical performance of any related mortgage loans regardless of whether we hold the lien. 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, brokered home equity lines of credit). 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 the loan delinquency, nonperforming status, modification and bankruptcy status, FICO scores, LTV, lien position and geographic concentration.

The credit quality of newly originated loans in 2020 was strong overall with a weighted-average LTV on originations of 67% and a weighted-average FICO score of 776.

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 an industry-leading 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 our home equity loans by geography and lien type:

Table 17: Home Equity Loans by Geography and by Lien Type

	December 31, 2020		December 31, 2019	
Dollars in millions	Amount	% of Total	Amount	% of Total
Geography (a)				
Pennsylvania	$ 5,602	23 %	$ 5,812	23 %
New Jersey	3,462	14	3,728	15
Ohio	2,753	11	2,899	12
Florida	1,536	6	1,340	5
Illinois	1,411	6	1,544	6
Michigan	1,398	6	1,371	5
Maryland	1,332	6	1,420	6
North Carolina	1,043	4	1,092	4
Kentucky	922	4	990	4
Indiana	813	3	820	3
Other	3,816	17	4,069	17
Total home equity loans	$ 24,088	100 %	$ 25,085	100 %
Lien type				
1st lien		63 %		59 %
2nd lien		37		41
Total		100 %		100 %

(a) Presented in descending order based on loan balances at December 31, 2020.

Residential Real Estate

Residential real estate loans primarily consisted of residential mortgage loans at both December 31, 2020 and 2019.

We track borrower performance of this portfolio monthly similarly to home equity loans. We also segment the mortgage portfolio into pools based on product type (*e.g.*, nonconforming, 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 credit quality of newly originated loans that we retained on our balance sheet in 2020 was strong overall as evidenced by a weighted-average LTV on originations of 67% and a weighted-average FICO score of 775.

The following table presents our residential real estate loans by geography:

Table 18: Residential Real Estate Loans by Geography

	December 31, 2020		December 31, 2019	
Dollars in millions	Amount	% of Total	Amount	% of Total
Geography (a)				
California	$ 7,828	35 %	$ 6,800	31 %
New Jersey	1,635	7	1,779	8
Florida	1,620	7	1,580	7
Washington	1,104	5	646	3
Illinois	1,039	5	1,118	5
Pennsylvania	1,036	5	1,113	5
New York	1,020	5	1,008	5
Virginia	864	4	868	4
Maryland	857	4	923	4
North Carolina	796	4	877	4
Other	4,761	19	5,109	24
Total residential real estate loans	$ 22,560	100 %	$ 21,821	100 %

(a) Presented in descending order based on loan balances at December 31, 2020.

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. The originated nonconforming residential mortgage portfolio had strong credit quality at December 31, 2020 with an average original LTV of 69% and an average original FICO score of 775. Our portfolio of originated nonconforming residential mortgage loans totaled $17.9 billion at December 31, 2020 with 41% located in California.

Automobile

Within auto loans, $12.7 billion resided in the indirect auto portfolio while $1.5 billion were in the direct auto portfolio as of December 31, 2020. Comparable amounts as of December 31, 2019 were $15.1 billion and $1.7 billion, respectively. The indirect auto portfolio pertains to loans originated 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 19: Auto Loan Key Statistics

	December 31, 2020	December 31, 2019
Weighted-average loan origination FICO score (a)		
Indirect auto	784	757
Direct auto	768	769
Weighted-average term of loan originations - in months (a)		
Indirect auto	72	74
Direct auto	62	63

(a) Weighted-averages calculated for the years ended December 31, 2020 and 2019.

We continue to focus on borrowers with strong credit profiles as evidenced by the weighted-average loan origination FICO scores noted in Table 19. We offer both new and used auto financing to customers through our various channels. At December 31, 2020, the portfolio balance was composed of 56% new vehicle loans and 44% used vehicle loans. Comparable amounts at December 31, 2019 were 55% and 45%, 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 loan structure, 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, 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. Amounts as of December 31, 2019 also excluded purchased impaired loans as we were accreting interest income over the expected life of the loans. In connection with the adoption of the CECL standard, nonperforming loans as of December 31, 2020 include PCD loans which meet the criteria to be classified as nonperforming. See Note 1 Accounting Policies in the Notes To Consolidated Financial Statements in Item 8 of this Report for details on our nonaccrual policies and additional information related to the adoption of the CECL standard, including the discontinuation of purchased impaired loan accounting.

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

Table 20: Nonperforming Assets by Type

Dollars in millions	December 31 2020	December 31 2019	Change $	Change %
Nonperforming loans				
Commercial	$ 923	$ 501	$ 422	84%
Consumer (a)	1,363	1,134	229	20%
Total nonperforming loans	2,286	1,635	651	40%
OREO and foreclosed assets	51	117	(66)	(56)%
Total nonperforming assets	$ 2,337	$ 1,752	$ 585	33%
TDRs included in nonperforming loans	$ 902	$ 843	$ 59	7%
Percentage of total nonperforming loans	39 %	52 %		
Nonperforming loans to total loans	0.94 %	0.68 %		
Nonperforming assets to total loans, OREO and foreclosed assets	0.97 %	0.73 %		
Nonperforming assets to total assets	0.50 %	0.43 %		
Allowance for loan and lease losses to nonperforming loans (b)	235 %	168 %		

(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) Ratio at December 31, 2020 reflects the changes in ALLL methodology due to the adoption of the CECL accounting standard on January 1, 2020, along with increases in reserves during 2020 due to the significantly adverse economic impacts of the pandemic and its resulting effects on loan portfolio credit quality and loan growth.

The increase in nonperforming assets at December 31, 2020 was primarily attributable to higher nonperforming commercial loans in industries adversely impacted by the pandemic and the energy industry and an increase in residential real estate nonperforming loans primarily related to borrowers exiting forbearance and deferring payments to the end of the loan term, partially offset by the decline in OREO and foreclosed assets due to asset sales and the suspension of pandemic-related foreclosures. See the discussion of Commercial High Impact Industries and the Oil and Gas Loan Portfolio within this Credit Risk Management section for further detail on these industries.

The following table provides details on the change in nonperforming assets for the years ended December 31, 2020 and 2019:

Table 21: Change in Nonperforming Assets

In millions	2020	2019
January 1	$ 1,752	$ 1,808
New nonperforming assets	1,947	1,342
Charge-offs and valuation adjustments	(421)	(664)
Principal activity, including paydowns and payoffs	(603)	(472)
Asset sales and transfers to loans held for sale	(82)	(95)
Returned to performing status	(256)	(167)
December 31	$ 2,337	$ 1,752

As of December 31, 2020, approximately 97% of total nonperforming loans were secured by collateral which lessened reserve requirements and is expected to reduce credit losses. As of December 31, 2020, commercial nonperforming loans were carried at approximately 83% of their unpaid principal balance, due to charge-offs and interest applied to principal, before consideration of the ALLL.

Within consumer nonperforming loans, residential real estate TDRs comprised 47% of total residential real estate nonperforming loans, while home equity TDRs comprised 41% of home equity nonperforming loans at December 31, 2020. Comparable amounts at December 31, 2019 were 79% and 49%, 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. Loans that have been restructured for COVID-19 related hardships and meet certain criteria under the CARES Act are not identified as TDRs. Refer to the Troubled Debt Restructurings and Loan Modifications discussion in this Credit Risk Management section for more information on the treatment of loan modifications under the CARES Act.

At December 31, 2020, our largest nonperforming asset was $141 million in the Real Estate and Rental and Leasing industry and the ten largest individual nonperforming assets represented 19% of total nonperforming assets.

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 and loans accounted for under the fair value option, and at December 31, 2020 also include PCD loans. Amounts exclude loans held for sale, while amounts as of December 31, 2019 also excluded purchased impaired loans.

Pursuant to the interagency guidance issued in April 2020 and in connection with the credit reporting rules from the CARES Act, the December 31, 2020 delinquency status of loans modified due to COVID-19 related hardships aligns with the rules set forth for banks to report delinquency status to the credit agencies. These rules require that COVID-19 related loan modifications be reported as follows:

- if current at the time of modification, the loan remains current throughout the modification period,
- if delinquent at the time of modification and the borrower was not made current as part of the modification, the loan maintains its reported delinquent status during the modification period, or
- if delinquent at the time of modification and the borrower was made current as part of the modification or became current during the modification period, the loan is reported as current.

As a result, certain loans modified due to COVID-19 related hardships are not being reported as past due as of December 31, 2020 based on the contractual terms of the loan, even where borrowers may not be making payments on their loans during the modification period. Loan modifications due to COVID-19 related hardships that permanently reduce either the contractual interest rate or the principal balance of a loan do not qualify for TDR relief under the CARES Act or the interagency guidance. See the COVID-19 Relief section in Item 1 of this Report for more information on the CARES Act and the related interagency guidance.

Table 22: Accruing Loans Past Due (a)

	Amount				% of Total Loans Outstanding	
			Change			
Dollars in millions	December 31 2020	December 31 2019	$	%	December 31 2020	December 31 2019
Early stage loan delinquencies						
Accruing loans past due 30 to 59 days	$ 620	$ 661	$ (41)	(6)%	0.26 %	0.28 %
Accruing loans past due 60 to 89 days	234	258	(24)	(9)%	0.10 %	0.11 %
Total early stage loan delinquencies	854	919	(65)	(7)%	0.35 %	0.38 %
Late stage loan delinquencies						
Accruing loans past due 90 days or more	509	585	(76)	(13)%	0.21 %	0.24 %
Total accruing loans past due	$ 1,363	$ 1,504	$ (141)	(9)%	0.56 %	0.63 %

(a) Past due loan amounts include government insured or guaranteed loans of $0.6 billion at both December 31, 2020 and 2019.

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). Loans to borrowers experiencing COVID-19 related hardships that have been restructured but that meet certain criteria under the CARES Act are not categorized as TDRs.

The following table provides a summary of Troubled Debt Restructurings at December 31, 2020 and 2019, respectively:

Table 23: Summary of Troubled Debt Restructurings (a)

			Change	
Dollars in millions	December 31 2020	December 31 2019	$	%
Commercial	$ 528	$ 361	$ 167	46%
Consumer	1,116	1,303	(187)	(14)%
Total TDRs	$ 1,644	$ 1,664	$ (20)	(1)%
Nonperforming	$ 902	$ 843	$ 59	7%
Accruing (b)	742	821	(79)	(10)%
Total TDRs	$ 1,644	$ 1,664	$ (20)	(1)%

(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 39% of total nonperforming loans and 55% of total TDRs at December 31, 2020. Comparable amounts at December 31, 2019 were 52% and 51%, 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 in the Notes To Consolidated Financial Statements in Item 8 of this Report and the COVID-19 Relief section within Item 1 of this Report for additional information on TDRs. For additional information on the CARES Act, also see the COVID-19 Relief section within Item 1 of this Report.

Loan Modifications

During the fourth quarter of 2020, PNC continued to provide relief to our customers from the economic impacts of COVID-19 through a variety of solutions, including additional grants and extensions of loan and lease modifications under our hardship relief programs.

Under the CARES Act, loan modifications meeting certain criteria qualify the loan for relief from TDR treatment. These criteria include:

- the loan modification resulted from a COVID-19 related hardship,
- the borrower was no more than 30 days past due as of December 31, 2019, and
- the loan modification did not result in a permanent reduction of interest or principal.

Loans that do not meet the criteria for TDR relief under the CARES Act may be evaluated under interagency guidance, which allows banks to not designate certain short-term modifications as TDRs for borrowers with COVID-19 hardships who were current on their payments prior to the modification. Loan modifications related to COVID-19 hardships that permanently reduce either the contractual interest rate and/or principal balance of the loan are designated as TDRs. For additional information on the CARES Act and interagency guidance, see the COVID-19 Relief section within Item 1 of this Report.

The impact of these modifications was considered within the quarterly reserve determination. See the Allowance for Credit Losses discussion within the Critical Accounting Estimates and Judgments section for additional information. Refer to the Loan Delinquencies discussion in this Credit Risk Management section for information on how these hardship related loan modifications are reported from a delinquency perspective as of December 31, 2020.

Commercial Loan and Lease Modifications Under COVID-19 Hardship Relief Programs
During the fourth quarter of 2020, PNC continued to selectively grant temporary loan and lease modifications to our commercial clients although the volume of this activity declined significantly from earlier in the year. Modifications made were in the form of principal and/or interest (payment) deferrals, covenant waivers and other types of modifications, including term extensions, and were based on each individual borrower’s situation.

Commercial accounts in active assistance under COVID-19 hardship relief payment deferral programs totaled $0.1 billion, or 0.1% of total commercial loans at December 31, 2020.

We are monitoring the delinquency status of loans exiting assistance as a measure to assess credit risk. As of December 31, 2020, approximately 99% of the accruing commercial loans that have exited COVID-19 payment deferral programs were current or less than 30 days past due.

Consumer Loan Modifications Under Hardship Relief Programs
Our consumer loan modification programs are being granted in response to customer hardships that extended beyond the initial relief period. These loan and line modifications include all hardship related modifications, and the primary offerings as of December 31, 2020 are described in the following matrix.

Modification Type	Home Equity	Residential Real Estate	Automobile	Credit Card	Education	Other Consumer
Extensions - Defers current payments and moves them to the end of the loan by extending the loan’s maturity or the extension re-amortizes the remaining principal balance.	a		a		a	a
Forbearance - Part or all of the payments are deferred and moved to the end of the forbearance period. Balance is due at the end of the forbearance period, but payment options may be available to repay the forborne amount, including for many borrowers an option to delay payment until the payoff or maturity of the loan.	a	a				
Minimum payment suspension - Reduces required minimum payment to $0 for a period of time.	a			a		a
New loan terms - Sets loan terms to a new monthly payment of principal and interest based on customer’s financial situation.	a			a		a
Reduced payments - Allows the customer to make a lower payment for a period of time, with any deferred balance being moved to the end of the loan term or extending the loan’s maturity.			a			a
Repayment plan - Allows reduced payment and interest rate for a period of time.				a		a

Interest continues to accrue during the relief period for loans modified in these programs unless the loan was designated as a nonperforming TDR or was on nonaccrual at the date of modification. The method of collection of the accrued interest is dependent on the product type and modification offered.

During the fourth quarter of 2020, we continued to see a reduction in the number of consumers requesting hardship assistance from the peak in the summer of 2020, which has led to additional declines in loans under modification that present credit risk to PNC at December 31, 2020.

The following table provides a summary of consumer accounts in active assistance under hardship relief programs that were on our balance sheet at December 31, 2020. We have excluded government insured or guaranteed loans totaling $426 million and $262 million in the Residential real estate and Education loan classes, respectively, from Table 24 as these loans present minimal credit risk to PNC.

Table 24: Consumer Loans in Active Hardship Relief Programs (a) (b)

As of December 31, 2020 - Dollars in millions	Number of Accounts	Unpaid Principal Balance	% of Loan Class (c)	% Making Payment in Last Payment Cycle
Consumer				
Home equity	1,316	$ 112	0.5 %	66.9 %
Residential real estate	2,185	577	2.6 %	29.5 %
Automobile	8,104	197	1.4 %	71.5 %
Credit card	8,936	63	1.0 %	68.0 %
Education	3,772	56	1.9 %	15.2 %
Other consumer	1,928	25	0.5 %	73.0 %
Total consumer (d)	26,241	$ 1,030	1.4 %	59.9 %

(a) In cases where there have been multiple modifications on an individual loan, regardless of the number of modifications granted, each loan is counted only once in this table.
(b) Amounts include loan modifications that qualify for TDR accounting totaling $149 million.
(c) Based on total loans outstanding at December 31, 2020.
(d) Approximately 86% of these loan balances were secured by collateral at December 31, 2020.

Modifications are considered to have exited active assistance after the modification period has expired or the modification was exited. As of December 31, 2020, approximately 95% of the accruing consumer loans that have exited hardship relief program modifications were current or less than 30 days past due.

The initial consumer loan modifications granted in response to the COVID-19 outbreak and the surrounding economic circumstances were short-term and temporary in nature and generally meet the qualifications for relief from TDR treatment under the CARES Act. However, in response to customers' hardships that have extended beyond the initial relief period, PNC has offered options to customers which include both temporary and permanent modifications that may reduce the payment, the interest rate or extend the term and/or defer principal and interest payments. Loan modifications that permanently reduce either the contractual interest rate and/or principal balance of the loan would not meet the qualifications for relief from TDR treatment under the CARES Act.

Allowance for Credit Losses

On January 1, 2020 we adopted the CECL standard which replaced the incurred loss methodology for our credit related reserves with an expected credit loss methodology for the remaining estimated contractual term of in-scope assets and off-balance sheet exposures. 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, trade receivables and other financial assets and off-balance sheet credit exposures and determine this allowance based on quarterly assessments of the remaining estimated contractual term of the assets or exposures as of the balance sheet date.

Expected losses are estimated 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 over the forecasted period. Forward looking information, such as forecasted relevant macroeconomic variables, is incorporated into the expected credit loss estimates using quantitative techniques, 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 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 in the Notes To Consolidated Financial Statements in Item 8 of this Report 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 loss methodology is based upon the quantification of PD, LGD, EAD and the remaining estimated contractual term for a loan or loan segment. 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 or loan segments. 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 and expected loss. 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 commercial and consumer 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.

We establish individually assessed reserves for loans and leases that do not share similar risk characteristics with a pool of loans using methods prescribed by GAAP. Reserves for individual commercial nonperforming loans and commercial 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 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, including the impacts of COVID-19 on highly impacted segments,
- Changes in market conditions, including regulatory and legal requirements,
- Changes in the nature and volume of our portfolio,
- Recent credit quality trends, including the impact of COVID-19 hardship related loan modifications,
- Recent loss experience in particular portfolios, including specific and unique events,
- Recent macro-economic 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, including the performance of first lien positions.

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 allowance for credit loss by loan class:

Table 25: Allowance for Credit Losses by Loan Class (a)

	December 31, 2020			December 31, 2019		
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	$ 2,300	$ 132,073	1.74 %	$ 1,489	$ 125,337	1.19 %
Commercial real estate	880	28,716	3.06 %	278	28,110	0.99 %
Equipment lease financing	157	6,414	2.45 %	45	7,155	0.63 %
Total commercial	3,337	167,203	2.00 %	1,812	160,602	1.13 %
Consumer						
Home equity	313	24,088	1.30 %	87	25,085	0.35 %
Residential real estate	28	22,560	0.12 %	258	21,821	1.18 %
Automobile	379	14,218	2.67 %	160	16,754	0.95 %
Credit card	816	6,215	13.13 %	288	7,308	3.94 %
Education	129	2,946	4.38 %	17	3,336	0.51 %
Other consumer	359	4,698	7.64 %	120	4,937	2.43 %
Total consumer	2,024	74,725	2.71 %	930	79,241	1.17 %
Total	$ 5,361	$ 241,928	2.22 %	$ 2,742	$ 239,843	1.14 %
Allowance for unfunded lending related commitments	584			318		
Allowance for credit losses	$ 5,945			$ 3,060		
Allowance for credit losses to total loans			2.46 %			1.28 %
Commercial			2.29 %			1.33 %
Consumer			2.84 %			1.18 %

(a) Excludes allowances for investment securities and other financial assets, which together totaled $109 million at December 31, 2020.

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 (Annualized)
2020				
Commercial				
Commercial and industrial	$ 382	$ 75	$ 307	0.22 %
Commercial real estate	2	9	(7)	(0.02)%
Equipment lease financing	23	10	13	0.19 %
Total Commercial	407	94	313	0.18 %
Consumer				
Home equity	42	61	(19)	(0.08)%
Residential real estate	10	16	(6)	(0.03)%
Automobile	265	128	137	0.86 %
Credit card	300	35	265	3.99 %
Education	16	8	8	0.25 %
Other consumer	152	18	134	2.75 %
Total Consumer	$ 785	$ 266	$ 519	0.67 %
Total	$ 1,192	$ 360	$ 832	0.33 %
2019				
Commercial				
Commercial and industrial	$ 183	$ 59	$ 124	0.10 %
Commercial real estate	18	11	7	0.02 %
Equipment lease financing	15	8	7	0.10 %
Total Commercial	216	78	138	0.09 %
Consumer				
Home equity	68	74	(6)	(0.02)%
Residential real estate	9	14	(5)	(0.02)%
Automobile	261	114	147	0.95 %
Credit card	263	27	236	3.60 %
Education	26	8	18	0.50 %
Other consumer	131	17	114	2.41 %
Total Consumer	$ 758	$ 254	$ 504	0.67 %
Total	$ 974	$ 332	$ 642	0.27 %

Total net charge-offs increased $190 million, or 30%, in 2020 compared to 2019. The increase is primarily attributable to commercial net charge-offs, which were driven by industries adversely impacted by the pandemic.

See Note 1 Accounting Policies and Note 4 Loans and Related Allowance for Credit Losses in the Notes To Consolidated Financial Statements in Item 8 of this Report 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 nonbank 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 further described in the Supervision and Regulation section in Item 1 of this Report. PNC and PNC Bank calculate the LCR on a daily basis, and as of December 31, 2020, the LCR for PNC and PNC Bank exceeded the requirement of 100%.

We provide additional information regarding regulatory liquidity requirements, including information on the 2019 Tailoring Rules, 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 increased to $365.3 billion at December 31, 2020 from $288.5 billion at December 31, 2019 driven by growth in noninterest-bearing deposits and interest-bearing deposits. 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, 2020, 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 $95.1 billion and securities available for sale totaling $87.4 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. Our liquid assets included $22.7 billion of securities available for sale and trading securities pledged as collateral to secure public and trust deposits, repurchase agreements and for other purposes. In addition, $0.1 billion of securities held to maturity were also pledged as collateral for these purposes.

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 in the Notes To Consolidated Financial Statements in Item 8 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 due to the following activity:

Table 27: Senior and Subordinated Debt

In billions	2020
January 1	$ 35.1
Issuances	3.5
Calls and maturities	(9.0)
Other	1.1
December 31	$ 30.7

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, 2020, PNC Bank had $19.2 billion of notes outstanding under this program of which $14.2 billion were senior bank notes and $5.0 billion were subordinated bank notes.

The following table details issuances in 2020:

Table 28: PNC Bank Notes Issued

Issuance Date	Amount	Description of Issuance
February 25, 2020	$1.0 billion	$1.0 billion of senior floating rate notes with a maturity date of February 24, 2023. Interest is payable quarterly at the 3-month LIBOR rate, reset quarterly, plus 32.5 basis points, on February 24, May 24, August 24, and November 24, commencing on May 24, 2020.
February 25, 2020	$500 million	$500 million of senior fixed-to-floating rate notes with a maturity date of February 24, 2023. Interest is payable semi-annually at a fixed rate of 1.743% per annum, on February 24 and August 24 of each year, beginning on August 24, 2020. Beginning on February 24, 2022, interest is payable quarterly at the floating rate equal to the 3-month LIBOR rate, reset quarterly, plus 32.3 basis points, on February 24, May 24, August 24, and November 24, commencing on May 24, 2022.

The following table details redemptions in 2020:

Table 29: PNC Bank Notes Redeemed

Redemption Date	Amount	Description of Redemption
March 12, 2020	$1.1 billion	$1.1 billion of all outstanding Senior Floating Rate Notes with an original scheduled maturity date of March 12, 2021. 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 March 12, 2020.
April 20, 2020	$1.0 billion	$1.0 billion of all outstanding Senior Notes with an original scheduled maturity date of May 19, 2020. The securities have a distribution rate of 2.000%. 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 April 20, 2020.
May 4, 2020	$750 million	$750 million of all outstanding Senior Notes with an original scheduled maturity date of June 1, 2020. The securities have a distribution rate of 2.300%. 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 4, 2020.
June 10, 2020	$800 million	$800 million of all outstanding Senior Floating Rate Notes with an original scheduled maturity date of June 10, 2021. 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 10, 2020.
June 22, 2020	$750 million	$750 million of all outstanding Senior Notes with an original scheduled maturity date of July 21, 2020. The securities have a distribution rate of 2.600%. 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 22, 2020.
October 6, 2020	$1.5 billion	$1.5 billion of all outstanding Senior Notes with an original scheduled maturity date of November 5, 2020. The securities have 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 October 6, 2020.
December 23, 2020	$900 million	$900 million of all outstanding Senior Notes with an original scheduled maturity date of January 22, 2021. The securities have a distribution rate of 2.500%. 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 December 23, 2020.

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, 2020, our unused secured borrowing capacity at the FHLB-Pittsburgh and the Federal Reserve Bank totaled $81.1 billion. The Federal Reserve also has established certain special liquidity facilities under its emergency lending authority in Section 13(3) of the Federal Reserve Act in response to the economic impacts of the pandemic. For additional information, see the Supervision and Regulation section in Item 1 of this Report.

PNC Bank has the ability to offer up to $10.0 billion of its commercial paper to provide additional liquidity. As of December 31, 2020, there were no issuances outstanding under this program.

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 adequate liquidity to fund discretionary activities such as paying dividends to our shareholders, share repurchases and acquisitions.

As of December 31, 2020, available parent company liquidity totaled $14.1 billion. Parent company liquidity is held in intercompany cash. Investments with longer durations may also be acquired, but if so, 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 it receives from PNC Bank, which may be impacted by the following:

- Bank-level capital needs,
- Laws and regulations,
- 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 approximately $3.1 billion at December 31, 2020. See Note 20 Regulatory Matters in the Notes To Consolidated Financial Statements in Item 8 of this Report for a 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. As of December 31, 2020 there were no commercial paper issuances outstanding.

The parent company has an effective shelf registration statement pursuant to which we can issue additional debt, equity and other capital instruments. On January 22, 2020, the parent company issued $2.0 billion of senior notes with a maturity date of January 22, 2030, redeemable, in whole or in part, on or after October 24, 2029. Interest is payable semi-annually at a fixed rate of 2.550% per annum, on January 22 and July 22 of each year, commencing on July 22, 2020.

Parent company senior and subordinated debt outstanding totaled $10.6 billion at December 31, 2020 compared with $9.8 billion at December 31, 2019.

PNC will use approximately $11.6 billion of parent company cash to acquire BBVA.

Contractual Obligations and Commitments

The following tables set forth contractual obligations and various other commitments as of December 31, 2020:

Table 30: Contractual Obligations

		Payment Due By Period			
December 31, 2020 – in millions	Total	Less than one year	One to three years	Four to five years	After five years
Remaining contractual maturities of time deposits	$ 19,692	$ 17,452	$ 1,518	$ 499	$ 223
Borrowed funds (a)	37,195	7,958	11,956	5,706	11,575
Minimum annual rentals on noncancellable operating leases	2,312	364	649	477	822
Nonqualified pension and postretirement benefits	418	49	90	86	193
Purchase obligations (b)	1,111	519	463	103	26
Total contractual cash obligations	$ 60,728	$ 26,342	$ 14,676	$ 6,871	$ 12,839

(a) Includes basis adjustment relating to accounting hedges.
(b) Includes purchase obligations for goods and services covered by noncancellable contracts and contracts including cancellation fees.

Table 31: Other Commitments (a)

		Amount Of Commitment Expiration By Period			
December 31, 2020 – in millions	Total Amounts Committed	Less than one year	One to three years	Four to five years	After five years
Commitments to extend credit (b)	$ 207,821	$ 99,592	$ 64,956	$ 42,338	$ 935
Net outstanding standby letters of credit (c)	9,053	4,583	3,548	914	8
Standby bond purchase agreements	1,448	274	720	454	
Other commitments (d)	2,046	1,086	585	48	327
Total commitments	$ 220,368	$ 105,535	$ 69,809	$ 43,754	$ 1,270

(a) Other commitments are funding commitments that could potentially require performance in the event of demands by third parties or contingent events. Loan commitments are reported net of syndications, assignments and participations.
(b) Commitments to extend credit, or net unfunded loan commitments, represent arrangements to lend funds or provide liquidity subject to specified contractual conditions.
(c) Includes $3.8 billion of standby letters of credit that support remarketing programs for customers' variable rate demand notes.
(d) Includes other commitments of $0.6 billion that were not on our Consolidated Balance Sheet. The remaining $1.4 billion of other commitments were included in Other liabilities on our Consolidated Balance Sheet.

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, 2020:

Table 32: Credit Ratings for PNC and PNC Bank

	December 31, 2020		
	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	Aa2	A	AA-
Short-term deposits	P-1	A-1	F1+
Short-term notes	P-1	A-1	F1

On November 16, 2020, Moody's affirmed the ratings and assessments of The PNC Financial Services Group, Inc. and its subsidiaries. At the same time, the Moody's rating outlook on PNC Bank's long-term deposit, senior unsecured debt and issuer ratings were changed from stable to negative, based on Moody's view that recent deposit growth and the acquisition of BBVA may reduce the amount of unsecured debt on PNC's balance sheet, a key input in Moody's rating methodology.

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.

In 2020, we returned $3.5 billion of capital to shareholders through repurchases of 11 million shares for $1.5 billion and dividends on common shares of $2.0 billion.

We repurchase shares of PNC common stock under a share repurchase authorization provided by our Board of Directors in the amount of up to 100 million shares and consistent with capital plans submitted to the Federal Reserve. Repurchases are made on the open market or in privately negotiated transactions and the extent and timing of share repurchases under authorizations depend on a number of factors including, among others, market and general economic conditions, economic and regulatory capital considerations, alternative uses of capital, the potential impact on our credit ratings, contractual and regulatory limitations, and the results of supervisory assessments of capital adequacy and capital planning processes undertaken by the Federal Reserve and the OCC as part of the CCAR and DFAST processes.

In relation to the 2019 capital plan accepted by the Federal Reserve, we repurchased a total of 24 million shares for $3.4 billion as of the end of the first quarter 2020.

PNC announced on March 16, 2020 a temporary suspension of our common stock repurchase program in conjunction with the Federal Reserve's effort to support the U.S. economy during the pandemic.

Following completion of the 2020 CCAR/DFAST process, the Federal Reserve announced certain limitations on the capital distributions of any CCAR-participating bank holding company (including PNC) during the third quarter of 2020. Under these limitations, PNC and other CCAR-participating firms, absent Federal Reserve approval, were permitted to make only the following capital distributions during the third quarter and fourth quarter of 2020:

- Pay common dividends at the same per share level as paid during the second quarter of 2020, provided that the amount does not exceed the average of the firm's net income for the four preceding calendar quarters,
- Purchase common shares in an amount that equals the amount of share issuances related to expensed employee compensation, and
- Make scheduled payments on additional Tier 1 and Tier 2 capital instruments.

We continued the suspension of our common stock repurchase program through the fourth quarter of 2020, with the exception of employee benefit-related repurchases in the third quarter, consistent with the extension of the Federal Reserve's special capital distribution restrictions.

The Federal Reserve extended these limitations through the first quarter of 2021, but modified the limitations to permit common stock share repurchases and dividends provided that the aggregate amount of such repurchases and dividends do not exceed the average of the firm's net income for the four preceding calendar quarters and the firm does not increase its common dividend. The Federal Reserve may extend these limitations to additional quarters, potentially in modified form. In 2021, our plan is to refrain from share repurchases, excluding employee benefit-related purchases, during the period leading up to our pending BBVA transaction close date.

On January 5, 2021, the PNC Board of Directors declared a quarterly cash dividend on common stock of $1.15 per share payable on February 5, 2021.

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

Dollars in millions	Basel III December 31, 2020 (a)	December 31, 2020 (Fully Implemented) (estimated) (b)
Common equity Tier 1 capital		
Common stock plus related surplus, net of treasury stock	$ 875	$ 875
Retained earnings	48,083	46,848
Goodwill, net of associated deferred tax liabilities	(9,021)	(9,021)
Other disallowed intangibles, net of deferred tax liabilities	(172)	(172)
Other adjustments/(deductions)	(30)	(33)
Common equity Tier 1 capital	$ 39,735	$ 38,497
Additional Tier 1 capital		
Preferred stock plus related surplus	3,517	3,517
Other adjustments/(deductions)		
Tier 1 capital	$ 43,252	$ 42,014
Additional Tier 2 capital		
Qualifying subordinated debt	3,648	3,648
Trust preferred capital securities	40	
Eligible credit reserves includable in Tier 2 capital	4,061	4,061
Total Basel III capital	$ 51,001	$ 49,723
Risk-weighted assets		
Basel III standardized approach risk-weighted assets (c)	$ 326,772	$ 325,547
Average quarterly adjusted total assets	$ 454,220	$ 452,983
Supplementary leverage exposure (d)	$ 437,526	$ 539,999
Basel III risk-based capital and leverage ratios (a)(e)		
Common equity Tier 1	12.2 %	11.8 %
Tier 1	13.2 %	12.9 %
Total (f)	15.6 %	15.3 %
Leverage (g)	9.5 %	9.3 %
Supplementary leverage ratio (d)	9.9 %	7.8 %

(a) The ratios are calculated to reflect PNC's election to adopt the CECL five-year transition provision.
(b) The ratios are calculated to reflect the full impact of CECL and excludes the benefits of the optional five-year transition.
(c) Basel III standardized approach weighted-assets are based on the Basel III standardized approach rules and include credit and market risk-weighted assets.
(d) As of December 31, 2020, the BHC's Supplementary leverage exposure and Supplementary leverage ratio reflects the temporary exclusions of U.S. Treasury securities and deposits at Federal Reserve Banks. The Supplementary leverage ratio is calculated based on Tier 1 capital divided by Supplementary leverage exposure, which takes into account both on balance sheets assets as well as certain off-balance sheet items, including loan commitments and potential future exposure under derivative contracts.
(e) All ratios are calculated using the regulatory capital methodology applicable to PNC and calculated based on the standardized approach.
(f) The Basel III Total risk-based capital ratios include nonqualifying trust preferred capital securities of $40 million that are subject to a phase-out period that runs through 2021.
(g) Leverage ratio is calculated based on Tier 1 capital divided by Average quarterly adjusted total assets.

As of January 1, 2020, the 2019 Tailoring Rules became effective for PNC. The most significant changes involve PNC's election to exclude specific AOCI items from CET1 capital and higher thresholds used to calculate CET1 capital deductions. Effective January 1, 2020, PNC must deduct from CET1 capital investments in unconsolidated financial institutions, mortgage servicing rights and deferred tax assets (in each case, net of associated deferred tax liabilities) to the extent such items individually exceed 25% of the institution's adjusted CET1 capital.

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 banks 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 compared to the CECL ACL at transition. The estimated CECL impact is added to CET1 capital through December 31, 2021, then phased-out over the following three years. PNC elected to adopt this optional transition provision effective as of March 31, 2020. See additional discussion of this rule in the Supervision and Regulation section of Item 1 Business and Item 1A Risk Factors of this Report.

In response to the economic conditions caused by the pandemic, the Federal Reserve has adopted a final rule that revises, on a temporary basis, the calculation of supplementary leverage exposure (the denominator of the SLR) by BHCs to exclude the on-balance sheet amounts of U.S. Treasury securities and deposits at Federal Reserve Banks. The rule was effective as of April 14, 2020 and will remain in effect through March 31, 2021. The OCC also has permitted national banks to exclude such on-balance sheet amounts from the bank's supplementary leverage exposure, provided the bank agrees to obtain OCC approval of capital distributions during the effective period of the exclusion. PNC Bank has not elected to take advantage of this OCC rule.

At December 31, 2020, PNC and PNC Bank, our sole bank subsidiary, were both 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 believe that our December 31, 2020 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 this Report. See the Statistical Information (Unaudited) section in Item 8 of this Report for details on our December 31, 2017 and 2016 Fully Phased-in Basel III Common equity Tier 1 capital ratios.

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,
- Equity and other investments and activities whose economic values are directly impacted by market factors, and
- Fixed income securities, derivatives and foreign exchange activities, as a result of customer activities and securities underwriting.

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 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 2020 and 2019 follow:

Table 34: Interest Sensitivity Analysis

	Fourth Quarter 2020	Fourth Quarter 2019
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	4.7 %	1.5 %
Effect on net interest income in second year from gradual interest rate change over the preceding 12 months of:		
100 basis point increase	12.5 %	3.8 %
Key Period-End Interest Rates		
One-month LIBOR	0.14 %	1.76 %
Three-month LIBOR	0.24 %	1.91 %
Three-year swap	0.24 %	1.69 %

(a) Given the inherent limitations in certain of these measurement tools and techniques, results become less meaningful as interest rates approach zero. Senior management approved the suspension of the 100bps decrease in rate change sensitivities considering the current low rate environment.

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 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 50 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.

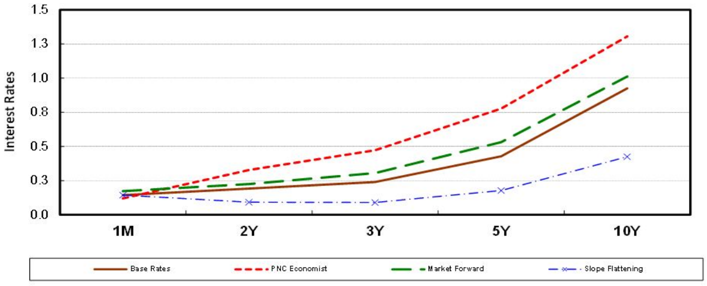
Table 35: Net Interest Income Sensitivity to Alternative Rate Scenarios

	December 31, 2020		
	PNC Economist	Market Forward	Slope Flattening
First year sensitivity	0.6 %	0.5 %	(0.9)%
Second year sensitivity	3.3 %	1.9 %	(3.1)%

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 LIBOR/Swap yield 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 2020 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.

As discussed in Item 1A Risk Factors, the planned discontinuance of the requirement that banks submit rates for the calculation of LIBOR after 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 discontinuance 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. An initial LIBOR impact and risk assessment has been performed, which identified the associated risks across products, systems, models, and processes. PNC also established an enterprise-level program, which is actively monitoring PNC's overall firm-wide exposure to LIBOR and using these results to plan transitional strategies and track progress versus these goals. Program workstreams were formed by Line of Business to ensure accountability and alignment with the appropriate operational, technology, and customer-facing stakeholders, while establishing a centralized Program Management Office to ensure consistency in execution and communication. Project plans and established milestones have been developed and have continued to evolve and be refined in line with industry developments and internal decisions and progress. PNC is also involved in industry discussions, preparing milestones for readiness and assessing progress against those milestones, along with developing and delivering on internal and external LIBOR cessation communication plans.

Key efforts in 2020 included:

- Enhancing fallback language in new contracts and reviewing existing legal contracts/agreements to assess fallback language impacts,
- Making preparations 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, and
- Monitoring developments associated with LIBOR alternatives and industry practices related to LIBOR-indexed instruments.

PNC also has been an active participant in efforts with the Federal Reserve and other regulatory agencies to explore the potential need for a credit-sensitive rate or add-on to SOFR for use in commercial loans. Those efforts led to the formation of the Credit Sensitive Group, which has held a series of workshops to assess how a credit-sensitive rate or add-on to SOFR might be constructed and discuss associated implementation issues.

In addition, in the third quarter of 2020, PNC began offering conforming ARMs using SOFR instead of USD LIBOR in line with Fannie Mae and Freddie Mac requirements. Plans are in place to begin offering private student loans and portfolio loans using non-LIBOR rates in the second quarter of 2021. PNC has provided regular updates to Federal Reserve, OCC and FDIC examination staff regarding its LIBOR cessation and transition plans.

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 2020 and 2019 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 minimal instances during 2020 and 2019 under our diversified VaR measure where actual losses exceeded the prior day VaR measure and those losses were insignificant. Our portfolio and enterprise-wide VaR models utilize a historical approach with a 500 day look back period.

Customer-related trading revenue was $466 million in 2020 compared with $285 million in 2019 and is recorded in Other noninterest income and Other interest income on our Consolidated Income Statement. The increase was primarily due to the impact of the changes in credit valuations for customer-related derivative activities and higher derivative client sales 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. 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

			Change	
Dollars in millions	December 31 2020	December 31 2019	$	%
Tax credit investments	$ 2,870	$ 2,218	$ 652	29 %
Private equity and other	3,182	2,958	224	8 %
Total	$ 6,052	$ 5,176	$ 876	17 %

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 $1.4 billion and $1.0 billion at December 31, 2020 and 2019, 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 this Report has further information on tax credit investments.

Private Equity and Other

The majority of our other equity investments consists of 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 $1.5 billion at both December 31, 2020 and 2019. As of December 31, 2020, $1.3 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 potential impacts of the Volcker Rule on our interests in and of private funds covered by the Volcker Rule.

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, 2020 per share closing price of $218.73 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 not significant. See Note 15 Fair Value and Note 21 Legal Proceedings in the Notes To Consolidated Financial Statements in Item 8 of this Report 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 not significant during 2020 and 2019.

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. Should 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.

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 the Notes To Consolidated Financial Statements in Item 8 of 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.

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: 1) identified and assessed; 2) managed through the design and implementation of controls; 3) measured and evaluated against our risk tolerance limits; and 4) appropriately reported to management and the Risk Committee. 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 enables management to make 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 a model.
- 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 Control and Self-Assessments, scenario analysis, and internal and external loss event review and analysis, to assess existing risks, determine potential/emerging risks and evaluate the effectiveness of internal controls. The program tools and methodology enable our business managers to identify potential risks and control gaps.

Lines of business are responsible for identifying, owning, managing and monitoring the operational risks and controls associated with its 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 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. While managing PNC's reputation preserves PNC's brand value, 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, co-chaired by the Chief Compliance Officer and the Chief BSA/AML 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 cyber security. PNC's cyber security 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 in the Notes To Consolidated Financial Statements in Item 8 of this Report 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

On January 1, 2020, we adopted ASU 2016-13 - *Credit Losses,* commonly referred to as the CECL standard. The following discussion relates to our ACL, post implementation of CECL. For additional information on our allowances for loan and lease losses and unfunded loan commitments and letters of credit prior to this adoption see Note 1 Accounting Policies and Critical Accounting Estimates and Judgments in our 2019 Form 10-K.

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 (including residual values), other financial assets and unfunded lending related commitments, for the remaining contractual term of the assets or exposures, taking into consideration expected prepayments. Our determination of the ACL is based on historical loss experience, current borrower characteristics, 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 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 apply qualitative factors to reflect in the ACL our best estimate of amounts that we do not expect to collect because of, among other things, idiosyncratic risk factors, changes in economic conditions that may not be reflected in forecasted results, or other potential methodology weaknesses. The ACL estimates are therefore susceptible to various factors, including, but not limited to, the following major factors:

- Current economic conditions and borrower quality: Our forecast of expected losses depends on conditions and portfolio quality as of the estimation date. As current conditions evolve, forecasted losses could be materially affected.
- Scenario weights and design: Our loss estimates are sensitive to the shape and severity 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.

- 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.

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 in the Notes To Consolidated Financial Statements in Item 8 of this Report.

Reasonable and Supportable Economic Forecast
Under CECL, we are required to consider reasonable and supportable forecasts in estimating expected credit losses. For this purpose,
we have established a framework which 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 over our reasonable and supportable forecast period. 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 CECL 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 for approval to PNC's CECL RAC, 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, 2020 were designed to reflect the economic recovery that began in May, which consistently outpaced market expectations and remained strong through the end of the year, but has begun to show signs of an impending slowdown. We used a number of economic variables in our scenarios, with the most significant drivers being GDP and unemployment rate measures. Using the weighted-average of our four economic forecast scenarios, we estimated that GDP grew 3.0% in the fourth quarter of 2020 finishing the year down 2.8% from fourth quarter 2019 levels with 2.3% growth in 2021, recovering to pre-recession peak levels in the first quarter of 2022. The weighted-average unemployment rate was estimated to rise to 7.8% in the first quarter of 2021, with the labor market beginning to recover again in third quarter 2021, and ending 2021 at 6.8%. The unemployment rate was estimated to reach 5.7% and 5.0% by the end of 2022 and 2023, respectively. One of the scenarios included in our weighted-average is our baseline prediction of the most likely economic outcome; which includes estimated GDP recovering to pre-pandemic levels in late 2021 with unemployment not expected to return to its pre-pandemic level until at least 2023. See our Business Outlook and the Cautionary Statement Regarding Forward-Looking Information in this Item 7 for additional discussion on our baseline prediction of the most likely economic outcome. While the economy saw significant recovery from the onset of the pandemic in national level macroeconomic indicators, considerable uncertainty remains regarding overall lifetime loss content for both our commercial and consumer portfolios, specifically as it relates to our customers that are less likely to benefit from the economic recovery currently underway. For commercial borrowers, there are substantial concerns around industries that are dependent on in-person gatherings, hospitality and tourism. For consumer borrowers, payment behavior once the CARES Act stimulus wanes is also difficult to predict but we believe the highest uncertainty is concentrated within consumer borrowers who have been afforded accommodation as it relates to payment deferral/forbearance. As such, for both our commercial and consumer loan portfolios, PNC identified and performed significant analysis around these key, highly impacted segments to ensure our reserves were adequate in light of the improved economic environment. We believe that the economic assumptions used in the scenarios for the fourth quarter of 2020, in combination with increased reserves for borrowers in segments most adversely impacted by the pandemic, sufficiently reflect the life of loan losses in the current portfolio.

For internal analytical purposes, we considered what our capital ratios would be if we had an ACL at December 31, 2020 equal to the Federal Reserve's estimated nine quarter credit losses for PNC under the 2020 CCAR supervisory severely adverse scenario of $12.1 billion, increasing the reserves by approximately $6.0 billion at year end. This analysis resulted in a CET1 ratio of approximately 10.6% at December 31, 2020, a level well above 7.0%, which is our regulatory minimum of 4.5% plus our SCB of 2.5%. This scenario was not our expectation at December 31, 2020 and does not reflect our current expectation, nor does it capture all the potential unknown variables, but it provides an approximation of a possible outcome under hypothetical severe conditions. The CECL methodology inherently requires a high degree of judgment. 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 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.

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 are expected to protect the economic value of the MSRs.

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 in the Notes To Consolidated Financial Statements in Item 8 of this Report.

Fair Value Measurements

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. Fair values and the information used to record valuation adjustments for certain assets and liabilities are based on either quoted market prices or are provided by independent third-party sources, including appraisers and valuation specialists, when available. When such 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 areas 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.

For additional information on fair value measurements, see Note 15 Fair Value in the Notes To Consolidated Financial Statements in Item 8 of this Report.

Recently Adopted Accounting Pronouncements

See Note 1 Accounting Policies in the Notes To Consolidated Financial Statements in Item 8 of this Report regarding the impact of new accounting pronouncements which we have adopted.

OFF-BALANCE SHEET ARRANGEMENTS AND VARIABLE INTEREST ENTITIES

We engage in a variety of activities that involve entities that are not consolidated or otherwise reflected in our Consolidated Balance Sheet that are generally referred to as "off-balance sheet arrangements." Additional information on these types of activities is included in the following sections of this Report:

- Contractual Obligations and Commitments included within the Risk Management section of this Item 7, and
- Note 5 Loan Sale and Servicing Activities and Variable Interest Entities,
- Note 10 Borrowed Funds,
- Note 11 Commitments, and
- Note 12 Equity, all of which are in the Notes To Consolidated Financial Statements included in Item 8 of this Report.

A summary and further description of VIEs as of December 31, 2020 and 2019 is included in Note 1 Accounting Policies and Note 5 Loan Sale and Servicing and Variable Interest Entities in the Notes To Consolidated Financial Statements included in Item 8 of this Report.

Trust Preferred Securities

See Note 10 Borrowed Funds in the Notes To Consolidated Financial Statements in Item 8 of this Report for additional information on trust preferred securities issued by PNC Capital Trust C including information on contractual limitations potentially imposed on payments (including dividends) with respect to PNC's equity securities.

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 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 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 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 the following:
  - 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 and market interest rates,
  - 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 length and extent of the economic impacts of the COVID-19 pandemic,
  - The impact of the results of the recent U.S. elections on the regulatory landscape, capital markets, and the response to and management of the COVID-19 pandemic, including whether there will be additional fiscal stimulus from the federal government and, if so, its size, scope and effectiveness, 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 U.S. economy is in an economic recovery, following a very severe but very short economic contraction in the first half of 2020 due to the COVID-19 pandemic and public health measures to contain it.
  - Despite the improvement in the economy since the spring of 2020, economic activity remains far below its pre-pandemic level and unemployment remains elevated.
  - Growth will be much weaker in early 2021 because of record COVID-19 cases and continued government restrictions of economic activity. Growth should then pick up in the spring of 2021 as vaccines are more widely available and the federal government provides aid to households and small and medium-sized businesses. PNC does not expect real GDP to return to its pre-pandemic level until late 2021, and does not expect employment to return to its pre-pandemic level until at least 2023.
  - PNC expects the FOMC to keep the fed funds rate in its current range of 0.00% to 0.25% through at least mid-2024.
- PNC's ability to take certain capital actions, including returning capital to shareholders, is subject to PNC meeting or exceeding a stress capital buffer established by the Federal Reserve Board in connection with the Federal Reserve Board's CCAR process. The Federal Reserve also has imposed additional limitations on capital distributions through the first quarter of 2021 by CCAR-participating bank holding companies and may extend these limitations, potentially in modified form.
- 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.
- 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 policies and principles.

  - Unfavorable resolution of legal proceedings or other claims and regulatory and other governmental investigations or other inquiries. These matters may result in monetary judgments or settlements or other remedies, including fines, penalties, restitution or alterations in our business practices, and in additional expenses and collateral costs, and may cause reputational harm to PNC.
  - Results of the regulatory examination and supervision process, including our failure to satisfy requirements of agreements with governmental agencies.
  - Impact on business and operating results of any 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 planned acquisition of BBVA presents us with risks and uncertainties related both to the acquisition transaction itself and to the integration of the acquired business into PNC after closing:
  - The business of BBVA, including its U.S. banking subsidiary, BBVA USA, going forward may not perform as we currently project or in a manner consistent with historical performance. As a result, the anticipated benefits, including estimated cost savings, of the transaction may be significantly harder or take longer to achieve than expected or may not be achieved in their entirety as a result of unexpected factors or events, including those that are outside of our control.
  - The combination of BBVA, including its U.S. banking subsidiary, BBVA USA, with that of PNC and PNC Bank may be more difficult to achieve than anticipated or have unanticipated adverse results relating to BBVA, including its U.S. banking subsidiary, BBVA USA, or our existing businesses.
  - Completion of the transaction is dependent on the satisfaction of customary closing conditions, which cannot be assured. The timing of completion of the transaction is dependent on various factors that cannot be predicted with precision at this point.
- In addition to the planned BBVA transaction, 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.
- 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, pandemics, dislocations, terrorist activities, system failures, security breaches, cyberattacks or international hostilities through impacts on the economy and financial markets generally or on us or our counterparties 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 11 Commitments and Note 21 Legal Proceedings in the Notes To Consolidated Financial Statements in Item 8 of this Report. 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 sheets of The PNC Financial Services Group, Inc. and its subsidiaries (the "Company") as of December 31, 2020 and 2019, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2020, 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, 2020, 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, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 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, 2020, 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 $5,361 million as of December 31, 2020, of which $3,337 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 has established a framework for developing the reasonable and supportable economic forecasts, which includes the use of four economic forecast scenarios and associated probability weights, which in combination create a forecast of expected economic outcomes. 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. The economic forecast scenarios which are inputs into the credit loss models, include a number of economic variables with the most significant drivers being GDP and unemployment rate measures. 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 that the Company considers include industry concentration and conditions, changes in market conditions, recent credit quality trends, model imprecision, the impacts of COVID-19 on highly impacted segments, 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, determining weighting of each scenario, and estimating qualitative reserves related to the impacts of COVID-19 on certain highly impacted segments, which in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and in evaluating audit evidence obtained 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 estimating 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 such as GDP and unemployment measures, (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 commercial allowance estimate.

/s/ PricewaterhouseCoopers LLP
Pittsburgh, Pennsylvania
February 26, 2021

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 2020	2019	2018
Interest Income			
Loans	$ 8,927	$ 10,525	$ 9,580
Investment securities	2,041	2,426	2,261
Other	339	811	741
Total interest income	11,307	13,762	12,582
Interest Expense			
Deposits	643	1,986	1,229
Borrowed funds	718	1,811	1,632
Total interest expense	1,361	3,797	2,861
Net interest income	9,946	9,965	9,721
Noninterest Income			
Asset management	836	862	883
Consumer services	1,484	1,555	1,502
Corporate services	2,167	1,914	1,849
Residential mortgage	604	368	316
Service charges on deposits	500	702	714
Other	1,364	1,473	1,205
Total noninterest income	6,955	6,874	6,469
Total revenue	16,901	16,839	16,190
Provision For Credit Losses	3,175	773	408
Noninterest Expense			
Personnel	5,673	5,647	5,471
Occupancy	826	834	818
Equipment	1,176	1,210	1,103
Marketing	236	301	285
Other	2,386	2,582	2,619
Total noninterest expense	10,297	10,574	10,296
Income from continuing operations before income taxes and noncontrolling interests	3,429	5,492	5,486
Income taxes from continuing operations	426	901	928
Net income from continuing operations	3,003	4,591	4,558
Income from discontinued operations before taxes	5,777	988	942
Income taxes from discontinued operations	1,222	161	154
Net income from discontinued operations	4,555	827	788
Net income	7,558	5,418	5,346
Less: Net income attributable to noncontrolling interests	41	49	45
Preferred stock dividends	229	236	236
Preferred stock discount accretion and redemptions	4	4	4
Net income attributable to common shareholders	$ 7,284	$ 5,129	$ 5,061
Earnings Per Common Share			
Basic earnings from continuing operations	$ 6.37	$ 9.59	$ 9.11
Basic earnings from discontinued operations	10.62	1.84	1.68
Total basic earnings	$ 16.99	$ 11.43	$ 10.79
Diluted earnings from continuing operations	$ 6.36	$ 9.57	$ 9.06
Diluted earnings from discontinued operations	10.60	1.82	1.65
Total diluted earnings	$ 16.96	$ 11.39	$ 10.71
Average Common Shares Outstanding			
Basic	427	447	467
Diluted	427	448	470

See accompanying Notes To Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
THE PNC FINANCIAL SERVICES GROUP, INC.

	Year ended December 31		
In millions	2020	2019	2018
Net income from continuing operations	$ 3,003	$ 4,591	$ 4,558
Other comprehensive income (loss), before tax and net of reclassifications into Net income			
Net change in debt securities	1,811	1,489	(540)
Net change in cash flow hedge derivatives	497	297	(178)
Pension and other postretirement benefit plan adjustments	82	158	16
Net change in Other	10	17	18
Other comprehensive income (loss) from continuing operations, before tax and net of reclassifications into Net income	2,400	1,961	(684)
Income tax benefit (expense) from continuing operations related to items of other comprehensive income	(544)	(441)	144
Other comprehensive income (loss) from continuing operations, after tax and net of reclassifications into Net income	1,856	1,520	(540)
Net income from discontinued operations	4,555	827	788
Other comprehensive income (loss) from discontinued operations, before tax and net of reclassifications into Net income	148	5	(55)
Income tax benefit (expense) from discontinued operations related to items of other comprehensive income	(33)	(1)	12
Other comprehensive income (loss) from discontinued operations, after tax and net of reclassifications into Net income	115	4	(43)
Other comprehensive income (loss), after tax and net of reclassifications into Net income	1,971	1,524	(583)
Comprehensive income	9,529	6,942	4,763
Less: Comprehensive income attributable to noncontrolling interests	41	49	45
Comprehensive income attributable to PNC	$ 9,488	$ 6,893	$ 4,718

See accompanying Notes To Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET
THE PNC FINANCIAL SERVICES GROUP, INC.

In millions, except par value	December 31 2020	December 31 2019
Assets		
Cash and due from banks	$ 7,017	$ 5,061
Interest-earning deposits with banks	85,173	23,413
Loans held for sale (a)	1,597	1,083
Asset held for sale (b)		8,558
Investment securities – available for sale	87,358	69,163
Investment securities – held to maturity	1,441	17,661
Loans (a)	241,928	239,843
Allowance for loan and lease losses (c)	(5,361)	(2,742)
Net loans	236,567	237,101
Equity investments	6,052	5,176
Mortgage servicing rights	1,242	1,644
Goodwill	9,233	9,233
Other (a)	30,999	32,202
Total assets	$ 466,679	$ 410,295
Liabilities		
Deposits		
Noninterest-bearing	$ 112,637	$ 72,779
Interest-bearing	252,708	215,761
Total deposits	365,345	288,540
Borrowed funds		
Federal Home Loan Bank borrowings	3,500	16,341
Bank notes and senior debt	24,271	29,010
Subordinated debt	6,403	6,134
Other (d)	3,021	8,778
Total borrowed funds	37,195	60,263
Allowance for unfunded lending related commitments (c)	584	318
Accrued expenses and other liabilities	9,514	11,831
Total liabilities	412,638	360,952
Equity		
Preferred stock (e)		
Common stock ($5 par value, Authorized 800 shares, issued 543 shares)	2,713	2,712
Capital surplus	15,884	16,369
Retained earnings	46,848	42,215
Accumulated other comprehensive income	2,770	799
Common stock held in treasury at cost: 119 and 109 shares	(14,205)	(12,781)
Total shareholders' equity	54,010	49,314
Noncontrolling interests	31	29
Total equity	54,041	49,343
Total liabilities and equity	$ 466,679	$ 410,295

(a) Our consolidated assets included the following for which we have elected the fair value option: Loans held for sale of $1.2 billion, Loans of $1.4 billion and Other assets of $0.1 billion at December 31, 2020 and Loans held for sale of $1.1 billion, Loans of $0.7 billion and Other assets of $0.1 billion at December 31, 2019.
(b) Represents our held for sale investment in BlackRock. In the second quarter of 2020, PNC divested its entire investment in BlackRock. Prior period BlackRock investment balances have been reclassified to the Asset held for sale line in accordance with ASC 205-20, Presentation of Financial Statements - Discontinued Operations. Refer to Note 1 Accounting Policies and Note 2 Acquisition and Divestiture Activity for additional details.
(c) Amounts as of December 31, 2020 reflects the impact of adopting Accounting Standards Update 2016-13, Financial Instruments - Credit Losses, which is commonly referred to as the CECL standard and our transition from an incurred loss methodology for these reserves to an expected credit loss methodology. Refer to Note 1 Accounting Policies in this Report for additional details regarding the CECL standard.
(d) Our consolidated liabilities at December 31, 2020 and December 31, 2019 included Other borrowed funds of less than $0.1 billion and $0.1 billion, for which we have elected the fair value option, respectively.
(e) 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.

		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	Noncontrolling Interests	Total Equity
Balance at December 31, 2017 (a)	473	2,710	3,985	12,389	35,481	(148)	(6,904)	72	47,585
Cumulative effect of ASU adoptions (b)					(22)	6			(16)
Balance at January 1, 2018 (a)	473	2,710	3,985	12,389	35,459	(142)	(6,904)	72	47,569
Net income					5,301			45	5,346
Other comprehensive income (loss), net of tax						(583)			(583)
Cash dividends declared - Common					(1,601)				(1,601)
Cash dividends declared - Preferred					(236)				(236)
Preferred stock discount accretion			4		(4)				
Common stock activity (c)		1		19					20
Treasury stock activity	(16)			(101)			(2,550)		(2,651)
Other			(3)	(16)				(75)	(94)
Balance at December 31, 2018 (a)	457	2,711	3,986	12,291	38,919	(725)	(9,454)	42	47,770
Cumulative effect of ASU adoptions (d)					62				62
Balance at January 1, 2019 (a)	457	2,711	3,986	12,291	38,981	(725)	(9,454)	42	47,832
Net income					5,369			49	5,418
Other comprehensive income, net of tax						1,524			1,524
Cash dividends declared - Common					(1,895)				(1,895)
Cash dividends declared - Preferred					(236)				(236)
Preferred stock discount accretion			4		(4)				
Common stock activity (c)		1		20					21
Treasury stock activity	(24)			3			(3,327)		(3,324)
Other			3	62				(62)	3
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 (e)					(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 - Series Q (f)			(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

(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 2014-09, ASU 2016-01, ASU 2017-12 and ASU 2018-02.
(c) Common stock activity totaled less than 0.5 million shares issued.
(d) Represents the impact of the adoption of ASU 2016-02 related primarily to deferred gains on previous sale-leaseback transactions.
(e) Represents the impact of the adoption ASU 2016-13 - Financial Instruments - Credit Losses. See the Recently Adopted Accounting Standards portion of Note 1 Accounting Policies in this Report for additional detail on this adoption.
(f) 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 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	2020	2019	2018
Operating Activities			
Net income	$ 7,558	$ 5,418	$ 5,346
Adjustments to reconcile net income to net cash provided (used) by operating activities			
Provision for credit losses	3,175	773	408
Depreciation and amortization	1,497	1,315	1,129
Deferred income taxes (benefit)	(2,239)	303	133
Net gains on sales of securities	(305)		
Changes in fair value of mortgage servicing rights	799	645	172
Gain on sale of BlackRock	(5,740)		
Undistributed earnings of BlackRock	(174)	(531)	(525)
Net change in			
Trading securities and other short-term investments	957	560	(893)
Loans held for sale	(372)	(123)	1,635
Other assets	(927)	(788)	108
Accrued expenses and other liabilities	(254)	132	295
Other	684	(341)	32
Net cash provided (used) by operating activities	$ 4,659	$ 7,363	$ 7,840
Investing Activities			
Sales			
Securities available for sale	$ 13,851	$ 7,755	$ 7,505
Net proceeds from sale of BlackRock	14,225		
Loans	1,894	1,664	1,323
Repayments/maturities			
Securities available for sale	30,901	11,974	9,388
Securities held to maturity	60	3,348	2,447
Purchases			
Securities available for sale	(45,356)	(23,739)	(23,418)
Securities held to maturity	(53)	(1,751)	(3,370)
Loans	(1,982)	(1,027)	(690)
Net change in			
Federal funds sold and resale agreements	1,738	4,899	(5,837)
Interest-earning deposits with banks	(61,760)	(12,520)	17,702
Loans	(3,376)	(14,963)	(7,335)
Net cash received from divestiture activity		75	
Other	(1,264)	(705)	(1,684)
Net cash provided (used) by investing activities	$ (51,122)	$ (24,990)	$ (3,969)

(continued on following page)

CONSOLIDATED STATEMENT OF CASH FLOWS
THE PNC FINANCIAL SERVICES GROUP, INC.
(continued from previous page)

In millions	Year ended December 31 2020	2019	2018
Financing Activities			
Net change in			
Noninterest-bearing deposits	$ 39,851	$ (1,166)	$ (6,016)
Interest-bearing deposits	36,947	21,882	8,690
Federal funds purchased and repurchase agreements	(5,861)	4,260	392
Short-term Federal Home Loan Bank borrowings	(6,300)	4,800	1,500
Commercial paper			(100)
Other borrowed funds	123	(495)	20
Sales/issuances			
Federal Home Loan Bank borrowings	9,060	12,040	9,500
Bank notes and senior debt	3,487	8,977	3,238
Subordinated debt		744	1,243
Other borrowed funds	647	1,131	500
Preferred stock			
Common and treasury stock	65	90	69
Repayments/maturities			
Federal Home Loan Bank borrowings	(15,601)	(22,000)	(10,536)
Bank notes and senior debt	(9,047)	(5,600)	(6,175)
Subordinated debt		(700)	(575)
Other borrowed funds	(639)	(1,174)	(548)
Preferred stock redemption	(480)		
Acquisition of treasury stock	(1,624)	(3,578)	(2,877)
Preferred stock cash dividends paid	(229)	(236)	(236)
Common stock cash dividends paid	(1,980)	(1,895)	(1,601)
Net cash provided (used) by financing activities	$ 48,419	$ 17,080	$ (3,512)
Net Increase (Decrease) In Cash And Due From Banks And Restricted Cash	$ 1,956	$ (547)	$ 359
Net cash provided by discontinued operations	11,542	299	264
Net cash provided (used) by continuing operations	(9,586)	(846)	95
Cash and due from banks and restricted cash at beginning of period	5,061	5,608	5,249
Cash and due from banks and restricted cash at end of period	$ 7,017	$ 5,061	$ 5,608
Cash and due from banks and restricted cash			
Cash and due from banks at end of period (unrestricted cash)	$ 6,636	$ 5,061	$ 5,608
Restricted cash	$ 381		
Cash and due from banks and restricted cash at end of period	$ 7,017	$ 5,061	$ 5,608
Supplemental Disclosures			
Interest paid	$ 1,292	$ 3,742	$ 2,835
Income taxes paid	$ 3,410	$ 430	$ 372
Income taxes refunded	$ 10	$ 17	$ 468
Leased assets obtained in exchange for new operating lease liabilities	$ 122	$ 317	
Right-of-use assets recognized at adoption of ASU 2016-02		$ 2,004	
Non-cash Investing and Financing Items			
Transfer from loans to loans held for sale, net	$ 1,379	$ 958	$ 403
Transfer from loans to foreclosed assets	$ 64	$ 174	$ 193
Transfer from trading securities to investment securities	$ 289	$ 328	

See accompanying Notes To Consolidated Financial Statements.

See the Glossary on page 196 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 primarily in markets across the Mid-Atlantic, Midwest and Southeast. 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 variable interest entities.

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.

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 our fair value measurements and the ACL. Actual results may differ from the estimates and the differences may be material to the consolidated financial statements.

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. Our BlackRock held for sale asset is recorded at its carrying amount as we accounted for this investment under the equity method of accounting and the fair value of the asset exceeded the carrying value at each balance sheet date.

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
Credit Losses - ASU 2016-13 Issued June 2016 **Codification Improvements - ASU 2019-04** Various improvements related to Credit Losses (Topics 1, 2 and 5) Issued April 2019 **Targeted Transition Relief - Credit Losses - ASU 2019-05** Issued May 2019 **Codification Improvements - ASU 2019-11** Issued November 2019	• Commonly referred to as the CECL standard. • Replaces measurement, recognition and disclosure guidance for credit related reserves (*i.e.*, ALLL and the allowance for unfunded loan commitments and letters of credit) and OTTI for debt securities. • Requires the use of an expected credit loss methodology; specifically, current expected credit losses for the remaining life of the asset will be recognized starting from the time of origination or acquisition. • Methodology applies to loans, net investment in leases, debt securities and certain financial assets not accounted for at fair value through net income. It also applies to unfunded lending related commitments except for unconditionally cancellable commitments. • In-scope assets are presented at the net amount expected to be collected after the deduction or addition of the ACL from the amortized cost basis of the assets. • Requires inclusion of expected recoveries of previously charged-off amounts for in-scope assets. • Requires enhanced credit quality disclosures including disaggregation of credit quality indicators by vintage. • Requires a modified retrospective approach through a cumulative-effect adjustment to retained earnings at adoption.	• Adopted January 1, 2020 under the modified retrospective approach. The cumulative-effect adjustment to retained earnings totaled $671 million at adoption. • Amended presentation and disclosures are required prospectively. Refer to the disclosures in this Note 1, Note 3 Investment Securities and Note 4 Loans and Related Allowance for Credit Losses for additional information. • With the adoption of CECL, we discontinued the accounting for purchased impaired loans and elected the one-time fair value option election for some of these loans and certain residential real estate collateral dependent loans. Loans that were previously accounted for as purchased impaired where the fair value option election was not made are now accounted for as PCD loans. • There was no impact to the recorded investment of our investment securities or loans, except for our PCD loan portfolio. Accounting for these loans as PCD required an adjustment to the remaining accretable discount and recorded investment in addition to the impact on ACL due to the adoption of CECL methodology. • Refer to Table 38 for a summary of the impact of the CECL standard adoption.
Accounting Standards Update	**Description**	**Financial Statement Impact**
Codification Improvements - ASU 2019-04 Topic 3: Codification Improvements to ASU 2017-12 and Other Hedging Items Issued April 2019	• Targeted improvements related to: - Partial-term fair value hedges of interest rate risk - Amortization of fair value hedge basis adjustments - Disclosure of fair value hedge basis adjustments - Consideration of the hedged contractually specified interest rate under the hypothetical derivative method - Application of a first-payments-received cash flow hedging technique to overall cash flows on a group of variable interest payments - Update to transition guidance for ASU 2017-12 • This ASU permits a one-time transfer out of held to maturity securities to provide entities the opportunity to hedge fixed rate, prepayable securities under a last of layer hedging strategy (although an entity is not required to hedge such securities subsequent to transfer).	• Adopted January 1, 2020. • As permitted by the eligibility requirements in this guidance, at adoption we elected to transfer debt securities with an amortized cost of $16.2 billion (fair value of $16.5 billion) from held to maturity to the available for sale portfolio. The transfer resulted in a pretax increase to AOCI of $306 million. There were no other impacts to PNC's consolidated financial statements from the adoption of this guidance.

Accounting Standards Update	Description	Financial Statement Impact
Goodwill - ASU 2017-04 Issued January 2017	• Eliminates Step 2 from the goodwill impairment test to simplify the subsequent measurement of goodwill under which a loss was recognized only if the estimated implied fair value of the goodwill is below its carrying value. • Requires impairment to be recognized if the reporting unit's carrying value exceeds the fair value.	• Adopted January 1, 2020. • The adoption of this standard did not impact our consolidated results of operations or our consolidated financial position.
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	• 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. • Allows for a one-time election to sell, transfer, or both sell and transfer debt securities classified as held to maturity that reference a rate affected by reference rate reform and that are classified as held to maturity before January 1, 2020. • Guidance in these ASUs are effective as of March 12, 2020 through December 31, 2022.	• Adopted March 12, 2020. ASU 2021-01 was retrospectively adopted October 1, 2020. • During the second quarter of 2020, we elected to transfer all debt securities classified as held to maturity that are indexed to LIBOR to the available for sale portfolio. All securities were classified as held to maturity prior to January 1, 2020. These securities had an amortized cost and fair value of $49 million and $48 million, respectively, as of the transfer date. See Note 3 Investment Securities for more information. • 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. • As of December 31, 2020, we have not yet elected to apply any optional expedients for contract modifications and hedging relationships to any other financial instruments. However, we plan to elect these optional expedients in the future.

The following table presents the impact of adopting the CECL standard on January 1, 2020 on our allowance and retained earnings.

Table 38: Impact of the CECL Standard Adoption

In millions	December 31, 2019	Transition Adjustment	January 1, 2020
Allowance for credit losses			
Allowance for loan and lease losses			
Commercial	$ 1,812	$ (304)	$ 1,508
Consumer	930	767	1,697
Total allowance for loan and lease losses	2,742	463	3,205
Unfunded lending related commitments	318	179	497
Other		19	19
Total allowance for credit losses	$ 3,060	$ 661	$ 3,721

In millions	December 31, 2019	Transition Adjustment	January 1, 2020
Impact to retained earnings (a)	$ 42,215	$ (671)	$ 41,544

(a) Transition adjustment includes the increase in the total ACL of $0.7 billion and the impact of the fair value option election of $0.2 billion, offset by the tax impact of $0.2 billion.

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/(losses) are included in Other noninterest income on the Consolidated Income Statement.

As discussed in the Recently Adopted Accounting Standards section of this Note 1, we adopted the CECL standard as of January 1, 2020, which 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. The CECL standard is applied prospectively to debt securities and, as a result, the amortized cost basis of investment securities for which OTTI had previously been recorded did not change upon adoption.

Prior to the adoption of CECL, we reviewed all debt securities that were in an unrealized loss position for OTTI. An investment security was deemed impaired if the fair value of the investment was less than its amortized cost. After an investment security was determined to be impaired, we evaluated whether the decline in value was other-than-temporary. Declines in the fair value of debt securities that were deemed other-than-temporary and were attributable to credit deterioration were recognized in Other noninterest income on our Consolidated Income Statement in the period in which the determination was made. Declines in fair value which were deemed other-than-temporary and attributable to factors other than credit deterioration were 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, 2020, nonaccrual or past due held-to-maturity 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. 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 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, 2020.

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. 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. 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, 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 consumer 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. In addition, PNC has elected not to apply a TDR designation to loans that have been 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 are not placed on nonaccrual at the time of modification unless payment in full of principal or interest is not expected. These loans continue 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 principle 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.

<u>Commercial</u>

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.

Additionally, in general, for smaller commercial loans of $100,000 or less, a full charge-off occurs at 180 days past due for term loans and revolvers. For smaller commercial leases of $1 million or less, a full charge-off occurs at 120 days past due. Small business credit card balances are charged-off at 180 days past due.

<u>Consumer</u>

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, the current year accrued and uncollected interest is reversed through Net interest income and prior year accrued and uncollected interest is charged-off, 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 in this Report 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, 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 (including residual values), 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 techniques, 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 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 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 in this Report 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 or loan segment. 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 or loan segments. 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 • Internal risk ratings based on borrower characteristics for the long run average	• 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 Income 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.

Discounted Cash Flow
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.

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, 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.

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, including the impacts of COVID-19 on highly impacted segments,
- Changes in market conditions, including regulatory and legal requirements,
- Changes in the nature and volume of our portfolio,
- Recent credit quality trends, including the impact of COVID-19 hardship related loan modifications,
- Recent loss experience in particular portfolios, including specific and unique events,
- Recent macro-economic 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, including the performance of first lien positions.

See Note 4 Loans and Related Allowance for Credit Losses for additional information about our loan portfolio and the related allowance.

Allowance for Loan and Lease Losses (Incurred Loss Methodology)
Prior to the adoption of CECL, we maintained the ALLL at a level that we believed to be appropriate to absorb estimated probable credit losses incurred in the loan and lease portfolios as of the balance sheet date. These evaluations were inherently subjective, as they required material estimates, and included, among others: PD, LGD, EAD, movement through delinquency stages, amounts and timing of expected future cash flows, value of collateral and qualitative factors.

For all loans and leases, except purchased impaired loans, the ALLL was the sum of three components:
- Asset specific/individual impaired reserves: Nonperforming loans that were considered impaired under ASC 310 – *Receivables*, which included all commercial and consumer TDRs, were evaluated for specific reserves.
- Quantitative (formulaic or pooled) reserves: Quantitative reserves in the commercial portfolio were determined through quantitative loss modeling utilizing PD, LGD, and the outstanding balance of the loan, while quantitative reserves in the consumer portfolio were determined primarily using transition matrices, including a roll-rate model.
- Qualitative (judgmental) reserves.

The reserve calculation and determination process was dependent on the use of key assumptions. Key reserve assumptions and estimation processes reacted to and were influenced by observed changes in loan portfolio performance experience, the financial strength of the borrowers and economic conditions.

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 grandfathered 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.

Prior to the adoption of CECL, acquired purchased impaired loans were recorded at fair value. When evidence of credit quality deterioration and evidence that it was probable that we would be unable to collect all contractual amounts due existed, we considered the loans to be purchased credit impaired and we estimated the amount and timing of undiscounted expected cash flows at acquisition for each loan either individually or on a pool basis. The excess of undiscounted cash flows expected to be collected over its carrying value represented the accretable yield which was recognized into interest income over the remaining life of the loan (or pool of loans) using the constant effective yield method. Subsequent decreases in expected cash flows that were attributable to credit quality were recognized as impairments resulting in an increase in the ALLL. Subsequent increases in expected cash flows were recognized as a provision recapture of previously recorded ALLL or prospectively through an adjustment of the loan's or pool's yield over its remaining life.

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.

Prior to the adoption of CECL, we maintained the allowance for unfunded loan commitments and letters of credit at a level we believed was appropriate to absorb estimated probable credit losses incurred as of the balance sheet date. We determined the allowance based on periodic evaluations of the unfunded credit facilities, including an assessment of the probability of commitment usage, credit risk factors, and, solely for commercial lending, the terms and expiration dates of the unfunded credit facilities. Other than the estimation of the probability of funding, the reserve for unfunded loan commitments was estimated in a manner similar to the methodology used for determining reserves for funded exposures. The allowance for unfunded loan commitments and letters of credit was recorded as a liability on the Consolidated Balance Sheet. Net adjustments to the allowance for unfunded loan commitments and letters of credit were included in the provision for credit losses.

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, 2020, 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 allowance 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 the commercial mortgage loans are measured and recorded in Other noninterest income while such changes for the residential mortgage loans are measured and recorded in Residential mortgage 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. Prior to the adoption of CECL, valuation adjustments on lease residuals were included in Other noninterest expense.

Lessee Arrangements

We lease retail branches, datacenters, office space, land and equipment under operating and finance leases. At adoption of ASU 2016-02 on January 1, 2019, we elected the practical expedient to account for the lease and nonlease components of existing real estate leases and leases of advertising assets, such as signage, as a single lease component. Effective January 1, 2019, lease and nonlease components of new lease agreements are accounted for separately. Lease components consist of fixed payments including rent, real estate taxes and insurance costs and nonlease components consist of common-area maintenance costs. 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 debt securities, unrealized gains or losses on derivatives designated as cash flow hedges, and changes in pension and other postretirement benefit plan liability adjustments. 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 LIBOR), 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 deferral method of accounting on investments that generate investment tax credits. Under this method, the investment tax credits are recognized as a reduction to the related asset.

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,
- Providing merger and acquisition advisory and related services,
- Debit and credit card transactions, 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 mortgages, commercial mortgages and other consumer loans for others as earned based on the specific contractual terms. These revenues are reported on the Consolidated Income Statement in the line items Residential mortgage, Corporate services and Consumer services. 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.

NOTE 2 ACQUISITION AND DIVESTITURE ACTIVITY

Pending Acquisition of BBVA USA Bancshares, Inc.

On November 16, 2020, we announced a definitive agreement with BBVA, S.A. to acquire BBVA including its U.S. banking subsidiary, BBVA USA, for a fixed purchase price of $11.6 billion in cash.

BBVA USA has over 600 branches in Texas, Alabama, Arizona, California, Florida, Colorado and New Mexico. The transaction is expected to add approximately $102 billion in total assets, $86 billion of deposits and $66 billion of loans to PNC's Consolidated Balance Sheet and to close in mid-2021, subject to customary closing conditions, including receipt of regulatory approvals.

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 39: Consolidated Income Statement - Discontinued Operations

	Year ended December 31		
In millions	2020	2019	2018
Noninterest income	$ 5,777	$ 988	$ 942
Total revenue	5,777	988	942
Income from discontinued operations before income taxes	5,777	988	942
Income taxes	1,222	161	154
Net income from discontinued operations	$ 4,555	$ 827	$ 788

The following table summarizes the cash flows of discontinued operations of BlackRock included in the Consolidated Statement of Cash Flows:

Table 40: Consolidated Statement of Cash Flows - Discontinued Operations

	Year ended December 31		
In millions	2020	2019	2018
Cash flows from discontinued operations			
Net cash provided (used) by operating activities of discontinued operations	$ (2,683)	$ 299	$ 264
Net cash provided by investing activities of discontinued operations	$ 14,225		

NOTE 3 INVESTMENT SECURITIES

With the adoption of the CECL standard on January 1, 2020, credit losses on investment securities are required to be recognized through an allowance, instead of as a direct write-down to the amortized cost basis of the security. The amortized cost basis of investment securities for which impairment had previously been recorded did not change upon adoption.

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, 2020, the allowance for investment securities was $82 million and primarily related to non-agency commercial mortgage-backed securities in the available for sale portfolio and other debt securities in the held to maturity portfolio. The provision for credit losses on investment securities totaled $80 million for the year ended December 31, 2020.

In the first quarter of 2020, upon the adoption of ASU 2019-04, we elected to transfer debt securities with an amortized cost of $16.2 billion and a fair value of $16.5 billion from the held to maturity to the available for sale portfolio. During the second quarter of 2020, pursuant to the guidance in ASU 2020-04, we elected to transfer debt securities with an amortized cost of $49 million and a fair value of $48 million from the held to maturity to the available for sale portfolio.

See Note 1 Accounting Policies for additional information related to the adoption of the CECL standard, including the methodologies used to determine the allowance for investment securities, and the adoption of ASU 2019-04 and ASU 2020-04.

The following table summarizes our available for sale and held to maturity portfolios by major security type:

Table 41: Investment Securities Summary

	December 31, 2020 (a)				December 31, 2019			
		Unrealized				Unrealized		
In millions	Amortized Cost (b)	Gains	Losses	Fair Value	Amortized Cost	Gains	Losses	Fair Value
Securities Available for Sale								
U.S. Treasury and government agencies	$ 19,821	$ 903	$ (13)	$ 20,711	$ 16,150	$ 382	$ (16)	$ 16,516
Residential mortgage-backed								
Agency	47,355	1,566	(10)	48,911	35,847	517	(43)	36,321
Non-agency	1,272	243	(14)	1,501	1,515	302	(3)	1,814
Commercial mortgage-backed								
Agency	2,571	119	(2)	2,688	3,094	42	(18)	3,118
Non-agency	3,678	78	(67)	3,689	3,352	29	(9)	3,372
Asset-backed	5,060	100	(10)	5,150	5,044	78	(8)	5,114
Other	4,415	293		4,708	2,788	121	(1)	2,908
Total securities available for sale (b)	$ 84,172	$ 3,302	$ (116)	$ 87,358	$ 67,790	$ 1,471	$ (98)	$ 69,163
Securities Held to Maturity								
U.S. Treasury and government agencies	$ 795	$ 125		$ 920	$ 776	$ 56		$ 832
Residential mortgage-backed								
Agency					14,419	270	$ (26)	14,663
Non-agency					133	7		140
Commercial mortgage-backed								
Agency					59	1		60
Non-agency					430	4		434
Asset-backed					52			52
Other	646	42	$ (3)	685	1,792	85	(14)	1,863
Total securities held to maturity (b) (c)	$ 1,441	$ 167	$ (3)	$ 1,605	$ 17,661	$ 423	$ (40)	$ 18,044

(a) The accrued interest associated with our available for sale and held to maturity portfolios totaled $238 million and $5 million at December 31, 2020, respectively. These amounts are included in Other assets on the Consolidated Balance Sheet.
(b) Amortized cost is presented net of allowance of $79 million for securities available for sale and $3 million for securities held to maturity at December 31, 2020 in accordance with the CECL accounting standard. See the Recently Adopted Accounting Standards portion of Note 1 Accounting Policies for additional detail on the CECL accounting standard.
(c) Credit ratings represent a primary credit quality indicator used to monitor and manage credit risk. As of December 31, 2020, 85% of our securities held to maturity were rated AAA/AA.

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 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, 2020 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, 2019 was $0.5 billion.

Table 42 presents the gross unrealized losses and fair value of securities available for sale that do not have an associated allowance for investment securities as of December 31, 2020. 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, 2020, 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 42: 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, 2020						
U.S. Treasury and government agencies	$ (13)	$ 603			$ (13)	$ 603
Residential mortgage-backed						
Agency	(8)	3,152	$ (2)	$ 82	(10)	3,234
Non-agency	(7)	119	(7)	73	(14)	192
Commercial mortgage-backed						
Agency			(2)	149	(2)	149
Non-agency	(13)	972	(7)	714	(20)	1,686
Asset-backed	(1)	339	(9)	706	(10)	1,045
Total securities available for sale	$ (42)	$ 5,185	$ (27)	$ 1,724	$ (69)	$ 6,909

Table 43 presents the gross unrealized losses and fair value of debt securities at December 31, 2019, prior to the adoption of the CECL standard. 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.

Table 43: Gross Unrealized Loss and Fair Value of Debt Securities

	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, 2019						
Securities Available for Sale						
U.S. Treasury and government agencies	$ (14)	$ 2,451	$ (2)	$ 607	$ (16)	$ 3,058
Residential mortgage-backed						
Agency	(6)	2,832	(37)	4,659	(43)	7,491
Non-agency			(3)	102	(3)	102
Commercial mortgage-backed						
Agency	(6)	852	(12)	953	(18)	1,805
Non-agency	(4)	1,106	(5)	230	(9)	1,336
Asset-backed	(3)	660	(5)	561	(8)	1,221
Other			(1)	403	(1)	403
Total securities available for sale	$ (33)	$ 7,901	$ (65)	$ 7,515	$ (98)	$ 15,416
Securities Held to Maturity						
Residential mortgage-backed - Agency			$ (26)	$ 2,960	$ (26)	$ 2,960
Other	$ (1)	$ 22	(13)	105	(14)	127
Total securities held to maturity	$ (1)	$ 22	$ (39)	$ 3,065	$ (40)	$ 3,087

Information relating to gross realized securities gains and losses from the sales of securities is set forth in the following table:

Table 44: Gains (Losses) on Sales of Securities Available for Sale

Year ended December 31 In millions	Gross Gains	Gross Losses	Net Gains	Tax Expense
2020	$ 307	$ (2)	$ 305	$ 64
2019	$ 69	$ (21)	$ 48	$ 10
2018	$ 57	$ (57)		

The following table presents, by remaining contractual maturity, the amortized cost, fair value and weighted-average yield of debt securities at December 31, 2020:

Table 45: Contractual Maturity of Debt Securities

December 31, 2020 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	$ 1,149	$ 11,973	$ 5,418	$ 1,281	$ 19,821
Residential mortgage-backed					
Agency	1	205	2,384	44,765	47,355
Non-agency				1,272	1,272
Commercial mortgage-backed					
Agency	13	563	679	1,316	2,571
Non-agency		83	236	3,359	3,678
Asset-backed	67	2,375	1,029	1,589	5,060
Other	788	1,502	1,218	907	4,415
Total securities available for sale at amortized cost	$ 2,018	$ 16,701	$ 10,964	$ 54,489	$ 84,172
Fair value	$ 2,038	$ 17,283	$ 11,443	$ 56,594	$ 87,358
Weighted-average yield, GAAP basis (a)	2.20 %	1.81 %	1.74 %	2.80 %	2.45 %
Securities Held to Maturity					
U.S. Treasury and government agencies		$ 199	$ 312	$ 284	$ 795
Other	$ 34	422	109	81	646
Total securities held to maturity at amortized cost	$ 34	$ 621	$ 421	$ 365	$ 1,441
Fair value	$ 35	$ 659	$ 507	$ 404	$ 1,605
Weighted-average yield, GAAP basis (a)	3.75 %	3.26 %	3.93 %	2.48 %	3.29 %

(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, 2020, 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 $32.9 billion and $14.7 billion and fair value of $34.2 billion and $14.9 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 46: Fair Value of Securities Pledged and Accepted as Collateral

In millions	December 31 2020	December 31 2019
Pledged to others	$ 22,841	$ 14,609
Accepted from others:		
Permitted by contract or custom to sell or repledge (a)	$ 683	$ 2,349
Permitted amount repledged to others	$ 683	$ 360

(a) Balances at December 31, 2019 include $2.0 billion in fair value of securities accepted from others to collateralize short-term investments in resale agreements that were not repledged.

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.

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	• Home equity
• Commercial real estate	• Residential real estate
• 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. With the adoption of the CECL standard, accruing loans past due as of December 31, 2020 include PCD loans, while amounts as of December 31, 2019 excluded purchased impaired loans. See Note 1 Accounting Policies for additional information related to the adoption of this standard, including the discontinuation of purchased impaired loan accounting.

The following table presents the composition and delinquency status of our loan portfolio at December 31, 2020 and 2019. Pursuant to the interagency guidance issued in April 2020 and in connection with the credit reporting rules from the CARES Act, the December 31, 2020 delinquency status of loans modified due to COVID-19 related hardships aligns with the rules set forth for banks to report delinquency status to the credit agencies. These rules require that COVID-19 related loan modifications be reported as follows:

- if current at the time of modification, the loan remains current throughout the modification period,
- if delinquent at the time of modification and the borrower was not made current as part of the modification, the loan maintains its reported delinquent status during the modification period, or
- if delinquent at the time of modification and the borrower was made current as part of the modification or became current during the modification period, the loan is reported as current.

As a result, certain loans modified due to COVID-19 related hardships are not being reported as past due as of December 31, 2020 based on the contractual terms of the loan, even where borrowers may not be making payments on their loans during the modification period. Loan modifications due to COVID-19 related hardships that permanently reduce either the contractual interest rate or the principal balance of a loan do not qualify for TDR relief under the CARES Act or the interagency guidance.

Table 47: Analysis of Loan Portfolio

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	Total Past Due (c)	Nonperforming Loans	Fair Value Option Nonaccrual Loans (d)	Total Loans (e)(f)
December 31, 2020 (a) (b)								
Commercial								
Commercial and industrial	$ 131,245	$ 106	$ 26	$ 30	$ 162	$ 666		$ 132,073
Commercial real estate	28,485	6	1		7	224		28,716
Equipment lease financing	6,345	31	5		36	33		6,414
Total commercial	166,075	143	32	30	205	923		167,203
Consumer								
Home equity	23,318	50	21		71	645	$ 54	24,088
Residential real estate	20,945	181	78	319	578 (c)	528	509	22,560
Automobile	13,863	134	34	12	180	175		14,218
Credit card	6,074	43	30	60	133	8		6,215
Education	2,785	55	29	77	161 (c)			2,946
Other consumer	4,656	14	10	11	35	7		4,698
Total consumer	71,641	477	202	479	1,158	1,363	563	74,725
Total	$ 237,716	$ 620	$ 234	$ 509	$ 1,363	$ 2,286	$ 563	$ 241,928
Percentage of total loans	98.27 %	0.26 %	0.10 %	0.21 %	0.56 %	0.94 %	0.23 %	100.00 %

(a) Amounts in table represent loans held for investment and do not include any associated valuation allowance.
(b) The accrued interest associated with our loan portfolio at December 31, 2020 totaled $0.7 billion and is 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 $0.4 billion and $0.2 billion, respectively, at December 31, 2020.
(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 policies. Given that these loans are not accounted for at amortized cost, these loans have been excluded from the nonperforming loan population.
(e) Net of unearned income, unamortized deferred fees and costs on originated loans, and premiums or discounts on purchased loans totaling $1.3 billion at December 31, 2020.
(f) Collateral dependent loans totaled $1.5 billion at December 31, 2020. The majority of these loans are within the Home equity and Residential real estate loan classes and are secured by consumer real estate.

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	Total Past Due (h)	Nonperforming Loans	Fair Value Option Nonaccrual Loans (i)	Purchased Impaired Loans	Total Loans (j)
December 31, 2019 (g)									
Commercial									
Commercial and industrial	$ 124,695	$ 102	$ 30	$ 85	$ 217	$ 425			$ 125,337
Commercial real estate	28,061	4	1		5	44			28,110
Equipment lease financing	7,069	49	5		54	32			7,155
Total commercial	159,825	155	36	85	276	501			160,602
Consumer									
Home equity	23,791	58	24		82	669		$ 543	25,085
Residential real estate	19,640	140	69	315	524 (h)	315	$ 166	1,176	21,821
Automobile	16,376	178	47	18	243	135			16,754
Credit card	7,133	60	37	67	164	11			7,308
Education	3,156	55	34	91	180 (h)				3,336
Other consumer	4,898	15	11	9	35	4			4,937
Total consumer	74,994	506	222	500	1,228	1,134	166	1,719	79,241
Total	$ 234,819	$ 661	$ 258	$ 585	$ 1,504	$ 1,635	$ 166	$ 1,719	$ 239,843
Percentage of total loans	97.90 %	0.28 %	0.11 %	0.24 %	0.63 %	0.68 %	0.07 %	0.72 %	100.00 %

(g) Amounts in table represent recorded investment and exclude loans held for sale. Recorded investment does not include any associated valuation allowance.
(h) Past due loan amounts exclude purchased impaired loans, even if contractually past due (or if we do not expect to receive payment in full based on the original contractual terms), as we accreted interest income over the expected life of the loans. Past due loan amounts include government insured or guaranteed Residential real estate loans totaling $0.4 billion and Education loans totaling $0.2 billion at December 31, 2019.
(i) 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 policies. Given that these loans are not accounted for at amortized cost, these loans have been excluded from the nonperforming loan population.
(j) Net of unearned income, unamortized deferred fees and costs on originated loans, and premiums or discounts on purchased loans totaling $1.1 billion at December 31, 2019.

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, 2020, we pledged $30.1 billion of commercial loans to the Federal Reserve Bank and $69.0 billion of residential real estate and other loans to the Federal Home Loan Bank as collateral for the ability to borrow, if necessary. The comparable amounts at December 31, 2019 were $16.9 billion and $68.0 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.

With the adoption of the CECL standard, nonperforming loans as of December 31, 2020 include PCD loans. Amounts as of December 31, 2019 excluded purchased impaired loans as we were accreting interest income over the expected life of the loans. See Note 1 Accounting Policies for additional information related to the adoption of this standard and our nonperforming loan and lease policies.

The following table presents our nonperforming assets as of December 31, 2020 and 2019, respectively.

Table 48: Nonperforming Assets

Dollars in millions	December 31 2020	December 31 2019
Nonperforming loans		
Commercial	$ 923	$ 501
Consumer (a)	1,363	1,134
Total nonperforming loans (b)	2,286	1,635
OREO and foreclosed assets	51	117
Total nonperforming assets	$ 2,337	$ 1,752
Nonperforming loans to total loans	0.94 %	0.68 %
Nonperforming assets to total loans, OREO and foreclosed assets	0.97 %	0.73 %
Nonperforming assets to total assets	0.50 %	0.43 %

(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 $0.8 billion at December 31, 2020, and is primarily comprised of loans with a valuation that exceeds the amortized cost basis.

Nonperforming loans also 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 TDR section of this Note 4 for additional information on TDRs.

Total nonperforming loans in Table 48 include TDRs of $0.9 billion at both December 31, 2020 and 2019, respectively. TDRs that are performing, including consumer credit card TDR loans, totaled $0.7 billion and $0.8 billion at December 31, 2020 and 2019 and are excluded from nonperforming loans.

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 reviewed and updated, generally 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 overviews, 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.

Table 49: Commercial Credit Quality Indicators (a)

December 31, 2020 - In millions	Term Loans by Origination Year 2020	2019	2018	2017	2016	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Commercial and industrial									
Pass Rated	$ 31,680	$ 13,340	$ 8,209	$ 5,956	$ 4,242	$ 7,141	$ 54,775	$ 53	$ 125,396
Criticized	339	702	578	334	224	351	4,130	19	6,677
Total commercial and industrial	32,019	14,042	8,787	6,290	4,466	7,492	58,905	72	132,073
Commercial real estate									
Pass Rated	3,709	6,268	3,426	2,841	2,341	6,792	218		25,595
Criticized	319	548	148	423	400	1,159	124		3,121
Total commercial real estate	4,028	6,816	3,574	3,264	2,741	7,951	342		28,716
Equipment lease financing									
Pass Rated	1,429	1,202	942	738	405	1,350			6,066
Criticized	78	92	86	39	22	31			348
Total equipment lease financing	1,507	1,294	1,028	777	427	1,381			6,414
Total commercial	$ 37,554	$ 22,152	$ 13,389	$ 10,331	$ 7,634	$ 16,824	$ 59,247	$ 72	$ 167,203

December 31, 2019 - In millions	Pass Rated	Criticized	Total Loans
Commercial and industrial	$ 119,761	$ 5,576	$ 125,337
Commercial real estate	27,424	686	28,110
Equipment lease financing	6,891	264	7,155
Total commercial	$ 154,076	$ 6,526	$ 160,602

(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, 2020 and 2019.

Home Equity and Residential Real Estate

We use several credit quality indicators, including delinquency information, nonperforming loan information, updated credit scores, originated and updated LTV ratios, to monitor and manage credit risk within the home equity and residential real estate loan classes. A summary of credit quality indicators follows:

Delinquency/Delinquency Rates: We monitor trending of delinquency/delinquency rates for home equity and residential real estate loans. See Table 47 for additional information.

Nonperforming Loans: We monitor trending of nonperforming loans for home equity and residential real estate loans. See Table 47 for additional information.

Credit Scores: We use a national third-party provider to update FICO credit scores for home equity and residential real estate 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 home equity and residential real estate loan classes:

Table 50: Home Equity and Residential Real Estate Credit Quality Indicators

	Term Loans by Origination Year								
December 31, 2020 - In millions	2020	2019	2018	2017	2016	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Home equity									
Current estimated LTV ratios									
Greater than 100%	$ 8	$ 44	$ 18	$ 15	$ 9	$ 88	$ 580	$ 279	$ 1,041
Greater than or equal to 80% to 100%	517	320	59	42	25	158	1,781	591	3,493
Less than 80%	2,909	1,636	513	773	660	3,754	6,433	2,876	19,554
Total home equity	$ 3,434	$ 2,000	$ 590	$ 830	$ 694	$ 4,000	$ 8,794	$ 3,746	$ 24,088
Updated FICO scores									
Greater than or equal to 780	$ 2,019	$ 1,094	$ 311	$ 525	$ 449	$ 2,467	$ 5,382	$ 1,480	$ 13,727
720 to 779	1,028	558	153	181	145	777	2,137	941	5,920
660 to 719	334	273	86	84	66	402	985	625	2,855
Less than 660	52	74	39	39	33	345	277	620	1,479
No FICO score available	1	1	1	1	1	9	13	80	107
Total home equity	$ 3,434	$ 2,000	$ 590	$ 830	$ 694	$ 4,000	$ 8,794	$ 3,746	$ 24,088
Residential real estate									
Current estimated LTV ratios									
Greater than 100%	$ 3	$ 52	$ 26	$ 42	$ 41	$ 160			$ 324
Greater than or equal to 80% to 100%	495	422	127	156	124	307			1,631
Less than 80%	7,491	3,656	992	1,706	1,847	3,991			19,683
Government insured or guaranteed loans	7	28	27	38	57	765			922
Total residential real estate	$ 7,996	$ 4,158	$ 1,172	$ 1,942	$ 2,069	$ 5,223			$ 22,560
Updated FICO scores									
Greater than or equal to 780	$ 5,425	$ 3,099	$ 814	$ 1,432	$ 1,538	$ 2,551			$ 14,859
720 to 779	2,268	820	220	340	335	818			4,801
660 to 719	252	161	76	98	92	475			1,154
Less than 660	40	48	33	31	41	485			678
No FICO score available	4	2	2	3	6	129			146
Government insured or guaranteed loans	7	28	27	38	57	765			922
Total residential real estate	$ 7,996	$ 4,158	$ 1,172	$ 1,942	$ 2,069	$ 5,223			$ 22,560

December 31, 2019 - In millions	Home equity	Residential real estate
Current estimated LTV ratios		
Greater than or equal to 100%	$ 1,243	$ 333
Greater than or equal to 90% to less than 100%	1,047	340
Less than 90%	22,068	19,305
No LTV ratio available	184	83
Government insured or guaranteed loans		584
Purchased impaired loans	543	1,176
Total loans	$ 25,085	$ 21,821
Updated FICO Scores		
Greater than 660	$ 22,245	$ 19,341
Less than or equal to 660	2,019	569
No FICO score available	278	151
Government insured or guaranteed loans		584
Purchased impaired loans	543	1,176
Total loans	$ 25,085	$ 21,821

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 51: Credit Quality Indicators for Automobile, Credit Card, Education and Other Consumer Loan Classes

	Term Loans by Origination Year								
December 31, 2020 - In millions	2020	2019	2018	2017	2016	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Updated FICO Scores									
Automobile									
FICO score greater than or equal to 780	$ 1,807	$ 1,915	$ 807	$ 452	$ 246	$ 58			$ 5,285
720 to 779	1,098	1,581	789	381	167	44			4,060
660 to 719	617	1,222	684	288	109	31			2,951
Less than 660	192	776	598	240	87	29			1,922
Total automobile	$ 3,714	$ 5,494	$ 2,878	$ 1,361	$ 609	$ 162			$ 14,218
Credit card									
FICO score greater than or equal to 780							$ 1,635	$ 3	$ 1,638
720 to 779							1,724	11	1,735
660 to 719							1,765	26	1,791
Less than 660							902	51	953
No FICO score available or required (a)							94	4	98
Total credit card							$ 6,120	$ 95	$ 6,215
Education									
FICO score greater than or equal to 780	$ 34	$ 90	$ 74	$ 59	$ 50	$ 428			$ 735
720 to 779	24	46	38	28	20	190			346
660 to 719	15	15	14	9	6	90			149
Less than 660	3	2	3	2	2	37			49
No FICO score available or required (a)	16	10	6	3		1			36
Total loans using FICO credit metric	92	163	135	101	78	746			1,315
Other internal credit metrics						1,631			1,631
Total education	$ 92	$ 163	$ 135	$ 101	$ 78	$ 2,377			$ 2,946
Other consumer									
FICO score greater than or equal to 780	$ 162	$ 187	$ 63	$ 21	$ 5	$ 42	$ 86	$ 1	$ 567
720 to 779	197	247	82	22	5	22	123		698
660 to 719	127	210	81	17	3	14	117	1	570
Less than 660	28	86	41	9	2	8	53	1	228
Total loans using FICO credit metric	514	730	267	69	15	86	379	3	2,063
Other internal credit metrics	67	33	37	26	60	75	2,334	3	2,635
Total other consumer	$ 581	$ 763	$ 304	$ 95	$ 75	$ 161	$ 2,713	$ 6	$ 4,698

December 31, 2019 - In millions	Automobile	Credit Card	Education	Other consumer
FICO score greater than 719	$ 9,232	$3,867 $	1,139	$1,421
650 to 719	4,577	2,326	197	843
620 to 649	1,001	419	25	132
Less than 620	1,603	544	27	143
No FICO score available or required (a)	341	152	15	27
Total loans using FICO credit metric	16,754	7,308	1,403	2,566
Consumer loans using other internal credit metrics			1,933	2,371
Total loans	$ 16,754	$ 7,308	$ 3,336	$ 4,937
Weighted-average updated FICO score (b)	726	724	773	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.
(b) Weighted-average updated FICO score excludes accounts with no FICO score available or required.

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. Loans that have been restructured for COVID-19 related hardships and meet certain criteria under the CARES Act are not categorized as TDRs. See Note 1 Accounting Policies for additional information related to TDRs.

Table 52 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 2020, 2019 and 2018. 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 52. 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 52. After that, consumer loan concessions would follow the previously discussed priority of concessions for the commercial loan portfolio.

Table 52: Financial Impact and TDRs by Concession Type

			Post-TDR Amortized Cost Basis (c)			
During the year ended December 31, 2020 (a) Dollars in millions	Number of Loans	Pre-TDR Amortized Cost Basis (b)	Principal Forgiveness	Rate Reduction	Other	Total
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.

			Post-TDR Recorded Investment (f)			
During the year ended December 31, 2019 (d) Dollars in millions	Number of Loans	Pre-TDR Recorded Investment (e)	Principal Forgiveness	Rate Reduction	Other	Total
Commercial	75	$ 278		$ 11	$ 241	$ 252
Consumer	14,548	172		97	64	161
Total TDRs	14,623	$ 450		$ 108	$ 305	$ 413
During the year ended December 31, 2018 (d) Dollars in millions						
Commercial	85	$ 272	$ 2	$ 67	$ 179	$ 248
Consumer	12,096	163	1	86	63	150
Total TDRs	12,181	$ 435	$ 3	$ 153	$ 242	$ 398

(d) Impact of partial charge-offs at TDR date are included in this table.
(e) Represents the recorded investment of the loans as of the quarter end prior to TDR designation, and excludes immaterial amounts of accrued interest receivable.
(f) Represents the recorded investment of the TDRs as of the end of the quarter in which the TDR occurs, and excludes immaterial amounts of accrued interest receivable.

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, 2020, 2019 and 2018, 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:

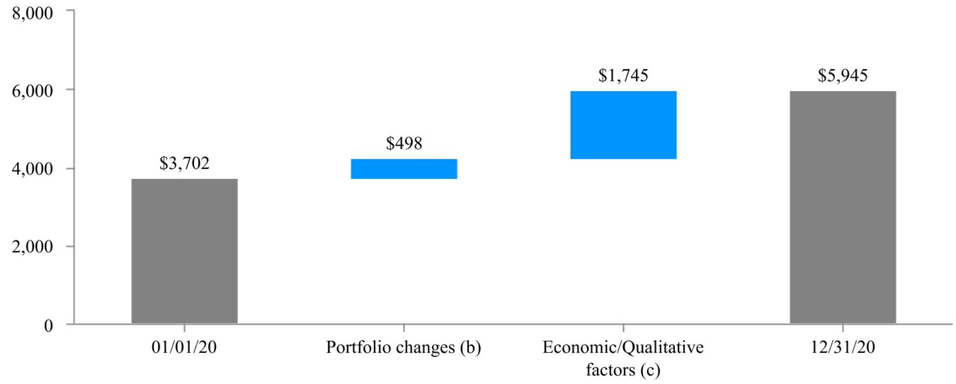
Table 53: Rollforward of Allowance for Credit Losses (a)

At or for the year ended December 31	2020		
In millions	Commercial	Consumer	Total
Allowance for loan and lease losses			
Beginning balance	$ 1,812	$ 930	$ 2,742
Adoption of ASU 2016-13 (b)	(304)	767	463
Beginning balance, adjusted	1,508	1,697	3,205
Charge-offs	(407)	(785)	(1,192)
Recoveries	94	266	360
Net (charge-offs)	(313)	(519)	(832)
Provision for credit losses	2,139	846	2,985
Other	3		3
Ending balance	$ 3,337	$ 2,024	$ 5,361
Allowance for unfunded lending related commitments (c)			
Beginning balance	$ 316	$ 2	$ 318
Adoption of ASU 2016-13 (b)	53	126	179
Beginning balance, adjusted	369	128	497
Provision for (recapture of) credit losses	116	(29)	87
Ending balance	$ 485	$ 99	$ 584
Allowance for credit losses at December 31	$ 3,822	$ 2,123	$ 5,945

(a) Excludes allowances for investment securities and other financial assets, which together totaled $109 million at December 31, 2020.
(b) 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.
(c) See Note 11 Commitments for additional information about the underlying commitments related to this allowance.

The following presents an analysis of changes impacting the ACL related to loans for the year ended December 31, 2020:

Table 54: Analysis of Changes in the Allowance for Credit Losses (a)
In millions



(a) Excludes allowances for investment securities and other financial assets, which together totaled $109 million at December 31, 2020.
(b) Portfolio changes primarily represent the impact of increases/decreases in loan balances, age and mix due to new originations/purchases, as well as credit quality and net charge-off activity.
(c) Economic and qualitative factors primarily represent our evaluation and determination of an economic forecast applied to our loan portfolio, which is based on a three year forecast period and the use of four economic scenarios with associated probability weights, as well as updates to qualitative factor adjustments.

The $2.2 billion increase in the ACL since January 1, 2020 was driven by the following factors in the commercial and consumer portfolios:

- Commercial reserves increased $1.9 billion attributable to the significantly adverse economic impacts of the pandemic and its resulting effects on credit quality and loan growth.
- Consumer reserves increased $0.3 billion primarily reflecting the significantly adverse economic impacts of the pandemic.

Allowance for Loan and Lease Losses
Prior to January 1, 2020, we maintained our ALLL at levels we believed to be appropriate to absorb estimated probable credit losses incurred in the portfolios as of the balance sheet date. We used the two main portfolio segments - Commercial and Consumer, and developed and documented the ALLL under separate methodologies for each of these portfolio segments. See Note 1 Accounting Policies for a summary of the accounting policies for ALLL prior to the adoption of CECL.

A rollforward of the ALLL and associated loan data follows:

Table 55: Rollforward of Allowance for Loan and Lease Losses and Associated Loan Data

At or for the year ended December 31	2019			2018		
Dollars in millions	Commercial	Consumer	Total	Commercial	Consumer	Total
Allowance for loan and lease losses						
January 1	$ 1,663	$ 966	$ 2,629	$ 1,582	$ 1,029	$ 2,611
Charge-offs	(216)	(758)	(974)	(124)	(640)	(764)
Recoveries	78	254	332	99	245	344
Net (charge-offs)	(138)	(504)	(642)	(25)	(395)	(420)
Provision for credit losses	320	453	773	97	311	408
Net (increase) / decrease in allowance for unfunded loan commitments and letters of credit	(34)	1	(33)	11	1	12
Other	1	14	15	(2)	20	18
December 31	$ 1,812	$ 930	$ 2,742	$ 1,663	$ 966	$ 2,629
TDRs individually evaluated for impairment	$ 40	$ 93	$ 133	$ 25	$ 136	$ 161
Other loans individually evaluated for impairment	58		58	48		48
Loans collectively evaluated for impairment	1,714	563	2,277	1,590	555	2,145
Purchased impaired loans		274	274		275	275
December 31	$ 1,812	$ 930	$ 2,742	$ 1,663	$ 966	$ 2,629
Loan portfolio						
TDRs individually evaluated for impairment	$ 361	$ 1,303	$ 1,664	$ 409	$ 1,442	$ 1,851
Other loans individually evaluated for impairment	220		220	232		232
Loans collectively evaluated for impairment	160,021	75,477	235,498	151,641	69,722	221,363
Fair value option loans (a)		742	742		782	782
Purchased impaired loans		1,719	1,719		2,017	2,017
December 31	$ 160,602	$ 79,241	$ 239,843	$ 152,282	$ 73,963	$ 226,245

(a) Loans accounted for under the fair value option were not evaluated for impairment as these loans are accounted for at fair value. Accordingly, there was no allowance recorded on those loans.

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 cash flows associated with our loan sale and servicing activities:

Table 56: Cash Flows Associated with Loan Sale and Servicing Activities

In millions	Residential Mortgages	Commercial Mortgages (a)
Cash Flows - Year ended December 31, 2020		
Sales of loans (b)	$ 6,654	$ 4,521
Repurchases of previously transferred loans (c)	$ 673	$ 229
Servicing fees (d)	$ 338	$ 133
Servicing advances recovered/(funded), net	$ (32)	$ (280)
Cash flows on mortgage-backed securities held (e)	$ 9,234	$ 83
Cash Flows - Year ended December 31, 2019		
Sales of loans (b)	$ 4,259	$ 3,540
Repurchases of previously transferred loans (c)	$ 321	$ 30
Servicing fees (d)	$ 352	$ 130
Servicing advances recovered/(funded), net	$ 45	$ 63
Cash flows on mortgage-backed securities held (e)	$ 4,362	$ 84

(a) Represents cash flow information associated with 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 $16.5 billion in residential mortgage-backed securities and $0.8 billion in commercial mortgage-backed securities at December 31, 2020 and $17.8 billion in residential mortgage-backed securities and $0.6 billion in commercial mortgage-backed securities at December 31, 2019.

Table 57 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, 2020 and 2019.

Table 57: Principal Balance, Delinquent Loans and Net Charge-offs Related to Serviced Loans For Others

In millions	Residential Mortgages	Commercial Mortgages (a)
December 31, 2020		
Total principal balance	$ 43,351	$ 40,790
Delinquent loans (b)	$ 453	$ 136
December 31, 2019		
Total principal balance	$ 49,323	$ 42,414
Delinquent loans (b)	$ 492	$ 64
Year ended December 31, 2020		
Net charge-offs (c)	$ 17	$ 127
Year ended December 31, 2019		
Net charge-offs (c)	$ 40	$ 520

(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, 2020 and 2019. 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 58 where we have determined that our continuing involvement is not significant. 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 58. 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 58: 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, 2020			
Mortgage-backed securitizations (b)	$ 18,207	$ 18,207 (c)	$ 1
Tax credit investments and other	3,121	2,894 (d)	1,198 (e)
Total	$ 21,328	$ 21,101	$ 1,199
December 31, 2019			
Mortgage-backed securitizations (b)	$ 19,287	$ 19,287 (c)	
Tax credit investments and other	3,131	3,028 (d)	$ 1,101 (e)
Total	$ 22,418	$ 22,315	$ 1,101

(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 58. 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 58. 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, 2020, we had a liability for unfunded commitments of $1.1 billion related to investments in qualified affordable housing projects which is reflected in Other liabilities on our Consolidated Balance Sheet.

Table 58 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 Community Reinvestment Act. During 2020 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 low income housing tax credits within Income taxes.

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 during 2020, 2019 and 2018 follow:

Table 59: Goodwill by Business Segment

In millions	Retail Banking	Corporate & Institutional Banking	Asset Management Group	Total
December 31, 2020	$ 5,795	$ 3,374	$ 64	$ 9,233
December 31, 2019	$ 5,795	$ 3,374	$ 64	$ 9,233
December 31, 2018	$ 5,795	$ 3,359	$ 64	$ 9,218

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 2020, 2019 or 2018.

See Note 1 Accounting Policies for additional information related to the adoption of ASU 2017-04, which simplified the goodwill impairment test.

Mortgage Servicing Rights

We recognize the right to service mortgage loans for others as an intangible asset when the servicing income we receive is more than adequate compensation. MSRs are purchased or originated when loans are sold with servicing retained. MSRs totaled $1.2 billion at December 31, 2020 and $1.6 billion at December 31, 2019, 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 60: Commercial Mortgage Servicing Rights

In millions	2020	2019	2018
January 1	$ 649	$ 726	$ 668
Additions:			
From loans sold with servicing retained	100	53	57
Purchases	44	103	93
Changes in fair value due to:			
Time and payoffs (a)	(115)	(146)	(143)
Other (b)	(109)	(87)	51
December 31	$ 569	$ 649	$ 726
Related unpaid principal balance at December 31	$ 243,960	$ 216,992	$ 180,496
Servicing advances at December 31	$ 437	$ 157	$ 220

(a) Represents decrease in MSR value due to passage of time, including the impact from both regularly scheduled loan principal payments and loans that were paid down or paid off during the period.
(b) Represents MSR value changes resulting primarily from market-driven changes in interest rates.

Residential Mortgage Servicing Rights
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 which 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 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.

Changes in the residential MSRs follow:

Table 61: Residential Mortgage Servicing Rights

In millions	2020	2019	2018
January 1	$ 995	$ 1,257	$ 1,164
Additions:			
From loans sold with servicing retained	45	36	44
Purchases	208	114	129
Changes in fair value due to:			
Time and payoffs (a)	(198)	(162)	(170)
Other (b)	(377)	(250)	90
December 31	$ 673	$ 995	$ 1,257
Unpaid principal balance of loans serviced for others at December 31	$ 120,778	$ 120,464	$ 125,388
Servicing advances at December 31	$ 143	$ 111	$ 156

(a) Represents decrease in MSR value due to passage of time, including the impact from both regularly scheduled loan principal payments and loans that were paid down or 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, 2020 are shown in Tables 62 and 63. 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 62 and 63. 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 62: Commercial Mortgage Servicing Rights – Key Valuation Assumptions

Dollars in millions	December 31 2020	December 31 2019
Fair value	$ 569	$ 649
Weighted-average life (years)	4.4	4.1
Weighted-average constant prepayment rate	4.87 %	4.56 %
Decline in fair value from 10% adverse change	$ 9	$ 9
Decline in fair value from 20% adverse change	$ 18	$ 17
Effective discount rate	7.33 %	7.91 %
Decline in fair value from 10% adverse change	$ 15	$ 17
Decline in fair value from 20% adverse change	$ 31	$ 34

Table 63: Residential Mortgage Servicing Rights – Key Valuation Assumptions

Dollars in millions	December 31 2020	December 31 2019
Fair value	$ 673	$ 995
Weighted-average life (years)	3.8	5.2
Weighted-average constant prepayment rate	21.13 %	13.51 %
Decline in fair value from 10% adverse change	$ 41	$ 46
Decline in fair value from 20% adverse change	$ 82	$ 89
Weighted-average option adjusted spread	922 bps	769 bps
Decline in fair value from 10% adverse change	$ 20	$ 27
Decline in fair value from 20% adverse change	$ 38	$ 52

Fees from mortgage loan servicing, which includes contractually specified servicing fees, late fees and ancillary fees were $0.5 billion for each of 2020, 2019 and 2018. 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 Corporate services and Residential mortgage, respectively.

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 64: Lease Income

Year ended December 31 In millions	2020	2019
Sales-type and direct financing leases (a)	$ 269	$ 295
Operating leases (b)	95	117
Lease income	$ 364	$ 412

(a) Included in Loan interest income on the Consolidated Income Statement.
(b) Included in Corporate services on the Consolidated Income Statement.

The following table provides the components of our equipment lease financing assets:

Table 65: Sales-Type and Direct Financing Leases

	December 31	
In millions	2020	2019
Lease receivables (a)	$ 6,246	$ 7,353
Unguaranteed residual asset values	957	741
Unearned income	(789)	(939)
Equipment lease financing	$ 6,414	$ 7,155

(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 and $0.3 billion for 2020 and 2019, respectively.

Operating lease assets were $1.0 billion and accumulated depreciation was $0.2 billion at December 31, 2020 compared to operating lease assets of $1.1 billion and accumulated depreciation of $0.3 billion at December 31, 2019. We had no lease transactions with related parties or deferred selling profits at December 31, 2020 and 2019.

The future minimum lease payments based on maturity of our lessor arrangements at December 31, 2020 were as follows:

Table 66: Future Minimum Lease Payments of Lessor Arrangements

In millions	Operating Leases	Sales-type and Direct Financing Leases
2021	$ 95	$ 1,467
2022	75	1,315
2023	42	948
2024	35	806
2025	24	473
2026 and thereafter	42	1,237
Total future minimum lease payments	$ 313	$ 6,246

Lessee Arrangements

We lease retail branches, datacenters, office space, land and equipment under operating and finance leases. Our leases have remaining lease terms of one year to 47 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. Certain leases also include options to purchase the leased asset. The exercise of lease renewal, termination and purchase options is at our sole discretion.

We recognize on the balance sheet all leases with lease terms greater than twelve months as a lease liability with a corresponding right-of-use asset. At adoption of ASU 2016-02 on January 1, 2019, we elected the practical expedient to account for the lease and nonlease components of existing real estate leases and leases of advertising assets, such as signage, as a single lease component. Effective January 1, 2019, lease and nonlease components of new lease agreements are accounted for separately. Lease components consist of fixed payments including rent, real estate taxes and insurance costs and nonlease components consist of common-area maintenance costs. 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.

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, 2020 and 2019.

The following tables provide details on our operating leases:

Table 67: Operating Lease Costs and Cash Flows

Year ended December 31 In millions	2020	2019
Operating lease cost (a)	$ 358	$ 360
Operating cash flows	$ 360	$ 353

(a) Included in Occupancy, Equipment and Marketing expense on the Consolidated Income Statement.

Table 68: Operating Lease Assets and Liabilities

	December 31	
In millions	2020	2019
Operating lease assets (a)	$ 1,876	$ 1,982
Operating lease liabilities (b)	$ 2,097	$ 2,170

(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 and cash flows at December 31, 2020 and 2019 were not material.

Operating lease term and discount rates of our lessee arrangements at December 31, 2020 and 2019 were as follows:

Table 69: Operating Lease Term and Discount Rates of Lessee Arrangements

	December 31	
	2020	2019
Weighted-average remaining lease term (years)	8	9
Weighted-average discount rate	2.21 %	2.42 %

Future undiscounted cash flows on our lessee arrangements at December 31, 2020 are as follows:

Table 70: Future Lease Payments of Operating Lease Liabilities

In millions	December 31, 2020
2021	$ 364
2022	340
2023	309
2024	260
2025	217
2026 and thereafter	822
Total future lease payments	$ 2,312
Less: Interest	215
Present value of operating lease liabilities	$ 2,097

NOTE 8 PREMISES, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Premises, equipment and leasehold improvements, stated at cost less accumulated depreciation and amortization, were as follows:

Table 71: Premises, Equipment and Leasehold Improvements

In millions	December 31 2020	December 31 2019
Premises, equipment and leasehold improvements	$ 14,843	$ 14,681
Accumulated depreciation and amortization	(7,156)	(6,953)
Net book value	$ 7,687	$ 7,728

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 72: Depreciation and Amortization Expense

Year ended December 31 In millions	2020	2019	2018
Depreciation	$ 791	$ 778	$ 754
Amortization	115	109	78
Total depreciation and amortization	$ 906	$ 887	$ 832

NOTE 9 TIME DEPOSITS

Total time deposits of $19.7 billion at December 31, 2020 have future contractual maturities as follows:

Table 73: Time Deposits

In billions	
2021	$ 17.5
2022	$ 1.1
2023	$ 0.4
2024	$ 0.3
2025	$ 0.2
2026 and thereafter	$ 0.2

NOTE 10 BORROWED FUNDS

The following table shows the carrying value of total borrowed funds of $37.2 billion at December 31, 2020 (including adjustments related to accounting hedges and unamortized original issuance discounts) by remaining contractual maturity:

Table 74: Borrowed Funds

In billions	
2021	$ 7.9
2022	$ 8.1
2023	$ 3.9
2024	$ 3.2
2025	$ 2.5
2026 and thereafter	$ 11.6

The following table presents the contractual rates and maturity dates of our FHLB borrowings, senior debt and subordinated debt as of December 31, 2020 and the carrying values as of December 31, 2020 and 2019.

Table 75: FHLB Borrowings, Senior Debt and Subordinated Debt

	Stated Rate	Maturity	Carrying Value	
Dollars in millions	2020	2020	2020	2019
Parent Company				
Senior debt	2.20%-3.50%	2021-2030	$ 9,573	$ 8,843
Subordinated debt	3.90 %	2024	805	$ 777
Junior subordinated debt	0.80 %	2028	205	$ 205
Subtotal			10,583	$ 9,825
Bank				
FHLB (a)	0.32%-0.59%	2021	3,500	$ 16,341
Senior debt	0.00%-3.50%	2021-2043	14,698	$ 20,167
Subordinated debt	2.70%-4.20%	2022-2029	5,393	$ 5,152
Subtotal			23,591	$ 41,660
Total			$ 34,174	$ 51,485

(a) FHLB borrowings are generally collateralized by residential mortgage loans, other mortgage-related loans and investment securities.

In Table 75, the carrying values for Parent Company senior and subordinated debt include basis adjustments of $654 million and $57 million, respectively, whereas Bank senior and subordinated debt include basis adjustments of $485 million and $414 million, respectively, related to fair value accounting hedges as of December 31, 2020.

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, 2020 and 2019.

Table 76: Commitments to Extend Credit and Other Commitments

In millions	December 31 2020	December 31 2019
Commitments to extend credit		
Total commercial lending	$ 153,089	$ 131,762
Home equity lines of credit	16,626	16,803
Credit card	31,019	30,862
Other	7,087	6,162
Total commitments to extend credit	207,821	185,589
Net outstanding standby letters of credit (a)	9,053	9,843
Reinsurance agreements (b)		1,393
Standby bond purchase agreements (c)	1,448	1,295
Other commitments (d)	2,046	1,498
Total commitments to extend credit and other commitments	$ 220,368	$ 199,618

(a) Net outstanding standby letters of credit include $3.8 billion and $4.1 billion at December 31, 2020 and 2019, which support remarketing programs.
(b) Represents aggregate maximum exposure up to the specified limits of the reinsurance contracts provided by our wholly-owned captive insurance subsidiary. These amounts reflect estimates based on availability of financial information from insurance carriers. As of December 31, 2020, the aggregate maximum exposure amount for reinsurance agreements was zero as all underlying insurance policies were cancelled and/or sold.
(c) We enter into standby bond purchase agreements to support municipal bond obligations.
(d) Includes $1.1 billion and $0.6 billion related to investments in qualified affordable housing projects at December 31, 2020 and 2019, 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 96% of our net outstanding standby letters of credit were rated as Pass at December 31, 2020, 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, 2020 had terms ranging from less than one year to six years.

As of December 31, 2020, assets of $1.1 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, 2020 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 77: Preferred Stock - Authorized, Issued and Outstanding

December 31 Shares in thousands	Liquidation value per share	Preferred Shares 2020	Preferred Shares 2019
Authorized			
$1 par value		20,000	20,000
Issued and outstanding			
Series B	$ 40	1	1
Series O	$ 100,000	10	10
Series P	$ 100,000	15	15
Series Q (a)	$ 100,000		5
Series R	$ 100,000	5	5
Series S	$ 100,000	5	5
Total issued and outstanding		36	41

(a) 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 fractional interest in such shares.

The following table discloses information related to the preferred stock outstanding as of December 31, 2020:

Table 78: 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 P (d)	April 24, 2012	60 million	1/4,000th	Quarterly beginning on August 1, 2012	6.125% until May 1, 2022 3 Mo. LIBOR plus 4.0675% per annum beginning on May 1, 2022	May 1, 2022
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

(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, 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 79: Dividends Per Share

December 31	2020	2019	2018
Common Stock	$ 4.60	$ 4.20	$ 3.40
Preferred Stock			
Series B	$ 1.80	$ 1.80	$ 1.80
Series O	$ 6,750	$ 6,750	$ 6,750
Series P	$ 6,125	$ 6,125	$ 6,125
Series Q	$ 4,031	$ 5,375	$ 5,375
Series R	$ 4,850	$ 4,850	$ 4,850
Series S	$ 5,000	$ 5,000	$ 5,000

On January 5, 2021, the PNC Board of Directors declared a quarterly cash dividend on common stock of $1.15 per share payable on February 5, 2021.

Other Shareholders' Equity Matters

At December 31, 2020, we had reserved approximately 83 million common shares to be issued in connection with certain stock plans.

On April 4, 2019, our Board of Directors approved the establishment of a new stock repurchase program authorization in the amount of 100 million shares of PNC common stock, which may be purchased on the open market or in privately negotiated transactions, effective July 1, 2019. In June 2019, we announced share repurchase programs of up to $4.3 billion for the four quarter period beginning with the third quarter of 2019, in accordance with PNC's 2019 capital plan. In January 2020, we announced an increase to these programs to repurchase up to an additional $1.0 billion in common shares through the end of the second quarter of 2020. PNC announced on March 16, 2020 a temporary suspension of our common stock repurchase program in conjunction with the Federal Reserve's effort to support the U.S. economy during the pandemic. We continued the suspension through the fourth quarter of 2020 with the exception of employee benefit-related purchases in the third quarter, consistent with the extension of the Federal Reserve's special capital distribution restrictions. Under these program authorizations we repurchased 11.0 million shares in 2020 and 25.9 million shares in 2019. A maximum amount of 75.1 million shares remained available for repurchase under the new stock program authorization at December 31, 2020. In 2021, our plan is to refrain from share repurchases, excluding employee benefit-related purchases, during the period leading up to our pending BBVA transaction close date, expected to be mid-2021.

NOTE 13 OTHER COMPREHENSIVE INCOME

Details of other comprehensive income (loss) are as follows:

Table 80: Other Comprehensive Income (Loss)

	Year ended December 31								
	2020			2019			2018		
In millions	Pre-tax	Tax effect	After-tax	Pre-tax	Tax effect	After-tax	Pre-tax	Tax effect	After-tax
Debt securities									
Increase in net unrealized gains (losses) on securities	$ 2,113	$ (485)	$ 1,628	$ 1,529	$ (351)	$ 1,178	$ (536)	$ 123	$ (413)
Less: Net realized gains (losses) reclassified to earnings (a)	302	(69)	233	40	(9)	31	4	(1)	3
Net change	1,811	(416)	1,395	1,489	(342)	1,147	(540)	124	(416)
Cash flow hedge derivatives									
Increase in net unrealized gains (losses) on cash flow hedge derivatives	918	(211)	707	334	(77)	257	(118)	27	(91)
Less: Net realized gains (losses) reclassified to earnings (a)	421	(97)	324	37	(9)	28	60	(14)	46
Net change	497	(114)	383	297	(68)	229	(178)	41	(137)
Pension and other postretirement benefit plan adjustments									
Net pension and other postretirement benefit plan activity and other reclassified to earnings (b)	82	(19)	63	158	(36)	122	16	(4)	12
Net change	82	(19)	63	158	(36)	122	16	(4)	12
Other									
Net unrealized gains (losses) on other transactions	10	5	15	17	5	22	18	(17)	1
Net change	10	5	15	17	5	22	18	(17)	1
Total other comprehensive income (loss) from continuing operations	2,400	(544)	1,856	1,961	(441)	1,520	(684)	144	(540)
Total other comprehensive income (loss) from discontinued operations	148	(33)	115	5	(1)	4	(55)	12	(43)
Total other comprehensive income (loss)	$ 2,548	$ (577)	$ 1,971	$ 1,966	$ (442)	$ 1,524	$ (739)	$ 156	$ (583)

(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 81: 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, 2017	$ 277	$ 151	$ (446)	$ (68)	$ (86)	$ (62)	$ (148)
Cumulative effect of adopting ASU 2018-02 (a)	59	33	(96)	24	20	(14)	6
Balance at January 1, 2018	336	184	(542)	(44)	(66)	(76)	(142)
Net activity	(416)	(137)	12	1	(540)	(43)	(583)
Balance at December 31, 2018	$ (80)	$ 47	$ (530)	$ (43)	$ (606)	$ (119)	$ (725)
Net activity	1,147	229	122	22	1,520	4	1,524
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

(a) Represents the cumulative impact of adopting ASU 2018-02 which permits the reclassification to retained earnings of the income tax effects stranded within AOCI.

NOTE 14 EARNINGS PER SHARE

Table 82: Basic and Diluted Earnings Per Common Share

In millions, except per share data	2020	2019	2018
Basic			
Net income from continuing operations	$ 3,003	$ 4,591	$ 4,558
Less:			
Net income attributable to noncontrolling interests	41	49	45
Preferred stock dividends	229	236	236
Preferred stock discount accretion and redemptions	4	4	4
Net income from continuing operations attributable to common shareholders	2,729	4,302	4,273
Less: Dividends and undistributed earnings allocated to nonvested restricted shares	13	18	18
Net income from continuing operations attributable to basic common shareholders	$ 2,716	$ 4,284	$ 4,255
Net income from discontinued operations attributable to common shareholders	$ 4,555	$ 827	$ 788
Less: Undistributed earnings allocated to nonvested restricted shares	22	3	3
Net income from discontinued operations attributable to basic common shareholders	$ 4,533	$ 824	$ 785
Basic weighted-average common shares outstanding	427	447	467
Basic earnings per common share from continuing operations (a)	$ 6.37	$ 9.59	$ 9.11
Basic earnings per common share from discontinued operations (a)	$ 10.62	$ 1.84	$ 1.68
Basic earnings per common share (b)	$ 16.99	$ 11.43	$ 10.79
Diluted			
Net income from continuing operations attributable to diluted common shareholders	$ 2,716	$ 4,284	$ 4,255
Net income from discontinued operations attributable to basic common shareholders	$ 4,533	$ 824	$ 785
Less: Impact of earnings per share dilution from discontinued operations	2	10	9
Net income from discontinued operations attributable to diluted common shareholders	$ 4,531	$ 814	$ 776
Basic weighted-average common shares outstanding	427	447	467
Dilutive potential common shares		1	3
Diluted weighted-average common shares outstanding	427	448	470
Diluted earnings per common share from continuing operations (a)	$ 6.36	$ 9.57	$ 9.06
Diluted earnings per common share from discontinued operations (a)	$ 10.60	$ 1.82	$ 1.65
Diluted earnings per common share (b)	$ 16.96	$ 11.39	$ 10.71

(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).
(b) See Note 1 Accounting Policies in the Notes to Consolidated Financial Statements of this Report for additional information on our policy for not allocating losses to 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.

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.

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.

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 giving consideration to 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 85. 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 10 years. We value indirect investments in private equity funds using the net asset value (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.

<u>Residential MSRs</u>
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. We consider our residential MSRs value to represent a reasonable estimate of fair value.

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.

<u>Commercial MSRs</u>
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 a combination of Eurodollar future prices and 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, 2020 and 2019 are included in the Insignificant Level 3 assets, net of liabilities line item in Table 85 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 specified 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 classified 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 85 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 85 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 83: Fair Value Measurements – Recurring Basis Summary

In millions	December 31, 2020 Level 1	Level 2	Level 3	Total Fair Value	December 31, 2019 Level 1	Level 2	Level 3	Total Fair Value
Assets								
Residential mortgage loans held for sale		$ 691	$ 163	$ 854		$ 817	$ 2	$ 819
Commercial mortgage loans held for sale		305	57	362		182	64	246
Securities available for sale								
U.S. Treasury and government agencies	$ 16,675	4,036		20,711	$ 16,236	280		16,516
Residential mortgage-backed								
Agency		48,911		48,911		36,321		36,321
Non-agency		136	1,365	1,501		73	1,741	1,814
Commercial mortgage-backed								
Agency		2,688		2,688		3,118		3,118
Non-agency		3,678	11	3,689		3,372		3,372
Asset-backed		4,951	199	5,150		4,874	240	5,114
Other		4,636	72	4,708		2,834	74	2,908
Total securities available for sale	16,675	69,036	1,647	87,358	16,236	50,872	2,055	69,163
Loans		718	647	1,365		442	300	742
Equity investments (a)	1,070		1,263	2,629	855		1,276	2,421
Residential mortgage servicing rights			673	673			995	995
Commercial mortgage servicing rights			569	569			649	649
Trading securities (b)	548	1,690		2,238	433	2,787		3,220
Financial derivatives (b) (c)		6,415	118	6,533		3,448	54	3,502
Other assets	373	81		454	339	131		470
Total assets (d)	$ 18,666	$ 78,936	$ 5,137	$ 103,035	$ 17,863	$ 58,679	$ 5,395	$ 82,227
Liabilities								
Other borrowed funds	$ 661	$ 44	$ 2	$ 707	$ 385	$ 126	$ 7	$ 518
Financial derivatives (c) (e)		2,483	273	2,756		1,819	200	2,019
Other liabilities			43	43			137	137
Total liabilities (f)	$ 661	$ 2,527	$ 318	$ 3,506	$ 385	$ 1,945	$ 344	$ 2,674

(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, 2020 and 2019 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 22% and 20% at December 31, 2020 and 2019, respectively. Level 3 assets as a percentage of total assets at fair value was 5% and 7% as of December 31, 2020 and 2019, respectively. Level 3 assets as a percentage of total consolidated assets was 1% at both December 31, 2020 and 2019.
(e) Included in Other liabilities on the Consolidated Balance Sheet.
(f) Total liabilities at fair value as a percentage of total consolidated liabilities was 1% at both December 31, 2020 and 2019. Level 3 liabilities as a percentage of total liabilities at fair value was 9% and 13% as of December 31, 2020 and 2019, respectively. Level 3 liabilities as a percentage of total consolidated liabilities was less than 1% at both December 31, 2020 and 2019.

Reconciliations of assets and liabilities measured at fair value on a recurring basis using Level 3 inputs for 2020 and 2019 follow:

Table 84: Reconciliation of Level 3 Assets and Liabilities

Year Ended December 31, 2020

		Total realized / unrealized gains or losses for the period (a)									
Level 3 Instruments Only In millions	Fair Value Dec. 31, 2019	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, 2020	Unrealized gains / losses on assets and liabilities held on Consolidated Balance Sheet at Dec. 31, 2020 (a) (c)
Assets											
Residential mortgage loans held for sale	$ 2	$ (1)		$ 124	$ (13)		$ (21)	$ 93	$ (21) (e)	$ 163	$ (1)
Commercial mortgage loans held for sale	64	(2)					(5)			57	(2)
Securities available for sale											
Residential mortgage-backed non-agency	1,741	53	$ (75)				(354)			1,365	
Commercial mortgage-backed non-agency			(8)					19		11	
Asset-backed	240	6	(7)				(40)			199	
Other	74	1	(4)	4			(3)			72	
Total securities available for sale	2,055	60	(94)	4			(397)	19		1,647	
Loans	300	28		161	(39)		280 (d)		(83) (e)	647	28
Equity investments	1,276	(63)		229	(179)					1,263	(69)
Residential mortgage servicing rights	995	(377)		208		$ 45	(198)			673	(377)
Commercial mortgage servicing rights	649	(109)		44		100	(115)			569	(109)
Financial derivatives	54	209		11			(156)			118	229
Total assets	$ 5,395	$ (255)	$ (94)	$ 781	$ (231)	$ 145	$ (612)	$ 112	$ (104)	$ 5,137	$ (301)
Liabilities											
Other borrowed funds	$ 7					$ 28	$ (33)			$ 2	
Financial derivatives	200	$ 189			$ 4		(120)			273	$ 186
Other liabilities	137	17				96	(207)			43	1
Total liabilities	$ 344	$ 206			$ 4	$ 124	$ (360)			$ 318	$ 187
Net gains (losses)		$ (461) (f)									$ (488) (g)

Year Ended December 31, 2019

Level 3 Instruments Only In millions	Fair Value Dec. 31, 2018	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 Dec. 31, 2019	Unrealized gains / losses on assets and liabilities held on Consolidated Balance Sheet at December 31, 2019 (a) (c)
Assets											
Residential mortgage loans held for sale	$ 2			$ 5	$ (2)		$ (2)	$ 16	$ (17) (e)	$ 2	
Commercial mortgage loans held for sale	87	$ 1					(24)			64	$ 1
Securities available for sale											
Residential mortgage-backed non-agency	2,128	73	$ 15				(475)			1,741	
Asset-backed	274	6	3				(43)			240	
Other	84	1	(6)	9	(3)		(11)			74	
Total securities available for sale	2,486	80	12	9	(3)		(529)			2,055	
Loans	272	13		142	(42)		(54)		(31) (e)	300	7
Equity investments	1,255	262		374	(615)					1,276	57
Residential mortgage servicing rights	1,257	(250)		114		$ 36	(162)			995	(235)
Commercial mortgage servicing rights	726	(87)		103		53	(146)			649	(87)
Trading securities	2						(2)				
Financial derivatives	25	70		22			(63)			54	94
Other assets	45						(45)				
Total assets	$ 6,157	$ 89	$ 12	$ 769	$ (662)	$ 89	$ (1,027)	$ 16	$ (48)	$ 5,395	$ (163)
Liabilities											
Other borrowed funds	$ 7					$ 52	$ (52)			$ 7	
Financial derivatives	268	$ 101			$ 10		(179)			200	$ 112
Other liabilities	58	68		$ 16	2	81	(88)			137	49
Total liabilities	$ 333	$ 169		$ 16	$ 12	$ 133	$ (319)			$ 344	$ 161
Net gains (losses)		$ (80) (f)									$ (324) (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 not significant.
(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) Upon adoption of ASU 2016-13 - Credit Losses, we discontinued the accounting for purchased impaired loans and elected the one-time fair value option election for some of these loans and certain nonperforming loans.
(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 85: Fair Value Measurements – Recurring Quantitative Information

December 31, 2020

Level 3 Instruments Only Dollars in millions	Fair Value	Valuation Techniques	Unobservable Inputs	Range (Weighted Average) (a)
Commercial mortgage loans held for sale	$ 57	Discounted cash flow	Spread over the benchmark curve (b)	630bps - 5,275bps (3,406bps)
Residential mortgage-backed non-agency securities	1,365	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 37.6% (8.6%)
			Constant default rate	0.0% - 12.2% (4.7%)
			Loss severity	25.0% - 95.7% (48.8%)
			Spread over the benchmark curve (b)	242bps weighted-average
Asset-backed securities	199	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 22.0% (7.4%)
			Constant default rate	1.0% - 6.0% (3.3%)
			Loss severity	30.0% - 100.0% (58.1%)
			Spread over the benchmark curve (b)	291bps weighted-average
Loans - Residential real estate	434	Consensus pricing (c)	Cumulative default rate	3.6% - 100.0% (82.1%)
			Loss severity	0.0% - 100.0% (11.2%)
			Discount rate	4.8% - 6.8% (5.1%)
	132	Discounted cash flow	Loss severity	8.0% weighted-average
			Discount rate	3.2% weighted-average
Loans - Home equity	21	Consensus pricing (c)	Cumulative default rate	3.6% - 100.0% (88.5%)
			Loss severity	0.0% - 98.4% (33.3%)
			Discount rate	4.8% - 6.8% (6.3%)
	60	Consensus pricing (c)	Credit and liquidity discount	17.5% - 97.0% (57.7%)
Equity investments	1,263	Multiple of adjusted earnings	Multiple of earnings	5.0x - 15.9x (8.7x)
Residential mortgage servicing rights	673	Discounted cash flow	Constant prepayment rate	0.0% - 77.5% (21.1%)
			Spread over the benchmark curve (b)	325bps - 2,783bps (922bps)
Commercial mortgage servicing rights	569	Discounted cash flow	Constant prepayment rate	4.0% - 16.1% (4.9%)
			Discount rate	4.7% - 7.8% (7.3%)
Financial derivatives - Swaps related to sales of certain Visa Class B common shares	(252)	Discounted cash flow	Estimated conversion factor of Visa Class B shares into Class A shares	162.3% weighted-average
			Estimated annual growth rate of Visa Class A share price	16.0%
			Estimated length of litigation resolution date	Q2 2022
Insignificant Level 3 assets, net of liabilities (d)	298			
Total Level 3 assets, net of liabilities (e)	$ 4,819			

December 31, 2019

Level 3 Instruments Only Dollars in millions	Fair Value	Valuation Techniques	Unobservable Inputs	Range (Weighted Average) (a)
Commercial mortgage loans held for sale	$ 64	Discounted cash flow	Spread over the benchmark curve (b)	530bps - 2,935bps (1,889bps)
Residential mortgage-backed non-agency securities	1,741	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 36.2% (9.9%)
			Constant default rate	0.0% - 14.1% (4.3%)
			Loss severity	26.6% - 95.7% (51.9%)
			Spread over the benchmark curve (b)	188bps weighted-average
Asset-backed securities	240	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 22.0% (7.5%)
			Constant default rate	1.0% - 7.2% (3.4%)
			Loss severity	30.0% - 100.0% (57.6%)
			Spread over the benchmark curve (b)	215bps weighted-average
Loans	184	Consensus pricing (c)	Cumulative default rate	3.6% - 100.0% (76.7%)
			Loss severity	0.0% - 100.0% (14.5%)
			Discount rate	5.0% - 8.0% (5.2%)
	72	Discounted cash flow	Loss severity	8.0% weighted-average
			Discount rate	4.8% weighted-average
	44	Consensus pricing (c)	Credit and liquidity discount	0.0% - 99.0% (63.4%)
Equity investments	1,276	Multiple of adjusted earnings	Multiple of earnings	5.0x - 16.5x (8.5x)
Residential mortgage servicing rights	995	Discounted cash flow	Constant prepayment rate	0.0% - 53.8% (13.5%)
			Spread over the benchmark curve (b)	320bps - 1,435bps (769bps)
Commercial mortgage servicing rights	649	Discounted cash flow	Constant prepayment rate	3.5% - 18.1% (4.6%)
			Discount rate	5.6% - 8.1% (7.9%)
Financial derivatives - Swaps related to sales of certain Visa Class B common shares	(176)	Discounted cash flow	Estimated conversion factor of Visa Class B shares into Class A shares	162.3% weighted-average
			Estimated annual growth rate of Visa Class A share price	16.0%
			Estimated length of litigation resolution date	Q1 2021
Insignificant Level 3 assets, net of liabilities (d)	(38)			
Total Level 3 assets, net of liabilities (e)	$ 5,051			

(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 $5.1 billion and total Level 3 liabilities of $0.3 billion as of December 31, 2020 and $5.4 billion and $0.3 billion as of December 31, 2019, 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 86.

Nonaccrual Loans

Nonaccrual loans represent 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.

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 and used 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 follow:

Table 86: Fair Value Measurements – Nonrecurring (a) (b) (c)

Year ended December 31 In millions	Fair Value 2020	Fair Value 2019	Gains (Losses) 2020	Gains (Losses) 2019	Gains (Losses) 2018
Assets					
Nonaccrual loans	$ 332	$ 136	$ (111)	$ (76)	$ (28)
OREO and foreclosed assets	18	57	(2)	(5)	(7)
Long-lived assets	20	5	(27)	(3)	(4)
Total assets	$ 370	$ 198	$ (140)	$ (84)	$ (39)

(a) All Level 3 for the periods presented.
(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 Loan 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 follow:

Table 87: Fair Value Option – Fair Value and Principal Balances

In millions	December 31, 2020 Fair Value	December 31, 2020 Aggregate Unpaid Principal Balance	December 31, 2020 Difference	December 31, 2019 Fair Value	December 31, 2019 Aggregate Unpaid Principal Balance	December 31, 2019 Difference
Assets						
Residential mortgage loans held for sale						
Accruing loans less than 90 days past due	$ 831	$ 793	$ 38	$ 813	$ 792	$ 21
Accruing loans 90 days or more past due	4	4		2	2	
Nonaccrual loans	20	24	(4)	4	4	
Total	$ 855	$ 821	$ 34	$ 819	$ 798	$ 21
Commercial mortgage loans held for sale (a)						
Accruing loans less than 90 days past due	$ 357	$ 370	$ (13)	$ 245	$ 263	$ (18)
Nonaccrual loans	5	6	(1)	1	2	(1)
Total	$ 362	$ 376	$ (14)	$ 246	$ 265	$ (19)
Loans						
Accruing loans less than 90 days past due	$ 519	$ 530	$ (11)	$ 291	$ 304	$ (13)
Accruing loans 90 days or more past due	283	295	(12)	285	296	(11)
Nonaccrual loans	563	820	(257)	166	265	(99)
Total	$ 1,365	$ 1,645	$ (280)	$ 742	$ 865	$ (123)
Other assets	$ 81	$ 69	$ 12	$ 132	$ 125	$ 7
Liabilities						
Other borrowed funds	$ 32	$ 33	$ (1)	$ 63	$ 64	$ (1)

(a) There were no accruing loans 90 days or more past due within this category at December 31, 2020 or December 31, 2019.

The changes in fair value for items for which we elected the fair value option are as follows:

Table 88: Fair Value Option – Changes in Fair Value (a)

Year ended December 31 In millions	Gains (Losses) 2020	2019	2018
Assets			
Residential mortgage loans held for sale	$ 198	$ 84	$ 38
Commercial mortgage loans held for sale	$ 128	$ 61	$ 67
Loans	$ 44	$ 23	$ 24
Other assets	$ (3)	$ 40	$ (40)

(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. Loans are presented net of the ALLL.

Other Assets
Other assets includes accrued interest receivable, cash collateral, federal funds sold and resale agreements, certain loans held for sale, and FHLB and FRB stock. The aggregate carrying value of our FHLB and FRB stock was $1.1 billion and $1.6 billion at December 31, 2020 and 2019, respectively, which approximated fair value at each date.

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 values approximated fair values. 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, 2020 and 2019 are as follows:

Table 89: Additional Fair Value Information Related to Other Financial Instruments

In millions	Carrying Amount	Fair Value Total	Level 1	Level 2	Level 3
December 31, 2020					
Assets					
Cash and due from banks	$ 7,017	$ 7,017	$ 7,017		
Interest-earning deposits with banks	85,173	85,173		$ 85,173	
Securities held to maturity	1,445	1,604	920	489	$ 195
Net loans (excludes leases)	228,788	233,688			233,688
Other assets	3,601	3,600		3,559	41
Total assets	$ 326,024	$ 331,082	$ 7,937	$ 89,221	$ 233,924
Liabilities					
Time deposits	$ 19,692	$ 19,662		$ 19,662	
Borrowed funds	36,488	37,192		35,571	$ 1,621
Unfunded lending related commitments	584	584			584
Other liabilities	413	413		413	
Total liabilities	$ 57,177	$ 57,851		$ 55,646	$ 2,205
December 31, 2019					
Assets					
Cash and due from banks	$ 5,061	$ 5,061	$ 5,061		
Interest-earning deposits with banks	23,413	23,413		$ 23,413	
Securities held to maturity	17,661	18,044	832	17,039	$ 173
Net loans (excludes leases)	229,205	232,670			232,670
Other assets	5,700	5,700		5,692	8
Total assets	$ 281,040	$ 284,888	$ 5,893	$ 46,144	$ 232,851
Liabilities					
Time deposits	$ 21,663	$ 21,425		$ 21,425	
Borrowed funds	59,745	60,399		58,622	$ 1,777
Unfunded lending related commitments	318	318			318
Other liabilities	506	506		506	
Total liabilities	$ 82,232	$ 82,648		$ 80,553	$ 2,095

The aggregate fair values in Table 89 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 83),
- 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 amounts and gross fair values of all derivative assets and liabilities held by us:

Table 90: Total Gross Derivatives (a)

	December 31, 2020			December 31, 2019		
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	$ 24,153			$ 30,663		
Cash flow hedges	22,875	$ 14		23,642	$ 6	
Foreign exchange contracts:						
Net investment hedges	1,075		$ 22	1,102		$ 6
Total derivatives designated for hedging	$ 48,103	$ 14	$ 22	$ 55,407	$ 6	$ 6
Derivatives not used for hedging						
Derivatives used for mortgage banking activities (e):						
Interest rate contracts:						
Swaps	$ 50,511			$ 52,007	$ 1	
Futures (f)	2,841			3,487		
Mortgage-backed commitments	11,288	$ 147	$ 77	7,738	60	$ 44
Other	1,831	11	2	3,134	32	23
Total interest rate contracts	66,471	158	79	66,366	93	67
Derivatives used for customer-related activities:						
Interest rate contracts:						
Swaps	280,125	5,475	1,601	249,075	2,769	1,187
Futures (f)	1,235			703		
Mortgage-backed commitments	4,178	11	14	3,721	2	6
Other	20,125	193	88	21,379	113	33
Total interest rate contracts	305,663	5,679	1,703	274,878	2,884	1,226
Commodity contracts:						
Swaps	6,149	350	323	5,204	234	229
Other	2,770	61	61	4,203	72	72
Total commodity contracts	8,919	411	384	9,407	306	301
Foreign exchange contracts and other	26,620	267	243	27,120	204	162
Total derivatives for customer-related activities	341,202	6,357	2,330	311,405	3,394	1,689
Derivatives used for other risk management activities:						
Foreign exchange contracts and other	10,931	4	325	10,201	9	257
Total derivatives not designated for hedging	$ 418,604	$ 6,519	$ 2,734	$ 387,972	$ 3,496	$ 2,013
Total gross derivatives	$ 466,707	$ 6,533	$ 2,756	$ 443,379	$ 3,502	$ 2,019
Less: Impact of legally enforceable master netting agreements		720	720		690	690
Less: Cash collateral received/paid		1,434	1,452		616	790
Total derivatives		$ 4,379	$ 584		$ 2,196	$ 539

(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, Counterparty Credit Risk, and Contingent Features 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 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 interest rate swaps and forward contracts 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, 2020, we expect to reclassify net derivative gains of $276 million pretax, or $213 million after-tax, from AOCI to interest income for both 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, 2020. As of December 31, 2020, 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 91: 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, 2020				
Total amounts on the Consolidated Income Statement	$ 8,927	$ 2,041	$ 718	$ 1,364
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 AOCI	$ 375	$ 40		$ 6
Year ended December 31, 2019				
Total amounts on the Consolidated Income Statement	$ 10,525	$ 2,426	$ 1,811	$ 1,473
Gains (losses) on fair value hedges recognized on:				
Hedged items (c)		$ 187	$ (808)	
Derivatives		$ (178)	$ 659	
Amounts related to interest settlements on derivatives		$ 13	$ 79	
Gains (losses) on cash flow hedges (d):				
Amount of derivative gains (losses) reclassified from AOCI	$ 9	$ 9		$ 19
Year ended December 31, 2018				
Total amounts on the Consolidated Income Statement	$ 9,580	$ 2,261	$ 1,632	$ 1,205
Gains (losses) on fair value hedges recognized on:				
Hedged items (c)		$ (53)	$ 151	
Derivatives		$ 60	$ (262)	
Amounts related to interest settlements on derivatives		$ 3	$ 80	
Gains (losses) on cash flow hedges (d):				
Amount of derivative gains (losses) reclassified from AOCI	$ 41	$ 11		$ 8

(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 92: Hedged Items - Fair Value Hedges

	December 31, 2020		December 31, 2019	
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)	$ 2,785	$ 30	$ 5,666	$ 59
Borrowed funds	$ 25,797	$ 1,611	$ 28,616	$ 548

(a) Includes $(0.1) billion and $(0.3) billion of fair value hedge adjustments primarily related to discontinued borrowed funds hedge relationships at December 31, 2020 and 2019, 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 all periods presented. Net gains (losses) on net investment hedge derivatives recognized in OCI were $(24) million at both 2020 and 2019 and $76 million in 2018.

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 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 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 Other 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 Corporate services 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 notional amount of risk participation agreements sold was $7.0 billion at December 31, 2020 and $8.0 billion at December 31, 2019. Assuming all underlying third party customers referenced in the swap contracts defaulted, the exposure from these agreements would be $0.5 billion at December 31, 2020 and $0.3 billion at December 31, 2019 based on the fair value of the underlying swaps.

Further detail regarding the gains (losses) on derivatives not designated in hedging relationships is presented in the following table:

Table 93: Gains (Losses) on Derivatives Not Designated for Hedging

	Year ended December 31		
In millions	2020	2019	2018
Derivatives used for mortgage banking activities:			
Interest rate contracts (a)	$ 792	$ 405	$ (56)
Derivatives used for customer-related activities:			
Interest rate contracts	210	125	99
Foreign exchange contracts and other	156	114	104
Gains (losses) from customer-related activities (b)	366	239	203
Derivatives used for other risk management activities:			
Foreign exchange contracts and other (b)	(338)	(137)	268
Total gains (losses) from derivatives not designated as hedging instruments	$ 820	$ 507	$ 415

(a) Included in Residential mortgage, Corporate services and Other noninterest income on our Consolidated Income Statement.
(b) Included in Other noninterest income on our Consolidated Income Statement.

Offsetting, Counterparty Credit Risk, and Contingent Features

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. In certain cases, minimum thresholds must be exceeded before any collateral is exchanged. 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, is also required to be pledged by us in relation to derivative instruments with central clearing house counterparties. 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 94 shows the impact legally enforceable master netting agreements had on our derivative assets and derivative liabilities as of December 31, 2020 and 2019. 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 94 includes over-the-counter (OTC) derivatives and OTC derivatives cleared through a central clearing house. 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 94: 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, 2020						
Derivative assets						
Interest rate contracts:						
Over-the-counter cleared	$ 48			$ 48		$ 48
Over-the-counter	5,803	$ 430	$ 1,426	3,947	$ 531	3,416
Commodity contracts	411	209	4	198		198
Foreign exchange and other contracts	271	81	4	186	1	185
Total derivative assets	$ 6,533	$ 720	$ 1,434	$ 4,379 (a)	$ 532	$ 3,847
Derivative liabilities						
Interest rate contracts:						
Over-the-counter cleared	$ 42			$ 42		$ 42
Over-the-counter	1,740	$ 462	$ 1,179	99		99
Commodity contracts	384	182	103	99		99
Foreign exchange and other contracts	590	76	170	344		344
Total derivative liabilities	$ 2,756	$ 720	$ 1,452	$ 584 (b)		$ 584
December 31, 2019						
Derivative assets						
Interest rate contracts:						
Over-the-counter cleared	$ 14			$ 14		$ 14
Over-the-counter	2,969	$ 365	$ 593	2,011	$ 215	1,796
Commodity contracts	306	198	18	90		90
Foreign exchange and other contracts	213	127	5	81		81
Total derivative assets	$ 3,502	$ 690	$ 616	$ 2,196 (a)	$ 215	$ 1,981
Derivative liabilities						
Interest rate contracts:						
Over-the-counter cleared	$ 14			$ 14		$ 14
Over-the-counter	1,279	$ 475	$ 692	112		112
Commodity contracts	301	152	17	132		132
Foreign exchange and other contracts	425	63	81	281		281
Total derivative liabilities	$ 2,019	$ 690	$ 790	$ 539 (b)		$ 539

(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, 2020, we held cash, U.S. government securities and mortgage-backed securities totaling $2.3 billion under master netting agreements and other collateral agreements to collateralize net derivative assets due from counterparties, and we pledged cash totaling $1.9 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 held or 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 held from counterparties are not recognized on our balance sheet. Likewise, securities we have pledged to counterparties remain on our balance sheet.

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 aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a net liability position on December 31, 2020 was $1.6 billion for which we had posted collateral of $1.4 billion in the normal course of business. The maximum additional amount of collateral we would have been required to post if the credit-risk related contingent features underlying these agreements had been triggered on December 31, 2020 would be $0.2 billion.

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 plan participants earn interest credits on their cash balances based on 30-year Treasury securities rates with those who were participants at December 31, 2009 earning a minimum rate. New participants on or after January 1, 2010 are not subject to the minimum rate. Beginning in 2018, 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, in the case of the postretirement benefit plans, participant contributions 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. The qualified pension plan assets and benefit obligation were re-measured as of January 31, 2019 as a result of a plan amendment.

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 plan follows:

Table 95: Reconciliation of Changes in Projected Benefit Obligation and Change in Plan Assets

In millions	Qualified Pension (a) 2020	Qualified Pension (a) 2019	Nonqualified Pension 2020	Nonqualified Pension 2019	Postretirement Benefits 2020	Postretirement Benefits 2019
Accumulated benefit obligation at December 31	$ 5,117	$ 4,740	$ 258	$ 259		
Projected benefit obligation at January 1	$ 4,887	$ 4,355	$ 265	$ 258	$ 333	$ 322
Service cost	122	115	3	3	4	4
Interest cost	160	186	8	10	11	13
Amendments		21				
Actuarial (gains)/losses and changes in assumptions	306	498	17	25	11	18
Participant contributions					3	3
Benefits paid	(301)	(288)	(30)	(31)	(25)	(27)
Projected benefit obligation at December 31	$ 5,174	$ 4,887	$ 263	$ 265	$ 337	$ 333
Fair value of plan assets at January 1	$ 5,654	$ 4,963			$ 247	$ 232
Actual return on plan assets	720	979			14	15
Employer contribution			$ 30	$ 31	23	24
Participant contributions					3	3
Benefits paid	(301)	(288)	(30)	(31)	(25)	(27)
Fair value of plan assets at December 31	$ 6,073	$ 5,654			$ 262	$ 247
Funded status	$ 899	$ 767	$ (263)	$ (265)	$ (75)	$ (86)
Amounts recognized on the consolidated balance sheet						
Noncurrent asset	$ 899	$ 767				
Current liability			$ (25)	$ (26)	$ (2)	$ (2)
Noncurrent liability			(238)	(239)	(73)	(84)
Net amount recognized on the consolidated balance sheet	$ 899	$ 767	$ (263)	$ (265)	$ (75)	$ (86)
Amounts recognized in AOCI consist of:						
Prior service cost (credit)	$ 25	$ 29			$ 2	$ 2
Net actuarial loss (gain)	299	411	$ 90	$ 78	4	1
Amount of loss (gain) recognized in AOCI	$ 324	$ 440	$ 90	$ 78	$ 6	$ 3

(a) The actuarial (gains)/losses and changes in assumptions in 2020 and 2019 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 2020 and 2019, and the target allocation range at the end of 2020, by asset category, are as follows.

Table 96: Asset Strategy Allocations

	Target Allocation Range	Percentage of Plan Assets by Strategy at December 31	
		2020	2019
Asset Category			
Domestic Equity	15 – 40%	23 %	27 %
International Equity	10 – 25%	18 %	17 %
Private Equity	0 – 15%	10 %	10 %
Total Equity	30 – 70%	51 %	54 %
Domestic Fixed Income	10 – 40%	25 %	23 %
High Yield Fixed Income	0 – 25%	8 %	8 %
Total Fixed Income	10 – 65%	33 %	31 %
Real estate	0 – 10%	5 %	5 %
Other	0 – 20%	11 %	10 %
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, 2020 for equity securities, fixed income securities, real estate and all other assets are 61%, 21%, 5% and 13%, 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, 2020 and 2019 follows:

Asset	Valuation Methodology
Money market funds	• Valued at the net asset value 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 which 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 credit-worthiness 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, 2020 and 2019.

Table 97: Pension Plan Assets - Fair Value Hierarchy

	December 31, 2020				December 31, 2019			
In millions	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value
Interest bearing cash						$ 1		$ 1
Money market funds	$ 572			$ 572	$ 456			456
U.S. government and agency securities	446	$ 126		572	582	135	$ 1	718
Corporate debt		730	$ 3	733		660	3	663
Common stock	738		1	739	620	1	4	625
Mutual funds		290		290		253		253
Other	1	214		215		126		126
Investments measured at net asset value (a)				2,952				2,812
Total	$ 1,757	$ 1,360	$ 4	$ 6,073	$ 1,658	$ 1,176	$ 8	$ 5,654

(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 98: Estimated Cash Flows

	Pension Plans		Postretirement Benefits
In millions	Qualified Pension	Nonqualified Pension	
Estimated 2021 employer contributions		$ 25	$ 24
Estimated future benefit payments			
2021	$ 292	$ 25	$ 24
2022	$ 304	$ 22	$ 23
2023	$ 317	$ 22	$ 23
2024	$ 306	$ 21	$ 23
2025	$ 303	$ 20	$ 22
2026-2030	$ 1,476	$ 89	$ 104

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 2021 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 99: Components of Net Periodic Benefit Cost (a)

	Qualified Pension Plan			Nonqualified Pension Plan			Postretirement Benefits		
Year ended December 31 – in millions	2020	2019 (b)	2018	2020	2019	2018	2020	2019	2018
Net periodic cost consists of:									
Service cost	$ 122	$ 115	$ 116	$ 3	$ 3	$ 3	$ 4	$ 4	$ 5
Interest cost	160	186	171	8	10	9	11	13	12
Expected return on plan assets	(302)	(288)	(306)				(6)	(5)	(6)
Amortization of prior service cost/(credit)	4	4	1						
Amortization of actuarial (gain)/loss		4		5	4	5			
Net periodic cost (benefit)	$ (16)	$ 21	$ (18)	$ 16	$ 17	$ 17	$ 9	$ 12	$ 11
Other changes in plan assets and benefit obligations recognized in OCI:									
Current year prior service cost/(credit)		21							
Amortization of prior service (cost)/credit	(4)	(4)	(1)						
Current year actuarial loss/(gain)	(112)	(193)	75	17	25	(16)	3	9	(25)
Amortization of actuarial gain/(loss)		(4)		(5)	(4)	(5)			
Total recognized in OCI	$ (116)	$ (180)	$ 74	$ 12	$ 21	$ (21)	$ 3	$ 9	$ (25)
Total amounts recognized in net periodic cost and OCI	$ (132)	$ (159)	$ 56	$ 28	$ 38	$ (4)	$ 12	$ 21	$ (14)

(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.
(b) Includes the effects of the qualified pension plan remeasurement as of January 31, 2019 as a result of a plan amendment.

The weighted-average assumptions used (as of the beginning of each year) to determine the net periodic costs shown in Table 99 were as follows:

Table 100: Net Periodic Costs - Assumptions

	Net Periodic Cost Determination		
of January 1	2020	2019	2018
scount rate			
ualified pension (a)	3.30 %	4.30 %	3.60 %
onqualified pension	3.05 %	4.15 %	3.45 %
ostretirement benefits	3.20 %	4.20 %	3.55 %
te of compensation increase (average) (b)	4.25 %	3.50 %	3.50 %
erest crediting rate (average)			
ualified Pension	3.85 %	3.95 %	3.90 %
onqualified pension	4.15 %	4.20 %	4.20 %
ostretirement benefits	2.05 %	3.05 %	2.35 %
sumed health care cost trend rate (c)			
nitial trend	6.25 %	6.50 %	6.75 %
ltimate trend	5.00 %	5.00 %	5.00 %
ear ultimate trend reached	2025	2025	2025
pected long-term return on plan assets (b)	5.50 %	5.75 %	6.00 %

(a) The 2019 qualified pension discount rate was 4.15% at the time of remeasurement on January 31, 2019 as a result of a plan amendment.
(b) Rate disclosed is for the qualified pension plan.
(c) Rate is applicable only to the postretirement benefit plan.

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 101: Other Pension Assumptions

Year ended December 31	2020	2019
Discount rate		
Qualified pension	2.55 %	3.30 %
Nonqualified pension	2.10 %	3.05 %
Postretirement benefits	2.40 %	3.20 %
Rate of compensation increase (average) (a)	4.25 %	4.25 %
Interest crediting rate (average)		
Qualified pension	3.70 %	3.85 %
Nonqualified pension	4.00 %	4.15 %
Postretirement benefits	1.30 %	2.05 %
Assumed health care cost trend rate (b)		
Initial trend	6.00 %	6.25 %
Ultimate trend	5.00 %	5.00 %
Year ultimate trend reached	2025	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.

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 2020 was 5.50%. We are reducing our expected long-term return on assets to 4.55% for determining pension cost for 2021. 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.

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 2020 and to be recognized in 2021 for each of the qualified pension, nonqualified pension and postretirement benefit plans.

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 $147 million in 2020, $139 million in 2019 and $139 million in 2018, 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, incentive shares/performance 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.

Incentive/Performance Share Unit Awards and Restricted Share Unit Awards

The fair value of nonvested incentive/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. The value of certain incentive/performance unit awards is subsequently remeasured based on the achievement of one or more financial and other performance goals. Additionally, certain incentive/performance unit awards could require subsequent adjustment due to certain discretionary risk review triggers.

The weighted-average grant date fair value of incentive/performance share unit awards and restricted share unit awards granted in 2020, 2019 and 2018 was $150.23, $117.53 and $149.38 per share, respectively. The total intrinsic value of incentive/performance share unit awards and restricted share unit awards vested during 2020, 2019 and 2018 was approximately $213 million, $218 million and $254 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 incentive/performance share unit and restricted share unit awards follows:

Table 102: Nonvested Incentive/Performance Share Unit Awards and Restricted Share Unit Awards - Rollforward

Shares in thousands	Nonvested Incentive/Performance Units Shares	Weighted-Average Grant Date Fair Value	Nonvested Restricted Share Units	Weighted-Average Grant Date Fair Value
December 31, 2019	844	$ 116.00	3,305	$ 128.29
Granted (a)	183	$ 147.60	1,268	$ 150.61
Vested/Released (a)	(363)	$ 106.17	(1,053)	$ 123.58
Forfeitures			(63)	$ 138.41
December 31, 2020	**664**	**$ 130.08**	**3,457**	**$ 137.73**

(a) Includes adjustments for achieving specific performance goals for Incentive/Performance Unit Share Awards granted in prior periods.

In Table 102, the units and related weighted-average grant date fair value of the incentive/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 103: Components of Income Tax Expense

Year ended December 31 In millions	2020	2019	2018
Current			
Federal	$ 669	$ 570	$ 739
State	158	152	178
Total current	$ 827	$ 722	$ 917
Deferred			
Federal	(373)	187	13
State	(28)	(8)	(2)
Total deferred	$ (401)	$ 179	$ 11
Total	$ 426	$ 901	$ 928

Significant components of deferred tax assets and liabilities are as follows:

Table 104: Deferred Tax Assets and Liabilities

December 31 – in millions	2020	2019
Deferred tax assets		
Allowance for loan and lease losses	$ 1,288	$ 661
Allowance for unfunded commitments	141	78
Compensation and benefits	227	270
Partnership investments	121	120
Loss and credit carryforward	162	203
Accrued expenses	107	117
Lease obligations	528	545
Other	163	161
Total gross deferred tax assets	2,737	2,155
Valuation allowance	(26)	(31)
Total deferred tax assets	2,711	2,124
Deferred tax liabilities		
Leasing	1,179	1,183
Right of Use Assets	476	520
Goodwill and intangibles	193	194
Fixed assets	592	412
Net unrealized gains on securities and financial instruments	929	370
Other	143	306
Total deferred tax liabilities	3,512	2,985
Net deferred tax liability	$ 801	$ 861

A reconciliation between the statutory and effective tax rates from continuing operations follows:

Table 105: Reconciliation of Statutory and Effective Tax Rates

Year ended December 31	2020	2019	2018
Statutory tax rate	21.0 %	21.0 %	21.0 %
Increases (decreases) resulting from:			
State taxes net of federal benefit	2.0	2.3	2.5
Tax-exempt interest	(1.7)	(1.5)	(1.7)
Life insurance	(1.6)	(1.0)	(1.0)
Tax credits	(6.0)	(4.2)	(4.0)
Federal deferred tax revaluation			(2.1)
Unrecognized tax benefits	(1.6)	(0.1)	1.3
Subsidiary Liquidation	(1.2)		
Other	1.5	(0.1)	0.9
Effective tax rate	12.4 %	16.4 %	16.9 %

The net operating loss carryforwards at December 31, 2020 and 2019 follow:

Table 106: Net Operating Loss Carryforwards

Dollars in millions	December 31, 2020	December 31, 2019	Expiration
Net Operating Loss Carryforwards:			
Federal	$ 282	$ 402	2032
State	$ 848	$ 1,197	2021-2039

The majority of the tax credit carryforwards expire in 2039 and were $58 million at December 31, 2020 and $149 million at December 31, 2019. 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, but we have recorded an insignificant valuation allowance against certain state tax carryforwards as of December 31, 2020.

Retained earnings included $0.1 billion at both December 31, 2020 and 2019 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 107: Change in Unrecognized Tax Benefits

In millions	2020	2019	2018
Balance of gross unrecognized tax benefits at January 1	$ 130	$ 207	$ 18
Increases:			
Positions taken during a current period	265		
Positions taken during a prior period			212
Decreases:			
Positions taken during a prior period		(77)	(16)
Settlements with taxing authorities	(130)		(7)
Balance of gross unrecognized tax benefits at December 31	$ 265	$ 130	$ 207
Favorable impact if recognized	$ 209	$ 76	$ 76

We do not expect that the balance of unrecognized tax benefits will 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 108 summarizes the status of significant IRS examinations.

Table 108: IRS Tax Examination Status

	Years under examination	Status at December 31
Federal	2016 – 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 2013. For all open audits, any potential adjustments have been considered in establishing our unrecognized tax benefits as of December 31, 2020.

Our policy is to classify interest and penalties associated with income taxes as income tax expense. For 2020 and 2019, the amount of gross interest and penalties was insignificant. At December 31, 2020 and 2019, 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 periodic 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 delaying the estimated impact on regulatory capital stemming
from implementing the CECL standard. The estimated CECL impact is added to CET1 through December 31, 2021, then phased-out over the following three years. PNC and PNC Bank have elected the five-year transition period effective March 31, 2020.

At December 31, 2020 and 2019, 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, 2020 and 2019, for PNC and PNC Bank:

Table 109: Basel Regulatory Capital (a)

December 31 Dollars in millions	Amount 2020	Amount 2019	Ratios 2020	Ratios 2019	"Well Capitalized" Requirements
Risk-based capital					
Common equity Tier 1					
PNC	$ 39,735	$ 32,478	12.2 %	9.5 %	N/A
PNC Bank	$ 35,232	$ 32,215	11.0 %	9.9 %	6.5 %
Tier 1					
PNC	$ 43,252	$ 36,306	13.2 %	10.7 %	6.0 %
PNC Bank	$ 35,232	$ 32,215	11.0 %	9.9 %	8.0 %
Total					
PNC	$ 51,001	$ 43,331	15.6 %	12.7 %	10.0 %
PNC Bank	$ 42,440	$ 39,074	13.2 %	12.1 %	10.0 %
Leverage					
PNC	$ 43,252	$ 36,306	9.5 %	9.1 %	N/A
PNC Bank	$ 35,232	$ 32,215	7.9 %	8.3 %	5.0 %

(a) Calculated using the regulatory capital methodology applicable to us during both 2020 and 2019.

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 $3.1 billion at December 31, 2020.

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.

At December 31, 2020, the balance outstanding at the Federal Reserve Bank was $84.9 billion.

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 possible losses or ranges of 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, 2020, 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 $100 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. 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.

Residential Mortgage-Backed Securities Indemnification Demands

We have received indemnification demands from several entities sponsoring residential mortgage-backed securities and their affiliates where purchasers of the securities, trustees for the securitization trusts, or monoline insurers have asserted claims against the sponsors and other parties involved in the securitization transactions. National City Mortgage and its predecessors had sold to the sponsors or their affiliates whole loans that were allegedly included in certain of these securitization transactions. According to the indemnification demands, the claims for which indemnity is being sought are based on alleged misstatements and omissions in the offering documents for these transactions or breaches of representations and warranties relating to the loans made in connection with the transactions. The indemnification demands assert that agreements governing the sale of these loans or the securitization transactions to which National City Mortgage was a party require us to indemnify the sponsors and their affiliates for losses suffered in connection with these claims.

The parties have settled several of these disputes. In February 2020, one of the entities asserting a right to indemnification submitted a demand for our purported share of the settlement amount of claims asserted against it and its affiliates. The portion of the settlement amount, if any, for which we are responsible in the settled cases has not been determined.

Pre-need Funeral Arrangements

National City Bank and PNC Bank are defendants in a lawsuit filed in the U.S. District Court for the Eastern District of Missouri under the caption *Jo Ann Howard and Associates, P.C., et al. v. Cassity, et al.* (No. 4:09-CV-1252-ERW) arising out of trustee services provided by Allegiant Bank, a National City Bank and PNC Bank predecessor, with respect to Missouri trusts that held pre-need funeral contract assets. Under a pre-need funeral contract, a customer pays an amount up front in exchange for payment of funeral expenses following the customer's death. In a number of states, including Missouri, pre-need funeral contract sellers are required to deposit a portion of the proceeds of the sale of pre-need funeral contracts in a trust account.

The lawsuit was filed in August 2009 by the Special Deputy Receiver for three insolvent affiliated companies, National Prearranged Services, Inc. a seller of pre-need funeral contracts (NPS), Lincoln Memorial Life Insurance Company (Lincoln), and Memorial Service Life Insurance Company (Memorial). Seven individual state life and health insurance guaranty associations, who claim they are liable under state law for payment of certain benefits under life insurance policies sold by Lincoln and Memorial, and the National Organization of Life & Health Guaranty Associations have also joined the action as plaintiffs. In addition to National City Bank and PNC Bank (added following filing of the lawsuit as successor-in-interest to National City Bank) (the PNC defendants), other defendants included members of the Cassity family, who controlled NPS, Lincoln, and Memorial; officers and directors of NPS, Lincoln, and Memorial; auditors and attorneys for NPS, Lincoln, and Memorial; the trustees of each of the trusts that held pre-need funeral contract assets; and the investment advisor to the Pre-need Trusts. NPS retained several banks to act as trustees for the trusts holding NPS pre-need funeral contract assets (the NPS Trusts), with Allegiant Bank acting as one of these trustees with respect to seven Missouri NPS Trusts. All of the other defendants have settled with the plaintiffs, are otherwise no longer a party to the lawsuit, or are insolvent.

In their Third Amended Complaint, filed in 2012 following the granting by the court in part of motions to dismiss made by the PNC defendants and the other NPS Trust trustees, the plaintiffs allege that Allegiant Bank breached its fiduciary duties and acted negligently as the trustee for the Missouri NPS Trusts. In part as a result of these breaches, the plaintiffs allege, members of the Cassity family, acting in concert with other defendants, were able to improperly remove millions of dollars from the NPS Trusts, which in turn caused NPS, Lincoln, and Memorial to become insolvent. The complaint alleges $600 million in present and future losses to the plaintiffs due to the insolvency of NPS, Lincoln, and Memorial. The lawsuit seeks, among other things, unspecified actual and punitive damages, various equitable remedies including restitution, attorneys' fees, costs of suit and interest.

In July 2013, five of the six defendants in a parallel federal criminal action, including two members of the Cassity family, entered into plea agreements with the U.S. to resolve criminal charges arising out of their conduct at NPS, Lincoln and Memorial. In August 2013, after a jury trial, the sixth defendant, the investment advisor to the NPS Trusts, was convicted on all criminal counts against him. The criminal charges against the defendants alleged, among other thing, a scheme to defraud Allegiant Bank and the other trustees of the NPS Trusts.

In May 2014, the court granted the plaintiffs' motion to disallow the PNC defendants' affirmative defense relating to the plaintiffs' alleged failure to mitigate damages. In July 2014, the PNC defendants' motion for reconsideration was denied. In September 2014, the plaintiffs filed a motion seeking leave to amend their complaint to reassert aiding and abetting claims, previously dismissed by the court in 2012. The court denied this motion in December 2014. Also in December 2014, the court granted in part and denied in part the PNC defendants' motion for summary judgment.

In March 2015, following a jury trial, the court entered a judgment against the PNC defendants in the amount of $356 million in compensatory damages and $36 million in punitive damages. In April 2015, the plaintiffs filed motions with the court seeking $179 million in pre-judgment interest. Also, in April 2015, the PNC defendants filed motions with the court to reduce the compensatory damages by the amounts paid in settlement by other defendants, to strike the punitive damages award, for judgment as a matter of law, and for a new trial. In November 2015, the court granted the motion to reduce the compensatory damages by amounts paid in settlement by other defendants and denied the other motions by the PNC defendants, with the judgment being reduced as a result to a total of $289 million, and also denied the plaintiffs' motion for pre-judgment interest.

In December 2015, the PNC defendants appealed the judgment to the U.S. Court of Appeals for the Eighth Circuit. Also in December 2015, the plaintiffs cross-appealed from the court's orders reducing the judgment by amounts paid in settlement by other defendants, denying plaintiffs' motion for pre-judgment interest, and dismissing the plaintiffs' aiding and abetting claims. In August 2017, the court of appeals reversed the judgment to the extent that it was based on tort rather than trust law. The court accordingly held that any damages awarded to the plaintiff will be limited to losses to the trusts in Missouri caused by Allegiant's breaches during the time it acted as trustee; plaintiffs cannot recover for damages to the Missouri trusts after Allegiant's trusteeship or outside of the Missouri trusts, which had been included in the judgment under appeal. The court of appeals otherwise affirmed the judgment, including the dismissal of the aiding and abetting claims, and remanded the case to the district court for further proceedings in light of its decision.

In September 2017, plaintiffs filed a motion for rehearing by the panel solely seeking to remove the prohibition on damages being sought for the period following Allegiant's trusteeship. In December 2017, the court denied the petition for rehearing. In July 2019, following a new trial on remand from the court of appeals, the district court awarded the plaintiffs $72 million in compensatory damages, $15 million in interest, and $15 million in punitive damages. The PNC defendants have appealed this judgment to the court of appeals, and the plaintiffs cross-appealed. In December 2019, the court reduced the judgment by approximately $2.6 million to correct a mathematical error in calculating pre-judgment interest, reducing the total judgment to $99.5 million. In March 2020, the court dismissed the plaintiffs' cross-appeal on the plaintiffs' motion. In February 2020, the district court awarded $7 million in fees and costs to the plaintiffs, and the PNC defendants have appealed this judgment to the court of appeals. The consolidated appeals of the district court's judgments were argued in January 2021.

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 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. Trial in this matter is presently scheduled to commence on March 7, 2022.

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 lawsuit pending in the Eastern District of Texas and awarding PNC its fees and costs.

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.

As has been publicly reported, the U.S. Department of Justice is conducting an inquiry relating to the federal LIHTC program directed at program participants. In connection with that inquiry, the Department of Justice requested information from PNC Bank, and we cooperated in that inquiry.

Our practice is to cooperate fully with regulatory and governmental investigations, audits and other inquiries, including that described in this Note 21.

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 110: Parent Company - Income Statement

Year ended December 31 – in millions	2020	2019	2018
Operating Revenue			
Dividends from:			
Bank subsidiaries and bank holding company	$ 13,701	$ 3,570	$ 2,639
Non-bank subsidiaries	300	170	157
Interest income	38	169	147
Noninterest income	37	48	(1)
Total operating revenue	14,076	3,957	2,942
Operating Expense			
Interest expense	179	325	281
Other expense	91	146	139
Total operating expense	270	471	420
Income before income taxes and equity in undistributed net income of subsidiaries	13,806	3,486	2,522
Equity in undistributed net income of subsidiaries:			
Bank subsidiaries and bank holding company	(12,009)	671	1,602
Non-bank subsidiaries	(86)	164	181
Income from continuing operations before taxes	1,711	4,321	4,305
Income tax benefit from continuing operations	$ (1,251)	(221)	(208)
Net income from continuing operations	2,962	4,542	4,513
Dividends from discontinued operations			
Bank subsidiaries and bank holding company	126	460	418
Equity in undistributed net income of subsidiaries from discontinued operations:			
Bank subsidiaries and bank holding company	5,651	528	524
Income from discontinued operations before taxes	5,777	988	942
Income taxes from discontinued operations	1,222	161	154
Net income from discontinued operations	4,555	827	788
Net income	$ 7,517	$ 5,369	$ 5,301
Other comprehensive income, net of tax:			
Net pension and other postretirement benefit plan activity arising during the period	1	(2)	1
Other comprehensive income (loss)	1	(2)	1
Comprehensive income	$ 7,518	$ 5,367	$ 5,302

Table 111: Parent Company - Balance Sheet

December 31 – in millions		2020		2019
Assets				
Cash held at banking subsidiary	$	14,882	$	6
Restricted deposits with banking subsidiary		175		175
Nonrestricted interest-earning deposits				7,024
Investments in:				
Bank subsidiaries and bank holding company		45,992		41,882
Non-bank subsidiaries		1,984		2,054
Net investment held for sale				6,772
Loans with affiliates		1,021		730
Other assets		1,934		1,512
Total assets	$	65,988	$	60,155
Liabilities				
Subordinated debt (a)	$	1,010	$	986
Senior debt (a)		9,567		8,849
Other borrowed funds from affiliates		780		307
Accrued expenses and other liabilities		621		699
Total liabilities		11,978		10,841
Equity				
Shareholders' equity		54,010		49,314
Total liabilities and equity	$	65,988	$	60,155

(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 112: Parent Company - Interest Paid and Income Tax Refunds (Payments)

Year ended December 31 – in millions	Interest Paid	Income Tax Refunds/(Payments)
2020	$ 335	$ 29
2019	$ 300	$ 26
2018	$ 288	$ 88

Table 113: Parent Company - Statement of Cash Flows

Year ended December 31 – in millions	2020	2019	2018
Operating Activities			
Net income	$ 7,517	$ 5,369	$ 5,301
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in undistributed net earnings of subsidiaries		(1,363)	(2,307)
Return on investment in subsidiaries	6,444		
Other	237	218	155
Net cash provided (used) by operating activities	$ 14,198	$ 4,224	$ 3,149
Investing Activities			
Net change in loans and securities from affiliates	$ (2,808)	$ 664	$ 540
Net change in nonrestricted interest-earning deposits	7,024	(2,369)	1,145
Other		(8)	2
Net cash provided (used) by investing activities	$ 4,216	$ (1,713)	$ 1,687
Financing Activities			
Net change in other borrowed funds from affiliates	$ 473	$ 228	$ (29)
Proceeds from long-term borrowings	1,986	4,180	498
Repayments of long-term borrowings	(1,750)	(1,300)	(553)
Net change in commercial paper			(100)
Preferred stock redemptions	(480)		
Common and treasury stock issuances	65	90	69
Acquisition of treasury stock	(1,624)	(3,578)	(2,877)
Preferred stock cash dividends paid	(229)	(236)	(236)
Common stock cash dividends paid	(1,979)	(1,895)	(1,603)
Net cash provided (used) by financing activities	$ (3,538)	$ (2,511)	$ (4,831)
Net increase (decrease) in cash and due from banks	$ 14,876		$ 5
Net cash provided by operating activities of discontinued operations	11,542	299	264
Net cash activity from continuing operations	3,334	(299)	(259)
Cash and restricted deposits held at banking subsidiary at beginning of year	181	181	176
Cash and restricted deposits held at banking subsidiary at end of year	$ 15,057	$ 181	$ 181

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 flows for 2020, 2019 and 2018.

Total business segment financial results differ from total consolidated net income. These differences are reflected in the “Other” category in the Table 114. “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). The “Other” category also includes our BlackRock held for sale asset. 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 stand-alone 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 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 114: Results of Businesses

Year ended December 31 In millions	Retail Banking	Corporate & Institutional Banking	Asset Management Group	Other	Consolidated (a)
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 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
2019					
Income Statement					
Net interest income	$ 5,520	$ 3,637	$ 288	$ 520	$ 9,965
Noninterest income	2,648	2,537	991	698	6,874
Total revenue	8,168	6,174	1,279	1,218	16,839
Provision for (recapture of) credit losses	517	284	(1)	(27)	773
Depreciation and amortization	230	198	62	545	1,035
Other noninterest expense	5,781	2,615	877	266	9,539
Income from continuing operations before income taxes and noncontrolling interests	1,640	3,077	341	434	5,492
Income taxes (benefit) from continuing operations	377	629	79	(184)	901
Net income from continuing operations	1,263	2,448	262	618	4,591
Less: Net income attributable to noncontrolling interests	50			(1)	49
Net income from continuing operations excluding noncontrolling interests	$ 1,213	$ 2,448	$ 262	$ 619	$ 4,542
Average Assets	$ 92,959	$ 164,243	$ 7,360	$ 135,773	$ 400,335
2018					
Income Statement					
Net interest income	$ 5,119	$ 3,551	$ 287	$ 764	$ 9,721
Noninterest income	2,631	2,406	892	540	6,469
Total revenue	7,750	5,957	1,179	1,304	16,190
Provision for (recapture of) credit losses	373	85	2	(52)	408
Depreciation and amortization	206	186	52	496	940
Other noninterest expense	5,724	2,520	861	251	9,356
Income from continuing operations before income taxes and noncontrolling interests	1,447	3,166	264	609	5,486
Income taxes (benefit) from continuing operations	335	658	62	(127)	928
Net income from continuing operations	1,112	2,508	202	736	4,558
Less: Net income attributable to noncontrolling interests	48			(3)	45
Net income from continuing operations excluding noncontrolling interests	$ 1,064	$ 2,508	$ 202	$ 739	$ 4,513
Average Assets	$ 89,739	$ 154,119	$ 7,423	$ 126,954	$ 378,235

(a) There were no material intersegment revenues for 2020, 2019 and 2018.

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. The branch network is located primarily in markets across the Mid-Atlantic, Midwest and Southeast. In 2018, Retail Banking launched its national expansion strategy designed to grow customers with digitally-led banking and a thin branch network in markets outside of our existing retail branch network. 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, and capital markets-related 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 payables, receivables, deposit and account services, liquidity and investments, and online and mobile banking products and services to our clients. Capital markets-related products and services include foreign exchange, derivatives, securities underwriting, loan syndications, mergers and acquisitions advisory and equity capital markets advisory related services. 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 personal wealth management for high net worth and ultra high net worth clients and institutional asset management. The Asset Management group is composed of three distinct operating units:

- Wealth Management provides products and services to individuals and their families including investment and retirement planning, customized investment management, private banking, and trust management and administration for individuals and their families.
- Our Hawthorn unit provides multi-generational family planning including estate, financial, tax planning, fiduciary, investment management and consulting, private banking, personal administrative services, asset custody and customized performance reporting to ultra high net worth clients.
- Institutional asset management provides outsourced chief investment officer, custody, private real estate, cash and fixed income client solutions, and fiduciary retirement advisory 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.

The following tables present noninterest income within the scope of Topic 606 disaggregated by segment. A description of the fee-based revenue and how it is recognized for each segment's principal services and products follows each table.

Retail Banking

Table 115: Retail Banking Noninterest Income Disaggregation

	Year ended December 31		
In millions	2020	2019	2018
Product			
Debit card fees	$ 522	$ 535	$ 505
Deposit account fees	463	642	618
Brokerage fees	367	356	350
Net credit card fees (a)	179	186	189
Merchant services	154	216	212
Other	225	255	284
Total in-scope noninterest income by product	$ 1,910	$ 2,190	$ 2,158
Reconciliation to total Retail Banking noninterest income			
Total in-scope noninterest income	$ 1,910	$ 2,190	$ 2,158
Total out-of-scope noninterest income (b)	609	458	473
Total Retail Banking noninterest income	$ 2,519	$ 2,648	$ 2,631

(a) Net credit card fees consists of interchange fees of $469 million, $498 million and $452 million and credit card reward costs of $290 million, $312 million and $263 million for the years ended December 31, 2020, 2019 and 2018, respectively.
(b) Out-of-scope noninterest income includes revenue streams that fall under the scope of other accounting and disclosure requirements outside of Topic 606.

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 115 net of credit card reward costs, which are earned by customers when they 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.

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.

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.

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

Table 116: Corporate & Institutional Banking Noninterest Income Disaggregation

	Year ended December 31		
In millions	2020	2019	2018
Product			
Treasury management fees	$ 897	$ 840	$ 776
Capital markets fees	759	547	510
Commercial mortgage banking activities	111	102	87
Other	83	77	81
Total in-scope noninterest income by product	$ 1,850	$ 1,566	$ 1,454
Reconciliation to total Corporate & Institutional Banking noninterest income			
Total in-scope noninterest income	$ 1,850	$ 1,566	$ 1,454
Total out-of-scope noninterest income (a)	1,212	971	952
Total Corporate & Institutional Banking noninterest income	$ 3,062	$ 2,537	$ 2,406

(a) Out-of-scope noninterest income includes revenue streams that fall under the scope of other accounting and disclosure requirements outside of Topic 606.

Treasury Management Fees
Corporate & Institutional Banking provides corporations with cash and investment management services, receivables and disbursement management services, funds transfer services and access to online/mobile information management and reporting services. Treasury management fees are recognized over time as we perform these services.

Capital Markets Fees
Capital markets fees include securities underwriting fees, merger and acquisition advisory fees and other advisory related fees. We recognize these fees when the related transaction closes.

Commercial Mortgage Banking Activities
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.

Other
Other noninterest income within Corporate & Institutional Banking, 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

Table 117: Asset Management Group Noninterest Income Disaggregation

	Year ended December 31		
In millions	2020	2019	2018
Customer Type			
Personal	$ 634	$ 620	$ 611
Institutional	202	242	272
Total in-scope noninterest income by customer type	$ 836	$ 862	$ 883
Reconciliation to Asset Management Group noninterest income			
Total in-scope noninterest income	$ 836	$ 862	$ 883
Total out-of-scope noninterest income (a)	18	129	9
Total Asset Management Group noninterest income	$ 854	$ 991	$ 892

(a) Out-of-scope noninterest income includes revenue streams that fall under the scope of other accounting and disclosure requirements outside of Topic 606.

Asset Management Services
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 administration services. We recognize fee revenue over the term of the customer contract based on the value of assets under management at a point in time.

STATISTICAL INFORMATION (UNAUDITED)

THE PNC FINANCIAL SERVICES GROUP, INC.

SELECTED QUARTERLY FINANCIAL DATA

	2020				2019			
Dollars in millions, except per share data	Fourth	Third	Second	First	Fourth	Third	Second	First
Summary of Operations								
Interest income	$ 2,576	$ 2,676	$ 2,855	$ 3,200	$ 3,334	$ 3,503	$ 3,497	$ 3,428
Interest expense	152	192	328	689	846	999	999	953
Net interest income	2,424	2,484	2,527	2,511	2,488	2,504	2,498	2,475
Noninterest income	1,784	1,797	1,549	1,825	1,833	1,738	1,717	1,586
Total revenue	4,208	4,281	4,076	4,336	4,321	4,242	4,215	4,061
Provision for (Recapture of) credit losses	(254)	52	2,463	914	221	183	180	189
Noninterest expense	2,708	2,531	2,515	2,543	2,762	2,623	2,611	2,578
Income (loss) from continuing operations before income taxes and noncontrolling interests	1,754	1,698	(902)	879	1,338	1,436	1,424	1,294
Income taxes (benefit) from continuing operations	298	166	(158)	120	195	255	239	212
Net income (loss) from continuing operations	1,456	1,532	(744)	759	1,143	1,181	1,185	1,082
Income from discontinued operations before taxes			5,596	181	288	251	224	225
Income taxes from discontinued operations			1,197	25	50	40	35	36
Net income from discontinued operations			4,399	156	238	211	189	189
Net Income	1,456	1,532	3,655	915	1,381	1,392	1,374	1,271
Less: Net income attributable to noncontrolling interests	14	13	7	7	14	13	12	10
Preferred stock dividends and discount accretion and redemptions	49	64	56	64	56	64	56	64
Net income attributable to common shareholders	$ 1,393	$ 1,455	$ 3,592	$ 844	$ 1,311	$ 1,315	$ 1,306	$ 1,197
Per Common Share								
Book value	$ 119.11	$ 117.44	$ 115.26	$ 106.70	$ 104.59	$ 103.37	$ 101.53	$ 98.47
Cash dividends declared (a)	$ 1.15	$ 1.15	$ 1.15	$ 1.15	$ 1.15	$ 1.15	$ 0.95	$ 0.95
Basic earnings (loss) from continuing operations	$ 3.26	$ 3.40	$ (1.90)	$ 1.59	$ 2.44	$ 2.47	$ 2.47	$ 2.21
Basic earnings from discontinued operations			$ 10.28	$ 0.37	$ 0.54	$ 0.48	$ 0.42	$ 0.41
Total basic earnings	$ 3.26	$ 3.40	$ 8.40	$ 1.96	$ 2.98	$ 2.95	$ 2.89	$ 2.62
Diluted earnings (loss) from continuing operations	$ 3.26	$ 3.39	$ (1.90)	$ 1.59	$ 2.43	$ 2.47	$ 2.47	$ 2.20
Diluted earnings from discontinued operations			$ 10.28	$ 0.36	$ 0.54	$ 0.47	$ 0.41	$ 0.41
Total diluted earnings	$ 3.26	$ 3.39	$ 8.40	$ 1.95	$ 2.97	$ 2.94	$ 2.88	$ 2.61

(a) On January 5, 2021, we declared a quarterly common stock cash dividend of $1.15 per share payable on February 5, 2021.

AVERAGE CONSOLIDATED BALANCE SHEET AND NET INTEREST ANALYSIS (a) (b) (c)

Taxable-equivalent basis Dollars in millions	2020 Average Balances	2020 Interest Income/ Expense	2020 Average Yields/ Rates	2019 Average Balances	2019 Interest Income/ Expense	2019 Average Yields/ Rates	2018 Average Balances	2018 Interest Income/ Expense	2018 Average Yields/ Rates
Assets									
Interest-earning assets:									
Investment securities									
Securities available for sale									
Residential mortgage-backed									
Agency	$ 50,594	$ 1,109	2.19 %	$ 31,526	$ 867	2.75 %	$ 27,156	$ 740	2.72 %
Non-agency	1,480	109	7.36 %	1,746	141	8.08 %	2,196	146	6.65 %
Commercial mortgage-backed	6,865	183	2.67 %	5,676	162	2.85 %	4,545	128	2.82 %
Asset-backed	5,090	129	2.53 %	5,199	172	3.31 %	5,242	165	3.15 %
U.S. Treasury and government agencies	17,234	324	1.88 %	17,642	435	2.47 %	16,319	373	2.29 %
Other	4,564	160	3.51 %	3,200	107	3.34 %	4,064	142	3.49 %
Total securities available for sale	85,827	2,014	2.35 %	64,989	1,884	2.90 %	59,522	1,694	2.85 %
Securities held to maturity									
Residential mortgage-backed				15,421	438	2.84 %	15,670	456	2.91 %
Commercial mortgage-backed				553	21	3.80 %	767	29	3.78 %
Asset-backed	18			120	5	4.17 %	192	7	3.65 %
U.S. Treasury and government agencies	786	22	2.80 %	767	22	2.87 %	749	21	2.80 %
Other	648	28	4.32 %	1,816	80	4.41 %	1,884	82	4.35 %
Total securities held to maturity	1,452	50	3.44 %	18,677	566	3.03 %	19,262	595	3.09 %
Total investment securities	87,279	2,064	2.36 %	83,666	2,450	2.93 %	78,784	2,289	2.91 %
Loans									
Commercial	139,254	4,276	3.07 %	123,524	5,157	4.17 %	113,837	4,606	4.05 %
Commercial real estate	28,765	858	2.98 %	28,526	1,235	4.33 %	28,756	1,193	4.15 %
Equipment lease financing	6,812	263	3.86 %	7,255	285	3.93 %	7,437	267	3.59 %
Consumer	55,423	2,730	4.93 %	55,671	3,083	5.54 %	55,438	2,817	5.08 %
Residential real estate	22,379	852	3.81 %	20,040	844	4.21 %	17,810	784	4.40 %
Total loans	252,633	8,979	3.55 %	235,016	10,604	4.51 %	223,278	9,667	4.33 %
Interest-earning deposits with banks	47,333	100	0.21 %	16,878	353	2.09 %	20,603	379	1.84 %
Other interest-earning assets	9,553	239	2.50 %	12,425	458	3.69 %	8,093	362	4.47 %
Total interest-earning assets/interest income	396,798	11,382	2.87 %	347,985	13,865	3.98 %	330,758	12,697	3.84 %
Noninterest-earning assets	52,497			52,350			47,477		
Total assets	$ 449,295			$ 400,335			$ 378,235		
Liabilities and Equity									
Interest-bearing liabilities:									
Interest-bearing deposits									
Money market	$ 60,229	138	0.23 %	$ 55,505	609	1.10 %	$ 56,353	416	0.74 %
Demand	82,295	109	0.13 %	65,729	354	0.54 %	60,599	190	0.31 %
Savings	75,574	233	0.31 %	62,938	696	1.11 %	51,908	428	0.82 %
Time deposits	20,673	163	0.79 %	20,416	327	1.60 %	17,501	195	1.11 %
Total interest-bearing deposits	238,771	643	0.27 %	204,588	1,986	0.97 %	186,361	1,229	0.66 %
Borrowed funds									
Federal Home Loan Bank borrowings	9,470	103	1.09 %	22,253	569	2.56 %	20,970	478	2.28 %
Bank notes and senior debt	27,030	428	1.58 %	26,781	869	3.24 %	27,855	818	2.94 %
Subordinated debt	5,936	112	1.89 %	5,588	214	3.83 %	5,292	224	4.23 %
Other	5,502	75	1.36 %	6,906	159	2.30 %	5,189	112	2.16 %
Total borrowed funds	47,938	718	1.50 %	61,528	1,811	2.94 %	59,306	1,632	2.75 %
Total interest-bearing liabilities/interest expense	286,709	1,361	0.47 %	266,116	3,797	1.43 %	245,667	2,861	1.16 %
Noninterest-bearing liabilities and equity:									
Noninterest-bearing deposits	95,055			72,212			76,303		
Accrued expenses and other liabilities	15,774			13,371			9,440		
Equity	51,757			48,636			46,825		
Total liabilities and equity	$ 449,295			$ 400,335			$ 378,235		
Interest rate spread			2.40 %			2.55 %			2.68 %
Benefit from use of noninterest bearing sources			0.13			0.34			0.29
Net interest income/margin		$ 10,021	2.53 %		$ 10,068	2.89 %		$ 9,836	2.97 %

(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 years ended December 31, 2020, 2019 and 2018 were $156 million, $163 million and $139 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.

ANALYSIS OF YEAR-TO-YEAR CHANGES IN NET INTEREST INCOME (a) (b)

Taxable-equivalent basis In millions	2020/2019 Increase/(Decrease) in Income/ Expense Due to Changes in: Volume	Rate	Total	2019/2018 Increase/(Decrease) in Income/ Expense Due to Changes in: Volume	Rate	Total
Interest-Earning Assets						
Investment securities						
Securities available for sale						
Residential mortgage-backed						
Agency	$ 445	$ (203)	$ 242	$ 119	$ 8	$ 127
Non-agency	$ (20)	$ (12)	(32)	$ (33)	$ 28	(5)
Commercial mortgage-backed	$ 32	$ (11)	21	$ 32	$ 2	34
Asset-backed	$ (4)	$ (39)	(43)	$ (1)	$ 8	7
U.S. Treasury and government agencies	$ (10)	$ (101)	(111)	$ 32	$ 30	62
Other	$ 48	$ 5	53	$ (29)	$ (6)	(35)
Total securities available for sale	$ 532	$ (402)	130	$ 160	$ 30	190
Securities held to maturity						
Residential mortgage-backed	$ (219)	$ (218)	(437)	$ (7)	$ (12)	(19)
Commercial mortgage-backed	$ (11)	$ (11)	(22)	$ (8)		(8)
Asset-backed	$ (2)	$ (3)	(5)	$ (3)	$ 1	(2)
U.S. Treasury and government agencies	$ 1	$ (1)		$ 1	$ 1	2
Other	$ (50)	$ (2)	(52)	$ (3)	$ 1	(2)
Total securities held to maturity	$ (584)	$ 68	(516)	$ (18)	$ (11)	(29)
Total investment securities	$ 102	$ (488)	(386)	$ 147	$ 14	161
Loans						
Commercial	$ 600	$ (1,482)	(882)	$ 404	$ 147	551
Commercial real estate	$ 10	$ (387)	(377)	$ (10)	$ 52	42
Equipment lease financing	$ (17)	$ (5)	(22)	$ (7)	$ 25	18
Consumer	$ (14)	$ (339)	(353)	$ 12	$ 254	266
Residential real estate	$ 94	$ (85)	9	$ 95	$ (35)	60
Total loans	$ 751	$ (2,376)	(1,625)	$ 521	$ 416	937
Interest-earning deposits with banks	$ 254	$ (507)	(253)	$ (74)	$ 48	(26)
Other interest-earning assets	$ (92)	$ (127)	(219)	$ 168	$ (72)	96
Total interest-earning assets	$ 1,755	$ (4,238)	$ (2,483)	$ 687	$ 481	$ 1,168
Interest-Bearing Liabilities						
Interest-bearing deposits						
Money market	$ 48	$ (519)	$ (471)	$ (6)	$ 199	$ 193
Demand	$ 72	$ (317)	(245)	$ 17	$ 147	164
Savings	$ 118	$ (581)	(463)	$ 101	$ 167	268
Time deposits	$ 4	$ (168)	(164)	$ 36	$ 96	132
Total interest-bearing deposits	$ 287	$ (1,630)	(1,343)	$ 130	$ 627	757
Borrowed funds						
Federal Home Loan Bank borrowings	$ (233)	$ (233)	(466)	$ 30	$ 61	91
Bank notes and senior debt	$ 8	$ (449)	(441)	$ (33)	$ 84	51
Subordinated debt	$ 12	$ (114)	(102)	$ 12	$ (22)	(10)
Other	$ (28)	$ (56)	(84)	$ 40	$ 7	47
Total borrowed funds	$ (339)	$ (754)	(1,093)	$ 62	$ 117	179
Total interest-bearing liabilities	$ 276	$ (2,712)	(2,436)	$ 246	$ 690	936
Change in net interest income	$ 1,302	$ (1,349)	$ (47)	$ 502	$ (270)	$ 232

(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.

Reconciliation of Taxable-Equivalent Net Interest Income (Non-GAAP) (a)

Year ended December 31 In millions	2020	2019	2018	2017	2016
Net interest income (GAAP)	$ 9,946	$ 9,965	$ 9,721	$ 9,108	$ 8,391
Taxable-equivalent adjustments	75	103	115	215	195
Net interest income (Non-GAAP)	$ 10,021	$ 10,068	$ 9,836	$ 9,323	$ 8,586

(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 Fee Income (Non-GAAP)

Year ended December 31 In millions	2020	2019	2018
Noninterest income			
Asset management	$ 836	$ 862	$ 883
Consumer services	1,484	1,555	1,502
Corporate services	2,167	1,914	1,849
Residential mortgage	604	368	316
Service charges on deposits	500	702	714
Total fee income	5,591	5,401	5,264
Other	1,364	1,473	1,205
Total noninterest income	$ 6,955	$ 6,874	$ 6,469

Reconciliation of Tangible Book Value Per Common Share (Non-GAAP)

December 31 Dollars in millions, except per share data	2020	2019	2018	2017	2016
Book value per common share	$ 119.11	$ 104.59	$ 95.72	$ 91.94	$ 85.94
Tangible book value per common share					
Common shareholders' equity	$ 50,493	$ 45,321	$ 43,742	$ 43,530	$ 41,723
Goodwill and other intangible assets	(9,381)	(9,441)	(9,467)	(9,498)	(9,376)
Deferred tax liabilities on Goodwill and other intangible assets	188	187	190	191	304
Tangible common shareholders' equity	$ 41,300	$ 36,067	$ 34,465	$ 34,223	$ 32,651
Period-end common shares outstanding (in millions)	424	433	457	473	485
Tangible book value per common share (Non-GAAP) (a)	$ 97.43	$ 83.30	$ 75.42	$ 72.28	$ 67.26

(a) We believe this non-GAAP financial 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.

Loans Summary

December 31 In millions	2020	2019	2018	2017	2016
Commercial					
Commercial and industrial	$ 132,073	$ 125,337	$ 116,834	$ 110,527	$ 101,364
Commercial real estate	28,716	28,110	28,140	28,978	29,010
Equipment lease financing	6,414	7,155	7,308	7,934	7,581
Total commercial	167,203	160,602	152,282	147,439	137,955
Consumer					
Home equity	24,088	25,085	26,123	28,364	29,949
Residential real estate	22,560	21,821	18,657	17,212	15,598
Automobile	14,218	16,754	14,419	12,880	12,380
Credit card	6,215	7,308	6,357	5,699	5,282
Education	2,946	3,336	3,822	4,454	5,159
Other consumer	4,698	4,937	4,585	4,410	4,510
Total consumer	74,725	79,241	73,963	73,019	72,878
Total loans	$ 241,928	$ 239,843	$ 226,245	$ 220,458	$ 210,833

SELECTED LOAN MATURITIES AND INTEREST SENSITIVITY

December 31, 2020 In millions	1 Year or Less	1 Through 5 Years	After 5 Years	Gross Loans
Commercial and industrial	$ 55,612	$ 71,124	$ 5,337	$ 132,073
Commercial real estate	6,207	16,012	6,497	28,716
Total	$ 61,819	$ 87,136	$ 11,834	$ 160,789
Loans with:				
Predetermined rate	$ 17,439	$ 15,890	$ 5,815	$ 39,144
Floating or adjustable rate	44,380	71,246	6,019	121,645
Total	$ 61,819	$ 87,136	$ 11,834	$ 160,789

At December 31, 2020, $21.1 billion notional amount of receive-fixed interest rate swaps were designated as part of cash flow hedging strategies that converted the floating rate (LIBOR) on the underlying commercial loans to a fixed rate as part of risk management strategies.

NONPERFORMING ASSETS AND RELATED INFORMATION

December 31 Dollars in millions	2020	2019	2018	2017	2016
Nonperforming loans					
Commercial					
Commercial and industrial	$ 666	$ 425	$ 346	$ 429	$ 496
Commercial real estate	224	44	75	123	143
Equipment lease financing	33	32	11	2	16
Total commercial	923	501	432	554	655
Consumer (a)					
Home equity	645	669	797	818	914
Residential real estate	528	315	350	400	501
Automobile	175	135	100	76	55
Credit card	8	11	7	6	4
Other consumer	7	4	8	11	15
Total consumer	1,363	1,134	1,262	1,311	1,489
Total nonperforming loans (b) (c)	2,286	1,635	1,694	1,865	2,144
OREO and foreclosed assets	51	117	114	170	230
Total nonperforming assets	$ 2,337	$ 1,752	$ 1,808	$ 2,035	$ 2,374
Nonperforming loans to total loans	0.94 %	0.68 %	0.75 %	0.85 %	1.02 %
Nonperforming assets to total loans, OREO and foreclosed assets	0.97 %	0.73 %	0.80 %	0.92 %	1.12 %
Nonperforming assets to total assets	0.50 %	0.43 %	0.47 %	0.53 %	0.65 %
Troubled Debt Restructurings					
Nonperforming	$ 902	$ 843	$ 863	$ 964	$ 1,112
Performing	$ 742	$ 821	$ 988	$ 1,097	$ 1,109
Past due loans					
Accruing loans past due 90 days or more (d) (e) (f)	$ 509	$ 585	$ 629	$ 737	$ 782
As a percentage of total loans	0.21 %	0.24 %	0.28 %	0.33 %	0.37 %
Past due loans held for sale					
Accruing loans held for sale past due 90 days or more (f)	$ 4	$ 3	$ 4	$ 3	$ 4
As a percentage of total loans held for sale	0.25 %	0.28 %	0.40 %	0.11 %	0.16 %

(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 exclude certain government insured or guaranteed loans, loans held for sale and loans accounted for under the fair value option. Amounts prior to December 31, 2020 also excluded purchased impaired loans.
(c) In 2020, $0.1 billion of interest income was estimated to be contractually due on loans classified as nonperforming at December 31, 2020, based on original contractual terms.
(d) Amounts include government insured or guaranteed consumer loans of $0.4 billion, $0.6 billion, $0.5 billion, $0.6 billion and $0.7 billion at December 31, 2020, 2019, 2018, 2017 and 2016, respectively.
(e) In connection with the adoption of the CECL standard, accruing loans past due amounts at December 31, 2020 include PCD loans while all amounts prior excluded purchased impaired loans.
(f) Certain loans modified due to COVID-19 related hardships are not being reported as past due as of December 31, 2020 based on the contractual terms of the loan, even where borrowers may not be making payments on their loans during the modification period. See Note 4 Loans and Related Allowance for Credit Losses in the Notes To Consolidated Financial Statements in Item 8 of this Report for additional details on the delinquency status of loans modified due to COVID-19 related hardships.

SUMMARY OF LOAN LOSS EXPERIENCE

Year ended December 31 Dollars in millions	2020	2019	2018	2017	2016
Allowance for loan and lease losses					
January 1	$ 2,742	$ 2,629	$ 2,611	$ 2,589	$ 2,727
Adoption of ASU 2016-13 (a)	463				
Gross charge-offs					
Commercial and industrial	(382)	(183)	(108)	(186)	(332)
Commercial real estate	(2)	(18)	(8)	(24)	(26)
Equipment lease financing	(23)	(15)	(8)	(11)	(5)
Home equity	(42)	(68)	(110)	(123)	(143)
Residential real estate	(10)	(9)	(6)	(9)	(14)
Credit card	(300)	(263)	(217)	(182)	(161)
Other consumer (b)	(433)	(418)	(307)	(251)	(205)
Total gross charge-offs	(1,192)	(974)	(764)	(786)	(886)
Recoveries					
Commercial and industrial	75	59	67	81	117
Commercial real estate	9	11	24	28	51
Equipment lease financing	10	8	8	7	10
Home equity	61	74	98	91	84
Residential real estate	16	14	21	18	9
Credit card	35	27	24	21	19
Other consumer (b)	154	139	102	83	53
Total recoveries	360	332	344	329	343
Net (charge-offs)	(832)	(642)	(420)	(457)	(543)
Provision for credit losses - loans and leases	2,985	773	408	441	433
Net decrease / (increase) in allowance for unfunded loan commitments and letters of credit		(33)	12	4	(40)
Other	3	15	18	34	12
December 31	$ 5,361	$ 2,742	$ 2,629	$ 2,611	$ 2,589
ALLL as a percentage of December 31:					
Loans	2.22 %	1.14 %	1.16 %	1.18 %	1.23 %
Nonperforming loans (c)	235 %	168 %	155 %	140 %	121 %
As a percentage of average loans:					
Net charge-offs	0.33 %	0.27 %	0.19 %	0.21 %	0.26 %
Provision for credit losses - loans and leases (c)	1.18 %	0.33 %	0.18 %	0.20 %	0.21 %
ALLL (c)	2.12 %	1.17 %	1.18 %	1.20 %	1.24 %
ALLL as a multiple of net charge-offs	6.44x	4.27x	6.26x	5.71x	4.77x

(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) Includes automobile, education and other consumer.
(c) Ratio in 2020 reflects the transition impact on our ALLL from the adoption of the CECL standard along with the increases in reserves during 2020 due to the significant economic impacts of COVID-19 and loan growth.

The following table presents the assignment of the ALLL and the categories of loans as a percentage of total loans. Changes in the allocation over time reflect the changes in loan portfolio composition, risk profile and refinements to reserve methodologies. Allowance amounts for 2020 reflect our ALLL after the adoption of the CECL standard.

ALLOCATION OF ALLOWANCE FOR LOAN AND LEASE LOSSES

December 31 Dollars in millions	2020 Allowance	2020 Loans to Total Loans	2019 Allowance	2019 Loans to Total Loans	2018 Allowance	2018 Loans to Total Loans	2017 Allowance	2017 Loans to Total Loans	2016 Allowance	2016 Loans to Total Loans
Commercial and industrial	$ 2,300	54.6 %	$ 1,489	52.3 %	$ 1,350	51.6 %	$ 1,302	50.1 %	$ 1,179	48.1 %
Commercial real estate	880	11.9	278	11.7	271	12.4	244	13.1	320	13.8
Equipment lease financing	157	2.6	45	3.0	42	3.2	36	3.6	35	3.6
Home equity	313	10.0	87	10.5	204	11.6	284	12.9	357	14.2
Residential real estate	28	9.3	258	9.1	297	8.3	300	7.8	332	7.4
Credit card	816	2.6	288	3.0	239	2.8	220	2.6	181	2.5
Other consumer (a)	867	9.0	297	10.4	226	10.1	225	9.9	185	10.4
Total	$ 5,361	100.0 %	$ 2,742	100.0 %	$ 2,629	100.0 %	$ 2,611	100.0 %	$ 2,589	100.0 %

(a) Includes automobile, education and other consumer.

TIME DEPOSITS

The aggregate amount of time deposits with a denomination of $100,000 or more was $12.9 billion at December 31, 2020 and $13.3 billion at December 31, 2019. Time deposits of $100,000 or more included time deposits in foreign offices of $8.4 billion at December 31, 2020. Domestic time deposits of $100,000 or more were $4.5 billion at December 31, 2020 with the following maturities:

December 31, 2020 - in billions	Domestic Time Deposits
Three months or less	$ 1.3
Over three through six months	1.0
Over six through twelve months	1.5
Over twelve months	0.7
Total	$ 4.5

TRANSITIONAL BASEL III AND FULLY PHASED-IN BASEL III COMMON EQUITY TIER 1 CAPITAL RATIOS (NON-GAAP)

Our regulatory risk-based ratios for 2017 and 2016 were calculated using the standardized approach for determining risk-weighted assets, and the definitions of, and deductions from, regulatory capital under the Basel III rules (as such definitions and deductions were phased-in for 2017 and 2016). We refer to the capital ratios calculated using the phased-in Basel III provisions in effect for those periods and, for the risk-based ratios, standardized approach risk-weighted assets as the Transitional Basel III ratios.

	Transitional Basel III		Fully Phased-In Basel III (Non-GAAP) (estimated) (a)	
Dollars in millions	December 31 2017	December 31 2016	December 31 2017	December 31 2016
Common stock, related surplus and retained earnings, net of treasury stock	$ 43,676	$ 41,987	$ 43,676	$ 41,987
Less regulatory capital adjustments:				
Goodwill and disallowed intangibles, net of deferred tax liabilities	(9,243)	(8,974)	(9,307)	(9,073)
Basel III total threshold deductions	(1,983)	(762)	(2,928)	(1,469)
Accumulated other comprehensive income (b)	(166)	(238)	(207)	(396)
All other adjustments	(138)	(214)	(141)	(221)
Basel III Common equity Tier 1 capital	$ 32,146	$ 31,799	$ 31,093	$ 30,828
Basel III standardized approach risk-weighted assets (c)	$ 309,460	$ 300,533	$ 316,120	$ 308,517
Basel III advanced approaches risk-weighted assets (d)	N/A	N/A	$ 285,226	$ 277,896
Basel III Common equity Tier 1 capital ratio	10.4 %	10.6 %	9.8 %	10.0 %
Risk weight and associated rules utilized	Standardized (with 2017 transition adjustments)	Standardized (with 2016 transition adjustments)	Standardized	

(a) Pro forma fully phased-in Basel III ratios are calculated without the benefit of phase-ins. We believe that the pro forma fully phased-in Basel III capital ratios are a useful tool to assess our capital position (without the benefit of phase-ins), for the periods presented.
(b) Represented net adjustments related to accumulated other comprehensive income for securities, and those transferred from available for sale, as well as pension and other postretirement plans.
(c) Basel III standardized approach risk-weighted assets were based on the Basel III standardized approach rules and include credit and market risk-weighted assets.
(d) Basel III advanced approaches risk-weighted assets were based on the Basel III advanced approaches rules, and include credit, market and operational risk-weighted assets.

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 - Common stock plus related surplus, net of treasury stock, plus retained earnings, plus accumulated other comprehensive income for securities currently, and those transferred from, available for sale and pension and other postretirement benefit plans, subject to phase-in limits, less goodwill, net of associated deferred tax liabilities, less other disallowed intangibles, net of deferred tax liabilities and plus/less other adjustments. Significant common stock 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 10%, or in the aggregate exceed 15%, of our adjusted Basel III common equity Tier 1 capital.

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 – 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, S.A. – Banco Bilbao Vizcaya Argentaria, S.A.

BBVA USA – BBVA USA, the Alabama-chartered bank subsidiary of BBVA USA Bancshares, Inc.

BlackRock – BlackRock, Inc.

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 Form).

COVID-19 – The coronavirus, which resulted in a worldwide pandemic beginning in 2020 (interchangeable with "the pandemic", or "the COVID-19 pandemic" on this Form).

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, Consumer services, Corporate services, Residential mortgage and Service charges on deposits.

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. FICO scores are updated on a periodic basis.

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. LIBOR rates are used as a benchmark for interest rates on a global basis. Our product set includes loans priced using LIBOR as a benchmark.

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.

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. To provide more meaningful comparisons of yields and margins for all interest-earning assets, 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 other taxable investments. This adjustment is not permitted under GAAP on the Consolidated Income Statement.

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

ACH	Automated clearing house	**GNMA**	Government National Mortgage Association
ACL	Allowance for credit losses	**GSIB**	Globally systemically important bank
ALLL	Allowance for loan and lease losses	**HPI**	Home price index
AML	Anti-Money Laundering	**HQLA**	High quality, unencumbered liquid assets
AOCI	Accumulated other comprehensive income	**ISDA**	International Swaps and Dealer Association
ASC	Accounting Standards Codification	**ISP**	The PNC Incentive Savings Plan
ASF	Available stable funding	**LCR**	Liquidity Coverage Ratio
ASU	Accounting Standards Update	**LGD**	Loss given default
BEC	Business email compromise scams	**LIBOR**	London Interbank Offered Rate
BHC	Bank holding company	**LIHTC**	Low income housing tax credit
BHC Act	Bank Holding Company Act of 1956	**LLC**	Limited liability company
bps	Basis points	**LTV**	Loan-to-value ratio
BSA	Bank Secrecy Act	**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	**NAICS**	North American Industry Classification System
CECL	Current expected credit losses	**NAV**	Net asset value
CECL RAC	PNC’s Current Expected Credit Losses Reserve Adequacy Committee	**NSFR**	Net Stable Funding Ratio
CET1	Common equity tier 1	**NYSE**	New York Stock Exchange
CFPB	Consumer Financial Protection Bureau	**OCC**	Office of the Comptroller of the Currency
CFTC	Commodity Futures Trading Commission	**OCI**	Other comprehensive income
CLTV	Combined loan-to-value ratio	**OREO**	Other real estate owned
COSO	Committee of Sponsoring Organizations of the Treadway Commission	**OTC**	Over-the-counter
CRA	Community Reinvestment Act	**OTTI**	Other than temporary impairment
DDoS	Distributed denial of service cyber attacks	**PCAOB**	Public Company Accounting Oversight Board
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	**ROAPs**	Removal of account provisions
ERM	Enterprise Risk Management	**ROU**	Right-of-use assets
FASB	Financial Accounting Standards Board	**RSF**	Required stable funding
FDI Act	Federal Deposit Insurance Act	**SBA**	Small Business Administration
FDIC	Federal Deposit Insurance Corporation	**SCB**	Stress capital buffer
FFIEC	Federal Financial Institutions Examination Council	**SCCL**	Single counterparty credit limit
FHA	Federal Housing Administration	**SEC**	Securities and Exchange Commission
FHLB	Federal Home Loan Bank	**SLR**	Supplementary leverage ratio
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	**TLAC**	Total loss-absorbing capacity
FNMA	Federal National Mortgage Association	**U.S.**	United States of America
FOMC	Federal Open Market Committee	**USD**	United States Dollar
FSOC	Financial Stability Oversight Council	**VA**	Department of Veterans Affairs
GAAP	Accounting principles generally accepted in the United States of America	**VaR**	Value-at-risk
GDP	Gross Domestic Product	**VEBA**	Voluntary Employee Beneficiary Association
GLB Act	Gramm-Leach-Bliley Act	**VIE**	Variable interest entity

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, 2020. 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, 2020.

PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited our consolidated financial statements as of and for the year ended December 31, 2020 included in this Report, has also audited the effectiveness of PNC's internal control over financial reporting as of December 31, 2020. 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, 2020, 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, 2020, and that there has been no change in PNC's internal control over financial reporting that occurred during the fourth quarter of 2020 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 2021 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 captions "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 2021 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 caption "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 2021 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 – Personnel and Compensation 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 2021 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 2021 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, 2020 is included in the table which follows. Additional information regarding these plans is included in Note 18 Stock Based Compensation Plans in the Notes To Consolidated Financial Statements in Item 8 of this Report.

Equity Compensation Plan Information
At December 31, 2020

	(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	4,542,021 (2)	$ 62.26	27,349,791 (3)
Equity compensation plans not approved by security holders			
Total	**4,542,021**	**$ 62.26**	**27,349,791**

(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: 3,548,138 are stock-payable restricted stock units (at a maximum share award level), 681,816 are performance share units (at maximum share award level) and 43,114 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): 185,348 are stock options and 83,605 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.

(3) – Includes 2,109,811 shares available for issuance under the Employee Stock Purchase Plan, of which 86,095 shares are subject to purchase during the purchase period ending December 31, 2020. The amount available for awards under the 2016 Incentive Plan is 25,239,980.

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 2021 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 2021 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.
Audited consolidated financial statements of BlackRock, Inc. as of December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 are filed with this Report as Exhibit 99.1 and incorporated herein by reference.

EXHIBIT INDEX

Exhibit No.	Description	Method of Filing +
2.1	Stock 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
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 (2008 Form 10-K)
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
3.2	By-Laws of the Corporation, as amended and restated, effective August 11, 2016	Incorporated herein by reference to Exhibit 3.2 of the Corporation's Current Report on Form 8-K filed August 11, 2016
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.	

Exhibit No.	Description	Method of Filing +
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	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
4.7.1	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 (2013 Form 10-K)
4.7.2	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 (2nd Quarter 2015 Form 10-Q)
4.7.3	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 (2nd Quarter 2016 Form 10-Q)
4.8	Forms of PNC Bank, National Association Senior Global Bank Notes issued after January 16, 2014 (included in Exhibit 4.7.1)	Incorporated herein by reference to Exhibit 4.25 of the Corporation's 2013 Form 10-K
4.9	Forms of PNC Bank, National Association Subordinated Global Bank Notes issued on or after May 22, 2015 (included in Exhibit 4.7.2)	Incorporated herein by reference to Exhibit 4.21.2 of the Corporation's 2nd Quarter 2015 Form 10-Q
4.10	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 2008 Form 10-K*
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 (2009 Form 10-K)*
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 2013 Form 10-K*

Exhibit No.	Description	Method of Filing +
10.2.1	The Corporation's ERISA Excess Pension Plan, as amended and restated effective January 1, 2009	Incorporated herein by reference to Exhibit 10.4 of the Corporation's 2008 Form 10-K*
10.2.2	Amendment 2009-1 to the Corporation's ERISA Excess Plan, as amended and restated effective January 1, 2009	Incorporated herein by reference to Exhibit 10.6 of the Corporation's 2009 Form 10-K*
10.2.3	Amendment 2011-1 to the Corporation's ERISA Excess Pension Plan, as amended and restated effective January 1, 2009	Incorporated herein by reference to Exhibit 10.8 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2011 (2011 Form 10-K)*
10.2.4	Amendment 2013-1 to the Corporation's ERISA Excess Pension Plan, as amended and restated effective January 1, 2009	Incorporated herein by reference to Exhibit 10.2.4 of the Corporation's 2013 Form 10-K*
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 2008 Form 10-K*
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 2009 Form 10-K*
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 2011 Form 10-K*
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 2013 Form 10-K*
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 2009 Form 10-K*
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 (2010 Form 10-K)*
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 2011 Form 10-K*
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 (2012 Form 10-K)*
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 2013 Form 10-K*
10.6	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*
10.7	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 1O-Q for the quarter ended March 31, 2011 (1st Quarter 2011 Form 10-Q)*
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 2011 Form 10-K*

Exhibit No.	Description	Method of Filing +
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 2016 Form 10-K*
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 3rd Quarter 2005 Form 10-Q*
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 2011 Form 10-K*
10.14	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*
10.15	2011 forms of employee stock option, restricted stock, restricted share unit and performance unit agreements	Incorporated herein by reference to Exhibit 10.71 of the Corporation's 1st Quarter 2011 Form 10-Q*
10.16	2012 forms of employee stock option, restricted stock and restricted share unit agreements	Incorporated herein by reference to Exhibit 10.77 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 (1st Quarter 2012 Form 10-Q)*
10.17	Forms of employee stock option, restricted stock and restricted share unit agreements with varied vesting, payment and other circumstances	Incorporated herein by reference to Exhibit 10.78 of the Corporation's 1st Quarter 2012 Form 10-Q*
10.18	2013 forms of employee stock option and restricted share unit agreements	Incorporated herein by reference to Exhibit 10.64 of the Corporation's 2012 Form 10-K*
10.19	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*
10.20	2017 Form of Performance Restricted Share Units Award Agreement	Incorporated herein by reference to Exhibit 10.56 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 (2nd Quarter 2017 Form 10-Q)*
10.21	2017 Form of Performance Restricted Share Units Award Agreement - Senior Leaders Program (Section 16 Executives)	Incorporated herein by reference to Exhibit 10.58 of the Corporation's 2nd Quarter 2017 Form 10-Q*
10.22	2018 Form of Performance Share Units Award Agreement	Incorporated herein by reference to Exhibit 10.50 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018 (2nd Quarter 2018 Form 10-Q)*
10.23	2018 Form of Restricted Share Units Award Agreement	Incorporated herein by reference to Exhibit 10.51 of the Corporation's 2nd Quarter 2018 Form 10-Q*
10.24	2018 Form of Restricted Share Units Award Agreement - Senior Leader Program	Incorporated herein by reference to Exhibit 10.52 of the Corporation's 2nd Quarter 2018 Form 10-Q*
10.25	2019 Form of Performance Share Units Award Agreement	Incorporated herein by reference to Exhibit 10.45 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 (3rd Quarter 2019 Form 10-Q)*
10.26	2019 Form of Restricted Share Units Award Agreement	Incorporated herein by reference to Exhibit 10.46 of the Corporation's 3rd Quarter 2019 Form 10-Q*
10.27	2019 Form of Restricted Share Units Award Agreement - Senior Leader Program	Incorporated herein by reference to Exhibit 10.47 of the Corporation's 3rd Quarter 2019 Form 10-Q*

Exhibit No.	Description	Method of Filing +
10.28	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 (2nd Quarter 2020 Form 10-Q)*
10.29	2020 Form of Restricted Share Units Award Agreement	Incorporated herein by reference to Exhibit 10.40 of the Corporation’s 2nd Quarter 2020 Form 10-Q*
10.30	2020 Form of Restricted Share Units Award Agreement - Senior Leader Program	Incorporated herein by reference to Exhibit 10.41 of the Corporation’s 2nd Quarter 2020 Form 10-Q*
10.31.1	Time Sharing Agreement, dated as of November 15, 2017, by and between the Corporation and William S. Demchak	Filed herewith*
10.31.2	Time Sharing Agreements Amendment and Termination Agreement, dated as of February 27, 2020, by and between the Corporation and William S. Demchak	Filed herewith*
10.32	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*
10.33.1	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*
10.33.2	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 2010 Form 10-K*
10.34.1	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
10.34.2	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 2nd Quarter 2015 Form 10-Q
10.34.3	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 2nd Quarter 2016 Form 10-Q
21	Schedule of Certain Subsidiaries of the Corporation	Filed herewith
23.1	Consent of PricewaterhouseCoopers LLP, the Corporation’s Independent Registered Public Accounting Firm	Filed herewith
23.2	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm of BlackRock, Inc.	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

Exhibit No.	Description	Method of Filing +
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350	Furnished herewith
99.1	Audited consolidated financial statements of BlackRock, Inc. as of December 31, 2020 and 2019 and for each of the three years ended December 31, 2020	Filed 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 26, 2021

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 26, 2021.

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; Charles E. Bunch; Debra A. Cafaro; Marjorie Rodgers Cheshire; David Cohen; Andrew T. Feldstein; Richard J. Harshman; Daniel R. Hesse; Linda R. Medler, Martin Pfinsgraff; Toni Townes-Whitley; Michael J. Ward	Directors

*By: /s/ Alicia Powell
Alicia Powell, Attorney-in-Fact,
pursuant to Powers of Attorney filed herewith

Exhibit 4.10

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES
EXCHANGE ACT OF 1934**

In this Exhibit 4.10, when we refer to ñPNCò, ñweò, ñusò, or ñourò or when we otherwise refer to ourselves, we mean The PNC Financial Services Group, Inc., excluding, unless otherwise expressly stated or the context requires, our subsidiaries.

We have three classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the ñActò): (1) our Common Stock; (2) Depositary Shares Each Representing a 1/4,000 Interest in a Share of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series P; and (3) $1.80 Cumulative Convertible Preferred Stock - Series B, par value $1.00.

DESCRIPTION OF COMMON STOCK

General

We are authorized to issue 800,000,000 shares of our common stock, par value $5.00 per share.

The following summary is not complete. You should refer to the applicable provisions of the following for a complete statement of the terms and rights of the common stock:

Å Our Amended and Restated Articles of Incorporation (the ñArticles of Incorporationò), which you can find as Exhibit 3.1 to our Annual Report on Form 10-K for the year ended December 31, 2008, including the statements with respect to shares pursuant to which certain outstanding series of preferred stock were issued,

Å an amendment to our Articles of Incorporation, which you can find as Exhibit 3.1.6 to our Current Report on Form 8-K filed November 20, 2015,

Å the statement with respect to shares governing our Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series O, which you can find as Exhibit 3.1 to our Current Report on Form 8-K filed July 27, 2011,

Å the statement with respect to shares governing our Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series P, which you can find as Exhibit 3.1 to our Current Report on Form 8-K filed April 24, 2012,

Å the statement with respect to shares governing our 5.375% Non-Cumulative Perpetual Preferred Stock, Series Q, which you can find as Exhibit 3.1 to our Current Report on Form 8-K filed September 21, 2012,

Å the statement with respect to shares governing our Non-Cumulative Perpetual Preferred Stock, Series R, which you can find as Exhibit 3.1 to our Current Report on Form 8-K filed May 7, 2013,

Å the statement with respect to shares governing our Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series S, which you can find as Exhibit 3.1 to our Current Report on Form 8-K filed November 1, 2016, and

Å the Pennsylvania Business Corporation Law (the ñPBCLò).

Holders of common stock are entitled to one vote per share on all matters submitted to shareholders. Holders of common stock have neither cumulative voting rights nor any preemptive rights for the purchase of additional shares of any class of our stock, and are not subject to liability for further calls or assessments. The common stock does not have any sinking fund, conversion or redemption provisions.

In the event of dissolution or winding up of our affairs, holders of common stock will be entitled to share ratably in all assets remaining after payments to all creditors and payments required to be made in respect of outstanding preferred stock (including accrued and unpaid dividends thereon) have been made.

The Board may, except as otherwise required by applicable law or the rules of the NYSE, cause the issuance of authorized shares of common stock without shareholder approval to such persons and for such consideration as the Board may determine in connection with acquisitions by us or for other corporate purposes.

Computershare Trust Company, N.A., Canton, MA, is the transfer agent and registrar for our common stock. The shares of common stock are listed on the NYSE under the symbol ñPNC.ò The outstanding shares of common stock are validly issued, fully paid and nonassessable, and the holders of the common stock are not subject to any liability as shareholders.

Dividends and Other Payments

Holders of our common stock are only entitled to receive such dividends as the Board may declare out of funds legally available for such payments. The payment of future dividends is subject to the discretion of the Board, which will consider, among other factors, 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 dividends also may be subject to limitations if PNCôs capital ratios do not meet or exceed the required regulatory minimums plus a stress capital buffer (ñSCBò) established by the Board of Governors of the Federal Reserve System (the ñFederal Reserveò) as part of the Federal Reserveôs Comprehensive Capital Analysis and Review (ñCCARò) process. The Federal Reserve also has imposed additional limitations on capital distributions through the first quarter of 2021 by CCAR-participating bank holding companies (including PNC) and may extend these limitations, potentially in modified form.

We are incorporated in Pennsylvania and governed by the PBCL. Under the PBCL, we cannot pay dividends if, after giving effect to the dividend payments, we would be unable to pay our debts as they become due in the usual course of our business or our total assets would be less than the sum of our total liabilities plus the amount that would be needed, if we were to be dissolved at the time as of which the dividend is measured, to satisfy the preferential rights upon dissolution of shareholders whose preferential rights are superior to those receiving the dividends.

Subject to certain important exceptions, the terms of certain of our outstanding series of preferred stock and capital securities prohibit us from declaring or paying dividends or distributions on or redeeming, purchasing, acquiring or making a liquidation payment with respect to our common stock unless all accrued and unpaid dividends for all completed dividend periods with respect to that preferred stock or capital security, as applicable, have been paid.

In addition, we have outstanding junior subordinated debentures associated with certain capital securities. The terms of these debentures permit us to defer interest payments on the debentures for up to five years. If we defer interest payments on these debentures, subject to certain important exceptions, we may not declare or pay any dividends or distributions on, redeem, purchase, acquire or a make a liquidation payment with respect to any of our common stock during the deferral period.

Dividends from our subsidiary banks are the primary source of funds for payment of dividends to our stockholders, and there are statutory limits on the amount of dividends that our subsidiary banks can pay to us without regulatory approval. We are a holding company that conducts substantially all of our operations through our bank subsidiaries and other subsidiaries. As a result, our ability to make dividend payments on the common stock depends primarily on certain federal regulatory considerations and the receipt of dividends and other distributions from our subsidiaries. There are various regulatory restrictions on the ability of our banking subsidiaries to pay dividends or make other payments to us, and those restrictions can vary among the different subsidiaries based on performance, capital and other factors.

Further information concerning dividend restrictions and other factors that could limit our ability to pay dividends, including restrictions on loans, dividends or advances from bank subsidiaries to the parent company are included in our Annual Report on Form 10-K.

Other Provisions

The Articles of Incorporation and our Amended and Restated By-Laws (the ñBy-Lawsò) contain various provisions that may discourage or delay attempts to gain control of PNC. The By-Laws include provisions:

- authorizing the Board to fix the size of the Board between five and 36 directors,
- authorizing directors to fill vacancies on the Board occurring between annual shareholder meetings, including vacancies resulting from an increase in the number of directors,
- authorizing only the Board, the Chairman of the Board or the Chief Executive Officer to call a special meeting of shareholders,
- providing advance notice requirements for director nominations and business to be properly brought before a shareholder meeting, and
- authorizing a majority of the Board to alter, amend, add to or repeal the By-Laws.

The Articles of Incorporation vest the authority to make, amend and repeal the By-Laws in the Board, subject to the power of our shareholders to change any such action.

Provisions of Pennsylvania law also could make it more difficult for a third party to acquire control of PNC or have the effect of discouraging a third party from attempting to control PNC. The PBCL allows Pennsylvania corporations to elect to either be covered or not be covered by certain ñanti-takeoverò provisions. We have elected in the By-Laws not to be covered by Subchapter G of Chapter 25 of the PBCL, which would otherwise enable existing shareholders of PNC in certain circumstances to block the voting rights of an acquiring person who makes or proposes to make a control-share acquisition. We have also opted out of the protection of Subchapter H of Chapter 25 of the PBCL, which would otherwise enable us to recover certain payments made to shareholders who have evidenced an intent to acquire control of PNC. However, the following provisions of the PBCL do apply to us:

- shareholders are not entitled to call a special meeting (Section 2521),
- unless the Articles of Incorporation provide otherwise (which as of the date hereof they do not), action by shareholder consent must be unanimous (Section 2524),
- shareholders are not entitled to propose an amendment to the Articles of Incorporation (Section 2535),
- certain transactions with interested shareholders (such as mergers or sales of assets between PNC and a shareholder) where the interested shareholder is a party to the transaction or is treated differently from other shareholders require approval by a majority of the disinterested shareholders (Section 2538),
- a five-year moratorium exists on certain business combinations with a 20% or more shareholder (Sections 2551-2556), and
- shareholders have a right to ñputò their shares to a 20% shareholder at a ñfair valueò for a reasonable period after the 20% stake is acquired (Sections 2541-2547).

In addition, in certain instances the ability of the Board to issue authorized but unissued shares of common stock and preferred stock may have an anti-takeover effect.

Existence of the above provisions could result in PNC being less attractive to a potential acquirer, or result in our shareholders receiving less for their shares of common stock than otherwise might be available if there is a takeover attempt.

The ability of a third party to acquire PNC is also limited under applicable banking regulations. The Bank Holding Company Act of 1956 (the ñBank Holding Company Actò) requires any ñbank holding companyò (as defined in the Bank Holding Company Act) to obtain the approval of the Federal Reserve prior to acquiring more than 5% of our outstanding common stock. Any person other than a bank holding company is required to obtain prior approval of the Federal Reserve to acquire 10% or more of our outstanding common stock under the Change in Bank Control Act of 1978. Any person (other than an individual) that seeks to acquire 25% or more of our outstanding common stock, or that would own or control more than 5% of our outstanding common stock and have other relationships that would, pursuant to Federal Reserve regulations or rulings, provide the holder a ñcontrolling influenceò over PNC, also must obtain the prior approval of the Federal Reserve under the Bank Holding Company Act and, if approved, is then subject to regulation as a bank holding company under the Bank Holding Company Act. Furthermore, while we do not have a shareholder rights plan currently in effect, under Pennsylvania law, the Board can adopt a shareholder rights plan without stockholder approval. If adopted, a shareholder rights plan could result in substantial dilution to a person or group that attempts to acquire PNC on terms not approved by the Board.

DESCRIPTION OF PREFERRED STOCK

General

Our authorized capital stock includes 20,000,000 shares of preferred stock, par value $1.00 per share, as reflected in our Articles of Incorporation.

The following summary does not purport to be complete and is qualified in its entirety by reference to the pertinent sections of the Articles of Incorporation and any statements with respect to shares for any series of preferred stock. You should read the Articles of Incorporation, which includes the designations relating to each series of preferred stock.

We have five outstanding series of preferred stock:

Å $1.80 Cumulative Convertible Preferred Stock, Series B, with a per share liquidation preference of $40.00 (ñSeries B Preferred Stockò) (38,542 authorized),

Å Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series O, with a per share liquidation preference of $100,000 (ñSeries O Preferred Stockò) (10,000 authorized),

Å Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series P, with a per share liquidation preference of $100,000 (ñSeries P Preferred Stockò) (15,750 authorized),

Å Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series R, with a per share liquidation preference of $100,000 (ñSeries R Preferred Stockò) (5,000 authorized), and

Å Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series S, with a per share liquidation preference of $100,000 (ñSeries S Preferred Stockò) (5,250 authorized).

The following authorized and issued preferred stock has been redeemed and restored to the status of authorized but unissued preferred stock and is no longer outstanding:

Å 98,583 shares of $1.80 Cumulative Convertible Preferred Stock, Series A ,

Å 1,433,935 shares of $1.60 Cumulative Convertible Preferred Stock, Series C,

Å 1,766,140 shares of $1.80 Cumulative Convertible Preferred Stock, Series D,

Å 338,100 shares of $2.60 Cumulative Nonvoting Preferred Stock, Series E, Å 6,000,000 shares of Fixed/Adjustable Rate Noncumulative Preferred Stock, Series F,

Å 50,000 shares of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series K,

Å 1,500 shares of 9.875% Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series L,

Å 5,001 shares of Non-Cumulative Perpetual Preferred Stock, Series M, and

Å 5,175 shares of Non-Cumulative Perpetual Preferred Stock, Series Q.

The Board is authorized without further shareholder action to cause the issuance of additional shares of preferred stock in one or more series, each with the preferences, limitations, designations, conversion or exchange rights, voting rights, dividend rights, redemption provisions, voluntary and involuntary liquidation rights and other rights as the Board may determine at the time of issuance.

The rights of the holders of our common stock are subject to any rights and preferences of the outstanding series of preferred stock and the preferred stock that may be offered. In addition, the rights of the holders of our common stock and any outstanding series of our preferred stock would be subject to the rights and preferences of any additional shares of preferred stock, or any series thereof, which might be issued in the future.

Summary of Key Terms of Outstanding Preferred Stock

The following is a summary of certain terms of our outstanding preferred stock. To the extent not included in the table, we have also described certain aspects of our outstanding preferred stock below.

Preferred Series	Annual Dividend Rate	Cumulative Dividend	Conversion Rate	Voting Right (Based on Conversion Rate)	Liquidation Value per Share	Redeemable
B	$1.80	Yes	1 preferred: 8 common	Yes	$ 40	No
O	(1)	No	None	(1)	$ 100,000	(1)
P	(1)	No	None	(1)	$ 100,000	(1)
R	(1)	No	None	(1)	$ 100,000	(1)
S	(1)	No	None	(1)	$ 100,000	(1)

(1) See discussion of particular terms for this series of preferred stock below.

Computershare Trust Company, N.A., Canton, MA, is the transfer agent and registrar for the outstanding preferred stock. Series B Preferred Stock is currently traded in the over-the-counter market. The Series O, Series R and Series S Preferred Stock are currently traded in the over-the-counter market. The Series P Preferred Stock is listed on the NYSE under the symbol ñPNCPRP.ò The outstanding preferred stock is fully paid and nonassessable. Holders of the outstanding preferred stock have no preemptive rights to subscribe for any additional securities that may be issued by us.

Because we are a holding company, our rights and the rights of holders of our securities, including the holders of preferred stock, to participate in the assets of any PNC subsidiary upon its liquidation or recapitalization will be subject to the prior claims of such subsidiaryôs creditors and preferred shareholders, except to the extent we may be a creditor with recognized claims against such subsidiary or a holder of preferred shares of such subsidiary.

We have elected to offer depositary shares evidenced by depositary receipts for our Series O, Series P, Series R and Series S Preferred Stock. Each depositary share represents a fractional interest (as specified in the prospectus supplement relating to the particular series of preferred stock) in a share of a particular series of preferred stock issued and deposited with a depositary (as defined below). For a further description of the depositary shares, you should read ñ*Description of Depositary Shares*ò below.

Dividends and Other Payments

The holders of the outstanding preferred stock are entitled to receive dividends, if declared by the Board or a duly authorized committee thereof. We will pay dividends to the holders of record as they appear on our stock books on the record dates fixed by the Board or a duly authorized committee thereof.

All series of preferred stock, with respect to the priority of payment of dividends, rank senior to all classes of common stock and any class of preferred stock we issue that specifically provides that it will rank junior to such preferred stock in respect to dividends, whether or not the preferred stock is designated as cumulative or noncumulative. The Board will not declare and pay a dividend on our common stock or on any class or series of our stock ranking subordinate as to dividends to a series of preferred stock (other than dividends payable in our common stock or in any class or series of our stock ranking subordinate as to dividends and assets to such series), until we have paid in full dividends for all past dividend periods on all outstanding senior ranking cumulative preferred stock and have declared a current dividend on all preferred stock ranking senior to that series. If we do not pay in full dividends for any dividend period on all shares of preferred stock ranking equally as to dividends, all such shares will participate ratably in the payment of dividends for that period in proportion to the full amounts of dividends to which they are entitled.

Subject to certain important exceptions, the terms of certain of our outstanding series of capital securities prohibit us from paying dividends on or redeeming, purchasing, acquiring or making a liquidation payment with respect to our preferred stock unless all accrued and unpaid dividends for all completed dividend periods with respect to such capital security have been paid.

In addition, we have outstanding junior subordinated debentures associated with certain capital securities. The terms of these debentures permit us to defer interest payments on the debentures for up to five years. If we defer interest payments on these debentures, subject to certain important exceptions, we may not pay any dividends on, redeem, purchase, acquire or make a liquidation payment with respect to any of our preferred stock during the deferral period.

Dividends from our subsidiary banks are the primary source of funds for payment of dividends to holders of preferred stock, and there are statutory limits on the amount of dividends that our subsidiary banks can pay to us without regulatory approval. We are a holding company that conducts substantially all of our operations through our bank subsidiaries and other subsidiaries. As a result, our ability to make dividend payments on the preferred stock depends on the receipt of dividends and other distributions from our subsidiaries. There are various regulatory restrictions on the ability of our banking subsidiaries to pay dividends or make other payments to us, and those restrictions can vary among the different subsidiaries based on performance, capital and other factors.

Series B Preferred Stock Dividends. Holders of outstanding Series B Preferred Stock are entitled to cumulative dividends at the annual rate set forth above in the table titled ñSummary of Certain Key Terms of Preferred Stock,ò which are payable quarterly when and as declared by the Board.

Series O, Series P, Series R and Series S Preferred Stock Dividends. Dividends on shares of the Series O, Series P, Series R and S Preferred Stock are not mandatory. Holders of such series of preferred stock are entitled to receive, when, as, and if declared by the Board or a duly authorized committee thereof, out of assets legally available for the payment of dividends under Pennsylvania law, non-cumulative cash dividends based on the liquidation preference of such series of preferred stock at a rate equal to:

Å In the case of the Series O Preferred Stock, 6.75% per annum for each semi-annual dividend period from the issue date of the depositary shares to, but excluding, August 1, 2021, payable in arrears on February 1 and August 1 of each year, and three-month LIBOR plus a spread of 3.678% per annum, for each quarterly dividend period from August 1, 2021 through the redemption date of the Series O Preferred Stock, if any, payable in arrears on February 1, May 1, August 1 and November 1 of each year.

Å In the case of the Series P Preferred Stock, 6.125% per annum for each quarterly dividend period from the issue date of the depositary shares to, but excluding, May 1, 2022, and three-month LIBOR plus a spread of 4.0675% per annum, for each quarterly dividend period from May 1, 2022 through the redemption date of the Series P Preferred Stock, if any, payable in arrears on February 1, May 1, August 1 and November 1 of each year.

- In the case of the Series R Preferred Stock, 4.850% per annum for each semi-annual dividend period from the issue date of the depositary shares to, but excluding, June 1, 2023, payable in arrears on June 1 and December 1 of each year, and three-month LIBOR plus a spread of 3.04% per annum, for each quarterly dividend period from June 1, 2023 through the redemption date of the Series R Preferred Stock, if any, payable in arrears on March 1, June 1, September 1 and December 1 of each year.

- In the case of the Series S Preferred Stock, 5.000% per annum for each semi-annual dividend period from the issue date of the depositary shares to, but excluding, November 1, 2026, payable in arrears on May 1 and November 1 of each year, and three-month LIBOR plus a spread of 3.30% per annum, for each quarterly dividend period from November 1, 2026 through the redemption date of the Series S Preferred Stock, if any, payable in arrears on February 1, May 1, August 1 and November 1 of each year.

In the event we issue additional shares of any such series of preferred stock after the original issue date, dividends on such shares will accrue from the original issue date of such additional shares.

A dividend period for any such series of preferred stock is the period from and including a dividend payment date to, but excluding, the next dividend payment date. Dividends payable on any such series of preferred stock for the period in which the interest rate is fixed are computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends payable on any such series of preferred stock for any period in which the interest rate is based on three-month LIBOR will be computed based on the actual number of days in a dividend period and a 360-day year. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward. Dividends on any such series of preferred stock will cease to accrue on the redemption date, if any, as described below under ñ*Redemption by PNC*,ò unless we default in the payment of the redemption price of the shares called for redemption.

Dividends on shares of Series O, Series P, Series R and Series S Preferred Stock are not cumulative. Accordingly, if the Board or a duly authorized committee thereof does not declare a dividend payable in respect of any dividend period before the related dividend payment date, such dividend will not accrue and we will have no obligation to pay a dividend for that dividend period on the dividend payment date or at any future time, whether or not dividends on such series of preferred stock are declared for any future dividend period.

During a dividend period with respect to each of the Series O, Series P, Series R and Series S Preferred Stock, so long as any share of such series remains outstanding, (i) no dividend will be declared or paid or set aside for payment and no distribution will be declared or made or set aside for payment on any junior stock (other than (a) a dividend payable solely in such junior stock or (b) any dividend in connection with the implementation of a shareholdersô rights plan, or the redemption or repurchase of any rights under any such plan), (ii) no shares of junior stock will be repurchased, redeemed or otherwise acquired for consideration by us (other than (a) as a result of a reclassification of such junior stock for or into other such junior stock, (b the exchange or conversion of one share of such junior stock for or into another share of such junior stock, (c) through the use of the proceeds of a substantially contemporaneous sale of other shares of such junior stock, (d) purchases, redemptions or other acquisitions of shares of such junior stock in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers, directors or consultants, (e) purchases of shares of such junior stock pursuant to a contractually binding requirement to buy such junior stock existing prior to the preceding dividend period, including under a contractually binding stock repurchase plan, or (f) the purchase of fractional interests in shares of such junior stock pursuant to the conversion or exchange provisions of such stock or the security being converted or exchanged), nor will any monies be paid to or made available for a sinking fund for the redemption of any such securities by us and (iii) no shares of parity stock will be repurchased, redeemed or otherwise acquired for consideration by us otherwise than pursuant to pro rata offers to purchase all, or a pro rata portion, of the applicable series of preferred stock and such parity stock except by conversion into or exchange for junior stock, unless, in each case of clause (i) through (iii) above, the full dividends for the preceding dividend period on all outstanding shares of Series O, Series P, Series R or Series S Preferred Stock, as applicable, have been declared and paid or declared and a sum sufficient for the payment thereof has been set aside.

As used in this description, (i) ñjunior stockò means our common stock and any other class or series of our stock hereafter authorized over which the Series O, Series P, Series R or Series S Preferred Stock, as applicable, has preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of PNC and (ii) "parity stock" means any other class or series of our stock that ranks on parity with the Series O, Series P, Series R or Series S Preferred Stock, as applicable, in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of PNC. The following series of preferred stock are considered parity stock: Series B, Series O, Series P, Series R and Series S Preferred Stock, and Series H and Series I Preferred Stock, if issued.

When dividends are not paid in full upon the shares of Series O, Series P, Series R or Series S Preferred Stock, as applicable, and any parity stock, all dividends declared upon shares of such series of preferred stock and any parity stock will be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for such series of preferred stock, and accrued dividends, including any accumulations, on any parity stock, bear to each other for the then-current dividend period.

Dividends on the Series R and Series S Preferred Stock will not be declared, paid or set aside for payment to the extent such act would cause us to fail to comply with the laws and regulations applicable to us, including applicable capital adequacy guidelines.

Subject to the foregoing, and not otherwise, dividends (payable in cash, stock or otherwise), as may be determined by the Board or a duly authorized committee thereof, may be declared and paid on our common stock and any other stock ranking equally with or junior to any of the Series O, Series P, Series R or Series S Preferred Stock from time to time out of any assets legally available for such payment, and the holders of Series O, Series P, Series R and Series S Preferred Stock shall not be entitled to participate in any such dividend.

Voting

Except as provided herein or in the applicable statement with respect to shares, or as required by applicable law, the holders of preferred stock are not be entitled to vote. Except as otherwise required by law or provided by the Board and described in the applicable statement with respect to shares, holders of preferred stock having voting rights and holders of common stock vote together as one class. Holders of preferred stock do not have cumulative voting rights. We are not required to obtain any consent of the holders of preferred stock of a given series in connection with the authorization, designation, increase or issuance of any shares of preferred stock that rank junior or equal to the preferred stock of such series with respect to dividends and liquidation rights.

Right to Elect Two Directors upon Nonpayment of Dividends. If we have failed to pay, or declare and set apart for payment, dividends on all outstanding shares of preferred stock in an amount that equals six quarterly dividends at the applicable dividend rate for such preferred stock, whether or not cumulative, then the number of directors on the Board will be increased by two at the first annual meeting of shareholders held thereafter, and at such meeting and each subsequent annual meeting held until cumulative dividends payable for all past dividend periods and continuous noncumulative dividends for at least one year on all outstanding shares of preferred stock entitled thereto shall have been paid, or declared and set apart for payment, in full, the holders of all outstanding preferred stock voting together as a class will be entitled to elect those two additional directors to hold office for a term of one year. Upon such payment, or declaration and setting apart for payment, in full, the terms of the two additional directors will end, the number of directors on the Board will be reduced by two and such voting rights of the holders of preferred stock will end, subject to an increase in the number of directors on the Board as described above and the revesting of this voting right in the event of each and every additional failure in the payment of dividends in an amount equal to six quarterly dividends as described above.

Under interpretations adopted by the Federal Reserve or its staff, if the holders of preferred stock of any series become entitled to vote for the election of directors because dividends on such series are in arrears as described above, that series may then be deemed a "class of voting securities" and a holder (other than an individual) of 25% or more of such series (or a holder of 5% or more if it otherwise exercises a "controlling influence" over PNC) may then be subject to regulation as a bank holding company in accordance with the Bank Holding Company Act. In addition, when the series is deemed a class of voting securities, any other bank holding company may be required to obtain the prior approval of the Federal Reserve to acquire or retain more than 5% of that series, and any person other than a bank holding company may be required to obtain the prior approval of the Federal Reserve to acquire or retain 10% or more of that series.

Voting Rights under Pennsylvania Law. The PBCL attaches mandatory voting rights to preferred stock in connection with certain amendments to a companyôs articles of incorporation, providing that the holders of preferred stock of a particular series would be entitled to vote as a class if the amendment would:

Å authorize the Board to fix and determine the relative rights and preferences, as between series, of any preferred or special class,

Å make any change in the preferences, limitations or special rights (other than preemptive rights or the right to vote cumulatively) of the shares of a class or series adverse to the class or series,

Å authorize a new class or series of shares having a preference as to dividends or assets which is senior to the shares of a class or series,

Å increase the number of authorized shares of any class or series having a preference as to dividends or assets which is senior in any respect to the shares of a class or series, or

Å make the outstanding shares of a class or series redeemable by a method that is not pro rata, by lot or otherwise equitable.

Holders of outstanding shares of preferred stock are also entitled under Pennsylvania law to vote as a class on a plan of merger that effects any change in the companyôs articles of incorporation if the holders would have been entitled to a class vote under the statutory provision relating to the adoption of articles amendments discussed above.

Series B Preferred Stock Voting. Holders of outstanding Series B Preferred Stock are entitled to a number of votes equal to the number of full shares of common stock into which their preferred stock is convertible. Unless we receive the consent of the holders of at least two-thirds of the outstanding shares of preferred stock of all series, we will not:

Å create or increase the authorized number of shares of any class of stock ranking senior to the preferred stock as to dividends or assets, or

Å change the preferences, qualifications, privileges, limitations, restrictions or special or relative rights of the preferred stock in any material respect adverse to the holders of the preferred stock.

Series O, Series P, Series R and Series S Preferred Stock Voting. Except as described above or otherwise herein or in the applicable statement with respect to shares, or as required by applicable law, holders of the Series O, Series P, Series R and Series S Preferred Stock have no voting rights.

So long as any shares of the Series O, Series P, Series R or Series S Preferred Stock, as applicable, remain outstanding, the affirmative vote or consent of the holders of at least two-thirds of all outstanding shares of the series, voting separately as a class, shall be required to:

Å authorize or increase the authorized amount of, or issue shares of, any class or series of stock ranking senior to such series of preferred stock with respect to dividends or the distribution of assets upon liquidation, dissolutions or winding up of PNC,

Å issue any obligation or security convertible into or evidencing the right to purchase any class or series of stock ranking senior to such series of preferred stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of PNC,

Å amend the provisions of the Articles of Incorporation so as to adversely affect the powers, preferences, privileges or rights of such series of preferred stock, taken as a whole, or

Å consolidate with or merge into any other corporation unless the shares of such series of preferred stock outstanding at the time of such consolidation or merger or sale are converted into or exchanged for preference securities having such rights, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of such series of preferred stock, taken as a whole.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Series O, Series P, Series R or Series S Preferred Stock, as applicable, have been redeemed or called for redemption upon proper notice and sufficient funds shall have been set aside by us for the benefit of the holders of such series of preferred stock to effect such redemption.

Liquidation of PNC

In the event of the voluntary or involuntary liquidation of PNC, the holders of each outstanding series of preferred stock will be entitled to receive liquidating distributions before any distribution is made to the holders of our common stock or of any class or series of our stock ranking subordinate to that series, in the amount fixed by the Board for that series and described in the applicable statement with respect to shares, plus, if dividends on that series are cumulative, accrued and unpaid dividends.

Subject to certain important exceptions, the terms of certain of our outstanding capital securities prohibit us from making a liquidation payment with respect to our preferred stock unless all accrued and unpaid dividends for all completed dividend periods with respect to that capital security have been paid.

In addition, we have outstanding junior subordinated debentures associated with certain capital securities. The terms of these debentures permit us to defer interest payments on the debentures for up to five years. If we defer interest payments on these debentures, subject to certain important exceptions, we may not make a liquidation payment with respect to any of our preferred stock during the deferral period.

Redemption by PNC

Subject to certain important exceptions, the terms of certain of our outstanding capital securities prohibit us from redeeming our preferred stock unless all accrued and unpaid dividends for all completed dividend periods with respect to that capital security have been paid.

In addition, we have outstanding junior subordinated debentures associated with certain capital securities. The terms of these debentures permit us to defer interest payments on the debentures for up to five years. If we defer interest payments on these debentures, subject to certain important exceptions, we may not redeem any of our preferred stock during the deferral period.

Redemption of preferred stock is generally subject to prior regulatory approval.

Series B Preferred Stock Redemption. The Series B Preferred Stock are not currently redeemable nor entitled to the benefit of any retirement or sinking fund to be applied to the purchase or redemption of such shares.

Series O, Series P, Series R and Series S Preferred Stock Redemption. The Series O, Series P, Series R and Series S Preferred Stock are not subject to any mandatory redemption, sinking fund or other similar provisions, and the holders of such series of preferred stock have no right to require the redemption or repurchase of such series of preferred stock (or any depositary shares representing such series of preferred stock).

The Series O Preferred Stock is redeemable at our option, in whole or part, on any dividend payment date on or after August 1, 2021, at a redemption price equal to $100,000 per share (equivalent to $1,000 per depositary share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

The Series P Preferred Stock is redeemable at our option, in whole or in part, from time to time, on any dividend payment date on or after May 1, 2022, at a redemption price equal to $100,000 per share (equivalent to $25.00 per depositary share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

The Series R Preferred Stock is redeemable at our option, in whole or in part, from time to time, on any dividend payment date on or after June 1, 2023, at a redemption price equal to $100,000 per share (equivalent to $1,000 per depositary share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

The Series S Preferred Stock is redeemable at our option, in whole or in part, from time to time, on any dividend payment date on or after November 1, 2026, at a redemption price equal to $100,000 per share (equivalent to $1,000 per depositary share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

We may redeem shares of the Series O, Series P, Series R or Series S Preferred Stock at any time within 90 days following the occurrence of a regulatory capital treatment event (as defined below), in whole but not part, at a redemption price equal to $100,000 per share of preferred stock (equivalent to $1,000 per depositary share in the case of the Series O, Series R and Series S Preferred Stock and $25.00 per depositary share in the case of the Series P Preferred Stock), plus any declared and unpaid dividends and any accrued and unpaid dividends on the shares of preferred stock called for redemption up to the redemption date. A ñregulatory capital treatment eventò means the good faith determination by us that, as a result of (i) any amendment to, or change in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any share of the applicable series of preferred stock; (ii) any proposed change in those laws or regulations that is announced after the initial issuance of any share of the applicable series of preferred stock; or (iii) any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced after the initial issuance of any share of the applicable series of preferred stock, there is more than an insubstantial risk that we will not be entitled to treat the full liquidation value of the shares of the applicable series of preferred stock then outstanding as ñTier 1 capitalò (or its equivalent) for purposes of the regulatory capital rules of the Federal Reserve (or, as and if applicable, the regulatory capital regulations of any successor appropriate federal banking agency), as then in effect and applicable, for as long as any share of the applicable series of preferred stock is outstanding.

Our ability to redeem the Series O, Series P, Series R or Series S Preferred Stock, as applicable, may be limited if PNCôs regulatory capital levels would not meet or exceed the applicable regulatory minimums plus our SCB as established by the Federal Reserve. Our ability to redeem the Series O, Series P, Series R or Series S Preferred Stock, as applicable, also may be subject to other limitations or restrictions imposed by the Federal Reserve and is subject to the satisfaction of any conditions set forth in the regulatory capital rules of the Federal Reserve applicable to the redemption of such series of preferred stock.

Conversion

Series B Preferred Stock. Holders of outstanding Series B Preferred Stock currently are entitled to the conversion privileges set forth above in the table titled ñSummary of Certain Key Terms of Preferred Stock.ò Series B Preferred Stock is convertible into our common stock (unless called for redemption and not converted within the time allowed therefor) at any time at the option of the holder. No adjustment will be made for dividends on preferred stock converted or on common stock issuable upon conversion. The conversion rate of Series B Preferred Stock will be adjusted in certain events, including payment of stock dividends on, or splits or combinations of, the common stock or issuance to holders of common stock of rights to purchase common stock at a price per share less than 90% of current market price as defined in the Articles of Incorporation. Appropriate adjustments in the conversion provisions also will be made in the event of certain reclassifications, consolidations or mergers or the sale of substantially all of the assets of PNC.

Series O, Series P, Series R and Series S Preferred Stock Conversion. The Series O, Series P, Series R and Series S Preferred Stock are not currently entitled to any conversion privileges.

DESCRIPTION OF DEPOSITARY SHARES

We have elected to offer fractional interests in the Series O, Series P, Series R and Series S Preferred Stock, rather than whole shares of preferred stock as follows:

- Depositary Shares, each representing a 1/100 interest in a share of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series O,
- Depositary Shares Each Representing a 1/4,000 interest in a Share of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series P,
- Depositary Shares, each representing a 1/100 interest in a share of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series R, and
- Depositary Shares, each representing a 1/100 interest in a share of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series S.

We have provided for the issuance by a depositary to the public of receipts for depositary shares, and each of these depositary shares represents a fraction of a share of a particular series of preferred stock.

The shares of any series of preferred stock underlying the depositary shares are deposited under a deposit agreement between us and a depositary selected by us. The depositary is a bank or trust company and will have its principal office in the United States and a combined capital and surplus of at least $50,000,000. The prospectus supplement relating to a series of depositary shares will set forth the name and address of the depositary. Subject to the terms of the deposit agreement, each owner of a depositary share will be entitled, in proportion to the applicable fractional interest in a share of preferred stock underlying that depositary share, to all the rights and preferences of the preferred stock underlying that depositary share. Those rights include dividend, voting, redemption, conversion and liquidation rights.

The depositary shares are evidenced by depositary receipts issued under the deposit agreement.

Dividends and Other Distributions

The depositary will distribute all cash dividends or other cash distributions received in respect of the preferred stock to the record holders of related depositary shares in proportion to the number of depositary shares owned by those holders.

If we make a distribution other than in cash, the depositary will distribute property received by it to the record holders of depositary shares that are entitled to receive the distribution, unless the depositary determines that it is not feasible to make the distribution. If this occurs, the depositary may, with our approval, sell the property and distribute the net proceeds from the sale to the applicable holders.

Redemption of Depositary Shares

Whenever we redeem shares of preferred stock that are held by the depositary, the depositary will redeem, as of the same redemption date, the number of depositary shares representing the shares of preferred stock so redeemed. The redemption price per depositary share will be equal to the applicable fraction of the redemption price per share payable with respect to that series of preferred stock. If fewer than all the depositary shares are to be redeemed, the depositary will select the depositary shares to be redeemed by lot or pro rata as may be determined by the depositary.

Depositary shares called for redemption will no longer be outstanding after the applicable redemption date, and all rights of the holders of these depositary shares will cease, except the right to receive any money or other property upon surrender to the depositary of the depositary receipts evidencing those depositary shares.

Voting the Preferred Stock

Upon receipt of notice of any meeting at which the holders of preferred stock are entitled to vote, the depositary will mail the information contained in the notice of meeting to the record holders of depositary shares representing shares of such preferred stock. Each record holder of those depositary shares on the record date (which will be the same date as the record date for the preferred stock) will be entitled to instruct the depositary as to the exercise of the voting rights pertaining to the amount of preferred stock underlying that holderôs depositary shares. The depositary will try, insofar as practicable, to vote the number of shares of preferred stock underlying those depositary shares in accordance with those instructions, and we will agree to take all action which the depositary deems necessary in order to enable the depositary to do so. The depositary will not vote the shares of preferred stock to the extent it does not receive specific instructions from the holders of depositary shares representing shares of such preferred stock.

Conversion of Preferred Stock

If a series of the preferred stock underlying the depositary shares is convertible into shares of our common stock or any other class of our capital securities, we will accept the delivery of depositary receipts to convert the preferred stock using the same procedures as those for delivery of certificates for the preferred stock. If the depositary shares represented by a depositary receipt are to be converted in part only, the depositary will issue a new depositary receipt or depositary receipts for the depositary shares that are not converted.

Amendment and Termination of the Deposit Agreement

We and the depositary may amend the form of depositary receipt evidencing the depositary shares and any provision of the deposit agreement at any time. However, any amendment that materially and adversely alters the rights of the holders of depositary shares will not be effective unless the amendment has been approved by the holders of at least a majority of the depositary shares then outstanding. We or the depositary may terminate the deposit agreement only if (i) all outstanding depositary shares have been redeemed or (ii) there has been a final distribution of the underlying preferred stock in connection with any liquidation, dissolution or winding up of PNC.

Charges of Depositary

We will pay all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangements. We will also pay charges of the depositary in connection with the initial deposit of the preferred stock and any redemption of the preferred stock. Holders of depositary shares will pay other transfer and other taxes and governmental charges and such other charges as are expressly provided in the deposit agreement to be for their accounts.

Resignation and Removal of Depositary

The depositary may resign at any time by delivering to us notice of its election to do so, and we may remove the depositary at any time. Any such resignation or removal will take effect only upon the appointment of a successor depositary and its acceptance of its appointment. The successor depositary must be a bank or trust company having its principal office in the United States and having a combined capital and surplus of at least $50,000,000.

Miscellaneous

The depositary will forward to the holders of depositary shares all reports and communications that we deliver to the depositary and that we are required to furnish to the holders of the preferred stock.

Neither we nor the depositary will be liable if we are prevented or delayed by law or any circumstance beyond our control in performing our obligations under the deposit agreement. Our obligations and the obligations of the depositary under the deposit agreement will be limited to performance in good faith of our respective duties under the deposit agreement. Neither we nor the depositary will be obligated to prosecute or defend any legal proceeding relating to any depositary shares or preferred stock unless satisfactory indemnity is furnished. Both we and the depositary may rely upon written advice of counsel or accountants, or upon information provided by holders of depositary shares or other persons we believe to be competent, and on documents we believe to be genuine. The depositary may also rely on information provided by us.

Exhibit 10.31.1

TIME SHARING AGREEMENT

This Time Sharing Agreement (the "**Agreement**") is entered into as of November 15, 2017 by and between The PNC Financial Services Group, Inc., a Pennsylvania corporation, with offices at The Tower at PNC Plaza, 300 Fifth Avenue, Pittsburgh, PA 15222-2401 ("**Lessor**"), and William S. Demchak, with a business address of The Tower at PNC Plaza, 300 Fifth Avenue, Pittsburgh, PA 15222-2401 ("**Lessee**").

RECITALS

WHEREAS, Lessor is the owner and operator of certain aircraft, a list of which is attached as Schedule A hereto (hereinafter referred to individually and collectively as the "**PNC Aircraft**");

WHEREAS, Lessor employs a fully qualified flight crew to operate the PNC Aircraft; and

WHEREAS, Lessor and Lessee desire to lease said PNC Aircraft with flight crew on a non-exclusive time-sharing basis as defined in Section 91.501(c)(1) of the Federal Aviation Regulations ("**FAR**");

The parties agree as follows:

1. Lessor agrees to lease the PNC Aircraft to Lessee pursuant to the provisions of FAR 91.501(c)(1) and to provide a fully qualified flight crew for all operations. This Agreement shall commence on the date hereof (the "**Effective Date**"), and continue for the remaining portion of the Calendar Year ("**Calendar Year**" being defined as the period beginning January 1st of each year and ending December 31st of the same year). Thereafter, this Agreement shall automatically renew on January 1st of each subsequent Calendar Year, unless and until terminated pursuant to the terms of this Agreement. Except as otherwise provided in Section 9, either party may at any time terminate this Agreement upon thirty (30) days written notice to the other party.

2. Lessee shall pay Lessor the incremental cost of each flight conducted under this Agreement, including the cost of any "deadhead" flights made for Lessee, calculated in accordance with Lessor's Aviation Policy and Aviation Procedures. Such cost shall in no event exceed the sum of the following expenses authorized by FAR Part 91.501(d):

(a) Fuel, oil, lubricants, and other additives;

(b) Travel expenses of the crew, including food, lodging and ground transportation;

(c) Hangar and tie down costs away from the PNC Aircraft's base of operation;

(d) Insurance obtained for the specific flight;

(e) Landing fees, airport taxes, and similar assessments;

(f) Customs, foreign permit, and similar fees directly related to the flight;

(g) In-flight food and beverages;

(h) Passenger ground transportation;

(i) Flight planning and weather contract services; and

(j) An additional charge equal to 100 percent of the expenses listed in 2.(a) above.

3. Lessor will pay all expenses related to the operation of the PNC Aircraft when incurred, and will provide an invoice to Lessee for the expenses enumerated in paragraph 2 above within ten business days of the last day of the month in which any flight or flights for the account of Lessee occur. Lessee shall pay Lessor for said expenses within thirty (30) calendar days of receipt of the invoice therefore.

Lessee shall include with each payment any federal transportation excise tax due with respect to such payment, and Lessor shall be responsible for collecting, reporting and remitting such tax to the U.S. Internal Revenue Service.

4. Lessee will provide Lessor with requests for flight time and proposed flight schedules as far in advance of any given flight as possible, and in any case, at least twenty-four (24) hours in advance of Lessee's planned departure. Requests for flight time shall be in a form, whether written or oral, mutually convenient to, and agreed upon by the parties. In addition to the proposed schedules and flight times, Lessee shall provide at least the following information for each proposed flight at some time prior to scheduled departure as required by the Lessor or Lessor's flight crew:

(a) proposed departure point;

(b) destination;

(c) date and time of flight;

(d) the number of anticipated passengers;

(e) the nature and extent of luggage and/or cargo to be carried;

(f) the date and time of return flight, if any; and

(g) any other information concerning the proposed flight that may be pertinent or required by Lessor or Lessor's flight crew.

5. Lessor shall have final authority over the scheduling of the PNC Aircraft; provided, that Lessor will use its best efforts to accommodate Lessee's needs and to avoid conflicts in scheduling, consistent with the Lessor's use of the PNC Aircraft in connection with its business operations. Lessor shall have no obligation under this Agreement to arrange for or to provide air travel in the event that the PNC Aircraft is unavailable to satisfy Lessee's requests for flight time.

6. Lessor shall be solely responsible for securing repairs, maintenance, preventive maintenance and required or otherwise necessary inspections of the PNC Aircraft, and shall take such requirements into account in scheduling the PNC Aircraft. No repair, period of maintenance, preventive maintenance, or inspection shall be delayed or postponed for the purpose of scheduling the PNC Aircraft, unless said repair, maintenance, or inspection can be safely conducted at a later time in compliance with all applicable laws and regulations, and within the sound discretion of the pilot in command. The pilot in command shall have final and complete authority to delay or cancel any flight for any reason or condition which in his judgment would compromise the safety of the flight. No such action of the pilot in command shall create or support any liability for loss, injury, damage, or delay to Lessee or any other person.

7. Lessor shall employ, pay for and provide to Lessee a qualified flight crew for each flight undertaken under this Agreement.

8. In accordance with applicable FAR, the qualified flight crew provided by Lessor will exercise all of its duties and responsibilities in regard to the safety of each flight conducted hereunder. Lessee specifically agrees that the flight crew, in its sole discretion, may terminate any flight, refuse to commence any flight, or take other action which in the considered judgment of the pilot in command is necessitated by considerations of safety. No such action of the pilot in command shall create or support any liability for loss, injury, damage, or delay to Lessee or any other person. The parties further agree that Lessor shall not be liable for delay or failure to furnish the PNC Aircraft and crew pursuant to this Agreement when such failure is caused by the demands of the Lessor's business operations requiring its use of the PNC Aircraft, government regulation or authority, mechanical difficulty, war, civil commotion, strikes or labor disputes, weather conditions, or acts of God.

9. At all times during the term of this Lease, Lessor shall maintain the following insurance coverages from insurance carriers acceptable to Lessee:

(a) PNC Aircraft Physical Damage insurance in an amount at least equal to the fair market value of the PNC Aircraft; and

(b) PNC Aircraft Liability Insurance – Combined Single Limit Bodily Injury and Property Damage, Including Passengers, of at least $100,000,000 for each occurrence. Such coverage shall:

i. Be primary, non-contributing with any insurance maintained by Lessee;

ii. Name Lessee and his guests as additional insureds;

iii. Expressly waive subrogation against Lessee; and

iv. Provide at least thirty (30) days advance written notice to Lessee of any material changes, cancellation, or non-renewal.

Lessor shall furnish Lessee with duly executed certificates evidencing all required insurance coverages, limits and requirements, together with satisfactory evidence of the premium payment as of the effective date of this Agreement. Lessor shall provide certificates of insurance upon each renewal no less than thirty (30) days prior to coverage expiration. Lessee's acceptance of such certificates is not to be construed as any waiver of Lessee's rights to the insurance required. Further, if Lessee fails for any reason to receive certificates or other evidence of insurance from Lessor, such failure shall not be deemed a waiver of required coverage. Lessee retains the right to terminate this Agreement immediately if Lessor fails to provide adequate and proper evidence of required insurance.

Lessor shall also bear the cost of paying any deductible amount on any policy of insurance in the event of a claim or loss.

Each liability policy shall be primary without right of contribution from any other insurance which is carried by Lessee or Lessor and shall expressly provide that all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured.

Lessor warrants that this Agreement has been reviewed by the insurance carrier for each policy of insurance on the PNC Aircraft and that the relevant terms and conditions of this Agreement are acceptable to each such carrier.

10. Lessee warrants that:

(a) He will use the PNC Aircraft for and on account of his and his guests' personal travel needs and will not use the PNC Aircraft for the purpose of providing transportation of passengers or cargo in air commerce for compensation or hire; and

(b) He will refrain from incurring any mechanics or other lien and shall not attempt to convey, mortgage, assign or lease the PNC Aircraft or create any kind of lien or security interest involving the PNC Aircraft or do anything or take any action that might mature into such a lien.

11. For purposes of this Agreement, the permanent base of operation of the PNC Aircraft shall be 25 Allegheny County Airport, West Mifflin, PA 15122.

12. Neither this Agreement nor any party's interest herein shall be assignable. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their representatives and successors. This Agreement constitutes the entire understanding between the parties, and any change or modification must be in writing and signed by both parties.

13. All communications and notices provided for herein shall be in writing and shall become effective when delivered by facsimile transmission (to Lessor at [redacted] or to Lessee at [redacted]) or by Federal Express or other overnight courier or four (4) days following deposit in the United States mail, with correct postage for first-class mail prepaid, addressed to Lessor or Lessee at their respective addresses set forth above, or else as otherwise directed by the other party from time to time in writing.

14. This Agreement is entered into under, and is to be construed in accordance with, the laws of the Commonwealth of Pennsylvania and the applicable FAR.

15. TRUTH IN LEASING STATEMENT

THE PNC AIRCRAFT HAVE BEEN MAINTAINED AND INSPECTED UNDER FAR PART 91 DURING THE 12 MONTH PERIOD PRECEDING THE DATE OF THIS AGREEMENT.

THE PNC AIRCRAFT WILL BE MAINTAINED AND INSPECTED UNDER FAR PART 91 FOR OPERATIONS TO BE CONDUCTED UNDER THIS AGREEMENT. DURING THE DURATION OF THIS AGREEMENT, THE PNC FINANCIAL SERVICES GROUP, INC., ONE PNC PLAZA, 249 FIFTH AVENUE, PITTSBURGH, PA 15222-2707, IS CONSIDERED RESPONSIBLE FOR OPERATIONAL CONTROL OF THE PNC AIRCRAFT UNDER THIS AGREEMENT.

AN EXPLANATION OF FACTORS BEARING ON OPERATIONAL CONTROL AND PERTINENT FEDERAL AVIATION REGULATIONS CAN BE OBTAINED FROM THE NEAREST FAA FLIGHT STANDARDS DISTRICT OFFICE.

THE "INSTRUCTIONS FOR COMPLIANCE WITH TRUTH IN LEASING REQUIREMENTS" ATTACHED HERETO IN EXHIBIT B ARE INCORPORATED HEREIN BY REFERENCE.

THE UNDERSIGNED, AS A DULY AUTHORIZED OFFICER OF THE PNC

FINANCIAL SERVICES GROUP, INC., THE TOWER AT PNC PLAZA, 300 FIFTH AVENUE, PITTSBURGH, PA 15222-2401, CERTIFIES THAT IT IS RESPONSIBLE FOR OPERATIONAL CONTROL OF THE PNC AIRCRAFT AND THAT IT UNDERSTANDS ITS RESPONSIBILITIES FOR COMPLIANCE WITH APPLICABLE FEDERAL AVIATION REGULATIONS.

[SIGNATURE BLOCK IS ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Agreement, intending to be legally bound.

THE PNC FINANCIAL SERVICES GROUP, INC.
(LESSOR)

By: /s/Christi Davis

Name: Christi Davis
Title: Corporate Secretary
Date: 11/15/17

WILLIAM S. DEMCHAK
(LESSEE)

/s/William Demchak

Date: 11/15/17

TIME SHARING AGREEMENTS AMENDMENT AND TERMINATION AGREEMENT

This Time Sharing Agreements Amendment and Termination Agreement (the "Amendment and Termination Agreement") to various Time Sharing Agreements between THE PNC FINANCIAL SERVICES GROUP, INC. ("Lessor") and WILLIAM S. DEMCHAK ("Lessee") is made and entered between Lessor and Lessee this 27th day of February, 2020.

WHEREAS, The PNC Financial Services Group, Inc. ("Lessor") and William S. Demchak ("Lessee") have entered into the following Time Sharing Agreements, whereby Lessor agrees to lease aircraft to Lessee pursuant to the provisions of FAR 91.501(c)(1) and to provide a fully qualified flight crew for all such operations:

1.	September 15, 2010	re	N710DL	Challenger 350	S/N 20282	("TSA 1")
2.	March 15, 2016	re	N305DL	Challenger 350	S/N 20608	("TSA 2")
3.	November 15, 2017	re	N513DL	Global 5000	S/N 9786	("TSA 3")

WHEREAS, Lessor and Lessee desire to terminate TSA 1 and TSA 2;

WHEREAS, Lessor and Lessee desire to amend TSA 3 to attach a revised and updated Exhibit A to add certain aircraft to the list of aircraft which are covered by TSA 3 (the aircraft on Exhibit A to be hereinafter referred to individually and collectively as the "PNC Aircraft").

NOW THEREFORE, in consideration of the covenants and agreements herein contained in this Amendment and Termination Agreement and its preamble, which Lessor and Lessee agree constitute good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. – TERMINATION of TSA 1 and TSA 2

1.1 In consideration of and subject to the provisions of this Amendment and Termination Agreement, Lessor and Lessee hereby mutually agree to terminate TSA 1 and TSA 2, such terminations to become effective upon execution of this Amendment and Termination Agreement.

2. – AMENDMENT NO. 1 TO TSA 3

2.1 The changes to TSA 3 between Lessor and Lessee dated November 15, 2017, as set forth in this Section 2, shall be known as "Amendment No. 1."

2.2 In consideration of and subject to the provisions of this Amendment No. 1, Lessor and Lessee hereby mutually agree to amend TSA 3 as follows:

2.2.1 Delete Section 11 in its entirety and replace with, "For purposes of this Agreement, the permanent base of operation of the PNC Aircraft shall be 24 Allegheny County Airport, West Mifflin, PA 15122."

2.2.2 Delete Exhibit A dated November 15, 2017 in its entirety.

2.2.3 Insert Exhibit A dated February ___, 2020, in the form attached to this Amendment and Termination Agreement.

2.3 Definitions. All defined terms used herein and not otherwise defined shall have the meaning given to them in TSA 3, as amended from time to time.

2.4 Miscellaneous.

2.4.1 Except as expressly amended by this Amendment No. 1, TSA 3 remains in full force and effect, and this Amendment No. 1 shall not be construed to alter or amend any of the other terms and conditions set forth in TSA 3. In the event of a conflict between the terms of TSA 3, any Schedules and this Amendment No. 1, the provisions of this Amendment No. 1 shall prevail.

2.4.2 This Amendment No. 1, together with TSA 3 (collectively hereinafter referred to as the "Time Sharing Agreement") constitute the final, complete, and exclusive statement of the terms of the agreement between the parties pertaining to the subject matter of the Time Sharing Agreement and supersede and cancel all prior and contemporaneous understandings or agreements of the parties, whether oral or written. No party has been induced to enter into this Amendment No. 1 by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Amendment No. 1.

3. – OTHER PROVISIONS

3.1 This Amendment and Termination Agreement may be executed in any number of counterparts, and by each of the parties on separate counterparts, each of which, when so executed, shall be deemed an original, but all of which shall constitute but one and the same instrument. Delivery of an executed counterpart of this Amendment and Termination Agreement by facsimile or electronic format shall be equally as effective as delivery of a manually executed counterpart of this Amendment and Termination Agreement. Any party delivering an executed counterpart of this Amendment and Termination Agreement by facsimile or electronic format shall deliver a manually executed counterpart, but the failure to deliver a manually executed counterpart shall not affect the validity, enforceability or binding effect of this Amendment and Termination Agreement.

[Signature Page Follows]

The parties have executed this Time Sharing Agreements Amendment and Termination Agreement, by their authorized representatives, as of the day and year written below.

THE PNC FINANCIAL SERVICES GROUP, **INC. ("Lessor")**

By: /s/Alicia G. Powell
Printed Name: Alicia G. Powell
Title: Corporate Secretary
Date: 2-27-20

Address: The Tower at PNC Plaza
300 Fifth Avenue
Pittsburgh, PA 15222-2401

WILLIAM S. DEMCHAK ("Lessee")

By: /s/William Demchak
Printed Name: William Demchak
Title: CEO
Date: 2/27/20

Address: The Tower at PNC Plaza
300 Fifth Avenue
Pittsburgh, PA 15222-2401

Exhibit 21

THE PNC FINANCIAL SERVICES GROUP, INC.
SCHEDULE OF CERTAIN SUBSIDIARIES
(As of December 31, 2020)

Name	State or Other Jurisdiction of Incorporation or Organization
PNC Bancorp, Inc. (1)	Delaware
PNC Bank, National Association (1)	United States
PNC Equipment Finance, LLC	Delaware
PNC Merchant Services Company	Delaware
PNC NCNVINV, Inc.	Delaware
PNC Investments, LLC	Delaware
PNC Holding, LLC (1)	Delaware
PNC Investment Company, LLC	Delaware
PNC Capital Markets, LLC	Pennsylvania
PNC Capital Finance, LLC	Delaware

(1) The names of the subsidiaries of the indicated entities are omitted because such subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-210994 and 333-228804), Form S-4 (No. 333-155248) and Form S-8 (Nos. 333-156540, 333-18069, 333-65040, 333-136808, 333-172931, 333-156886, 333-177896, 333-134169, 333-139345, 333-143182, 333-177898, 333-156527, 333-198461, 333-210995, 333-229874, 333-238049 and 033-62311) of The PNC Financial Services Group, Inc. of our report dated February 26, 2021 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Pittsburgh, Pennsylvania
February 26, 2021

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference of our report dated February 25, 2021, relating to the financial statements of BlackRock, Inc. appearing in Exhibit 99.1 to this Annual Report on Form 10-K of The PNC Financial Services Group, Inc. (the "Corporation") for the year ended December 31, 2020, in the following Registration Statements of the Corporation:

- Form S-3 relating to the Corporation's Dividend Reinvestment and Stock Purchase Plan (No. 333-210994)
- Form S-8 relating to the Corporation's Employee Stock Purchase Plan (Nos. 333-156540, 333-238049, and 033-62311)
- Forms S-8 relating to the Corporation's Supplemental Incentive Savings Plan and the Corporation and Affiliates' Deferred Compensation Plan (Nos. 333-18069, 333-65040, 333-136808, and 333-172931)
- Form S-8 relating to the Corporation's Supplemental Incentive Savings Plan and the Corporation and Affiliates' Deferred Compensation Plan (No. 333-156886)
- Forms S-8 relating to the Corporation's Deferred Compensation and Incentive Plan (Nos. 333-177896 and 333-198461)
- Forms S-8 relating to the Corporation's 2006 Incentive Award Plan (Nos. 333-134169, 333-139345, 333-143182 and 333-177898)
- Form S-8 relating to various National City plans (No. 333-156527)
- Form S-8 relating to the Corporation's 2016 Incentive Award Plan (No. 333-210995)
- Form S-8 relating to the Corporation's Deferred Compensation and Incentive Plan and the Corporation's Directors Deferred Compensation Plan (No. 333-229874)
- Form S-3 relating to the shelf registration statement of debt securities, common stock, preferred stock, purchase contracts, units, warrants and depositary shares to be issued by the Corporation (No. 333-228804)

/s/ Deloitte & Touche LLP
New York, New York
February 25, 2021

Exhibit 24

POWER OF ATTORNEY

The PNC Financial Services Group, Inc.

KNOW ALL PERSONS BY THESE PRESENTS, that each of the undersigned Directors and/or Officers of The PNC Financial Services Group, Inc. (the "Corporation"), a Pennsylvania corporation, hereby names, constitutes and appoints Robert Q. Reilly, Gregory H. Kozich, Laura L. Long and Alicia G. Powell, and each of them, as such person's true and lawful attorney-in-fact with power of substitution and resubstitution to sign in his or her name, place and stead, in any and all capacities, and to do any and all things and execute any and all instruments that such attorney may deem necessary or advisable under the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission (the "Commission"), in connection with the filing with the Commission of an Annual Report on Form 10-K of the Corporation for the fiscal year ended December 31, 2020 (the "2020 Form 10-K"); including specifically, but without limiting the generality of the foregoing, the power and authority to sign his or her name in his or her capacity as a member of the Board of Directors of the Corporation and/or as an Officer of the Corporation to the 2020 Form 10-K and such other form or forms as may be appropriate to be filed with the Commission as he or she may deem appropriate, together with all exhibits thereto, and to any and all amendments or supplements thereto and to any other documents filed with the Commission, as fully for all intents and purposes as he or she might or could do in person, and hereby ratifies and confirms all that said attorney-in-fact and agent, acting alone may lawfully do or cause to be done by virtue hereof.

This Power of Attorney will be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania. The execution of this Power of Attorney is not intended to, and does not, revoke any prior powers of attorney other than the revocation, in accordance with applicable laws, of any power of attorney previously granted specifically in connection with the filing of the 2020 Form 10-K (and any and all related documents, including any amendments or supplements to the 2020 Form 10-K).

IN WITNESS WHEREOF, the following persons have duly signed this Power of Attorney in the capacities indicated as of this 17th day of February, 2021.

Name/Signature	Capacity
/s/ William S. Demchak William S. Demchak	Chairman, Chief Executive Officer and President (Principal Executive Officer) and Director
/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)

/s/ Joseph Alvarado Joseph Alvarado	Director
/s/ Charles E. Bunch Charles E. Bunch	Director
/s/ Debra A. Cafaro Debra A. Cafaro	Director
/s/ Marjorie Rodgers Cheshire Marjorie Rodgers Cheshire	Director
/s/ David L. Cohen David L. Cohen	Director
/s/ Andrew T. Feldstein Andrew T. Feldstein	Director
/s/ Richard J. Harshman Richard J. Harshman	Director
/s/ Daniel R. Hesse Daniel R. Hesse	Director
/s/ Linda R. Medler Linda R. Medler	Director
/s/ Martin Pfinsgraff Martin Pfinsgraff	Director
/s/ Toni Townes-Whitley Toni Townes-Whitley	Director
/s/ Michael J. Ward Michael J. Ward	Director

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, 2020 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 26, 2021

/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, 2020 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 26, 2021

/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, 2020 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 26, 2021

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, 2020 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 26, 2021

Exhibit 99.1

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of BlackRock, Inc.:

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial condition of BlackRock, Inc. and subsidiaries (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, changes in equity, and cash flows, for each of the three years in the period ended December 31, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 25, 2021, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the 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 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 financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the 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.

Impairment of indefinite-lived intangible assets — Refer to Notes 2 and 12 to the financial statements

Critical Audit Matter Description

The Company's indefinite-lived intangible assets are comprised of management contracts and trade names/trademarks acquired in business acquisitions. The Company performs its impairment assessment of its indefinite-lived intangible assets at least annually, as of July 31st. In evaluating whether it is more likely than not that the fair value of indefinite-lived intangibles is less than carrying value, the Company performs certain quantitative assessments and assesses various significant qualitative factors. If an indefinite-lived intangible asset is determined to be more likely than not impaired, the fair value of the asset is then compared with its carrying value and any excess of the carrying value over the fair value would be recognized as an expense in the period in which the impairment occurs. The determination of fair value requires management to make estimates and assumptions related to projected assets under management ("AUM") growth rates, revenue basis points, operating margins, tax rates, and discount rates.

Given the significant judgments made by management to estimate the fair value of its indefinite-lived intangible assets, performing audit procedures to evaluate the reasonableness of management's estimates and assumptions related to projected AUM growth rates, revenue basis points, operating margins, tax rates, and discount rates, required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the determination of fair value of indefinite-lived intangible assets included the following, among others:

- We tested the design, implementation and operating effectiveness of controls over the Company's indefinite-lived intangible asset impairment analysis, including those related to management's determination of fair value for the indefinite-lived intangible asset. This includes controls related to management's projected AUM growth rates, operating margins, tax rates, and the selection of the discount rates.
- We evaluated the reasonableness of management's projected AUM growth rates, revenue basis points, operating margins, and tax rates by comparing management's projections to:
  - historical amounts,
  - internal communications to management and the Board of Directors, and
  - forecasted information included in analyst and industry reports for the Company and certain of its peer companies.
- We evaluated management's ability to accurately project AUM growth rates, operating margins, and tax rates by comparing actual results to management's historical forecasts.
- With the assistance of our fair value specialists, we evaluated the reasonableness of the Company's valuation methodology and assumptions, including the selection of the discount rate by: (1) testing the source information underlying the determination of the discount rate and the mathematical accuracy of the evaluation and (2) developing a range of independent estimates and compared those to the discount rate selected by management.
- We evaluated the impact of changes in management's forecasts from July 31, 2020, the annual impairment assessment date, to December 31, 2020.

/s/ Deloitte & Touche, LLP

New York, New York
February 25, 2021

We have served as the Company's auditor since 2002.

BlackRock, Inc.
Consolidated Statements of Financial Condition

(in millions, except shares and per share data)		December 31, 2020		December 31, 2019
Assets				
Cash and cash equivalents(1)	$	**8,664**	$	4,829
Accounts receivable		**3,535**		3,179
Investments(1)		**6,919**		5,489
Separate account assets		**104,663**		102,844
Separate account collateral held under securities lending agreements		**16,507**		15,466
Property and equipment (net of accumulated depreciation of $1,098 and $880 at December 31, 2020 and 2019, respectively)		**681**		715
Intangible assets (net of accumulated amortization of $291 and $185 at December 31, 2020 and 2019, respectively)		**18,263**		18,369
Goodwill		**14,551**		14,562
Other assets(1)		**3,199**		3,169
Total assets	$	**176,982**	$	168,622
Liabilities				
Accrued compensation and benefits	$	**2,499**	$	2,057
Accounts payable and accrued liabilities		**1,028**		1,167
Borrowings		**7,264**		4,955
Separate account liabilities		**104,663**		102,844
Separate account collateral liabilities under securities lending agreements		**16,507**		15,466
Deferred income tax liabilities		**3,673**		3,734
Other liabilities(1)		**3,692**		3,470
Total liabilities		**139,326**		133,693
Commitments and contingencies (Note 16)				
Temporary equity				
Redeemable noncontrolling interests		**2,322**		1,316
Permanent equity				
BlackRock, Inc. stockholders' equity				
Common stock, $0.01 par value; Shares authorized: 500,000,000 at December 31, 2020 and 2019; Shares issued: 172,075,373 and 171,252,185 at December 31, 2020 and 2019, respectively; Shares outstanding: 152,532,885 and 154,375,780 at December 31, 2020 and 2019, respectively		**2**		2
Series B nonvoting participating preferred stock, $0.01 par value; Shares authorized: 0 and 150,000,000 at December 31, 2020 and 2019, respectively; Shares issued and outstanding: 0 and 823,188 at December 31, 2020 and 2019, respectively		**—**		—
Additional paid-in capital		**19,293**		19,186
Retained earnings		**24,334**		21,662
Accumulated other comprehensive loss		**(337)**		(571)
Treasury stock, common, at cost (19,542,488 and 16,876,405 shares held at December 31, 2020 and 2019, respectively)		**(8,009)**		(6,732)
Total BlackRock, Inc. stockholders' equity		**35,283**		33,547
Nonredeemable noncontrolling interests		**51**		66
Total permanent equity		**35,334**		33,613
Total liabilities, temporary equity and permanent equity	$	**176,982**	$	168,622

(1) At December 31, 2020, cash and cash equivalents, investments, other assets and other liabilities include $155 million, $4,253 million, $90 million and $952 million, respectively, related to consolidated variable interest entities ("VIEs"). At December 31, 2019, cash and cash equivalents, investments, other assets and other liabilities include $131 million, $3,301 million, $68 million and $820 million, respectively, related to consolidated VIEs.

See accompanying notes to consolidated financial statements.

BlackRock, Inc.
Consolidated Statements of Income

(in millions, except shares and per share data)	2020	2019	2018
Revenue			
Investment advisory, administration fees and securities lending revenue:			
Related parties	$ 9,079	$ 8,323	$ 8,226
Other third parties	3,560	3,454	3,327
Total investment advisory, administration fees and securities lending revenue	12,639	11,777	11,553
Investment advisory performance fees	1,104	450	412
Technology services revenue	1,139	974	785
Distribution fees	1,131	1,069	1,155
Advisory and other revenue	192	269	293
Total revenue	16,205	14,539	14,198
Expense			
Employee compensation and benefits	5,041	4,470	4,320
Distribution and servicing costs	1,835	1,685	1,675
Direct fund expense	1,063	978	998
General and administration	2,465	1,758	1,638
Restructuring charge	—	—	60
Amortization of intangible assets	106	97	50
Total expense	10,510	8,988	8,741
Operating income	5,695	5,551	5,457
Nonoperating income (expense)			
Net gain (loss) on investments	972	342	1
Interest and dividend income	62	97	104
Interest expense	(205)	(203)	(184)
Total nonoperating income (expense)	829	236	(79)
Income before income taxes	6,524	5,787	5,378
Income tax expense	1,238	1,261	1,076
Net income	5,286	4,526	4,302
Less:			
Net income (loss) attributable to noncontrolling interests	354	50	(3)
Net income attributable to BlackRock, Inc.	$ 4,932	$ 4,476	$ 4,305
Earnings per share attributable to BlackRock, Inc. common stockholders:			
Basic	$ 32.13	$ 28.69	$ 26.86
Diluted	$ 31.85	$ 28.43	$ 26.58
Weighted-average common shares outstanding:			
Basic	153,489,422	156,014,343	160,301,116
Diluted	154,840,582	157,459,546	161,948,732

See accompanying notes to consolidated financial statements.

BlackRock, Inc.
Consolidated Statements of Comprehensive Income

(in millions)	2020	2019	2018
Net income	**$ 5,286**	$ 4,526	$ 4,302
Other comprehensive income (loss):			
Foreign currency translation adjustments(1)	**234**	120	(253)
Other comprehensive income (loss)	**234**	120	(253)
Comprehensive income	**5,520**	4,646	4,049
Less: Comprehensive income (loss) attributable to noncontrolling interests	**354**	50	(3)
Comprehensive income attributable to BlackRock, Inc.	**$ 5,166**	$ 4,596	$ 4,052

(1) Amount for 2020 includes a loss from a net investment hedge of $54 million (net of tax benefit of $17 million). Amounts for 2019 and 2018 include gains from a net investment hedge of $11 million (net of tax expense of $3 million) and $30 million (net of tax expense of $10 million), respectively.

See accompanying notes to consolidated financial statements.

BlackRock, Inc.
Consolidated Statements of Changes in Equity

(in millions)	Additional Paid-in Capital(1)	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock Common	Total BlackRock Stockholders' Equity	Nonredeemable Noncontrolling Interests	Total Permanent Equity	Redeemable Noncontrolling Interests / Temporary Equity
December 31, 2017	$ 19,258	$ 16,939	$ (432)	$ (3,967)	$ 31,798	$ 50	$ 31,848	$ 416
Net income	—	4,305	—	—	4,305	—	4,305	(3)
Dividends declared ($12.02 per share)	—	(1,968)	—	—	(1,968)	—	(1,968)	—
Stock-based compensation	564	—	—	—	564	—	564	—
PNC preferred stock capital contribution	58	—	—	—	58	—	58	—
Retirement of preferred stock	(58)	—	—	—	(58)	—	(58)	—
Issuance of common shares related to employee stock transactions	(652)	—	—	667	15	—	15	—
Employee tax withholdings related to employee stock transactions	—	—	—	(427)	(427)	—	(427)	—
Shares repurchased	—	—	—	(1,660)	(1,660)	—	(1,660)	—
Subscriptions (redemptions/distributions) — noncontrolling interest holders	—	—	—	—	—	9	9	1,254
Net consolidations (deconsolidations) of sponsored investment funds	—	—	—	—	—	—	—	(560)
Other comprehensive income (loss)	—	—	(253)	—	(253)	—	(253)	—
Adoption of new accounting pronouncement	—	6	(6)	—	—	—	—	—
December 31, 2018	$ 19,170	$ 19,282	$ (691)	$ (5,387)	$ 32,374	$ 59	$ 32,433	$ 1,107
Net income	—	4,476	—	—	4,476	7	4,483	43
Dividends declared ($13.20 per share)	—	(2,096)	—	—	(2,096)	—	(2,096)	—
Stock-based compensation	567	—	—	—	567	—	567	—
PNC preferred stock capital contribution	60	—	—	—	60	—	60	—
Retirement of preferred stock	(60)	—	—	—	(60)	—	(60)	—
Issuance of common shares related to employee stock transactions	(549)	—	—	566	17	—	17	—
Employee tax withholdings related to employee stock transactions	—	—	—	(245)	(245)	—	(245)	—
Shares repurchased	—	—	—	(1,666)	(1,666)	—	(1,666)	—
Subscriptions (redemptions/distributions) — noncontrolling interest holders	—	—	—	—	—	2	2	1,456
Net consolidations (deconsolidations) of sponsored investment funds	—	—	—	—	—	(2)	(2)	(1,290)
Other comprehensive income (loss)	—	—	120	—	120	—	120	—
December 31, 2019	$ 19,188	$ 21,662	$ (571)	$ (6,732)	$ 33,547	$ 66	$ 33,613	$ 1,316
Net income	—	4,932	—	—	4,932	(1)	4,931	355
Dividends declared ($14.52 per share)	—	(2,260)	—	—	(2,260)	—	(2,260)	—
Stock-based compensation	622	—	—	—	622	—	622	—
Issuance of common shares related to employee stock transactions	(515)	—	—	532	17	—	17	—
Employee tax withholdings related to employee stock transactions	—	—	—	(297)	(297)	—	(297)	—
Shares repurchased	—	—	—	(1,512)	(1,512)	—	(1,512)	—
Subscriptions (redemptions/distributions) — noncontrolling interest holders	—	—	—	—	—	(14)	(14)	2,065
Net consolidations (deconsolidations) of sponsored investment funds	—	—	—	—	—	—	—	(1,414)
Other comprehensive income (loss)	—	—	234	—	234	—	234	—
December 31, 2020	**$ 19,295**	**$ 24,334**	**$ (337)**	**$ (8,009)**	**$ 35,283**	**$ 51**	**$ 35,334**	**$ 2,322**

(1) Amounts include $2 million of common stock at December 31, 2020, 2019, 2018 and 2017.

See accompanying notes to consolidated financial statements.

BlackRock, Inc.
Consolidated Statements of Cash Flows

(in millions)	2020	2019	2018
Operating activities			
Net income	$ 5,286	$ 4,526	$ 4,302
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:			
Depreciation and amortization	358	296	220
Noncash lease expense	118	109	—
Stock-based compensation	622	567	564
Deferred income tax expense (benefit)	(157)	17	(226)
Charitable Contribution	589	—	—
Gain related to the Charitable Contribution	(122)	—	—
Contingent consideration fair value adjustments	23	53	65
Other investment gains	(244)	(30)	(50)
Net (gains) losses within consolidated sponsored investment products	(501)	(254)	149
Net (purchases) proceeds within consolidated sponsored investment products	(2,282)	(1,746)	(1,938)
(Earnings) losses from equity method investees	(148)	(116)	(94)
Distributions of earnings from equity method investees	32	70	30
Changes in operating assets and liabilities:			
Accounts receivable	(313)	(433)	4
Investments, trading	160	(21)	179
Other assets	(60)	141	(223)
Accrued compensation and benefits	487	58	(230)
Accounts payable and accrued liabilities	(115)	(111)	43
Other liabilities	10	(242)	280
Net cash provided by/(used in) operating activities	3,743	2,884	3,075
Investing activities			
Purchases of investments	(359)	(693)	(327)
Proceeds from sales and maturities of investments	187	417	449
Distributions of capital from equity method investees	183	136	24
Net consolidations (deconsolidations) of sponsored investment funds	(71)	(110)	(51)
Acquisitions, net of cash acquired	—	(1,510)	(699)
Purchases of property and equipment	(194)	(254)	(204)
Net cash provided by/(used in) investing activities	(254)	(2,014)	(808)
Financing activities			
Proceeds from long-term borrowings	2,245	992	—
Repayments of long-term borrowings	—	(1,000)	—
Cash dividends paid	(2,260)	(2,096)	(1,968)
Repurchases of common stock	(1,809)	(1,911)	(2,087)
Net proceeds from (repayments of) borrowings by consolidated sponsored investment products	51	111	40
Net (redemptions/distributions paid)/subscriptions received from noncontrolling interest holders	2,051	1,458	1,263
Other financing activities	(34)	(137)	(13)
Net cash provided by/(used in) financing activities	244	(2,583)	(2,765)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	102	54	(93)
Net increase/(decrease) in cash, cash equivalents and restricted cash	3,835	(1,659)	(591)
Cash, cash equivalents and restricted cash, beginning of year	4,846	6,505	7,096
Cash, cash equivalents and restricted cash, end of year	$ 8,681	$ 4,846	$ 6,505
Supplemental disclosure of cash flow information:			
Cash paid for:			
Interest	$ 183	$ 193	$ 177
Income taxes (net of refunds)	$ 1,308	$ 1,168	$ 1,159
Supplemental schedule of noncash investing and financing transactions:			
Issuance of common stock	$ 515	$ 549	$ 652
PNC preferred stock capital contribution	$ —	$ 60	$ 58
Charitable Contribution of an investment	$ (589)	$ —	$ —
Increase/(decrease) in noncontrolling interests due to net consolidation (deconsolidation) of sponsored investment funds	$ (1,414)	$ (1,292)	$ (560)

See accompanying notes to consolidated financial statements.

1. Business Overview

BlackRock, Inc. (together, with its subsidiaries, unless the context otherwise indicates, "BlackRock" or the "Company") is a leading publicly traded investment management firm providing a broad range of investment and technology services to institutional and retail clients worldwide.

BlackRock's diverse platform of alpha-seeking active, index and cash management investment strategies across asset classes enables the Company to tailor investment outcomes and asset allocation solutions for clients. Product offerings include single- and multi-asset portfolios investing in equities, fixed income, alternatives and money market instruments. Products are offered directly and through intermediaries in a variety of vehicles, including open-end and closed-end mutual funds, *iShares*® exchange-traded funds ("ETFs"), separate accounts, collective trust funds ("CTFs") and other pooled investment vehicles. BlackRock also offers technology services, including the investment and risk management technology platform, *Aladdin*®, Aladdin Wealth, eFront, Cachematrix and FutureAdvisor, as well as advisory services and solutions to a broad base of institutional and wealth management clients.

2. Significant Accounting Policies

Basis of Presentation

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and include the accounts of the Company and its controlled subsidiaries. Noncontrolling interests ("NCI") on the consolidated statements of financial condition represents the portion of consolidated sponsored investment funds in which the Company does not have direct equity ownership. Accounts and transactions between consolidated entities have been eliminated.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting periods. Actual results could differ from those estimates.

Certain prior period presentations and disclosures, while not required to be recast, were reclassified to ensure comparability with current period classifications.

Accounting Pronouncements Adopted in 2020

Measurement of Credit Losses. In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-13, *Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which significantly changes the accounting and disclosures for credit losses for most financial assets. The new guidance requires an estimate of expected lifetime credit losses and eliminates the existing recognition thresholds under current guidance. The adoption of ASU 2016-13, which was effective for the Company on January 1, 2020, did not have a material impact on its consolidated financial statements.

Cash and Cash Equivalents. Cash and cash equivalents primarily consists of cash, money market funds and short-term, highly liquid investments with original maturities of three months or less in which the Company is exposed to market and credit risk. Cash and cash equivalent balances that are legally restricted from use by the Company are recorded in other assets on the consolidated statements of financial condition. Cash balances maintained by consolidated VIEs and voting rights entities ("VREs") are not considered legally restricted and are included in cash and cash equivalents on the consolidated statements of financial condition.

Investments

Investments in Debt Securities. The Company classifies debt investments as held-to-maturity or trading based on the Company's intent and ability to hold the debt security to maturity or, its intent to sell the security.

Held-to-maturity securities are purchased with the positive intent and ability to be held to maturity and are recorded at amortized cost on the consolidated statements of financial condition.

Trading securities are those investments that are purchased principally for the purpose of selling them in the near term. Trading securities are carried at fair value on the consolidated statements of financial condition with changes in fair value recorded in nonoperating income (expense) on the consolidated statements of income. Trading securities include certain investments in collateralized loan obligations ("CLOs") for which the fair value option is elected in order to reduce operational complexity of bifurcating embedded derivatives.

Investments in Equity Securities. Equity securities are generally carried at fair value on the consolidated statements of financial condition with changes in the fair value recorded through net income ("FVTNI") within nonoperating income (expense). For nonmarketable equity securities, the Company generally elects to apply the practicality exception to fair value measurement, under which such securities will be measured at cost, less impairment, plus or minus observable price changes for identical or similar securities of the same issuer with such changes recorded in the consolidated statements of income. Dividends received are recorded as dividend income within nonoperating income (expense).

Equity Method. The Company applies the equity method of accounting for equity investments where the Company does not consolidate the investee, but can exert significant influence over the financial and operating policies of the investee. The Company's share of the investee's underlying net income or loss is recorded as net gain (loss) on investments within nonoperating income (expense) and as other revenue for certain corporate minority investments since such investees are considered to be an extension of the Company's core business. The Company's share of net income of the investee is recorded based upon the most current information available at the time, which may precede the date of the consolidated statement of financial condition. Distributions received reduce the Company's carrying value of the investee and the cost basis if deemed to be a return of capital.

Impairments of Investments. Management periodically assesses equity method and held-to-maturity investments for other-than-temporary impairment ("OTTI"). If an OTTI exists, an impairment charge would be recorded for the excess of the carrying amount of the investment over its estimated fair value in the consolidated statements of income.

For equity method investments and held-to-maturity investments, if circumstances indicate that an OTTI may exist, the investments are evaluated using market values, where available, or the expected future cash flows of the investment.

For the Company's investments in CLOs, the Company reviews cash flow estimates over the life of each CLO investment. On a quarterly basis, if the present value of the estimated future cash flows is lower than the carrying value of the investment and there is an adverse change in estimated cash flows, an impairment is considered to be other-than-temporary.

In addition, for nonmarketable equity securities that are accounted for under the measurement alternative to fair value, the Company applies the impairment model that does not require the Company to consider whether the impairment is other-than-temporary.

Consolidation. The Company performs an analysis for investment products to determine if the product is a VIE or a VRE. Assessing whether an entity is a VIE or a VRE involves judgment and analysis. Factors considered in this assessment include the entity's legal organization, the entity's capital structure and equity ownership, and any related party or de facto agent implications of the Company's involvement with the entity. Investments that are determined to be VIEs are consolidated if the Company is the primary beneficiary ("PB") of the entity. VREs are typically consolidated if the Company holds the majority voting interest. Upon the occurrence of certain events (such as contributions and redemptions, either by the Company, or third parties, or amendments to the governing documents of the Company's investment products), management reviews and reconsiders its previous conclusion regarding the status of an entity as a VIE or a VRE. Additionally, management continually reconsiders whether the Company is deemed to be a VIE's PB that consolidates such entity.

Consolidation of Variable Interest Entities. Certain investment products for which a controlling financial interest is achieved through arrangements that do not involve or are not directly linked to voting interests are deemed VIEs. BlackRock reviews factors, including whether or not i) the entity has equity at risk that is sufficient to permit the entity to finance its activities without additional subordinated support from other parties and ii) the equity holders at risk have the obligation to absorb losses, the right to receive residual returns, and the right to direct the activities of the entity that most significantly impact the entity's economic performance, to determine if the investment product is a VIE. BlackRock re-evaluates such factors as facts and circumstances change.

The PB of a VIE is defined as the variable interest holder that has a controlling financial interest in the VIE. A controlling financial interest is defined as (i) the power to direct the activities of the VIE that most significantly impact its economic performance and (ii) the obligation to absorb losses of the entity or the right to receive benefits from the entity that potentially could be significant to the VIE. The Company generally consolidates VIEs in which it holds an economic interest of 10% or greater and deconsolidates such VIEs once equity ownership falls below 10%.

Consolidation of Voting Rights Entities. BlackRock is required to consolidate an investee to the extent that BlackRock can exert control over the financial and operating policies of the investee, which generally exists if there is a greater than 50% voting equity interest.

Retention of Specialized Investment Company Accounting Principles. Upon consolidation of sponsored investment funds, the Company retains the specialized investment company accounting principles of the underlying funds. All of the underlying investments held by such consolidated sponsored investment funds are carried at fair value with corresponding changes in the investments' fair values reflected in nonoperating income (expense) on the consolidated statements of income. When the Company no longer controls these funds due to reduced ownership percentage or other reasons, the funds are deconsolidated and accounted for as an equity method investment or equity securities FVTNI if the Company still maintains an investment.

Separate Account Assets and Liabilities. Separate account assets are maintained by BlackRock Life Limited, a wholly owned subsidiary of the Company, which is a registered life insurance company in the United Kingdom, and represent segregated assets held for purposes of funding individual and group pension contracts. The life insurance company does not underwrite any insurance contracts that involve any insurance risk transfer from the insured to the life insurance company. The separate account assets primarily include equity securities, debt securities, money market funds and derivatives. The separate account assets are not subject to general claims of the creditors of BlackRock. These separate account assets and the related equal and offsetting liabilities are recorded as separate account assets and separate account liabilities on the consolidated statements of financial condition.

The net investment income attributable to separate account assets supporting individual and group pension contracts accrues directly to the contract owner and is not reported on the consolidated statements of income. While BlackRock has no economic interest in these separate account assets and liabilities, BlackRock earns policy administration and management fees associated with these products, which are included in investment advisory, administration fees and securities lending revenue on the consolidated statements of income.

Separate Account Collateral Assets Held and Liabilities Under Securities Lending Agreements. The Company facilitates securities lending arrangements whereby securities held by separate accounts maintained by BlackRock Life Limited are lent to third parties under global master securities lending agreements. In exchange, the Company receives legal title to the collateral with minimum values generally ranging from approximately 102% to 112% of the value of the securities lent in order to reduce counterparty risk. The required collateral value is calculated on a daily basis. The global master securities lending agreements provide the Company the right to request additional collateral or, in the event of borrower default, the right to liquidate collateral. The securities lending transactions entered into by the Company are accompanied by an agreement that entitles the Company to request the borrower to return the securities at any time; therefore, these transactions are not reported as sales.

The Company records on the consolidated statements of financial condition the cash and noncash collateral received under these BlackRock Life Limited securities lending arrangements as its own asset in addition to an equal and offsetting collateral liability for the obligation to return the collateral. The securities lending revenue earned from lending securities held by the separate accounts is included in investment advisory, administration fees and securities lending revenue on the consolidated statements of income. During 2020 and 2019, the Company had not resold or repledged any of the collateral received under these arrangements. At December 31, 2020 and 2019, the fair value of loaned securities held by separate accounts was approximately $15.2 billion and $14.4 billion, respectively, and the fair value of the collateral held under these securities lending agreements was approximately $16.5 billion and $15.5 billion, respectively.

Property and Equipment. Property and equipment are recorded at cost less accumulated depreciation. Depreciation is generally determined by cost less any estimated residual value using the straight-line method over the estimated useful lives of the various classes of property and equipment. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated useful life or the remaining lease term.

The Company capitalizes certain costs incurred in connection with developing or obtaining software within property and equipment. Capitalized software costs are amortized, beginning when the software product is ready for its intended use, over the estimated useful life of the software of approximately three years.

Goodwill and Intangible Assets. Goodwill represents the cost of a business acquisition in excess of the fair value of the net assets acquired. The Company has determined that it has one reporting unit for goodwill impairment testing purposes, the consolidated BlackRock single operating segment, which is consistent with internal management reporting and management's oversight of operations. In its assessment of goodwill for impairment, the Company considers such factors as the book value and market capitalization of the Company.

On a quarterly basis, the Company considers if triggering events have occurred that may indicate a potential goodwill impairment. If a triggering event has occurred, the Company performs assessments, which may include reviews of significant valuation assumptions, to determine if goodwill may be impaired. The Company performs an impairment assessment of its goodwill at least annually, as of July 31st.

Intangible assets are comprised of indefinite-lived intangible assets and finite-lived intangible assets acquired in a business acquisition. The value of contracts to manage assets in proprietary open-end funds and collective trust funds and certain other commingled products without a specified termination date is generally classified as indefinite-lived intangible assets. The assignment of indefinite lives to such contracts primarily is based upon the following: (i) the assumption that there is no foreseeable limit on the contract period to manage these products; (ii) the Company expects to, and has the ability to, continue to operate these products indefinitely; (iii) the products have multiple investors and are not reliant on a single investor or small group of investors for their continued operation; (iv) current competitive factors and economic conditions do not indicate a finite life; and (v) there is a high likelihood of continued renewal based on historical experience. In addition, trade names/trademarks are considered indefinite-lived intangible assets when they are expected to generate cash flows indefinitely.

Indefinite-lived intangible assets and goodwill are not amortized. Finite-lived management contracts, which relate to acquired separate accounts and funds and investor/customer relationships, and technology-related assets that are expected to contribute to the future cash flows of the Company for a specified period of time, are amortized over their remaining useful lives.

The Company performs assessments to determine if any intangible assets are potentially impaired and whether the indefinite-lived and finite-lived classifications are still appropriate at least annually, as of July 31st. The carrying value of finite-lived assets and their remaining useful lives are reviewed at least annually to determine if circumstances exist which may indicate a potential impairment or revisions to the amortization period.

In evaluating whether it is more likely than not that the fair value of indefinite-lived intangibles is less than its carrying value, BlackRock assesses various significant qualitative factors, including assets under management ("AUM"), revenue basis points, projected AUM growth rates, operating margins, tax rates and discount rates. In addition, the Company considers other factors, including (i) macroeconomic conditions such as a deterioration in general economic conditions, limitations on accessing capital, fluctuations in foreign exchange rates, or other developments in equity and credit markets; (ii) industry and market considerations such as a deterioration in the environment in which the entity operates, an increased competitive environment, a decline in market-dependent multiples or metrics, a change in the market for an entity's services, or regulatory, legal or political developments; and (iii) entity-specific events, such as a change in management or key personnel, overall financial performance and litigation that could affect significant inputs used to determine the fair value of the indefinite-lived intangible asset. If an indefinite-lived intangible is determined to be more likely than not impaired, then the fair value of the asset is compared with its carrying value and any excess of the carrying value over the fair value would be recognized as an expense in the period in which the impairment occurs.

For finite-lived intangible assets, if potential impairment circumstances are considered to exist, the Company will perform a recoverability test using an undiscounted cash flow analysis. Actual results could differ from these cash flow estimates, which could materially impact the impairment conclusion. If the carrying value of the asset is determined not to be recoverable based on the undiscounted cash flow test, the difference between the carrying value of the asset and its current fair value would be recognized as an expense in the period in which the impairment occurs.

Noncontrolling Interests. The Company reports noncontrolling interests as equity, separate from the parent's equity, on the consolidated statements of financial condition. In addition, the Company's consolidated net income on the consolidated statements of income includes the income (loss) attributable to noncontrolling interest holders of the Company's consolidated sponsored investment products. Income (loss) attributable to noncontrolling interests is not adjusted for income taxes for consolidated sponsored investment products that are treated as pass-through entities for tax purposes.

Classification and Measurement of Redeemable Securities. The Company includes redeemable noncontrolling interests related to certain consolidated sponsored investment products in temporary equity on the consolidated statements of financial condition.

Treasury Stock. The Company records common stock purchased for treasury at cost. At the date of subsequent reissuance, the treasury stock account is reduced by the cost of such stock using the average cost method.

Revenue Recognition. Revenue is recognized upon transfer of control of promised services to customers in an amount to which the Company expects to be entitled in exchange for those services. The Company enters into contracts that can include multiple services, which are accounted for separately if they are determined to be distinct. Consideration for the Company's services is generally in the form of variable consideration because the amount of fees is subject to market conditions that are outside of the Company's influence. The Company includes variable consideration in revenue when it is no longer probable of significant reversal, i.e. when the associated uncertainty is resolved. For some contracts with customers, the Company has discretion to involve a third party in providing services to the customer. Generally, the Company is deemed to be the principal in these arrangements because the Company controls the promised services before they are transferred to customers, and accordingly presents the revenue gross of related costs.

Investment Advisory, Administration Fees and Securities Lending Revenue. Investment advisory and administration fees are recognized as the services are performed over time because the customer is receiving and consuming the benefits as they are provided by the Company. Fees are primarily based on agreed-upon percentages of AUM and recognized for services provided during the period, which are distinct from services provided in other periods. Such fees are affected by changes in AUM, including market appreciation or depreciation, foreign exchange translation and net inflows or outflows. Investment advisory and administration fees for investment funds are shown net of fee waivers. In addition, the Company may contract with third parties to provide sub-advisory services on its behalf. The Company presents the investment advisory fees and associated costs to such third-party advisors on a gross basis where it is deemed to be the principal and on a net basis where it is deemed to be the agent. Management judgment involved in making these assessments is focused on ascertaining whether the Company is primarily responsible for fulfilling the promised service.

The Company earns revenue by lending securities on behalf of clients, primarily to highly rated banks and broker-dealers. Revenue is recognized over time as services are performed. Generally, the securities lending fees are shared between the Company and the funds or other third-party accounts managed by the Company from which the securities are borrowed.

Money Market Fee Waivers. The Company may voluntarily waive a portion of its management fees on certain money market funds to ensure that they maintain a targeted level of daily net investment income (the "Yield Support waivers"). During 2020, these waivers resulted in a reduction of management fees of approximately $35 million, which was partially offset by a reduction of BlackRock's distribution and servicing costs paid to financial intermediaries. There were no Yield Support waivers in 2019 and 2018. The Company may increase or decrease the level of Yield Support waivers in future periods.

Investment Advisory Performance Fees / Carried Interest. The Company receives investment advisory performance fees, including incentive allocations (carried interest) from certain actively managed investment funds and certain separately managed accounts. These performance fees are dependent upon exceeding specified relative or absolute investment return thresholds, which may vary by product or account, and include monthly, quarterly, annual or longer measurement periods.

Performance fees, including carried interest, are recognized when it is determined that they are no longer probable of significant reversal (such as upon the sale of a fund's investment or when the amount of AUM becomes known as of the end of a specified measurement period). Given the unique nature of each fee arrangement, contracts with customers are evaluated on an individual basis to determine the timing of revenue recognition. Significant judgement is involved in making such determination. Performance fees typically arise from investment management services that began in prior reporting periods. Consequently, a portion of the fees the Company recognizes may be partially related to the services performed in prior periods that meet the recognition criteria in the current period. At each reporting date, the Company considers various factors in estimating performance fees to be recognized, including carried interest. These factors include but are not limited to whether: (1) the fees are dependent on the market and thus are highly susceptible to factors outside the Company's influence; (2) the fees have a large number and a broad range of possible amounts; and (3) the funds or separately managed accounts have the ability to invest or reinvest their sales proceeds.

The Company is allocated carried interest from certain alternative investment products upon exceeding performance thresholds. The Company may be required to reverse/return all, or part, of such carried interest allocations/distributions depending upon future performance of these funds. Carried interest subject to such clawback provisions is recorded in investments or cash and cash equivalents to the extent that it is distributed, on its consolidated statements of financial condition.

The Company records a liability for deferred carried interest to the extent it receives cash or capital allocations related to carried interest prior to meeting the revenue recognition criteria. A portion of the deferred carried interest may also be paid to certain employees. The ultimate timing of the recognition of performance fee revenue and related compensation expense, if any, for these products is unknown.

Technology services revenue. The Company offers investment management technology systems, risk management services, wealth management and digital distribution tools, all on a fee basis. Clients include banks, insurance companies, official institutions, pension funds, asset managers, retail distributors and other investors. Fees earned for technology services are primarily recorded as services are performed over time and are generally determined using the value of positions on the *Aladdin* platform, or on a fixed-rate basis. Revenue derived from the sale of software licenses is recognized upon the granting of access rights.

Distribution Fees. The Company earns distribution and service fees for distributing investment products and providing ongoing shareholder support services to investment portfolios. Distribution fees are passed-through to third-party distributors, which perform various fund distribution services and shareholder servicing of certain funds on the Company's behalf, and are recognized as distribution and servicing costs. The Company presents distribution fees and related distribution and servicing costs incurred on a gross basis.

Distribution fees primarily consist of ongoing distribution fees, shareholder servicing fees and upfront sales commissions for serving as the principal underwriter and/or distributor for certain managed mutual funds. The service of distribution is satisfied at the point in time when an investor makes an investment in a share class of the managed mutual funds. Fees are generally considered variable consideration because they are based on the value of AUM and are uncertain on trade date. Accordingly, the Company recognizes distribution fees over the investment period as the amounts become known and the portion recognized in the current period may relate to distribution services performed in prior periods. Upfront sales commissions are recognized on a trade date basis. Shareholder servicing fees are based on AUM and recognized in revenue as the services are performed.

Advisory and other revenue. Advisory and other revenue primarily includes fees earned for advisory services, fees earned for transition management services primarily comprised of commissions recognized in connection with buying and selling securities on behalf of customers, and equity method investment earnings related to certain corporate minority investments.

Advisory services fees are determined using fixed-rate fees and are recognized over time as the related services are completed.

Commissions related to transition management services are recorded on a trade-date basis as transactions occur.

Stock-based Compensation. The Company recognizes compensation cost for equity classified awards based on the grant-date fair value of the award. The compensation cost is recognized over the period during which an employee is required to provide service (usually the vesting period) in exchange for the stock-based award.

The Company measures the grant-date fair value of restricted stock units ("RSUs") using the Company's stock price on the date of grant. For employee stock options and instruments with market conditions, the Company uses pricing models. Stock option awards may have performance, market and/or service conditions. If a stock-based award is modified after the grant-date, incremental compensation cost is recognized for an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before the modification. Awards under the Company's stock-based compensation plans vest over various periods. Compensation cost is recorded by the Company on a straight-line basis over the requisite service period for each separate vesting portion of the award as if the award is, in-substance, multiple awards and is adjusted for actual forfeitures as they occur.

The Company amortizes the grant-date fair value of stock-based compensation awards made to retirement-eligible employees over the requisite service period. Upon notification of retirement, the Company accelerates the unamortized portion of the award over the contractually required retirement notification period.

The Company recognizes all excess tax benefits and deficiencies in income tax expense on the consolidated statements of income, which results in volatility of income tax expense as a result of fluctuations in the Company's stock price. Accordingly, the Company recorded a discrete income tax benefit of $36 million, $23 million and $64 million during 2020, 2019 and 2018, respectively, for vested RSUs where the grant date stock price was lower than the vesting date stock price.

Distribution and Servicing Costs. Distribution and servicing costs include payments to third parties, primarily associated with distribution and servicing of client investments in certain BlackRock products. Distribution and servicing costs are expensed when incurred.

Direct Fund Expense. Direct fund expense, which is expensed as incurred, primarily consists of third-party nonadvisory expense incurred by BlackRock related to certain funds for the use of certain index trademarks, reference data for certain indices, custodial services, fund administration, fund accounting, transfer agent services, shareholder reporting services, audit and tax services as well as other fund-related expense directly attributable to the nonadvisory operations of the fund.

Leases. The Company determines if a contract is a lease or contains a lease at inception. The Company accounts for its office facility leases as operating leases, which may include escalation clauses that are based on an index or market rate. The Company accounts for lease and non-lease components, including common areas maintenance charges, as a single component for its leases. The Company elected the short-term lease exception for leases with an initial term of 12 months or less. Consequently, such leases are not recorded on the consolidated statements of financial condition. The Company's lease terms include options to extend or terminate the lease when it is reasonably certain they will be exercised or not, respectively.

Fixed lease payments are included in right-of-use ("ROU") assets and lease liabilities within other assets and other liabilities, respectively, on the consolidated statements of financial condition. The Company recognizes ROU assets and lease liabilities based on the present value of these future lease payments over the lease term at the commencement date discounted using the Company's incremental borrowing rate ("IBR"). The Company determines its IBR, by assessing the Company's credit rating using various financial metrics, such as revenue, operating margin and revenue growth, and, as appropriate, performing market analysis of yields on publicly traded bonds (secured or unsecured) with similar terms of comparable companies in a similar economic environment. Fixed lease payments made over the lease term are recorded as lease expense on a straight-line basis. Variable lease payments based on usage, changes in an index or market rate are expensed as incurred.

Upon adoption of ASU 2016-02, *Leases* and several amendments (collectively, "ASU 2016-02"), for existing leases, the Company elected to determine the discount rate based on the remaining lease term as of January 1, 2019 and for lease payments based on an index or rate to apply the rate at commencement date. For new leases, the discount rates are based on the entire noncancelable lease term.

Foreign Exchange. Foreign currency transactions are recorded at the exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities that are denominated in foreign currencies are subsequently remeasured into the functional currencies of the Company's subsidiaries at the rates prevailing at each balance sheet date. Gains and losses arising on remeasurement are included in general and administration expense on the consolidated statements of income. Revenue and expenses are translated at average exchange rates during the period. Gains or losses resulting from translating foreign currency financial statements into US dollars are included in accumulated other comprehensive income (loss) ("AOCI"), a separate component of stockholders' equity, on the consolidated statements of financial condition.

Income Taxes. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases using currently enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred income tax assets and liabilities is recognized on the consolidated statements of income in the period that includes the enactment date.

Management periodically assesses the recoverability of its deferred income tax assets based upon expected future earnings, taxable income in prior carryback years, future deductibility of the asset, changes in applicable tax laws and other factors. If management determines that it is not more likely than not that the deferred tax asset will be fully recoverable in the future, a valuation allowance will be established for the difference between the asset balance and the amount expected to be recoverable in the future. This allowance will result in additional income tax expense. Further, the Company records its income taxes receivable and payable based upon its estimated income tax position.

Excess tax benefits related to stock-based compensation are recognized as an income tax benefit on the consolidated statements of income and are reflected as operating cash flows on the consolidated statements of cash flows.

Earnings per Share ("EPS"). Basic EPS is calculated by dividing net income applicable to common shareholders by the weighted-average number of shares outstanding during the period. Diluted EPS includes the determinants of basic EPS and common stock equivalents outstanding during the period. Diluted EPS is computed using the treasury stock method.

Due to the similarities in terms between BlackRock's nonvoting participating preferred stock and the Company's common stock, the Company considered its nonvoting participating preferred stock to be a common stock equivalent for purposes of EPS calculations. As such, the Company has included the outstanding nonvoting participating preferred stock in the calculation of average basic and diluted shares outstanding. As of December 31, 2020, there were no shares of preferred stock outstanding.

Business Segments. The Company's management directs BlackRock's operations as one business, the asset management business. The Company utilizes a consolidated approach to assess performance and allocate resources. As such, the Company operates in one business segment.

Fair Value Measurements

Hierarchy of Fair Value Inputs. The Company uses a fair value hierarchy that prioritizes inputs to valuation approaches used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 Inputs:

Quoted prices (unadjusted) in active markets for identical assets or liabilities at the reporting date.

- Level 1 assets may include listed mutual funds, ETFs, listed equities and certain exchange-traded derivatives.

Level 2 Inputs:

Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; quotes from pricing services or brokers for which the Company can determine that orderly transactions took place at the quoted price or that the inputs used to arrive at the price are observable; and inputs other than quoted prices that are observable, such as models or other valuation methodologies.

- Level 2 assets may include debt securities, investments in CLOs, bank loans, short-term floating-rate notes, asset-backed securities, securities held within consolidated hedge funds, restricted public securities valued at a discount, as well as over-the-counter derivatives, including interest and inflation rate swaps and foreign currency exchange contracts that have inputs to the valuations that generally can be corroborated by observable market data.

Level 3 Inputs:

Unobservable inputs for the valuation of the asset or liability, which may include nonbinding broker quotes. Level 3 assets include investments for which there is little, if any, market activity. These inputs require significant management judgment or estimation.

- Level 3 assets may include direct private equity investments held within consolidated funds, investments in CLOs and bank loans held within consolidated CLOs.
- Level 3 liabilities may include contingent liabilities related to borrowings of consolidated CLOs and acquisitions valued based upon discounted cash flow analyses using unobservable market data.

Significance of Inputs. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument.

Valuation Approaches. The fair values of certain Level 3 assets and liabilities were determined using various valuation approaches as appropriate, including third-party pricing vendors, broker quotes and market and income approaches.

A significant number of inputs used to value equity, debt securities, investments in CLOs and bank loans is sourced from third-party pricing vendors. Generally, prices obtained from pricing vendors are categorized as Level 1 inputs for identical securities traded in active markets and as Level 2 for other similar securities if the vendor uses observable inputs in determining the price.

In addition, quotes obtained from brokers generally are nonbinding and categorized as Level 3 inputs. However, if the Company is able to determine that market participants have transacted for the asset in an orderly manner near the quoted price or if the Company can determine that the inputs used by the broker are observable, the quote is classified as a Level 2 input.

Investments Measured at Net Asset Value. As a practical expedient, the Company uses net asset value ("NAV") as the fair value for certain investments. The inputs to value these investments may include the Company's capital accounts for its partnership interests in various alternative investments, including hedge funds, real assets and private equity funds, which may be adjusted by using the returns of certain market indices. The various partnerships generally are investment companies, which record their underlying investments at fair value based on fair value policies established by management of the underlying fund. Fair value policies at the underlying fund generally require the fund to utilize pricing/valuation information from third-party sources, including independent appraisals. However, in some instances, current valuation information for illiquid securities or securities in markets that are not active may not be available from any third-party source or fund management may conclude that the valuations that are available from third-party sources are not reliable. In these instances, fund management may perform model-based analytical valuations that could be used as an input to value these investments.

Fair Value Assets and Liabilities of Consolidated CLO. The Company applies the fair value option provisions for eligible assets, including bank loans, held by a consolidated CLO. As the fair value of the financial assets of the consolidated CLO is more observable than the fair value of the borrowings of the consolidated CLO, the Company measures the fair value of the borrowings of the consolidated CLO equal to the fair value of the assets of the consolidated CLO less the fair value of the Company's economic interest in the CLO.

Derivatives and Hedging Activities. The Company does not use derivative financial instruments for trading or speculative purposes. The Company uses derivative financial instruments primarily for purposes of hedging exposures to fluctuations in foreign currency exchange rates of certain assets and liabilities, and market exposures for certain seed investments. However, certain consolidated sponsored investment funds may also utilize derivatives as a part of their investment strategy.

The Company records all derivative financial instruments as either assets or liabilities at fair value on a gross basis in the consolidated statements of financial condition. Credit risks are managed through master netting and collateral support agreements. The amounts related to the right to reclaim or the obligation to return cash collateral may not be used to offset amounts due under the derivative instruments in the normal course of settlement. Therefore, such amounts are not offset against fair value amounts recognized for derivative instruments with the same counterparty and are included in other assets and other liabilities. Changes in the fair value of the Company's derivative financial instruments are recognized in earnings and, where applicable, are offset by the corresponding gain or loss on the related foreign-denominated assets or liabilities or hedged investments, on the consolidated statements of income.

The Company may also use financial instruments designated as net investment hedges for accounting purposes to hedge net investments in international subsidiaries whose functional currency is not US dollars. The gain or loss from revaluing net investment hedges at the spot rate is deferred and reported within AOCI on the consolidated statements of financial condition. Amounts excluded from the effectiveness assessment are reported in the consolidated statements of income using a systematic and rational method. The Company reassesses the effectiveness of its net investment hedge at least quarterly.

3. Acquisition

On May 10, 2019, the Company acquired 100% of the equity interests of eFront Holding SAS ("eFront Transaction" or "eFront"), a leading alternative investment management software and solutions provider for approximately $1.3 billion, excluding the settlement of eFront's outstanding debt. The acquisition of eFront expanded *Aladdin*'s illiquid alternative capabilities and enables BlackRock to provide individual alternative or whole-portfolio technology solutions to clients.

The purchase price was funded through a combination of existing cash and issuance of commercial paper (subsequently repaid with existing cash) and long-term notes in April 2019. See Note 15, *Borrowings*, for information on the debt issuance in April 2019. A summary of the fair values of the assets acquired and liabilities assumed in this acquisition is as follows:

(in millions)		Fair Value
Accounts receivable	$	61
Finite-lived intangible assets:		
Customer relationships		400
Technology-related		203
Trade name		14
Goodwill		1,044
Other assets		49
Deferred income tax liabilities		(146)
Other liabilities assumed		(125)
Total consideration, net of cash acquired	$	1,500
Summary of consideration, net of cash acquired:		
Cash paid including settlement of outstanding debt of approximately $0.2 billion	$	1,555
Cash acquired		(55)
Total consideration, net of cash acquired	$	1,500

4. Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash and cash equivalents reported within the consolidated statements of financial condition to the cash, cash equivalents, and restricted cash reported within the consolidated statements of cash flows.

(in millions)	December 31, 2020	December 31, 2019
Cash and cash equivalents	$ 8,664	$ 4,829
Restricted cash included in other assets	17	17
Total cash, cash equivalents and restricted cash	$ 8,681	$ 4,846

5. Investments

A summary of the carrying value of total investments is as follows:

(in millions)	December 31, 2020	December 31, 2019
Debt securities:		
Held-to-maturity investments	$ 310	$ 249
Trading securities	1,964	1,249
Total debt securities	2,274	1,498
Equity securities at FVTNI	2,317	1,926
Equity method investments(1)	1,081	943
Bank loans	248	204
Federal Reserve Bank stock(2)	94	93
Carried interest(3)	627	528
Other investments(4)	278	297
Total investments	$ 6,919	$ 5,489

(1) Equity method investments primarily include BlackRock's direct investments in certain BlackRock sponsored investment funds.
(2) At both December 31, 2020 and 2019, there were no indicators of impairment of Federal Reserve Bank stock, which is held for regulatory purposes and is restricted from sale.
(3) Carried interest represents allocations to BlackRock's general partner capital accounts from certain sponsored investment funds. These balances are subject to change upon cash distributions, additional allocations or reallocations back to limited partners within the respective funds.
(4) Other investments include BlackRock's investments in nonmarketable equity securities, which are measured at cost, adjusted for observable price changes and private equity and real asset investments of consolidated sponsored investment products measured at fair value.

Available-for-Sale Investments

A summary of sale activity of available-for-sale during 2020, 2019 and 2018 is shown below.

(in millions)	Year ended December 31, 2020	2019	2018
Sales proceeds	$ —	$ —	$ 173
Net realized gain (loss):			
Gross realized gains	$ —	$ —	$ —
Gross realized losses	—	—	—
Net realized gain (loss)	$ —	$ —	$ —

There were no available-for-sale investments at both December 31, 2020 and 2019.

Held-to-Maturity Investments

The carrying value of held-to-maturity investments was $310 million and $249 million at December 31, 2020 and 2019, respectively. Held-to-maturity investments included certain investments in BlackRock sponsored CLOs and foreign government debt held primarily for regulatory purposes. The amortized cost (carrying value) of these investments approximated fair value (primarily a Level 2 input). At December 31, 2020, $11 million of these investments mature between one year to five years, $169 million of these investments mature between five years to ten years and $130 million mature after ten years.

Trading Debt Securities and Equity Securities at FVTNI

A summary of the cost and carrying value of trading debt securities and equity securities at FVTNI is as follows:

(in millions)	December 31, 2020 Cost	December 31, 2020 Carrying Value	December 31, 2019 Cost	December 31, 2019 Carrying Value
Trading debt securities:				
Corporate debt	$ 1,591	$ 1,641	$ 822	$ 844
Government debt	203	210	268	269
Asset/mortgage backed debt	132	113	141	136
Total trading debt securities	$ 1,926	$ 1,964	$ 1,231	$ 1,249
Equity securities at FVTNI:				
Equity securities/mutual funds	$ 2,055	$ 2,317	$ 1,769	$ 1,926
Total equity securities at FVTNI	$ 2,055	$ 2,317	$ 1,769	$ 1,926

6. Consolidated Sponsored Investment Products

The Company consolidates certain sponsored investment funds accounted for as VREs because it is deemed to control such funds.

In the normal course of business, the Company is the manager of various types of sponsored investment vehicles, which may be considered VIEs. The Company may from time to time own equity or debt securities or enter into derivatives with the vehicles, each of which are considered variable interests. The Company's involvement in financing the operations of the VIEs is generally limited to its investments in the entity. The Company's consolidated VIEs include certain sponsored investment products in which BlackRock has an investment and as the investment manager, is deemed to have both the power to direct the most significant activities of the products and the right to receive benefits (or the obligation to absorb losses) that could potentially be significant to these sponsored investment products. The assets of these VIEs are not available to creditors of the Company. In addition, the investors in these VIEs have no recourse to the credit of the Company.

The following table presents the balances related to these consolidated sponsored investment products accounted for as VIEs and VREs that were recorded on the consolidated statements of financial condition, including BlackRock's net interest in these products:

(in millions)	December 31, 2020 VIEs	December 31, 2020 VREs	December 31, 2020 Total	December 31, 2019 VIEs	December 31, 2019 VREs	December 31, 2019 Total
Cash and cash equivalents	$ 155	$ 51	$ 206	$ 131	$ 10	$ 141
Investments:						
Trading debt securities	1,618	310	1,928	1,059	151	$ 1,210
Equity securities at FVTNI	1,592	413	2,005	1,330	332	1,662
Bank loans	248	—	248	204	—	204
Other investments	191	—	191	194	—	194
Carried interest	604	—	604	514	—	514
Total investments	4,253	723	4,976	3,301	483	3,784
Other assets	90	9	99	68	5	73
Other liabilities(1)	(952)	(70)	(1,022)	(820)	(20)	(840)
Noncontrolling interests	(2,193)	(180)	(2,373)	(1,348)	(34)	(1,382)
BlackRock's net interest in consolidated investment products	$ 1,353	$ 533	$ 1,886	$ 1,332	$ 444	$ 1,776

(1) At December 31, 2020 and 2019, other liabilities of VIEs primarily include deferred carried interest liabilities and borrowings of a consolidated CLO.

BlackRock's total exposure to consolidated sponsored investment products represents the value of its economic ownership interest in these sponsored investment products. Valuation changes associated with investments held at fair value by these consolidated sponsored investment products are reflected in nonoperating income (expense) and partially offset in net income (loss) attributable to noncontrolling interests for the portion not attributable to BlackRock.

The Company cannot readily access cash and cash equivalents held by consolidated sponsored investment products to use in its operating activities.

Net gain (loss) related to consolidated VIEs is presented in the following table:

(in millions)	2020	2019	2018
Nonoperating net gain (loss) on consolidated VIEs	$ 477	$ 210	$ (105)
Net income (loss) attributable to NCI on consolidated VIEs	$ 348	$ 42	$ (6)

7. Variable Interest Entities

Nonconsolidated VIEs. At December 31, 2020 and 2019, the Company's carrying value of assets and liabilities included on the consolidated statements of financial condition pertaining to nonconsolidated VIEs and its maximum risk of loss related to VIEs for which it held a variable interest, but for which it was not the PB, was as follows:

(in millions)	Investments	Advisory Fee Receivables	Other Net Assets (Liabilities)	Maximum Risk of Loss(1)
At December 31, 2020				
Sponsored investment products	$ 662	$ 71	$ (13)	$ 750
At December 31, 2019				
Sponsored investment products	$ 539	$ 71	$ (10)	$ 627

(1) At both December 31, 2020 and 2019, BlackRock's maximum risk of loss associated with these VIEs primarily related to BlackRock's investments and the collection of advisory fee receivables.

The net assets of sponsored investment products that are nonconsolidated VIEs approximated $16 billion and $12 billion at December 31, 2020 and 2019, respectively.

8. Fair Value Disclosures

Fair Value Hierarchy

Assets and liabilities measured at fair value on a recurring basis

December 31, 2020 *(in millions)*	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV(1)	Other(2)	December 31, 2020
Assets:						
Investments:						
Debt securities:						
Held-to-maturity investments	$ —	$ —	$ —	$ —	$ 310	**$ 310**
Trading securities	—	1,953	11	—	—	**1,964**
Total debt securities	—	1,953	11	—	310	**2,274**
Equity securities at FVTNI:						
Equity securities/mutual funds	2,317	—	—	—	—	**2,317**
Equity method:						
Equity and fixed income mutual funds	235	—	—	—	—	**235**
Hedge funds/funds of hedge funds	—	—	—	309	—	**309**
Private equity funds	—	—	—	315	—	**315**
Real assets funds	—	—	—	218	—	**218**
Other	—	—	—	4	—	**4**
Total equity method	235	—	—	846	—	**1,081**
Bank loans	—	16	232	—	—	**248**
Federal Reserve Bank Stock	—	—	—	—	94	**94**
Carried interest	—	—	—	—	627	**627**
Other investments(3)	—	—	9	94	175	**278**
Total investments	2,552	1,969	252	940	1,206	**6,919**
Other assets(4)	205	13	—	—	—	**218**
Separate account assets	71,392	32,404	—	—	867	**104,663**
Separate account collateral held under securities lending agreements:						
Equity securities	13,126	—	—	—	—	**13,126**
Debt securities	—	3,381	—	—	—	**3,381**
Total separate account collateral held under securities lending agreements	13,126	3,381	—	—	—	**16,507**
Total	$ 87,275	$ 37,767	$ 252	$ 940	$ 2,073	**128,307**
Liabilities:						
Separate account collateral liabilities under securities lending agreements	$ 13,126	$ 3,381	$ —	$ —	$ —	**$ 16,507**
Other liabilities(5)	—	68	272	—	—	**340**
Total	$ 13,126	$ 3,449	$ 272	$ —	$ —	**$ 16,847**

(1) Amounts are comprised of certain investments measured at fair value using NAV (or its equivalent) as a practical expedient.
(2) Amounts are comprised of investments held at amortized cost and cost, adjusted for observable price changes, carried interest and certain equity method investments, which include sponsored investment funds and other assets, which are not accounted for under a fair value measure. In accordance with GAAP, certain equity method investees do not account for both their financial assets and liabilities under fair value measures; therefore, the Company's investment in such equity method investees may not represent fair value.
(3) Level 3 amounts primarily include direct investments in private equity companies held by consolidated private equity funds.
(4) Level 1 amount includes a minority investment in a publicly traded company.
(5) Level 2 amount primarily includes fair value of derivatives (See Note 9, *Derivatives and Hedging*, for more information). Level 3 amounts primarily include borrowings of a consolidated CLO classified based on the significance of unobservable inputs used for calculating the fair value of consolidated CLO assets, and contingent liabilities related to certain acquisitions (see Note 16, *Commitments and Contingencies*, for more information).

Assets and liabilities measured at fair value on a recurring basis

December 31, 2019 *(in millions)*	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Investments Measured at NAV(1)**	**Other(2)**	**December 31, 2019**
Assets:						
Investments:						
Debt securities:						
Held-to-maturity investments	$ —	$ —	$ —	$ —	$ 249	$ 249
Trading securities	—	1,241	8	—	—	1,249
Total debt securities	—	1,241	8	—	249	1,498
Equity securities at FVTNI:						
Equity securities/mutual funds	1,926	—	—	—	—	1,926
Equity method:						
Equity and fixed income mutual funds	157	—	—	—	—	157
Hedge funds/funds of hedge funds	—	—	—	220	—	220
Private equity funds	—	—	—	248	—	248
Real assets funds	—	—	—	296	—	296
Other	12	—	—	10	—	22
Total equity method	169	—	—	774	—	943
Bank loans	—	27	177	—	—	204
Federal Reserve Bank Stock	—	—	—	—	93	93
Carried interest	—	—	—	—	528	528
Other investments(3)	—	—	9	98	190	297
Total investments	2,095	1,268	194	872	1,060	5,489
Other assets(4)	173	—	—	—	—	173
Separate account assets	72,515	29,582	—	—	747	102,844
Separate account collateral held under securities lending agreements:						
Equity securities	10,209	—	—	—	—	10,209
Debt securities	—	5,257	—	—	—	5,257
Total separate account collateral held under securities lending agreements	10,209	5,257	—	—	—	15,466
Total	$ 84,992	$ 36,107	$ 194	$ 872	$ 1,807	$ 123,972
Liabilities:						
Separate account collateral liabilities under securities lending agreements	$ 10,209	$ 5,257	$ —	$ —	$ —	$ 15,466
Other liabilities(5)	—	10	388	—	—	398
Total	$ 10,209	$ 5,267	$ 388	$ —	$ —	$ 15,864

(1) Amounts are comprised of certain investments measured at fair value using NAV (or its equivalent) as a practical expedient.
(2) Amounts are comprised of investments held at amortized cost and cost, adjusted for observable price changes, carried interest and certain equity method investments, which include sponsored investment funds and other assets, which are not accounted for under a fair value measure. In accordance with GAAP, certain equity method investees do not account for both their financial assets and liabilities under fair value measures; therefore, the Company's investment in such equity method investees may not represent fair value.
(3) Level 3 amounts include direct investments in private equity companies held by consolidated private equity funds.
(4) Level 1 amount includes a minority investment in a publicly traded company.
(5) Level 3 amount primarily includes contingent liabilities related to certain acquisitions (see Note 16, *Commitments and Contingencies*, for more information) and borrowings of a consolidated CLO classified based on the significance of unobservable inputs used for calculating the fair value of consolidated CLO assets.

Level 3 Assets. Level 3 assets may include investments in CLOs and bank loans of consolidated CLOs, which were valued based on single-broker nonbinding quotes and direct private equity investments, which were valued using the market or income approach.

Level 3 investments of $252 million and $*194* million at December 31, 2020 and 2019, respectively, primarily included bank loans of a consolidated CLO.

Level 3 Liabilities. Level 3 liabilities primarily include borrowings of a consolidated CLO, which were valued based on the fair value of the assets of the consolidated CLO less the fair value of the Company's economic interest in the CLO, and contingent liabilities related to certain acquisitions, which were valued based upon discounted cash flow analyses using unobservable market data inputs.

Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis for 2020

(in millions)	December 31, 2019	Realized and Unrealized Gains (Losses)	Purchases	Sales and Maturities	Issuances and Other Settlements(1)	Transfers into Level 3	Transfers out of Level 3	December 31, 2020	Total Net Unrealized Gains (Losses) Included in Earnings(2)
Assets:									
Investments:									
Debt securities:									
Trading	$ 8	$ —	$ 3	$ —	$ —	$ —	$ —	**$ 11**	$ —
Total debt securities	8	—	3	—	—	—	—	**11**	—
Private equity	9	—	8	(8)	—	—	—	**9**	—
Bank loans	177	—	75	(34)	—	20	(6)	**232**	—
Total investments	194	—	86	(42)	—	20	(6)	**252**	—
Total Level 3 assets	$ 194	$ —	$ 86	$ (42)	$ —	$ 20	$ (6)	**$ 252**	$ —
Liabilities:									
Other liabilities	$ 388	$ (23)	$ —	$ —	$ (139)	$ —	$ —	**$ 272**	$ (5)
Total Level 3 liabilities	$ 388	$ (23)	$ —	$ —	$ (139)	$ —	$ —	**$ 272**	$ (5)

(1) Amounts include contingent liability payments related to certain acquisitions and proceeds from borrowings of a consolidated CLO.
(2) Earnings attributable to the change in unrealized gains (losses) relating to assets and liabilities still held at the reporting date.

Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis for 2019

(in millions)	December 31, 2018	Realized and Unrealized Gains (Losses)	Purchases	Sales and Maturities	Issuances and Other Settlements(1)	Transfers into Level 3	Transfers out of Level 3(2)	December 31, 2019	Total Net Unrealized Gains (Losses) Included in Earnings(3)
Assets:									
Investments:									
Debt securities:									
Trading	$ 4	$ —	$ 10	$ —	$ —	$ —	$ (6)	$ 8	$ —
Total debt securities	4	—	10	—	—	—	(6)	8	—
Private equity	82	—	—	—	—	—	(73)	9	—
Bank loans	70	—	107	—	—	—	—	177	—
Total investments	156	—	117	—	—	—	(79)	194	—
Total Level 3 assets	$ 156	$ —	$ 117	$ —	$ —	$ —	$ (79)	$ 194	$ —
Liabilities:									
Other liabilities	$ 371	$ (53)	$ —	$ —	$ (36)	$ —	$ —	$ 388	$ (53)
Total Level 3 liabilities	$ 371	$ (53)	$ —	$ —	$ (36)	$ —	$ —	$ 388	$ (53)

(1) Amounts include proceeds from borrowings of a consolidated CLO and contingent liability payments, related to certain acquisitions.
(2) Amounts include an investment in a consolidated entity that no longer qualifies as an investment company and is no longer accounted for under a fair value measure.
(3) Earnings attributable to the change in unrealized gains (losses) relating to assets and liabilities still held at the reporting date.

Realized and Unrealized Gains (Losses) for Level 3 Assets and Liabilities. Realized and unrealized gains (losses) recorded for Level 3 assets and liabilities are reported in nonoperating income (expense) on the consolidated statements of income. A portion of net income (loss) for consolidated sponsored investment funds are allocated to noncontrolling interests to reflect net income (loss) not attributable to the Company.

Transfers in and/or out of Levels. Transfers in and/or out of levels are reflected when significant inputs, including market inputs or performance attributes, used for the fair value measurement become observable/unobservable, or when the carrying value of certain equity method investments no longer represents fair value as determined under valuation methodologies.

Disclosures of Fair Value for Financial Instruments Not Held at Fair Value. At December 31, 2020 and 2019, the fair value of the Company's financial instruments not held at fair value are categorized in the table below.

	December 31, 2020		December 31, 2019		
(in millions)	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Fair Value Hierarchy
Financial Assets(1):					
Cash and cash equivalents	$ 8,664	$ 8,664	$ 4,829	$ 4,829	Level 1 (2)(3)
Other assets	69	69	68	68	Level 1 (2)(4)
Financial Liabilities:					
Long-term borrowings	7,264	7,883	4,955	5,254	Level 2 (5)

(1) See Note 5, *Investments*, for further information on investments not held at fair value.
(2) Cash and cash equivalents are carried at either cost or amortized cost, which approximates fair value due to their short-term maturities.
(3) At December 31, 2020 and 2019, approximately $1,249 million and $674 million of money market funds were recorded within cash and cash equivalents on the consolidated statements of financial condition. Money market funds are valued based on quoted market prices, or $1.00 per share, which generally is the NAV of the fund.
(4) Other assets include restricted cash and cash collateral deposited with certain derivative counterparties. The carrying values of these assets approximate fair value due to their short-term maturities.
(5) Long-term borrowings are recorded at amortized cost, net of debt issuance costs. The fair value of the long-term borrowings, including the current portion of long-term borrowings, is determined using market prices at the end of December 2020 and 2019, respectively. See Note 15, *Borrowings*, for the fair value of each of the Company's long-term borrowings.

Investments in Certain Entities that Calculate NAV Per Share

As a practical expedient to value certain investments that do not have a readily determinable fair value and have attributes of an investment company, the Company uses NAV as the fair value. The following tables list information regarding all investments that use a fair value measurement to account for both their financial assets and financial liabilities in their calculation of a NAV per share (or equivalent).

December 31, 2020

(in millions)	Ref	Fair Value	Total Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity method:(1)					
Hedge funds/funds of hedge funds	(a)	$ 309	$ 96	Daily/Monthly (21%) Quarterly (21%) N/R (58%)	1 – 90 days
Private equity funds	(b)	315	372	N/R	N/R
Real assets funds	(c)	218	205	Quarterly (31%) N/R (69%)	60 days
Other		4	5	N/R	N/R
Consolidated sponsored investment products:					
Private equity funds of funds	(d)	16	7	N/R	N/R
Hedge fund	(a)	3	—	Quarterly	90 days
Real assets funds	(c)	75	94	NR	NR
Total		$ 940	$ 779		

December 31, 2019

(in millions)	Ref	Fair Value	Total Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity method:(1)					
Hedge funds/funds of hedge funds	(a)	$ 220	$ 120	Daily/Monthly (27%) Quarterly (15%) N/R (58%)	1 – 90 days
Private equity funds	(b)	248	212	N/R	N/R
Real assets funds	(c)	296	120	Quarterly (57%) N/R (43%)	60 days
Other		10	9	N/R	N/R
Consolidated sponsored investment products:					
Private equity funds of funds	(d)	23	9	N/R	N/R
Hedge fund	(a)	3	—	Quarterly	90 days
Real assets funds	(c)	72	83	NR	NR
Total		$ 872	$ 553		

N/R – not redeemable

(1) Comprised of equity method investments, which include investment companies that account for their financial assets and most financial liabilities under fair value measures; therefore, the Company's investment in such equity method investees approximates fair value.

(a) This category includes hedge funds and funds of hedge funds that invest primarily in equities, fixed income securities, distressed credit, opportunistic and mortgage instruments and other third-party hedge funds. The fair values of the investments have been estimated using the NAV of the Company's ownership interest in partners' capital. The liquidation period for the investments in the funds that are not subject to redemption is unknown at both December 31, 2020 and 2019.

(b) This category includes private equity funds that initially invest in nonmarketable securities of private companies, which ultimately may become public in the future. The fair values of these investments have been estimated using capital accounts representing the Company's ownership interest in the funds as well as other performance inputs. The Company's investment in each fund is not subject to redemption and is normally returned through distributions as a result of the liquidation of the underlying assets of the private equity funds. The liquidation period for the investments in these funds is unknown at both December 31, 2020 and 2019.

(c) This category includes several real assets funds that invest directly and indirectly in real estate or infrastructure. The fair values of the investments have been estimated using capital accounts representing the Company's ownership interest in the funds. The Company's investments that are not subject to redemption or are not currently redeemable are normally returned through distributions and realizations of the underlying assets of the funds. The liquidation period for the investments in the funds that are not subject to redemptions is unknown at both December 31, 2020 and 2019. The total remaining unfunded commitments to real assets funds were $299 million and $203 million at December 31, 2020 and 2019, respectively. The Company's portion of the total remaining unfunded commitments was $267 million and $172 million at December 31, 2020 and 2019, respectively.

(d) This category includes the underlying third-party private equity funds within consolidated BlackRock sponsored private equity funds of funds. The fair values of the investments in the third-party funds have been estimated using capital accounts representing the Company's ownership interest in each fund in the portfolio as well as other performance inputs. These investments are not subject to redemption or are not currently redeemable; however, for certain funds, the Company may sell or transfer its interest, which may need approval by the general partner of the underlying funds. Due to the nature of the investments in this category, the Company reduces its investment by distributions that are received through the realization of the underlying assets of the funds. The liquidation period for the underlying assets of these funds is unknown at both December 31, 2020 and 2019. The total remaining unfunded commitments to other third-party funds were $7 million and $9 million at December 31, 2020 and 2019, respectively. The Company had contractual obligations to the consolidated funds of $17 million and $22 million at December 31, 2020 and 2019, respectively.

Fair Value Option

At December 31, 2020 and 2019, the Company elected the fair value option for certain investments in CLOs of approximately $35 million and $37 million, respectively, reported within investments.

In addition, the Company elected the fair value option for bank loans and borrowings of a consolidated CLO, recorded within investments and other liabilities, respectively. The following table summarizes the information related to these bank loans and borrowings at December 31, 2020 and 2019:

(in millions)	December 31, 2020	December 31, 2019
CLO Bank loans:		
Aggregate principal amounts outstanding	$ 250	$ 204
Fair value	248	204
Aggregate unpaid principal balance in excess of (less than) fair value	$ 2	$ —
CLO Borrowings:		
Aggregate principal amounts outstanding	$ 244	$ 195
Fair value	$ 246	$ 195

At December 31, 2020, the principal amounts outstanding of the borrowings issued by the CLOs mature in 2030.

During the year ended December 31, 2020 and 2019, the net gains (losses) from the change in fair value of the bank loans and borrowings held by the consolidated CLO were not material and were recorded in net gain (loss) on the consolidated statements of income. The change in fair value of the assets and liabilities included interest income and expense, respectively.

9. Derivatives and Hedging

The Company maintains a program to enter into swaps to hedge against market price and interest rate exposures with respect to certain seed investments in sponsored investment products. At December 31, 2020 and 2019, the Company had outstanding total return swaps with aggregate notional values of approximately $833 million and $644 million, respectively.

The Company executes forward foreign currency exchange contracts to mitigate the risk of certain foreign exchange movements. At December 31, 2020 and 2019, the Company had outstanding forward foreign currency exchange contracts with aggregate notional values of approximately $2.8 billion and $3.4 billion, respectively and with expiration dates in January 2021 and January 2020, respectively.

At both December 31, 2020 and 2019, the Company had a derivative providing credit protection with a notional amount of approximately $17 million to a counterparty, representing the Company's maximum risk of loss with respect to the derivative. The Company carries the derivative at fair value based on the expected discounted future cash outflows under the arrangement.

The following table presents the fair values of derivative instruments recognized in the consolidated statements of financial condition at December 31, 2020:

(in millions)	December 31, 2020			
	Assets		Liabilities	
Derivative instruments	Statement of Financial Condition Classification	Fair Value	Statement of Financial Condition Classification	Fair Value
Total return swaps	Other assets	$ —	Other liabilities	$ 50
Forward foreign currency exchange contracts	Other assets	13	Other liabilities	5
Total		$ 13		$ 55

The fair values of the outstanding total return swaps and forward foreign currency exchange contracts were not material to the consolidated statement of financial condition at December 31, 2019.

The following table presents realized and unrealized gains (losses) recognized in the consolidated statements of income on derivative instruments:

(in millions)		Gains (Losses)		
Derivative Instruments	Statement of Income Classification	2020	2019	2018
Total return swaps	Nonoperating income (expense)	$ (93)	$ (106)	$ 54
Forward foreign currency exchange contracts	General and administration expense	47	55	(124)
Total gain (loss) from derivative instruments		$ (46)	$ (51)	$ (70)

The Company consolidates certain sponsored investment funds, which may utilize derivative instruments as a part of the funds' investment strategies. The change in fair value of such derivatives, which is recorded in nonoperating income (expense), was not material for 2020, 2019 and 2018.

See Note 15, *Borrowings*, for more information on the Company's net investment hedge.

10. Property and Equipment

Property and equipment consists of the following:

(in millions)	Estimated useful life-in years	December 31, 2020	2019
Property and equipment:			
Land	N/A	$ 6	$ 6
Building	39	33	33
Building improvements	15	30	30
Leasehold improvements	1-15	593	565
Equipment and computer software	3	822	672
Other transportation equipment	10	179	136
Furniture and fixtures	7	70	70
Construction in progress	N/A	46	83
Total		1,779	1,595
Less: accumulated depreciation and amortization		1,098	880
Property and equipment, net		$ 681	$ 715

N/A – Not Applicable

Qualifying software costs of approximately $95 million, $93 million and $77 million have been capitalized within equipment and computer software during 2020, 2019 and 2018, respectively, and are being amortized over an estimated useful life of three years.

Depreciation and amortization expense was $232 million, $182 million and $154 million for 2020, 2019 and 2018, respectively.

11. Goodwill

Goodwill activity during 2020 and 2019 was as follows:

(in millions)	2020	2019
Beginning of year balance	$ 14,562	$ 13,526
Acquisition(1)	—	1,044
Goodwill adjustments related to Quellos and other(2)	(11)	(8)
End of year balance	$ 14,551	$ 14,562

(1) In 2019, the $1,044 million increase in goodwill resulted from the eFront Transaction. See Note 3, *Acquisition*, for information on the eFront Transaction.

(2) Amounts primarily resulted from a decline related to tax benefits realized from tax-deductible goodwill in excess of book goodwill from the acquisition of the fund-of-funds business of Quellos Group, LLC in October 2007 (the "Quellos Transaction"). Goodwill related to the Quellos Transaction will continue to be reduced in future periods by the amount of tax benefits realized from tax-deductible goodwill in excess of book goodwill from the Quellos Transaction. The balance of the Quellos tax-deductible goodwill in excess of book goodwill was approximately $74 million and $106 million at December 31, 2020 and 2019, respectively.

BlackRock assessed its goodwill for impairment as of July 31, 2020, 2019 and 2018 and considered such factors as the book value and the market capitalization of the Company. The impairment assessment indicated no impairment charges were required. The Company continues to monitor its book value per share compared with closing prices of its common stock for potential indicators of impairment. At December 31, 2020, the Company's common stock closed at a market price of $721.54, which exceeded its book value of approximately $231.31 per share.

12. Intangible Assets

Intangible assets at December 31, 2020 and 2019 consisted of the following:

(in millions)	Remaining Weighted-Average Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
At December 31, 2020				
Indefinite-lived intangible assets:				
Management contracts	**N/A**	**$ 16,169**	**$ —**	**$ 16,169**
Trade names/trademarks	**N/A**	**1,403**	**—**	**1,403**
License	**N/A**	**6**	**—**	**6**
Total indefinite-lived intangible assets		**17,578**	**—**	**17,578**
Finite-lived intangible assets:				
Management contracts	**4.0**	**283**	**172**	**111**
Investor/customer relationships	**8.2**	**476**	**88**	**388**
Technology-related	**6.4**	**203**	**25**	**178**
Trade names/trademarks	**2.3**	**14**	**6**	**8**
Total finite-lived intangible assets	**7.0**	**976**	**291**	**685**
Total intangible assets		**$ 18,554**	**$ 291**	**$ 18,263**
At December 31, 2019				
Indefinite-lived intangible assets:				
Management contracts	N/A	$ 16,169	$ —	$ 16,169
Trade names/trademarks	N/A	1,403	—	1,403
License	N/A	6	—	6
Total indefinite-lived intangible assets		17,578	—	17,578
Finite-lived intangible assets:				
Management contracts	4.8	283	135	148
Investor/customer relationships	9.2	476	39	437
Technology-related	7.4	203	9	194
Trade names/trademarks	3.3	14	2	12
Total finite-lived intangible assets	7.8	976	185	791
Total intangible assets		$ 18,554	$ 185	$ 18,369

N/A – Not Applicable

The impairment tests performed for intangible assets as of July 31, 2020, 2019 and 2018 indicated no impairment charges were required.

Estimated amortization expense for finite-lived intangible assets for each of the five succeeding years is as follows:

(in millions) **Year**	**Amount**
2021	$ 107
2022	103
2023	97
2024	92
2025	87

In 2019, in connection with the eFront Transaction, the Company acquired $400 million of finite-lived customer relationships, $203 million of finite-lived technology-related intangible assets and $14 million of a finite-lived trade name, with weighted-average estimated lives of approximately 10 years, eight years and four years, respectively. See Note 3, *Acquisition*, for information on the eFront Transaction.

13. Leases

The following table presents components of lease cost included in general and administration expense on the consolidated statements of income:

(in millions)	2020	2019
Lease cost(1):		
Operating lease cost(2)	$ 147	$ 141
Variable lease cost(3)	40	39
Total lease cost	$ 187	$ 180

(1) Rent expense and certain office equipment expense under lease agreements amounted to $135 million in 2018.
(2) Amounts include short-term leases, which are immaterial for both 2020 and 2019.
(3) Amounts include operating lease payments, which may be adjusted based on usage, changes in an index or market rate, as well as common area maintenance charges and other variable costs not included in the measurement of ROU assets and operating lease liabilities.

The following table presents operating leases included on the consolidated statement of financial condition:

(in millions)	Statement of Financial Condition Classification	December 31, 2020	December 31, 2019
Statement of Financial Condition information:			
Operating lease ROU assets	Other assets	$ 649	$ 669
Operating lease liabilities	Other liabilities	$ 755	$ 776

Supplemental information related to operating leases is summarized below:

(in millions)	December 31, 2020	December 31, 2019
Supplemental cash flow information:		
Cash paid for amounts included in the measurement of operating lease liabilities	$ 154	$ 142
Supplemental noncash information:		
ROU assets in exchange for operating lease liabilities in connection with the adoption of ASU 2016-02, *"Leases"*	$ —	$ 661
ROU assets in exchange for operating lease liabilities	$ 93	$ 117

	December 31, 2020	December 31, 2019
Lease term and discount rate:		
Weighted-average remaining lease term	8 years	9 years
Weighted-average discount rate	3 %	3 %

(in millions) Maturity of operating lease liabilities at December 31, 2020	Amount (1)
2021	$ 162
2022	159
2023	107
2024	74
2025	58
Thereafter	305
Total lease payments	$ 865
Less: imputed interest	110
Present value of lease liabilities	$ 755

(1) Amount excludes $1.4 billion of legally binding minimum lease payments for leases signed but not yet commenced.

In May 2017, the Company entered into an agreement with 50 HYMC Owner LLC, for the lease of approximately 847,000 square feet of office space located at 50 Hudson Yards, New York, New York. The term of the lease includes 20 years of cash rental payments expected to begin in May 2023, with the option to renew for a specified term. The lease requires annual base rental payments of approximately $51 million per year during the first five years of the lease term, increasing every five years to $58 million, $66 million and $74 million per year (or approximately $1.2 billion in base rent over a 20-year period). In November 2019, the Company exercised its initial expansion option with respect to two additional floors aggregating approximately 122,000 square feet of office space. The additional space requires approximately $185 million in base rent over the 20-year period.

14. Other Assets

PennyMac

On February 13, 2020, BlackRock announced the establishment of The BlackRock Foundation (the "Foundation") and the contribution of its remaining 20% stake in PennyMac Financial Services, Inc. ("PennyMac") to the Foundation and the BlackRock Charitable Fund, which BlackRock established in 2013 (together, the "Charitable Contribution"). The Charitable Contribution resulted in an operating expense of $589 million, which was offset by a $122 million noncash, nonoperating pre-tax gain on the contributed shares and a tax benefit of $241 million in the consolidated statement of income for 2020.

The Company accounted for its interest in PennyMac as an equity method investment. At December 31, 2019, the Company's investment in PennyMac was included in other assets on the consolidated statements of financial condition. The carrying value and market value of the Company's interest (approximately 20% or 16 million shares) was approximately $451 million and $530 million, respectively, at December 31, 2019. The market value of the Company's interest reflected the PennyMac stock price at December 31, 2019 (a Level 1 input). As a result of the Charitable Contribution, the Company no longer recorded an investment in PennyMac at December 31, 2020.

iCapital

On March 10, 2020, in connection with a recapitalization of iCapital Network, Inc. ("iCapital"), BlackRock received additional stock in exchange for certain securities it held, which resulted in a nonoperating pre-tax gain of approximately $240 million in the consolidated statement of income for 2020. Following this transaction, the Company accounts for its interest in iCapital as an equity method investment, which is included in other assets on the consolidated statements of financial condition. At December 31, 2020, the carrying value of the Company's interest in iCapital was approximately $296 million.

15. Borrowings

Short-Term Borrowings

2020 Revolving Credit Facility. The Company's credit facility has an aggregate commitment amount of $4 billion and was amended in March 2020 to extend the maturity date to March 2025 (the "2020 credit facility"). The 2020 credit facility permits the Company to request up to an additional $1 billion of borrowing capacity, subject to lender credit approval, increasing the overall size of the 2020 credit facility to an aggregate principal amount not to exceed $5 billion. Interest on borrowings outstanding accrues at a rate based on the applicable London Interbank Offered Rate plus a spread. The 2020 credit facility requires the Company not to exceed a maximum leverage ratio (ratio of net debt to earnings before interest, taxes, depreciation and amortization, where net debt equals total debt less unrestricted cash) of 3 to 1, which was satisfied with a ratio of less than 1 to 1 at December 31, 2020. The 2020 credit facility provides back-up liquidity to fund ongoing working capital for general corporate purposes and various investment opportunities. At December 31, 2020, the Company had no amount outstanding under the 2020 credit facility.

Commercial Paper Program. The Company can issue unsecured commercial paper notes (the "CP Notes") on a private-placement basis up to a maximum aggregate amount outstanding at any time of $4 billion. The commercial paper program is currently supported by the 2020 credit facility. At December 31, 2020, BlackRock had no CP Notes outstanding.

Long-Term Borrowings

The carrying value and fair value of long-term borrowings determined using market prices and EUR/USD foreign exchange rate at December 31, 2020 included the following:

(in millions)	Maturity Amount	Unamortized Discount and Debt Issuance Costs	Carrying Value	Fair Value
4.25% Notes due 2021	$ 750	$ —	$ 750	$ 761
3.375% Notes due 2022	750	(2)	748	782
3.50% Notes due 2024	1,000	(3)	997	1,098
1.25% Notes due 2025	856	(3)	853	911
3.20% Notes due 2027	700	(5)	695	790
3.25% Notes due 2029	1,000	(11)	989	1,146
2.40% Notes due 2030	1,000	(7)	993	1,090
1.90% Notes due 2031	1,250	(11)	1,239	1,305
Total Long-term Borrowings	$ 7,306	$ (42)	$ 7,264	$ 7,883

Long-term borrowings at December 31, 2019 had a carrying value of $5.0 billion and a fair value of $5.3 billion determined using market prices at the end of December 2019.

2031 Notes. In April 2020, the Company issued $1.25 billion in aggregate principal amount of 1.90% senior unsecured and unsubordinated notes maturing on January 28, 2031 (the "2031 Notes"). The net proceeds of the 2031 Notes are being used for general corporate purposes, which may include the future repayment of all or a portion of the $750 million 4.25% Notes due May 2021. Interest of approximately $24 million per year is payable semi-annually on January 28 and July 28 of each year, which commenced on July 28, 2020. The 2031 Notes may be redeemed prior to October 28, 2030 in whole or in part at any time, at the option of the Company, at a "make-whole" redemption price or at 100% of the principal amount of the 2031 Notes thereafter. The unamortized discount and debt issuance costs are being amortized over the remaining term of the 2031 Notes.

2030 Notes. In January 2020, the Company issued $1 billion in aggregate principal amount of 2.40% senior unsecured and unsubordinated notes maturing on April 30, 2030 (the "2030 Notes"). The net proceeds of the 2030 Notes were used for general corporate purposes. Interest of approximately $24 million per year is payable semi-annually on April 30 and October 30 of each year, which commenced on April 30, 2020. The 2030 Notes may be redeemed prior to January 30, 2030 in whole or in part at any time, at the option of the Company, at a "make-whole" redemption price or at 100% of the principal amount of the 2030 Notes thereafter. The unamortized discount and debt issuance costs are being amortized over the remaining term of the 2030 Notes.

2029 Notes. In April 2019, the Company issued $1 billion in aggregate principal amount of 3.25% senior unsecured and unsubordinated notes maturing on April 30, 2029 (the "2029 Notes"). The net proceeds of the 2029 Notes were used for general corporate purposes, which included a portion of the purchase price of the eFront Transaction, repayment of a portion of the $1 billion 5.00% notes in December 2019 and repayment of borrowings under its commercial paper program. Interest is payable semi-annually on April 30 and October 30 of each year, which commenced on October 30, 2019, and is approximately $33 million per year. The 2029 Notes may be redeemed prior to January 30, 2029 in whole or in part at any time, at the option of the Company, at a "make-whole" redemption price or at par thereafter. The unamortized discount and debt issuance costs are being amortized over the remaining term of the 2029 Notes.

2027 Notes. In March 2017, the Company issued $700 million in aggregate principal amount of 3.20% senior unsecured and unsubordinated notes maturing on March 15, 2027 (the "2027 Notes"). The net proceeds of the 2027 Notes were used to fully repay $700 million in aggregate principal amount outstanding of 6.25% notes in April 2017 prior to their maturity in September 2017. Interest is payable semi-annually on March 15 and September 15 of each year, and is approximately $22 million per year. The 2027 Notes may be redeemed prior to maturity at any time in whole or in part at the option of the Company at a "make-whole" redemption price. The unamortized discount and debt issuance costs are being amortized over the remaining term of the 2027 Notes.

2025 Notes. In May 2015, the Company issued €700 million of 1.25% senior unsecured notes maturing on May 6, 2025 (the "2025 Notes"). The notes are listed on the New York Stock Exchange. The net proceeds of the 2025 Notes were used for general corporate purposes, including refinancing of outstanding indebtedness. Interest of approximately $11 million per year based on current exchange rates is payable annually on May 6 of each year. The 2025 Notes may be redeemed in whole or in part prior to maturity at any time at the option of the Company at a "make-whole" redemption price. The unamortized discount and debt issuance costs are being amortized over the remaining term of the 2025 Notes.

Upon conversion to US dollars the Company designated the €700 million debt offering as a net investment hedge to offset its currency exposure relating to its net investment in certain euro functional currency operations. A loss of $54 million (net of tax benefit of $17 million), a gain of $11 million (net of tax expense of $3 million), and a gain of $30 million (net of tax expense of $10 million) were recognized in other comprehensive income for 2020, 2019 and 2018, respectively. No hedge ineffectiveness was recognized during 2020, 2019, and 2018.

2024 Notes. In March 2014, the Company issued $1 billion in aggregate principal amount of 3.50% senior unsecured and unsubordinated notes maturing on March 18, 2024 (the "2024 Notes"). The net proceeds of the 2024 Notes were used to refinance certain indebtedness which matured in the fourth quarter of 2014. Interest is payable semi-annually in arrears on March 18 and September 18 of each year, or approximately $35 million per year. The 2024 Notes may be redeemed prior to maturity at any time in whole or in part at the option of the Company at a "make-whole" redemption price. The unamortized discount and debt issuance costs are being amortized over the remaining term of the 2024 Notes.

2022 Notes. In May 2012, the Company issued $1.5 billion in aggregate principal amount of unsecured unsubordinated obligations. These notes were issued as two separate series of senior debt securities, including $750 million of 1.375% notes, which were repaid in June 2015 at maturity, and $750 million of 3.375% notes maturing in June 2022 (the "2022 Notes"). Net proceeds were used to fund the repurchase of BlackRock's common stock and Series B Preferred from Barclays and affiliates and for general corporate purposes. Interest on the 2022 Notes of approximately $25 million per year is payable semi-annually on June 1 and December 1 of each year. The 2022 Notes may be redeemed prior to maturity at any time in whole or in part at the option of the Company at a "make-whole" redemption price. The "make-whole" redemption price represents a price, subject to the specific terms of the 2022 Notes and related indenture, that is the greater of (a) par value and (b) the present value of future payments that will not be paid because of an early redemption, which is discounted at a fixed spread over a comparable Treasury security. The unamortized discount and debt issuance costs are being amortized over the remaining term of the 2022 Notes.

2021 Notes. In May 2011, the Company issued $1.5 billion in aggregate principal amount of unsecured unsubordinated obligations. These notes were issued as two separate series of senior debt securities, including $750 million of 4.25% notes maturing in May 2021 and $750 million of floating rate notes, which were repaid in May 2013 at maturity. Net proceeds of this offering were used to fund the repurchase of BlackRock's Series B Preferred from affiliates of Merrill Lynch & Co., Inc. Interest on the 4.25% notes due in 2021 ("2021 Notes") is payable semi-annually on May 24 and November 24 of each year, and is approximately $32 million per year. The 2021 Notes may be redeemed prior to maturity at any time in whole or in part at the option of the Company at a "make-whole" redemption price. The unamortized discount and debt issuance costs are being amortized over the remaining term of the 2021 Notes.

16. Commitments and Contingencies

Investment Commitments. At December 31, 2020, the Company had $789 million of various capital commitments to fund sponsored investment products, including consolidated sponsored investment products. These products include private equity funds, real assets funds and opportunistic funds. This amount excludes additional commitments made by consolidated funds of funds to underlying third-party funds as third-party noncontrolling interest holders have the legal obligation to fund the respective commitments of such funds of funds. Generally, the timing of the funding of these commitments is unknown and the commitments are callable on demand at any time prior to the expiration of the commitment. These unfunded commitments are not recorded on the consolidated statements of financial condition. These commitments do not include potential future commitments approved by the Company that are not yet legally binding. The Company intends to make additional capital commitments from time to time to fund additional investment products for, and with, its clients.

Contingencies

Contingent Payments Related to Business Acquisitions. In connection with certain acquisitions, BlackRock is required to make contingent payments, subject to achieving specified performance targets, which may include revenue related to acquired contracts or new capital commitments for certain products. The fair value of the remaining aggregate contingent payments at December 31, 2020 totaled $26 million and is included in other liabilities on the consolidated statements of financial condition.

Other Contingent Payments. The Company acts as the portfolio manager in a series of derivative transactions and has a maximum potential exposure of $17 million between the Company and counterparty. See Note 9, *Derivatives and Hedging*, for further discussion.

Legal Proceedings. From time to time, BlackRock receives subpoenas or other requests for information from various US federal and state governmental and regulatory authorities and international governmental and regulatory authorities in connection with industry-wide or other investigations or proceedings. It is BlackRock's policy to cooperate fully with such matters. The Company, certain of its subsidiaries and employees have been named as defendants in various legal actions, including arbitrations and other litigation arising in connection with BlackRock's activities. Additionally, BlackRock-advised investment portfolios may be subject to lawsuits, any of which potentially could harm the investment returns of the applicable portfolio or result in the Company being liable to the portfolios for any resulting damages.

On April 5, 2017, BlackRock, Inc., BlackRock Institutional Trust Company, N.A. ("BTC"), the BlackRock, Inc. Retirement Committee and various sub-committees, and a BlackRock employee were named as defendants in a purported class action lawsuit brought in the US District Court for the Northern District of California by a former employee on behalf of all participants and beneficiaries in the BlackRock employee 401(k) Plan (the "Plan") from April 5, 2011 to the present. The lawsuit generally alleges that the defendants breached their duties towards Plan participants in violation of the Employee Retirement Income Security Act of 1974 by, among other things, offering investment options that were overly expensive, underperformed unaffiliated peer funds, focused disproportionately on active versus passive strategies, and were unduly concentrated in investment options managed by BlackRock. On October 18, 2017, the plaintiffs filed an Amended Complaint, which, among other things, added as defendants certain current and former members of the BlackRock Retirement and Investment Committees. The Amended Complaint also included a new purported class claim on behalf of investors in certain CTFs managed by BTC. Specifically, the plaintiffs allege that BTC, as fiduciary to the CTFs, engaged in self-dealing by, most significantly, selecting itself as the securities lending agent on terms that the plaintiffs claim were excessive. The Amended Complaint also alleged that BlackRock took undue risks in its management of securities lending cash reinvestment vehicles during the financial crisis. On August 23, 2018, the court granted permission to the plaintiffs to file a Second Amended Complaint ("SAC") which added as defendants the BlackRock, Inc. Management Development and Compensation Committee, the Plan's independent investment consultant and the Plan's Administrative Committee and its members. On October 22, 2018, BlackRock filed a motion to dismiss the SAC, and on June 3, 2019, the plaintiffs filed a motion seeking to certify both the Plan and the CTF classes. On September 3, 2019, the court granted BlackRock's motion to dismiss part of the plaintiffs' claim seeking to recover alleged losses in the securities lending vehicles but denied the motion to dismiss in all other respects. On February 11, 2020, the court denied the plaintiffs' motion to certify the CTF class and granted their motion to certify the Plan class. On April 27, 2020, the Ninth Circuit denied the plaintiffs' request to immediately appeal the class certification ruling. On September 24, 2020, the parties cross-moved for summary judgment, both of which were denied on January 12, 2021. On February 5, 2021, the parties reached a settlement in principle that will resolve the lawsuit, and are negotiating final terms for presentation to the court, which must approve the settlement for it to be effective.

Management, after consultation with legal counsel, currently does not anticipate that the aggregate liability arising out of regulatory matters or lawsuits will have a material effect on BlackRock's results of operations, financial position, or cash flows. However, there is no assurance as to whether any such pending or threatened matters will have a material effect on BlackRock's results of operations, financial position or cash flows in any future reporting period. Due to uncertainties surrounding the outcome of these matters, management cannot reasonably estimate the possible loss or range of loss that may arise from these matters.

Indemnifications. In the ordinary course of business or in connection with certain acquisition agreements, BlackRock enters into contracts pursuant to which it may agree to indemnify third parties in certain circumstances. The terms of these indemnities vary from contract to contract and the amount of indemnification liability, if any, cannot be determined or the likelihood of any liability is considered remote. Consequently, no liability has been recorded on the consolidated statements of financial condition.

In connection with securities lending transactions, BlackRock has agreed to indemnify certain securities lending clients against potential loss resulting from a borrower's failure to fulfill its obligations under the securities lending agreement should the value of the collateral pledged by the borrower at the time of default be insufficient to cover the borrower's obligation under the securities lending agreement. The amount of securities on loan as of December 31, 2020 and subject to this type of indemnification was $270 billion. In the Company's capacity as lending agent, cash and securities totaling $289 billion was held as collateral for indemnified securities on loan at December 31, 2020. The fair value of these indemnifications was not material at December 31, 2020.

17. Revenue

The table below presents detail of revenue for 2020, 2019 and 2018 and includes the product mix of investment advisory, administration fees and securities lending revenue and performance fees.

(in millions)	2020	2019	2018
Investment advisory, administration fees and securities lending revenue:			
Equity:			
Active	$ **1,737**	$ 1,554	$ 1,654
iShares ETFs	**3,499**	3,495	3,549
Non-ETF index	**664**	667	685
Equity subtotal	**5,900**	5,716	5,888
Fixed income:			
Active	**1,957**	1,918	1,840
iShares ETFs	**1,119**	963	825
Non-ETF index	**463**	405	387
Fixed income subtotal	**3,539**	3,286	3,052
Multi-asset	**1,163**	1,148	1,176
Alternatives:			
Illiquid alternatives	**577**	488	348
Liquid alternatives	**502**	413	384
Currency and commodities(1)	**168**	108	98
Alternatives subtotal	**1,247**	1,009	830
Long-term	**11,849**	11,159	10,946
Cash management	**790**	618	607
Total investment advisory, administration fees and securities lending revenue	**12,639**	11,777	11,553
Investment advisory performance fees:			
Equity	**91**	36	91
Fixed income	**35**	10	8
Multi-asset	**35**	19	19
Alternatives:			
Illiquid alternatives	**83**	136	70
Liquid alternatives	**860**	249	224
Alternatives subtotal	**943**	385	294
Total performance fees	**1,104**	450	412
Technology services revenue	**1,139**	974	785
Distribution fees:			
Retrocessions	**736**	658	709
12b-1 fees (US mutual fund distribution fees)	**337**	358	406
Other	**58**	53	40
Total distribution fees	**1,131**	1,069	1,155
Advisory and other revenue:			
Advisory	**68**	99	113
Other	**124**	170	180
Total advisory and other revenue	**192**	269	293
Total revenue	$ **16,205**	$ 14,539	$ 14,198

(1) Amounts include commodity *iShares* ETFs.

The tables below present the investment advisory, administration fees and securities lending revenue by client type and investment style:

(in millions)	2020	2019	2018
By client type:			
Retail	$ **3,651**	$ 3,411	$ 3,413
iShares ETFs	**4,788**	4,564	4,468
Institutional:			
Active	**2,342**	2,172	2,044
Index	**1,068**	1,012	1,021
Total institutional	**3,410**	3,184	3,065
Long-term	**11,849**	**11,159**	**10,946**
Cash management	**790**	618	607
Total	$ **12,639**	$ **11,777**	$ **11,553**
By investment style:			
Active	$ **5,914**	$ 5,510	$ 5,391
Index and *iShares* ETFs	**5,935**	5,649	5,555
Long-term	**11,849**	**11,159**	**10,946**
Cash management	**790**	618	607
Total	$ **12,639**	$ **11,777**	$ **11,553**

Investment advisory and administration fees – remaining performance obligation

The tables below present estimated investment advisory and administration fees expected to be recognized in the future related to the unsatisfied portion of the performance obligations at December 31, 2020 and 2019:

December 31, 2020

(in millions)	2021	2022	2023	Thereafter	Total
Investment advisory and administration fees:					
Alternatives(1)(2)	$ 148	$ 144	$ 112	$ 107	$ 511

December 31, 2019

(in millions)	2020	2021	2022	Thereafter	Total
Investment advisory and administration fees:					
Alternatives(1)(2)	$ 98	$ 88	$ 74	$ 107	$ 367

(1) Investment advisory and administration fees include management fees related to certain alternative products, which are based on contractual committed capital outstanding at December 31, 2020 and 2019. Actual management fees could be higher to the extent additional committed capital is raised. These fees are generally billed on a quarterly basis in arrears.
(2) The Company elected the following practical expedients and therefore does not include amounts related to (1) performance obligations with an original duration of one year or less, and (2) variable consideration related to future service periods.

Change in deferred carried interest liability

The table below presents changes in the deferred carried interest liability, which is included in other liabilities on the consolidated statements of financial condition, for the year ended December 31, 2020 and 2019:

(in millions)	2020	2019
Beginning balance	**$ 483**	$ 293
Net increase (decrease) in unrealized allocations	**150**	259
Performance fee revenue recognized	**(49)**	(75)
Other	**—**	6
Ending balance	**$ 584**	$ 483

Technology services revenue – remaining performance obligation

The tables below present estimated technology services revenue expected to be recognized in the future related to the unsatisfied portion of the performance obligations at December 31, 2020 and 2019:

December 31, 2020

(in millions)	2021	2022	2023	Thereafter	Total
Technology services revenue(1)(2)	$ 118	$ 58	$ 33	$ 22	$ 231

December 31, 2019

(in millions)	2020	2021	2022	Thereafter	Total
Technology services revenue(1)(2)	$ 117	$ 53	$ 31	$ 20	$ 221

(1) Technology services revenue primarily includes upfront payments from customers, which the Company generally recognizes as services are performed.
(2) The Company elected the following practical expedients and therefore does not include amounts related to (1) performance obligations with an original duration of one year or less, and (2) variable consideration related to future service periods.

In addition to amounts disclosed in the table above, certain technology services contracts require fixed minimum fees, which are billed on a monthly or quarterly basis in arrears. The Company recognizes such revenue as services are performed. As of December 31, 2020, the estimated fixed minimum fees for 2021 for outstanding contracts approximated $730 million. The term for these contracts, which are either in their initial or renewal period, ranges from one to five years.

The table below presents changes in the technology services deferred revenue liability for the year ended December 31, 2020 and 2019, which is included in other liabilities on the consolidated statements of financial condition:

(in millions)	2020	2019
Beginning balance	**$ 116**	$ 70
Additions(1)	**89**	86
Revenue recognized that was included in the beginning balance	**(82)**	(40)
Ending balance	**$ 123**	$ 116

(1) Amounts are net of revenue recognized.

18. Stock-Based Compensation

The components of stock-based compensation expense are as follows:

(in millions)	2020	2019	2018
Stock-based compensation:			
Restricted stock and RSUs	**$ 593**	$ 532	$ 514
Long-term incentive plans to be funded by PNC(1)	**—**	—	14
Stock options	**29**	35	36
Total stock-based compensation	**$ 622**	$ 567	$ 564

(1) The PNC Financial Services Group, Inc. ("PNC")

Stock Award and Incentive Plan. Pursuant to the BlackRock, Inc. Second Amended and Restated 1999 Stock Award and Incentive Plan (the "Award Plan"), options to purchase shares of the Company's common stock at an exercise price not less than the market value of BlackRock's common stock on the date of grant in the form of stock options, restricted stock or RSUs may be granted to employees and nonemployee directors. A maximum of 41,500,000 shares of common stock were authorized for issuance under the Award Plan. Of this amount, 6,068,624 shares remain available for future awards at December 31, 2020. Upon exercise of employee stock options, the issuance of restricted stock or the vesting of RSUs, the Company issues shares out of treasury to the extent available.

Restricted Stock and RSUs. Pursuant to the Award Plan, restricted stock grants and RSUs may be granted to certain employees. Substantially all restricted stock and RSUs vest over periods ranging from one to three years and are expensed using the straight-line method over the requisite service period for each separately vesting portion of the award as if the award was, in-substance, multiple awards. Restricted stock and RSUs are not considered participating securities for purposes of calculating EPS as the dividend equivalents are subject to forfeiture prior to vesting of the award.

Restricted stock and RSU activity for 2020 is summarized below.

Outstanding at	Restricted Stock and RSUs	Weighted-Average Grant Date Fair Value
December 31, 2019	2,236,452	$ 444.02
Granted	969,095	$ 533.31
Converted	(981,385)	$ 429.48
Forfeited	(84,232)	$ 477.29
December 31, 2020	**2,139,930**	**$ 489.81**

The Company values restricted stock and RSUs at their grant-date fair value as measured by BlackRock's common stock price. The total fair market value of RSUs/restricted stock granted to employees during 2020, 2019 and 2018 was $517 million, $508 million and $492 million, respectively. The total grant-date fair market value of RSUs/restricted stock converted to common stock during 2020, 2019 and 2018 was $421 million, $398 million and $443 million, respectively.

RSUs/restricted stock granted in connection with annual incentive compensation under the Award Plan primarily related to the following:

	2020	2019	2018
Awards granted that vest ratably over three years from the date of grant	**504,403**	674,206	527,337
Awards granted that cliff vest 100% on:			
January 31, 2021	**—**	—	209,201
January 31, 2022	**—**	377,291	—
January 31, 2023	**393,161**	—	—
	897,564	**1,051,497**	**736,538**

In addition, the Company also granted RSUs of 71,531, 174,752 and 155,403 during 2020, 2019 and 2018, respectively, with varying vesting periods.

At December 31, 2020, the intrinsic value of outstanding RSUs was $1.5 billion, reflecting a closing stock price of $721.54.

At December 31, 2020, total unrecognized stock-based compensation expense related to unvested RSUs was $379 million. The unrecognized compensation cost is expected to be recognized over the remaining weighted-average period of 1.1 years.

In January 2021, the Company granted under the Award Plan:

- 470,253 RSUs or shares of restricted stock to employees as part of annual incentive compensation that vest ratably over three years from the date of grant; and
- 247,621 RSUs or shares of restricted stock to employees that cliff vest 100% on January 31, 2024.
- 55,994 RSUs or shares of restricted stock to employees with various vesting schedules.

Performance-Based RSUs. Pursuant to the Award Plan, performance-based RSUs may be granted to certain employees. Each performance-based award consists of a "base" number of RSUs granted to the employee. The number of shares that an employee ultimately receives at vesting will be equal to the base number of performance-based RSUs granted, multiplied by a predetermined percentage determined in accordance with the level of attainment of Company performance measures during the performance period and could be higher or lower than the original RSU grant. Performance-based RSUs are not considered participating securities as the dividend equivalents are subject to forfeiture prior to vesting of the award.

In the first quarter of 2020, 2019 and 2018, the Company granted 238,478, 283,014, and 199,068, respectively, performance-based RSUs to certain employees that cliff vest 100% on January 31, 2023, 2022, and 2021 respectively. These awards are amortized over a service period of three years. The number of shares distributed at vesting could be higher or lower than the original grant based on the level of attainment of predetermined Company performance measures. In January 2020, the Company granted 30,600 additional RSUs to certain employees based on the attainment of Company performance measures during the performance period.

Performance-based RSU activity for 2020 is summarized below.

Outstanding at	Performance-Based RSUs		Weighted-Average Grant Date Fair Value
December 31, 2019	742,918	$	436.84
Granted	238,478	$	533.58
Additional shares granted due to attainment of performance measures	30,600	$	375.26
Converted	(311,779)	$	375.26
December 31, 2020	**700,217**	**$**	**494.51**

The Company initially values performance-based RSUs at their grant-date fair value as measured by BlackRock's common stock price. The total grant-date fair market value of performance-based RSUs granted to employees during 2020, 2019 and 2018 was $139 million, $117 million and $121 million, respectively.

At December 31, 2020, the intrinsic value of outstanding performance-based RSUs was $505 million reflecting a closing stock price of $721.54.

At December 31, 2020, total unrecognized stock-based compensation expense related to unvested performance-based awards was $132 million. The unrecognized compensation cost is expected to be recognized over the remaining weighted-average period of 1.2 years.

In January 2021, the Company granted 162,029 performance-based RSUs to certain employees that cliff vest 100% on January 31, 2024. These awards are amortized over a service period of three years. The number of shares distributed at vesting could be higher or lower than the original grant based on the level of attainment of predetermined Company performance measures.

Performance-based Stock Options. Pursuant to the Award Plan, performance-based stock options may be granted to certain employees. Vesting of the performance-based stock options is contingent upon the achievement of obtaining 125% of BlackRock's grant-date stock price within five years from the grant date and the attainment of Company performance measures during the four-year performance period. If both hurdles are achieved, the award will vest in three equal installments at the end of years five, six and seven. Vested options can then be exercised up to nine years following the grant date. At December 31, 2020, the weighted average remaining life of the awards is approximately 5.9 years. The awards are generally forfeited if the employee leaves the Company before the respective vesting date. The expense for each tranche is amortized over the respective requisite service period. The Company assumes the performance condition will be achieved. If such condition is not met, no compensation cost is recognized and any recognized compensation cost is reversed. Stock option activity for 2020 is summarized below.

Outstanding at	Shares Under Option		Weighted Average Exercise Price
December 31, 2019	1,941,145	$	513.50
Forfeited	(25,353)	$	513.50
December 31, 2020	**1,915,792**	**$**	**513.50**

The options have a strike price of $513.50, which was the closing price of the shares on the grant date. The grant-date fair value of the awards issued in 2017 was $208 million and was estimated using a Monte Carlo simulation with an embedded lattice model using the assumptions included in the following table:

Grant Year	Expected Term (Years)	Expected Stock Volatility	Expected Dividend Yield	Risk-Free Interest Rate
2017	6.56	22.23%	2.16%	2.33%

The expected term was derived using a Monte Carlo simulation with the embedded lattice model and represents the period of time that options granted are expected to be outstanding. The expected stock volatility was based upon an average of historical stock price fluctuations of BlackRock's common stock and an implied volatility at the grant date. The dividend yield was calculated as the most recent quarterly dividend divided by the average three-month stock price as of the grant date. The risk-free interest rate is based on the US Treasury Constant Maturities yield curve at date of grant.

At December 31, 2020, total unrecognized stock-based compensation expense related to unvested performance-based stock options was $82 million. The unrecognized compensation cost is expected to be recognized over the remaining weighted-average period of 2.9 years.

Employee Stock Purchase Plan ("ESPP"). The ESPP allows eligible employees to purchase the Company's common stock at 95% of the fair market value on the last day of each three-month offering period. The Company does not record compensation expense related to employees purchasing shares under the ESPP.

19. Employee Benefit Plans

Deferred Compensation Plans

Voluntary Deferred Compensation Plan. The Company adopted a Voluntary Deferred Compensation Plan ("VDCP") that allows eligible employees in the United States to elect to defer between 1% and 100% of their annual cash incentive compensation. The participants must specify a deferral period of up to 10 years from the year of deferral and additionally, elect to receive distributions in the form of a lump sum or in up to 10 annual installments. The Company may fund the obligation through the rabbi trust on behalf of the plan's participants.

The rabbi trust established for the VDCP, with assets totaling $6 million and $23 million at December 31, 2020 and 2019, respectively, is reflected in investments on the consolidated statements of financial condition. Such investments are classified as trading investments. The liability balance of $82 million and $80 million at December 31, 2020 and 2019, respectively, is reflected on the consolidated statements of financial condition as accrued compensation and benefits. Earnings in the rabbi trust, including unrealized appreciation or depreciation, are reflected as nonoperating income (expense) and changes in the liability are reflected as employee compensation and benefits expense on the consolidated statements of income.

Leadership Retention Carry Plan. In 2019, the Company adopted a carried interest retention incentive program referred to as the BlackRock Leadership Retention Carry Plan, pursuant to which senior-level employees (but not including the Chief Executive Officer), as may be determined by the Company from time to time, will be eligible to receive a portion of the cash payments, based on their percentage points, in the total carried interest distributions payable to the Company from participating carry funds. Cash payments, if any, with respect to these percentage points will be made following the recipient's termination of employment due to qualified retirement, death or disability, subject to his or her execution of a release of claims and continued compliance with his or her restrictive covenant obligations following termination. There was no impact to the consolidated financial statements.

Other Deferred Compensation Plans. The Company has additional compensation plans for the purpose of providing deferred compensation and retention incentives to certain employees. For these plans, the final value of the deferred amount to be distributed in cash upon vesting is associated with investment returns of certain investment funds. The liabilities for these plans were $339 million and $311 million at December 31, 2020 and 2019, respectively, and are reflected in the consolidated statements of financial condition as accrued compensation and benefits. In January 2021, the Company granted approximately $321 million of additional deferred compensation that will fluctuate with investment returns and will vest ratably over three years from the date of grant.

Defined Contribution Plans

The Company has several defined contribution plans primarily in the United States and United Kingdom.

Certain of the Company's US employees participate in a defined contribution plan. Employee contributions of up to 8% of eligible compensation, as defined by the plan and subject to Internal Revenue Code limitations, are matched by the Company at 50% up to a maximum of $5,000 annually. In addition, the Company makes an annual retirement contribution to eligible participants equal to 3-5% of eligible compensation. The Company's contribution expense related to this plan was $93 million in 2020, $66 million in 2019, and $63 million in 2018.

Certain United Kingdom ("UK") wholly owned subsidiaries of the Company contribute to defined contribution plans for their employees. The contributions range between 6% and 15% of each employee's eligible compensation. The Company's contribution expense related to these plans was $45 million in 2020, $41 million in 2019, and $35 million in 2018.

In addition, the contribution expense related to defined contribution plans in other regions was $34 million in 2020, $29 million in 2019 and $22 million in 2018.

Defined Benefit Plans. The Company has several defined benefit pension plans with plan assets of approximately $36 million and $28 million at December 31, 2020 and 2019, respectively. The underfunded obligations at December 31, 2020 and 2019 were not material. Benefit payments for the next five years and in aggregate for the five years thereafter are not expected to be material.

20. Related Party Transactions

Determination of Related Parties

PNC. The Company considered PNC, along with its affiliates, to be a related party based on its level of capital stock ownership prior to the secondary offering in May 2020 by PNC of shares of the Company's stock. See Note 23, *Capital Stock*, for more information on PNC secondary offering. At December 31, 2020, PNC did not own any of the Company's capital stock and is no longer considered a related party.

Registered Investment Companies and Equity Method Investments. The Company considers the registered investment companies that it manages, which include mutual funds and exchange-traded funds, to be related parties as a result of the Company's advisory relationship. In addition, equity method investments are considered related parties, due to the Company's influence over the financial and operating policies of the investee.

Revenue from Related Parties

Revenue for services provided by the Company to these and other related parties are as follows:

(in millions)	2020	2019	2018
Investment advisory, administration fees and securities lending revenue(1)	**$ 9,079**	$ 8,323	$ 8,226
Investment advisory performance fees(1)	**301**	131	112
Technology services revenue(2)	**4**	9	9
Advisory and other revenue(3)	**19**	59	65
Total revenue from related parties	**$ 9,403**	$ 8,522	$ 8,412

(1) Amounts primarily include revenue from registered investment companies/and equity method investees.
(2) Amounts primarily include revenue from PNC and affiliates.
(3) Amounts primarily include revenue from equity method investees.

The Company provides investment advisory and administration services to its open- and closed-end funds and other commingled or pooled funds and separate accounts in which related parties invest.

Receivables and Payables with Related Parties. Due from related parties, which is included within other assets on the consolidated statements of financial condition was $109 million and $119 million at December 31, 2020 and 2019, respectively, and primarily represented receivables from certain investment products managed by BlackRock. Accounts receivable at December 31, 2020 and 2019 included $1.1 billion and $995 million, respectively, related to receivables from BlackRock mutual funds and *iShares* ETFs, for investment advisory and administration services.

Due to related parties, which is included within other liabilities on the consolidated statements of financial condition, was $17 million and $12 million at December 31, 2020 and 2019, respectively, and primarily represented payables to certain investment products managed by BlackRock.

21. Net Capital Requirements

The Company is required to maintain net capital in certain regulated subsidiaries within a number of jurisdictions, which is partially maintained by retaining cash and cash equivalent investments in those subsidiaries or jurisdictions. As a result, such subsidiaries of the Company may be restricted in their ability to transfer cash between different jurisdictions and to their parents. Additionally, transfers of cash between international jurisdictions may have adverse tax consequences that could discourage such transfers.

Banking Regulatory Requirements. BTC, a wholly owned subsidiary of the Company, is chartered as a national bank whose powers are limited to trust and other fiduciary activities and which is subject to regulatory capital requirements administered by the US Office of the Comptroller of the Currency. Federal banking regulators would be required to take certain actions and permitted to take other actions in the event of BTC's failure to meet minimum capital requirements that, if undertaken, could have a direct material effect on the Company's consolidated financial statements.

Quantitative measures established by regulators to ensure capital adequacy require BTC to maintain a minimum Common Equity Tier 1 capital and Tier 1 leverage ratio, as well as Tier 1 and total risk-based capital ratios. Based on BTC's calculations as of December 31, 2020 and 2019, it exceeded the applicable capital adequacy requirements.

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
(in millions)	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2020						
Total capital (to risk weighted assets)	**$ 740**	**184.6%**	**$ 32**	**8.0%**	**$ 40**	**10.0%**
Common Equity Tier 1 capital (to risk weighted assets)	**$ 740**	**184.6%**	**$ 18**	**4.5%**	**$ 26**	**6.5%**
Tier 1 capital (to risk weighted assets)	**$ 740**	**184.6%**	**$ 24**	**6.0%**	**$ 32**	**8.0%**
Tier 1 capital (to average assets)	**$ 740**	**71.3%**	**$ 41**	**4.0%**	**$ 52**	**5.0%**
December 31, 2019						
Total capital (to risk weighted assets)	$ 686	137.7%	$ 40	8.0%	$ 50	10.0%
Common Equity Tier 1 capital (to risk weighted assets)	$ 686	137.7%	$ 22	4.5%	$ 32	6.5%
Tier 1 capital (to risk weighted assets)	$ 686	137.7%	$ 30	6.0%	$ 40	8.0%
Tier 1 capital (to average assets)	$ 686	72.8%	$ 38	4.0%	$ 47	5.0%

Broker-dealers. BlackRock Investments, LLC and BlackRock Execution Services are registered broker-dealers and wholly owned subsidiaries of BlackRock that are subject to the Uniform Net Capital requirements under the Securities Exchange Act of 1934, which requires maintenance of certain minimum net capital levels.

Capital Requirements. At December 31, 2020 and 2019, the Company was required to maintain approximately $2.2 billion and $1.9 billion, respectively, in net capital in certain regulated subsidiaries, including BTC, entities regulated by the Financial Conduct Authority and Prudential Regulation Authority in the United Kingdom, and the Company's broker-dealers. The Company was in compliance with all applicable regulatory net capital requirements.

22. Accumulated Other Comprehensive Income (Loss)

The following table presents changes in AOCI by component for 2020, 2019 and 2018:

(in millions)	**2020**	**2019**	**2018**
Beginning balance	**$ (571)**	$ (691)	$ (432)
Foreign currency translation adjustments(1)	**234**	120	(253)
Reclassification as a result of adoption of accounting guidance	**—**	—	(6)
Ending balance	**$ (337)**	$ (571)	$ (691)

(1) Amount for 2020 includes a loss from a net investment hedge of $54 million (net of tax benefit of $17 million). Amounts for 2019 and 2018 include gains from a net investment hedge of $11 million (net of tax expense of $3 million) and $30 million (net of tax expense of $10 million), respectively.

23. Capital Stock

The Company's authorized common stock and nonvoting participating preferred stock, $0.01 par value, ("Preferred") consisted of the following:

	December 31, 2020	**December 31, 2019**
Common Stock	**500,000,000**	500,000,000
Nonvoting Participating Preferred Stock		
Series A Preferred	**—**	20,000,000
Series B Preferred	**—**	150,000,000
Series C Preferred	**—**	6,000,000
Series D Preferred	**—**	20,000,000

May 2020 PNC Secondary Offering and Share Repurchase. On May 15, 2020, a subsidiary of PNC completed the secondary offering of 31,628,573 shares of the Company's common stock at a price of $420 per share, which included 823,188 shares of common stock issued upon the conversion of the Company's Series B Convertible Participating Preferred Stock and 2,875,325 shares of common stock under the fully exercised underwriters' option to purchase additional shares. Also on May 15, 2020, PNC completed the sale of 2,650,857 shares to the Company at a price of $414.96 per share. The shares repurchased by the Company were in addition to the share repurchase authorization under the Company's existing share repurchase program. The secondary offering and the Company's share repurchase resulted in PNC's exit of its entire ownership position in the Company.

Elimination of Preferred Stock. As a result of PNC's exit of its entire ownership position in the Company, on October 6, 2020, the Company filed a Certificate of Elimination to its Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation") with the Secretary of State for the state of Delaware eliminating each of the Company's Series A, B and C Convertible Participating Preferred Stock and Series D Participating Preferred Stock (collectively, the "Preferred Stock"). As of October 6, 2020 (the date of filing the Certificate of Elimination), there were no outstanding shares of the Preferred Stock.

PNC Capital Contribution. During 2019, PNC surrendered to BlackRock 143,458 shares of BlackRock Series C Preferred to fund certain long-term incentive plans ("LTIP") awards and completed its share delivery obligation in connection with its share surrender agreement.

Cash Dividends for Common and Preferred Shares / RSUs. During 2020, 2019 and 2018, the Company paid cash dividends of $14.52 per share (or $2,260 million), $13.20 per share (or $2,096 million) and $12.02 per share (or $1,968 million), respectively.

Share Repurchases. During 2020, the Company repurchased an aggregate of approximately $1.5 billion of common shares, including the repurchase from PNC described above and 0.8 million common shares under the Company's existing share repurchase program for $412 million. At December 31, 2020, there were 5.1 million shares still authorized to be repurchased under the program.

The Company's common and preferred shares issued and outstanding and related activity consist of the following:

	Shares Issued				Shares Outstanding		
	Common Shares	Treasury Common Shares	Series B Preferred	Series C Preferred	Common Shares	Series B Preferred	Series C Preferred
December 31, 2017	171,252,185	(11,275,070)	823,188	246,522	159,977,115	823,188	246,522
Shares repurchased	—	(3,511,603)	—	—	(3,511,603)	—	—
Net issuance of common shares related to employee stock transactions	—	1,087,989	—	—	1,087,989	—	—
PNC LTIP capital contribution	—	—	—	(103,064)	—	—	(103,064)
December 31, 2018	171,252,185	(13,698,684)	823,188	143,458	157,553,501	823,188	143,458
Shares repurchased	—	(4,018,905)	—	—	(4,018,905)	—	—
Net issuance of common shares related to employee stock transactions	—	841,184	—	—	841,184	—	—
PNC LTIP capital contribution	—	—	—	(143,458)	—	—	(143,458)
December 31, 2019	171,252,185	(16,876,405)	823,188	—	154,375,780	823,188	—
Shares repurchased	—	(3,445,554)	—	—	(3,445,554)	—	—
Net issuance of common shares related to employee stock transactions	—	779,471	—	—	779,471	—	—
Exchange of preferred shares series B for common shares	823,188	—	(823,188)	—	823,188	(823,188)	—
December 31, 2020	**172,075,373**	**(19,542,488)**	—	—	**152,532,885**	—	—

24. Restructuring Charge

A restructuring charge of $60 million ($47 million after-tax), comprised of $53 million of severance and $7 million of expense related to the accelerated amortization of previously granted equity compensation awards, was recorded in the fourth quarter of 2018 in connection with an initiative to modify the size and shape of the workforce.

The table below presents a rollforward of the Company's restructuring liability for the year ended December 31, 2019, which is included in other liabilities on the consolidated statements of financial condition:

(in millions)		
Liability as of December 31, 2018	$	53
Cash payments		(53)
Liability as of December 31, 2019	$	—

25. Income Taxes

The components of income tax expense for 2020, 2019 and 2018, are as follows:

(in millions)	2020	2019	2018
Current income tax expense:			
Federal	**$ 720**	$ 735	$ 605
State and local	**86**	109	97
Foreign	**589**	400	600
Total net current income tax expense	**1,395**	1,244	1,302
Deferred income tax expense (benefit):			
Federal	**(66)**	15	(71)
State and local	**6**	7	(1)
Foreign	**(97)**	(5)	(154)
Total net deferred income tax expense (benefit)	**(157)**	17	(226)
Total income tax expense	**$ 1,238**	$ 1,261	$ 1,076

Income tax expense has been based on the following components of income before taxes, less net income (loss) attributable to NCI:

(in millions)	2020	2019	2018
Domestic	**$ 3,805**	$ 3,766	$ 3,536
Foreign	**2,365**	1,971	1,845
Total	**$ 6,170**	$ 5,737	$ 5,381

The foreign income before taxes includes countries that have statutory tax rates that are different than the US federal statutory tax rate of 21%, such as the United Kingdom, Ireland, Canada and Germany.

A reconciliation of income tax expense with expected federal income tax expense computed at the applicable federal income tax rate of 21% for 2020, 2019 and 2018 is as follows:

(in millions)	2020		2019		2018	
Statutory income tax expense	$ 1,296	21%	$ 1,205	21%	$ 1,130	21%
Increase (decrease) in income taxes resulting from:						
State and local taxes (net of federal benefit)	81	1	96	2	99	2
Impact of federal, foreign, state, and local tax rate changes on deferred taxes	78	1	5	—	—	—
Stock-based compensation awards	(36)	—	(23)	—	(64)	(1)
Charitable Contribution	(128)	(2)	—	—	—	—
Effect of foreign tax rates	(100)	(2)	(76)	(1)	(119)	(2)
Other	47	1	54	—	30	—
Income tax expense	$ 1,238	20%	$ 1,261	22%	$ 1,076	20%

Deferred income taxes are provided for the effects of temporary differences between the tax basis of an asset or liability and its reported amount in the consolidated financial statements. These temporary differences result in taxable or deductible amounts in future years.

The components of deferred income tax assets and liabilities are shown below:

	December 31,	
(in millions)	2020	2019
Deferred income tax assets:		
Compensation and benefits	$ 295	$ 282
Unrealized investment losses	20	—
Loss carryforwards	80	84
Other	659	481
Gross deferred tax assets	1,054	847
Less: deferred tax valuation allowances	(26)	(51)
Deferred tax assets net of valuation allowances	1,028	796
Deferred income tax liabilities:		
Goodwill and acquired indefinite-lived intangibles	4,096	3,971
Acquired finite-lived intangibles	159	179
Unrealized investment gains	—	63
Other	142	142
Gross deferred tax liabilities	4,397	4,355
Net deferred tax (liabilities)	$ (3,369)	$ (3,559)

Deferred income tax assets and liabilities are recorded net when related to the same tax jurisdiction. At December 31, 2020, the Company recorded on the consolidated statement of financial condition deferred income tax assets, within other assets, and deferred income tax liabilities of $304 million and $3,673 million, respectively. At December 31, 2019, the Company recorded on the consolidated statement of financial condition deferred income tax assets, within other assets, and deferred income tax liabilities of $175 million and $3,734 million, respectively.

Income tax expense for 2020 included a discrete tax benefit of $241 million recognized in connection with the Charitable Contribution, partially offset by a noncash net expense of approximately $79 million associated with the revaluation of certain deferred income tax assets and liabilities related to the legislation enacted in the United Kingdom increasing its corporate tax rate and state and local income tax changes. Income tax expense for 2020 also included $139 million of net discrete tax benefits, including benefits related to changes in the Company's organizational entity structure and stock-based compensation awards. Income tax expense for 2019 included $28 million of discrete tax benefits, primarily related to stock-based compensation awards.

At December 31, 2020 and 2019, the Company had available state net operating loss carryforwards of $2.0 billion and $1.9 billion, respectively, which will begin to expire in 2022. At December 31, 2020 and 2019, the Company had foreign net operating loss carryforwards of $102 million and $110 million, respectively, of which $2 million will begin to expire in 2021

At December 31, 2020 and 2019, the Company had $26 million and $51 million of valuation allowances for deferred income tax assets, respectively, recorded on the consolidated statements of financial condition.

Goodwill recorded in connection with the Quellos Transaction has been reduced during the period by the amount of tax benefit realized from tax-deductible goodwill. See Note 11, *Goodwill*, for further discussion.

Current income taxes are recorded net on the consolidated statements of financial condition when related to the same tax jurisdiction. At December 31, 2020, the Company had current income taxes receivable and payable of $175 million and $131 million, respectively, recorded in other assets and accounts payable and accrued liabilities, respectively. At December 31, 2019, the Company had current income taxes receivable and payable of $282 million and $293 million, respectively, recorded in other assets and accounts payable and accrued liabilities, respectively.

The following tabular reconciliation presents the total amounts of gross unrecognized tax benefits:

(in millions)	2020	2019	2018
Balance at January 1	$ 900	$ 795	$ 629
Additions for tax positions of prior years	31	99	82
Reductions for tax positions of prior years	(8)	(27)	(15)
Additions based on tax positions related to current year	60	47	102
Lapse of statute of limitations	(3)	(4)	(3)
Settlements	(40)	(10)	—
Balance at December 31	$ 940	$ 900	$ 795

Included in the balance of unrecognized tax benefits at December 31, 2020, 2019 and 2018, respectively, are $565 million, $513 million and $462 million of tax benefits that, if recognized, would affect the effective tax rate.

The Company recognizes interest and penalties related to income tax matters as a component of income tax expense. Related to the unrecognized tax benefits noted above, the Company accrued interest and penalties of $31 million during 2020 and in total, as of December 31, 2020, had recognized a liability for interest and penalties of $164 million. The Company accrued interest and penalties of $27 million during 2019 and in total, as of December 31, 2019, had recognized a liability for interest and penalties of $133 million. The Company accrued interest and penalties of $30 million during 2018 and in total, as of December 31, 2018, had recognized a liability for interest and penalties of $106 million.

BlackRock is subject to US federal income tax, state and local income tax, and foreign income tax in multiple jurisdictions. Tax years after 2011 remain open to US federal income tax examination.

In June 2014, the Internal Revenue Service commenced its examination of BlackRock's 2010 through 2012 tax years of which 2010 – 2011 examination is closed. During 2019 and 2020, the Internal Revenue Service commenced its examination of BlackRock's 2013 through 2015 tax years and 2017 through 2018 tax years, respectively. While the examination impact on the Company's consolidated financial statements is undetermined, it is not expected to be material.

The Company is currently under audit in several state and local jurisdictions. The significant state and local income tax examinations are in New York State for tax years 2012 through 2014, New York City for tax years 2009 through 2011, and California for tax years 2015 through 2016. No state and local income tax audits cover years earlier than 2009. No state and local income tax audits are expected to result in an assessment material to BlackRock's consolidated financial statements.

Upon conclusion of its examination, Her Majesty's Revenue and Customs ("HMRC") issued a closure notice during 2017 for various UK BlackRock subsidiaries for tax years 2009 and years after. At that time, the Company decided to pursue litigation for the tax matters included on such notice. During 2020, the Company received a favorable decision from the First Tier Tribunal, however, HMRC has received permission to appeal to the Upper Tribunal. BlackRock does not expect the ultimate resolution to result in a material impact to the consolidated financial statements.

From time to time, BlackRock may receive or be subject to tax authorities' assessments and challenges related to income taxes. BlackRock does not currently expect the ultimate resolution of any existing matters to be material to the consolidated financial statements.

At December 31, 2020, it is reasonably possible the total amounts of unrecognized tax benefits will change within the next twelve months due to completion of tax authorities' exams or the expiration of statues of limitations. Management estimates that the existing liability for uncertain tax positions could decrease by approximately $5 million to $15 million within the next twelve months.

26. Earnings Per Share

The following table sets forth the computation of basic and diluted EPS for 2020, 2019 and 2018:

(in millions, except shares and per share data)	2020	2019	2018
Net income attributable to BlackRock, Inc.	$ 4,932	$ 4,476	$ 4,305
Basic weighted-average shares outstanding	153,489,422	156,014,343	160,301,116
Dilutive effect of:			
Nonparticipating RSUs	1,275,733	1,445,203	1,647,616
Stock options	75,427	—	—
Total diluted weighted-average shares outstanding	154,840,582	157,459,546	161,948,732
Basic earnings per share	$ 32.13	$ 28.69	$ 26.86
Diluted earnings per share	$ 31.85	$ 28.43	$ 26.58

Anti-dilutive RSUs and stock options for 2020, 2019 and 2018 were immaterial. Certain performance-based RSUs were excluded from diluted EPS calculation because the designated contingency was not met for 2020, 2019 and 2018, respectively. In addition, performance-based stock options were excluded from diluted EPS calculation for 2019 and 2018 because the designated contingency was not met.

27. Segment Information

The Company's management directs BlackRock's operations as one business, the asset management business. The Company utilizes a consolidated approach to assess performance and allocate resources. As such, the Company operates in one business segment.

The following table illustrates total revenue for 2020, 2019 and 2018 by geographic region. These amounts are aggregated on a legal entity basis and do not necessarily reflect where the customer resides or affiliated services are provided.

(in millions)

Revenue		2020		2019		2018
Americas	**$**	**10,593**	$	9,703	$	9,303
Europe		**4,940**		4,158		4,217
Asia-Pacific		**672**		678		678
Total revenue	**$**	**16,205**	$	14,539	$	14,198

See Note 17, *Revenue*, for further information on the Company's sources of revenue.

The following table illustrates long-lived assets that consist of goodwill and property and equipment at December 31, 2020 and 2019 by geographic region. These amounts are aggregated on a legal entity basis and do not necessarily reflect where the asset is physically located.

(in millions)

Long-lived Assets		2020		2019
Americas	**$**	**13,784**	$	13,830
Europe		**1,360**		1,360
Asia-Pacific		**88**		87
Total long-lived assets	**$**	**15,232**	$	15,277

Americas is primarily comprised of the United States, Latin America and Canada, while Europe is primarily comprised of the United Kingdom, the Netherlands, France and Luxembourg. Asia-Pacific is primarily comprised of Hong Kong, Australia, Japan and Singapore.

28. Subsequent Events

On January 21, 2021, the Board of Directors approved BlackRock's quarterly dividend of $4.13 per share to be paid on March 23, 2021 to stockholders of record at the close of business on March 5, 2021.

On February 1, 2021, the Company completed the acquisition of 100% of the equity interests of Aperio, a pioneer in customizing tax-optimized index equity separately managed accounts ("SMAs") for approximately $1.1 billion in cash, using existing cash resources. The acquisition of Aperio increased BlackRock's SMA assets and is expected to expand the breadth of the Company's capabilities via tax-managed strategies across factors, broad market indexing, and investor Environmental, Social, and Governance preferences across all asset classes. In connection with the acquisition, the Company recorded an initial estimate of purchase price allocation at the date of the transaction primarily related to goodwill of approximately $0.8 billion and $0.3 billion of finite-lived intangible assets (mainly customer relationships), which will be amortized over their estimated lives, which range from 10 to 12 years, with a weighted-average estimated life of approximately 10 years. The goodwill recognized in connection with the acquisition is primarily attributable to anticipated synergies from the transaction. The amount of goodwill expected to be deductible for tax purposes is approximately $0.5 billion.

The Company conducted a review for additional subsequent events and determined that no subsequent events had occurred that would require accrual or additional disclosures.

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 September 30, 2021
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
Depositary Shares Each Representing a 1/4,000 Interest in a Share of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series P	PNC P	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 October 15, 2021, there were 422,640,807 shares of the registrant's common stock ($5 par value) outstanding.

THE PNC FINANCIAL SERVICES GROUP, INC.
Cross-Reference Index to Third Quarter 2021 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 2020 Annual Report on Form 10-K (2020 Form 10-K). We have reclassified certain prior period amounts to conform with the current period presentation, which we believe is more meaningful to readers of our consolidated financial statements. 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 2020 Form 10-K; Item 1A Risk Factors included in our 2020 Form 10-K; and the Commitments and Legal Proceedings Notes of the Notes To Consolidated Financial Statements included in Item 1 of this Report and Item 8 of our 2020 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 2020 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 in the Notes To Consolidated Financial Statements included in this Report 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 104 for a glossary of certain terms and acronyms used in this Report.

Table 1: Consolidated Financial Highlights

Dollars in millions, except per share data Unaudited	Three months ended September 30 2021	Three months ended September 30 2020	Nine months ended September 30 2021	Nine months ended September 30 2020
Financial Results (a)				
Revenue				
Net interest income	$ 2,856	$ 2,484	$ 7,785	$ 7,522
Noninterest income	2,341	1,797	6,299	5,171
Total revenue	5,197	4,281	14,084	12,693
Provision for (recapture of) credit losses	(203)	52	(452)	3,429
Noninterest expense	3,587	2,531	9,211	7,589
Income from continuing operations before income taxes and noncontrolling interests	$ 1,813	$ 1,698	$ 5,325	$ 1,675
Income taxes from continuing operations	323	166	906	128
Net income from continuing operations	$ 1,490	$ 1,532	$ 4,419	$ 1,547
Income from discontinued operations before taxes				$ 5,777
Income taxes from discontinued operations				1,222
Net income from discontinued operations				$ 4,555
Net income	$ 1,490	$ 1,532	$ 4,419	$ 6,102
Less:				
Net income attributable to noncontrolling interests	16	13	38	27
Preferred stock dividends (b)	57	63	162	181
Preferred stock discount accretion and redemptions	1	1	3	3
Net income attributable to common shareholders	$ 1,416	$ 1,455	$ 4,216	$ 5,891
Per Common Share				
Basic earnings from continuing operations	$ 3.31	$ 3.40	$ 9.84	$ 3.11
Basic earnings from discontinued operations				10.61
Total basic earnings	$ 3.31	$ 3.40	$ 9.84	$ 13.73
Diluted earnings from continuing operations	$ 3.30	$ 3.39	$ 9.83	$ 3.11
Diluted earnings from discontinued operations				10.59
Total diluted earnings	$ 3.30	$ 3.39	$ 9.83	$ 13.70
Cash dividends declared per common share	$ 1.25	$ 1.15	$ 3.65	$ 3.45
Effective tax rate from continuing operations (c)	17.8 %	9.8 %	17.0 %	7.6 %
Performance Ratios				
Net interest margin (d)	2.27 %	2.39 %	2.28 %	2.57 %
Noninterest income to total revenue	45 %	42 %	45 %	41 %
Efficiency	69 %	59 %	65 %	60 %
Return on:				
Average common shareholders' equity	10.95 %	11.76 %	11.17 %	16.57 %
Average assets	1.06 %	1.32 %	1.16 %	1.83 %

(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) Dividends are payable quarterly other than Series R and Series S preferred stock, which are payable semiannually. 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. Beginning on December 15, dividends will be paid on the Series T on a quarterly basis (March 15, June 15, September 15 and December 15 of each year).

(c) The effective income tax rates are generally lower than the statutory rate due to the relationship of pretax income to tax credits and earnings that are not subject to tax.

(d) Net interest margin is the total yield on interest-earning assets minus the total rate on interest-bearing liabilities and includes the benefit from use of noninterest-bearing sources. To provide more meaningful comparisons of net interest margins, we use net interest income on a taxable-equivalent basis in calculating average yields used in the calculation of 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 in the Consolidated Income Statement. For additional information, see Reconciliation of Taxable-Equivalent Net Interest Income (non-GAAP) in the Statistical Information (Unaudited) section in Item 1 of this Report.

Table 1: Consolidated Financial Highlights (Continued) (a)

Unaudited	September 30 2021	December 31 2020	September 30 2020
Balance Sheet Data (dollars in millions, except per share data)			
Assets	$ 553,515	$ 466,679	$ 461,817
Loans	$ 290,230	$ 241,928	$ 249,279
Allowance for loan and lease losses	$ 5,355	$ 5,361	$ 5,751
Interest-earning deposits with banks (b)	$ 75,478	$ 85,173	$ 70,959
Investment securities	$ 125,606	$ 88,799	$ 91,185
Loans held for sale	$ 2,121	$ 1,597	$ 1,787
Equity investments	$ 7,737	$ 6,052	$ 4,938
Mortgage servicing rights	$ 1,833	$ 1,242	$ 1,113
Goodwill	$ 10,885	$ 9,233	$ 9,233
Other assets	$ 36,137	$ 30,999	$ 32,445
Noninterest-bearing deposits	$ 156,305	$ 112,637	$ 107,281
Interest-bearing deposits	$ 292,597	$ 252,708	$ 247,798
Total deposits	$ 448,902	$ 365,345	$ 355,079
Borrowed funds	$ 33,471	$ 37,195	$ 42,110
Allowance for unfunded lending related commitments	$ 646	$ 584	$ 689
Total shareholders' equity	$ 56,259	$ 54,010	$ 53,276
Common shareholders' equity	$ 51,250	$ 50,493	$ 49,760
Accumulated other comprehensive income	$ 1,079	$ 2,770	$ 2,997
Book value per common share	$ 121.16	$ 119.11	$ 117.44
Period-end common shares outstanding (in millions)	423	424	424
Loans to deposits	65 %	66 %	70 %
Common shareholders' equity to total assets	9.3 %	10.8 %	10.8 %
Client Assets (in billions)			
Discretionary client assets under management	$ 183	$ 170	$ 158
Nondiscretionary client assets under administration	170	154	142
Total client assets under administration	353	324	300
Brokerage account client assets	81	59	55
Total client assets	$ 434	$ 383	$ 355
Basel III Capital Ratios (c) (d)			
Common equity Tier 1	10.3 %	12.2 %	11.7 %
Common equity Tier 1 fully implemented (e)	10.0 %	11.8 %	11.3 %
Tier 1 risk-based	11.6 %	13.2 %	12.8 %
Total capital risk-based (f)	13.6 %	15.6 %	15.2 %
Leverage	8.2 %	9.5 %	9.4 %
Supplementary leverage	7.0 %	9.9 %	9.5 %
Asset Quality			
Nonperforming loans to total loans	0.87 %	0.94 %	0.84 %
Nonperforming assets to total loans, OREO and foreclosed assets	0.88 %	0.97 %	0.86 %
Nonperforming assets to total assets	0.46 %	0.50 %	0.47 %
Net charge-offs to average loans (for the three months ended) (annualized)	0.11 %	0.37 %	0.24 %
Allowance for loan and lease losses to total loans	1.85 %	2.22 %	2.31 %
Allowance for credit losses to total loans (g)	2.07 %	2.46 %	2.58 %
Allowance for loan and lease losses to nonperforming loans	212 %	235 %	276 %
Accruing loans past due 90 days or more (in millions)	$ 492	$ 509	$ 448

(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.
(b) Amounts include balances held with the Federal Reserve Bank of $75.1 billion, $84.9 billion and $70.6 billion as of September 30, 2021, December 31, 2020 and September 30, 2020, respectively.
(c) All ratios are calculated using the regulatory capital methodology applicable to PNC during each period presented and calculated based on the standardized approach. See Basel III Capital discussion in the Capital Management portion of the Risk Management section of this Financial Review and the capital discussion in the Banking Regulation and Supervision section of Item 1 Business and Item 1A Risk Factors in our 2020 Form 10-K.
(d) Ratios are calculated to reflect PNC's election to adopt the CECL optional five-year transition provision, unless noted differently.
(e) The fully implemented CET1 ratio is calculated to reflect the full impact of CECL and excludes the benefits of the five-year transition provision.
(f) The 2021 and 2020 Basel III Total risk-based capital ratios include nonqualifying trust preferred capital securities of $20 million and $40 million, respectively, that are subject to a phase-out period that runs through 2021.
(g) Calculated as the Allowance for loan and lease losses plus the Allowance for unfunded lending related commitments divided by total loans.

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 putting customers' needs first. 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 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 innovate and enhance products, services, security and processes.

Our capital priorities are to support customers and business investment, maintain appropriate capital in light of economic conditions, the Basel III framework, and other regulatory expectations, and return excess capital to shareholders. 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 2020 Form 10-K.

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. As of October 12, 2021, PNC has converted approximately 2.6 million customers, 9,000 employees and over 600 branches across seven states. PNC's third quarter results reflect the full quarter benefit of BBVA's acquired business operations. Our results for the first nine months of 2021 reflect the benefit of BBVA's acquired business operations for the period since the acquisition closed on June 1, 2021. PNC's balance sheet at September 30, 2021 includes BBVA's balances. See the Recent Regulatory Developments portion of this Report for more detail on the approval and merger process.

For additional information on the acquisition of BBVA, see Note 2 Acquisition and Divestiture Activity in the Notes To Consolidated Financial Statements included in Item 1 of this Report.

Throughout this Report, BBVA USA Bancshares, Inc. will be referred to as BBVA.

Discontinued Operations

In the second quarter of 2020, we divested our 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 in the Notes To Consolidated Financial Statements in Item 1 of this Report.

Income Statement Highlights

Net income from continuing operations of $1.5 billion for the third quarter of 2021 decreased $42.0 million compared to the third quarter of 2020. Earnings were $3.30 per diluted common share for the third quarter of 2021 compared to $3.39 per diluted common share for the third quarter of 2020. Other than the impact of the BBVA acquisition, the decrease was primarily due to a lower effective tax rate in the third quarter of 2020 as a result of tax credit benefits and the favorable resolution of certain tax matters.

- For the three months ended September 30, 2021 compared to the same period in 2020:
    - Total revenue increased $916 million, or 21%, to $5.2 billion.
        - Net interest income of $2.9 billion increased $372 million, or 15%, primarily due to the benefit of BBVA.
        - Net interest margin decreased 12 basis points to 2.27% reflecting lower securities yields.
        - Noninterest income increased $544 million, or 30%, to $2.3 billion, primarily due to record merger and acquisition advisory fees and the benefit of BBVA.
    - Provision recapture was $203 million for the third quarter of 2021 driven by continued improvements in credit quality and changes in portfolio composition. Provision for credit losses was $52 million for the third quarter of 2020.
    - Noninterest expense increased $1.1 billion, or 42%, to $3.6 billion, due to BBVA operating expenses, integration expenses and increased business and marketing activity.

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 September 30, 2021 and December 31, 2020. In comparison to December 31, 2020, changes in our balance sheet were primarily driven by the BBVA acquisition.

- Total assets increased $86.8 billion, or 19%, to $553.5 billion.
- Total loans increased $48.3 billion, or 20%, to $290.2 billion.
    - Total commercial loans increased $28.0 billion, or 17%, to $195.2 billion driven by BBVA loans, partially offset by PPP loan forgiveness.
        - At September 30, 2021, PNC had $6.8 billion of PPP loans. PPP loans outstanding at December 31, 2020 were $12.0 billion.
    - Total consumer loans increased $20.3 billion, or 27%, to $95.0 billion driven by loans from BBVA and increased originations of PNC legacy residential mortgages, partially offset by declines in PNC legacy home equity and auto loan portfolios.
- Investment securities increased $36.8 billion, or 41%, to $125.6 billion, resulting from increased purchase activity and securities from BBVA.
- Interest-earning deposits with banks, primarily with the Federal Reserve Bank, decreased $9.7 billion to $75.5 billion, and included the payment for the purchase of BBVA.
- Total deposits increased $83.6 billion, or 23%, to $448.9 billion, reflecting deposits from BBVA and growth in PNC legacy commercial and consumer liquidity.
- Borrowed funds decreased $3.7 billion, or 10%, to $33.5 billion, due to lower FHLB borrowings reflecting the use of liquidity from deposit growth, partially offset by borrowed funds from BBVA.

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

Credit Quality Highlights

Third quarter 2021 credit quality performance reflected the acquisition of BBVA, continued improvements in credit quality and changes in portfolio composition.

- At September 30, 2021 compared to December 31, 2020:
    - Nonperforming assets of $2.6 billion, increased $222 million, or 9%, due to nonperforming assets from BBVA, partially offset by lower PNC legacy nonperforming assets reflecting improved credit performance.
    - Overall loan delinquencies of $1.4 billion increased $33 million, or 2%, as lower PNC legacy consumer and commercial delinquencies were more than offset by delinquencies from the BBVA acquisition.
    - The ACL related to loans, which consists of the ALLL and the allowance for unfunded lending related commitments, totaled $6.0 billion at September 30, 2021, an increase of $0.1 billion since December 31, 2020. The increase was primarily attributable to the addition of reserves related to the BBVA acquisition, partially offset by continued improvements in credit quality and macroeconomic factors along with changes in portfolio composition.
- Net charge-offs were $81 million, or 0.11% of average loans on an annualized basis in the third quarter of 2021 compared to $155 million, or 0.24%, for the same quarter of 2020.

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

Capital Highlights

We maintained our strong capital and liquidity positions.

- Our CET1 ratio decreased to 10.3% at September 30, 2021 from 12.2% at December 31, 2020, primarily due to the BBVA acquisition.

- Capital was impacted by our election of a five-year transition period for CECL's estimated impact on CET1 capital. 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 initial allowance for PCD loans from BBVA, compared to CECL ACL at transition. The estimated CECL impact is added to CET1 capital through December 31, 2021, then phased-out over the following three years.
- Common shareholders' equity increased to $51.3 billion at September 30, 2021, compared to $50.5 billion at December 31, 2020.
- In the third quarter, we returned $0.9 billion of capital to shareholders through dividends on common shares of $0.5 billion and $0.4 billion of common share repurchases representing 2.1 million shares. Repurchases were made under the share repurchase programs of up to $2.9 billion for the four-quarter period beginning in the third quarter of 2021.
- On October 1, 2021, the PNC Board of Directors declared a quarterly cash dividend on common stock of $1.25 per share payable on November 5, 2021.

See the Liquidity and Capital Management portion of the Risk Management section of this Financial Review for more detail on our 2021 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 a stress capital buffer 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 Item 1 Business and Item 1A Risk Factors of our 2020 Form 10-K.

Business Outlook

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, as follows:
- The U.S. economy is in an economic recovery, following a very severe but very short economic contraction in the first half of 2020 due to the COVID-19 pandemic and public health measures to contain it.
- The Delta COVID-19 variant and supply chain difficulties have been drags on economic growth in the second half of 2021, although the economy continues to expand. Growth will pick up at the end of 2021 as the impact of the Delta variant fades and supply chains normalize and will remain solid into 2022. Employment in September 2021 was still down by almost 5 million from before the pandemic; PNC expects employment to return to its pre-pandemic level in mid-2022.
- Compared to the spring of 2020 (when prices were falling), inflation accelerated in mid-2021 due to strong demand in specific segments and supply chain disruptions. Inflation has started to slow on a month-over-month basis but will remain elevated in the near term.
- PNC expects the FOMC to keep the fed funds rate in its current range of 0.00% to 0.25% until late 2022.

For the fourth quarter of 2021, compared to the third quarter of 2021 where appropriate, we expect:
- Average loans, excluding PPP loans, up modestly,
- Net interest income to be up modestly,
- Fee income to be down approximately 3% to 5%,
- Other noninterest income, excluding net securities gains and Visa activity, to be between $375 million and $425 million,
- Noninterest expense, excluding integration expense, to be down 3% to 5%, and
- Net loan charge-offs to be between $100 million and $150 million.

Additionally, we are on track to realize $900 million in net expense savings of our forecast of BBVA's 2022 expense base. We also expect to incur merger and integration costs of approximately $980 million, inclusive of the write-off of certain technology and other assets. During the fourth quarter, we expect to incur the majority of the remaining merger and integration costs of $450 million.

See the Cautionary Statement Regarding Forward-Looking Information section in this Financial Review and Item 1A Risk Factors in our 2020 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 Part I, Item 1 of this Report.

Net income from continuing operations of $1.5 billion for the third quarter of 2021 decreased $42.0 million compared to the third quarter of 2020. Earnings were $3.30 per diluted common share for the third quarter of 2021 compared to $3.39 per diluted common share for the third quarter of 2020. Other than the impact of the BBVA acquisition, the decrease in the quarterly comparison was primarily due to a lower effective tax rate in the third quarter of 2020 as a result of tax credit benefits and the favorable resolution of certain tax matters.

For the first nine months of 2021, net income from continuing operations was $4.4 billion, or $9.83 per diluted common share, compared to $1.5 billion, or $3.11 per diluted common share, for the first nine months of 2020. The year-to-date comparison reflects a lower provision for credit losses in 2021 due to continued improvements in credit quality and macroeconomic factors and higher noninterest income driven by the benefit of BBVA, partially offset by expenses related to the BBVA acquisition and increased business activity.

Net Interest Income

Table 2: Summarized Average Balances and Net Interest Income (a)

Three months ended September 30 Dollars in millions	2021 Average Balances	2021 Average Yields/ Rates	2021 Interest Income/ Expense	2020 Average Balances	2020 Average Yields/ Rates	2020 Interest Income/ Expense
Assets						
Interest-earning assets						
Investment securities	$ 120,586	1.54 %	$ 465	$ 90,502	2.18 %	$ 496
Loans	291,326	3.32 %	2,454	253,092	3.32 %	2,127
Interest-earning deposits with banks	80,274	0.16 %	31	60,327	0.10 %	15
Other	9,113	2.03 %	47	9,752	2.23 %	55
Total interest-earning assets/interest income	$ 501,299	2.36 %	2,997	$ 413,673	2.57 %	2,693
Liabilities						
Interest-bearing liabilities						
Interest-bearing deposits	$ 298,471	0.04 %	29	$ 248,551	0.12 %	74
Borrowed funds	34,352	1.03 %	90	43,344	1.06 %	118
Total interest-bearing liabilities/interest expense	$ 332,823	0.14 %	119	$ 291,895	0.26 %	192
Net interest margin/income (non-GAAP)		2.27 %	2,878		2.39 %	2,501
Taxable-equivalent adjustments			(22)			(17)
Net interest income (GAAP)			$ 2,856			$ 2,484

Nine months ended September 30 Dollars in millions	2021 Average Balances	2021 Average Yields/ Rates	2021 Interest Income/ Expense	2020 Average Balances	2020 Average Yields/ Rates	2020 Interest Income/ Expense
Assets						
Interest-earning assets						
Investment securities	$ 105,287	1.73 %	$ 1,366	$ 87,795	2.45 %	$ 1,617
Loans	261,884	3.36 %	6,629	254,919	3.58 %	6,893
Interest-earning deposits with banks	81,383	0.12 %	74	37,582	0.28 %	80
Other	8,345	2.27 %	142	10,028	2.64 %	199
Total interest-earning assets/interest income	$ 456,899	2.38 %	8,211	$ 390,324	2.98 %	8,789
Liabilities						
Interest-bearing liabilities						
Interest-bearing deposits	$ 273,498	0.05 %	99	$ 235,160	0.34 %	590
Borrowed funds	34,562	1.05 %	275	51,225	1.59 %	619
Total interest-bearing liabilities/interest expense	$ 308,060	0.16 %	374	$ 286,385	0.56 %	1,209
Net interest margin/income (non-GAAP)		2.28 %	7,837		2.57 %	7,580
Taxable-equivalent adjustments			(52)			(58)
Net interest income (GAAP)			$ 7,785			$ 7,522

(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 increased $372 million, or 15%, for the third quarter of 2021, and increased $263 million, or 3%, for the first nine months of 2021 compared to the same periods in 2020. The increase in both comparisons was primarily due to the benefit of BBVA interest-earning asset balances and lower deposit rates, partially offset by lower yields on securities.

Net interest margin in the quarterly and year-to-date comparisons decreased 12 basis points and 29 basis points, respectively. The decrease in both comparisons was largely due to lower yields on securities. The decrease in the year-to-date comparison also reflected higher balances held at the Federal Reserve Bank and lower yields on loans, partially offset by lower rates paid on deposits and borrowings.

Average investment securities increased $30.1 billion, or 33%, and $17.5 billion, or 20%, in the quarterly and year-to-date comparisons, respectively. Both comparisons increased primarily due to the acquisition of BBVA. The increase in the quarterly comparison was also attributable to increased purchase activity. Average investment securities represented 24% of average interest-earning assets for the third quarter of 2021 and 23% for the first nine months of 2021, compared to 22% for both periods in 2020.

Average loans increased $38.2 billion, or 15%, and $7.0 billion, or 3%, in the quarterly and year-to-date comparisons, respectively. The increase in both comparisons was primarily a result of the BBVA acquisition. In the year-to-date comparison, the increase was partially offset by lower utilization of loan commitments by commercial customers and lower consumer loans. Average loans represented 58% of average interest-earning assets for the third quarter of 2021 and 57% for the nine months ended September 30, 2021, compared to 61% and 65% for the same periods in 2020.

Average interest-earning deposits with banks increased $19.9 billion and $43.8 billion in the respective quarterly and year-to-date comparisons, as average balances held with the Federal Reserve Bank increased due to higher liquidity from deposit growth.

Average interest-bearing deposits grew $49.9 billion, or 20%, and $38.3 billion, or 16% in the respective quarterly and year-to-date comparisons due to overall growth in commercial and consumer liquidity, including deposits from BBVA. In total, average interest-bearing deposits increased to 90% and 89% of average interest-bearing liabilities for the three and nine months ended September 30, 2021, compared to 85% and 82% for the same periods in 2020.

Average borrowed funds decreased $9.0 billion, or 21%, compared with the third quarter of 2020 and $16.7 billion, or 33%, compared with the first nine months of 2020 primarily due to a decline in FHLB borrowings reflecting the use of liquidity from deposit growth.

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

Noninterest Income

Table 3: Noninterest Income

	Three months ended September 30				Nine months ended September 30			
			Change				Change	
Dollars in millions	2021	2020	$	%	2021	2020	$	%
Noninterest income								
Asset management	$ 248	$ 215	$ 33	15 %	$ 713	$ 615	$ 98	16 %
Consumer services	496	390	106	27 %	1,337	1,097	240	22 %
Corporate services	842	479	363	76 %	2,085	1,517	568	37 %
Residential mortgage	147	137	10	7 %	355	505	(150)	(30)%
Service charges on deposits	159	119	40	34 %	409	366	43	12 %
Other	449	457	(8)	(2)%	1,400	1,071	329	31 %
Total noninterest income	$ 2,341	$ 1,797	$ 544	30 %	$ 6,299	$ 5,171	$ 1,128	22 %

Noninterest income as a percentage of total revenue was 45% for the third quarter and first nine months of 2021, compared to 42% and 41% for the same periods in 2020.

Asset management revenue increased in the quarterly and year-to-date comparisons due to the impact of higher average equity markets and the benefit of the BBVA acquisition. PNC's discretionary client assets under management increased to $183 billion at September 30, 2021 from $158 billion at September 30, 2020, primarily driven by higher spot equity markets and the BBVA acquisition.

Consumer services revenue increased in the quarterly and year-to-date comparisons reflecting the addition of BBVA customers and the impacts of higher consumer spending on debit cards, merchant services revenues, credit card fees and growth in brokerage fees primarily due to higher average equity markets.

Corporate services revenue increased in the quarterly and year-to-date comparisons primarily due to higher merger and acquisition advisory fees, treasury management product revenue and equity capital markets advisory fees. The year-to-date comparison also benefited from higher revenue from commercial mortgage servicing activities.

Residential Mortgage revenue increased in the quarterly comparison primarily due to higher loan sales revenue and higher mortgage servicing rights valuation, net of economic hedge. The decrease in the year-to-date comparison was primarily a result of lower servicing fee revenue primarily due to higher payoffs and lower mortgage servicing rights valuation, net of economic hedge.

Service charges on deposits increased in the quarterly and year-to-date comparisons primarily due to the addition of BBVA customers, partially offset by the impact of Low Cash Mode[SM] on overdraft revenue.

Other noninterest income decreased in the quarterly comparison due to a negative Visa Class B derivative fair value adjustment primarily related to the extension of anticipated litigation resolution timing, partially offset by higher private equity revenue. In the year-to-date comparison, the increase was primarily driven by higher private equity revenue and the addition of BBVA, partially offset by a larger negative Visa Class B derivative fair value adjustment.

Noninterest Expense

Table 4: Noninterest Expense

	Three months ended September 30				Nine months ended September 30			
			Change				Change	
Dollars in millions	2021	2020	$	%	2021	2020	$	%
Noninterest expense								
Personnel	$ 1,986	$ 1,410	$ 576	41 %	$ 5,103	$ 4,152	$ 951	23 %
Occupancy	248	205	43	21 %	680	611	69	11 %
Equipment	355	292	63	22 %	974	880	94	11 %
Marketing	103	67	36	54 %	222	172	50	29 %
Other	895	557	338	61 %	2,232	1,774	458	26 %
Total noninterest expense	$ 3,587	$ 2,531	$ 1,056	42 %	$ 9,211	$ 7,589	$ 1,622	21 %

The increase in noninterest expense in the quarterly and year-to-date comparisons reflected BBVA operating and integration expenses as well as increased business and marketing activity.

Effective Income Tax Rate

The effective income tax rate from continuing operations was 17.8% in the third quarter of 2021 compared to 9.8% in the third quarter of 2020, and 17.0% in the first nine months of 2021 compared to 7.6% in the same period of 2020. The increase in both comparisons was due to overall lower pre-tax income, tax benefits and the favorable resolution of certain tax matters in 2020.

Provision For (Recapture of) Credit Losses

Table 5: Provision for (Recapture of) Credit Losses

	Three months ended September 30			Nine months ended September 30		
			Change			Change
Dollars in millions	2021	2020	$	2021	2020	$
Provision for (recapture of) credit losses						
Loans and leases	$ (229)	$ (23)	$ (206)	$ (525)	$ 3,149	$ (3,674)
Unfunded lending related commitments	1	27	(26)	16	192	(176)
Investment securities	25	39	(14)	51	69	(18)
Other financial assets		9	(9)	6	19	(13)
Total provision for (recapture of) credit losses	$ (203)	$ 52	$ (255)	$ (452)	$ 3,429	$ (3,881)

The provision recapture for the third quarter of 2021 reflected continued improvements in credit quality and changes in portfolio composition.

Net Income from Discontinued Operations

For additional details on the divestiture of our equity investment in BlackRock, see Note 2 Acquisition and Divestiture Activity in the Notes To Consolidated Financial Statements of this Report.

Consolidated Balance Sheet Review

The summarized balance sheet data in Table 6 is based upon our Consolidated Balance Sheet in Part I, Item 1 of this Report.

Table 6: Summarized Balance Sheet Data

Dollars in millions	September 30 2021	December 31 2020	Change $	Change %
Assets				
Interest-earning deposits with banks	$ 75,478	$ 85,173	$ (9,695)	(11)%
Loans held for sale	2,121	1,597	524	33 %
Investment securities	125,606	88,799	36,807	41 %
Loans	290,230	241,928	48,302	20 %
Allowance for loan and lease losses	(5,355)	(5,361)	6	—
Mortgage servicing rights	1,833	1,242	591	48 %
Goodwill	10,885	9,233	1,652	18 %
Other	52,717	44,068	8,649	20 %
Total assets	$ 553,515	$ 466,679	$ 86,836	19 %
Liabilities				
Deposits	$ 448,902	$ 365,345	$ 83,557	23 %
Borrowed funds	33,471	37,195	(3,724)	(10)%
Allowance for unfunded lending related commitments	646	584	62	11 %
Other	14,199	9,514	4,685	49 %
Total liabilities	497,218	412,638	84,580	20 %
Equity				
Total shareholders' equity	56,259	54,010	2,249	4 %
Noncontrolling interests	38	31	7	23 %
Total equity	56,297	54,041	2,256	4 %
Total liabilities and equity	$ 553,515	$ 466,679	$ 86,836	19 %

Our balance sheet was strong and well positioned at September 30, 2021 and December 31, 2020.

- Total asset growth reflected the addition of loans and investment securities from the BBVA acquisition, partially offset by a decrease in interest-earning deposits with banks.
- Total liabilities increased primarily due to deposit growth reflecting higher commercial and consumer deposits driven by the acquisition of BBVA, partially offset by lower borrowed funds.
- Total equity increased as net income and the issuance of preferred stock was partially offset by lower AOCI, reflecting the impact of higher rates on net unrealized securities gains, dividends and share repurchases.

The ACL related to loans totaled $6.0 billion at September 30, 2021, an increase of $0.1 billion since December 31, 2020. The increase was primarily attributable to the addition of reserves related to the BBVA acquisition, partially offset by continued improvements in credit quality and macroeconomic factors along with changes in portfolio composition. 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 4 Loans and Related Allowance for Credit Losses in the Notes To Consolidated Financial Statements included in this Report.

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 the Notes To Consolidated Financial Statements included in our 2020 Form 10-K.

Loans

Table 7: Loans

Dollars in millions	September 30 2021	December 31 2020	Change $	Change %
Commercial				
Commercial and industrial	$ 152,735	$ 132,073	$ 20,662	16 %
Commercial real estate	36,195	28,716	7,479	26 %
Equipment lease financing	6,257	6,414	(157)	(2)%
Total commercial	195,187	167,203	27,984	17 %
Consumer				
Residential real estate	38,214	22,560	15,654	69 %
Home Equity	24,479	24,088	391	2 %
Automobile	17,265	14,218	3,047	21 %
Credit card	6,466	6,215	251	4 %
Education	2,653	2,946	(293)	(10)%
Other consumer	5,966	4,698	1,268	27 %
Total consumer	95,043	74,725	20,318	27 %
Total loans	$ 290,230	$ 241,928	$ 48,302	20 %

Commercial loans increased driven by BBVA loans, partially offset by PPP loan forgiveness. At September 30, 2021, PNC had $6.8 billion of PPP loans outstanding. PPP loans outstanding at December 31, 2020 were $12.0 billion.

For commercial and industrial loans by industry and commercial real estate loans by geography and property type, see Loan Portfolio Characteristics and Analysis in the Credit Risk Management portion of the Risk Management section of this Financial Review.

Consumer loans increased primarily due to the addition of BBVA loans and increased originations of PNC legacy residential mortgages, partially offset by declines in the remaining PNC legacy portfolios as paydowns outpaced new originations.

For information on our residential real estate and home equity portfolios, including loans by geography, and our auto loan portfolio, see Loan Portfolio Characteristics and Analysis in the Credit Risk Management portion of the Risk Management section in this Financial Review.

For additional information regarding our loan portfolio see Note 4 Loans and Related Allowance for Credit Losses in the Notes To Consolidated Financial Statements included in this Report.

Investment Securities

Investment securities of $125.6 billion at September 30, 2021 increased $36.8 billion, or 41%, compared to December 31, 2020, resulting from increased purchase activity and the BBVA acquisition.

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 and other internal and external guidelines and constraints.

Table 8: Investment Securities

	September 30, 2021		December 31, 2020		Ratings as of September 30, 2021 (a)				
Dollars in millions	Amortized Cost (b)	Fair Value	Amortized Cost (b)	Fair Value	AAA/ AA	A	BBB	BB and Lower	No Rating
U.S. Treasury and government agencies	$ 41,437	$ 41,860	$ 20,616	$ 21,631	100 %				
Agency residential mortgage-backed	64,412	65,185	47,355	48,911	100 %				
Non-agency residential mortgage-backed	1,003	1,242	1,272	1,501	8 %		2 %	49 %	41 %
Agency commercial mortgage-backed	2,008	2,060	2,571	2,688	100 %				
Non-agency commercial mortgage-backed (c)	3,637	3,671	3,678	3,689	85 %	1 %	2 %		12 %
Asset-backed (d)	5,999	6,067	5,060	5,150	95 %	1 %		4 %	
Other (e)	5,392	5,625	5,061	5,393	54 %	26 %	15 %		5 %
Total investment securities (f)	$ 123,888	$ 125,710	$ 85,613	$ 88,963	96 %	1 %	1 %	1 %	1 %

(a) Ratings percentages allocated based on amortized cost, net of allowance for investment securities.

(b) Amortized cost is presented net of applicable allowance for investment securities of $133 million and $82 million at September 30, 2021 and December 31, 2020, in accordance with the adoption of the CECL accounting standard.
(c) Collateralized primarily by retail properties, office buildings, lodging properties and multifamily housing.
(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 8 presents the distribution of our total investment securities portfolio by amortized cost and fair value, as well as by credit rating. We have included credit ratings information because we believe that the information is an indicator of the degree of credit risk to which we are exposed. Changes in credit ratings classifications could indicate increased or decreased credit risk and could be accompanied by a reduction or increase in the fair value of our investment securities portfolio. 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 in the Notes To Consolidated Financial Statements included in Item 1 of this Report for additional details regarding the amount of the allowance for investment securities.

The duration of investment securities was 3.8 years at September 30, 2021. We estimate that at September 30, 2021 the effective duration of investment securities was 4 years for an immediate 50 basis points parallel increase in interest rates and 3.5 years for an immediate 50 basis points parallel decrease in interest rates.

Based on expected prepayment speeds, the weighted-average expected maturity of the investment securities portfolio was 4.4 years at September 30, 2021 compared to 3.4 years at December 31, 2020.

Table 9: Weighted-Average Expected Maturities of Mortgage and Asset-Backed Debt Securities

September 30, 2021	Years
Agency residential mortgage-backed	4.6
Non-agency residential mortgage-backed	6.8
Agency commercial mortgage-backed	5.0
Non-agency commercial mortgage-backed	2.1
Asset-backed	2.8

Additional information regarding our investment securities portfolio is included in Note 3 Investment Securities and Note 11 Fair Value in the Notes To Consolidated Financial Statements included in Item 1 of this Report.

Funding Sources

Table 10: Details of Funding Sources

Dollars in millions	September 30 2021	December 31 2020	Change $	Change %
Deposits				
Noninterest-bearing	$ 156,305	$ 112,637	$ 43,668	39 %
Interest-bearing				
Money market	79,829	59,737	20,092	34 %
Demand	103,569	92,294	11,275	12 %
Savings	90,288	80,985	9,303	11 %
Time deposits	18,911	19,692	(781)	(4)%
Total interest-bearing deposits	292,597	252,708	39,889	16 %
Total deposits	448,902	365,345	83,557	23 %
Borrowed funds				
Federal Home Loan Bank borrowings		3,500	(3,500)	(100)%
Bank notes and senior debt	22,993	24,271	(1,278)	(5)%
Subordinated debt	7,074	6,403	671	10 %
Other	3,404	3,021	383	13 %
Total borrowed funds	33,471	37,195	(3,724)	(10)%
Total funding sources	$ 482,373	$ 402,540	$ 79,833	20 %

Total deposits increased reflecting deposits from BBVA and growth in PNC legacy commercial and consumer liquidity.

Borrowed funds decreased due to lower FHLB borrowings, bank notes and senior debt reflecting the use of liquidity from deposit growth, which more than offset borrowed funds from BBVA.

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 requirements and other internal and external guidelines and constraints.

See the Liquidity and Capital Management portion of the Risk Management section of this Financial Review for additional information regarding our 2021 liquidity and capital activities. See Note 10 Borrowed Funds in the Notes to Consolidated Financial Statements in Item 8 of our 2020 Form 10-K for additional information related to our borrowings.

Shareholders' Equity

Total shareholders' equity was $56.3 billion at September 30, 2021, an increase of $2.3 billion compared to December 31, 2020. The increase primarily resulted from net income of $4.4 billion and a preferred stock issuance of $1.5 billion, partially offset by lower AOCI of $1.7 billion reflecting the impact of higher rates on net unrealized securities gains, common and preferred stock dividends of $1.7 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 in the Notes To Consolidated Financial Statements included in Item 1 of this Report. 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.

Our business segment results for the first nine months of 2021 reflect the benefit of BBVA's business operations for the period since the acquisition closed on June 1, 2021. Period end information presented includes BBVA's balances at September 30, 2021. Until the conversion of bank systems and branches as of October 12, 2021, PNC Bank and BBVA customers were served through their respective PNC Bank and BBVA USA branches, websites and mobile apps, financial advisors and relationship managers. Following conversion, there will be changes in the segmentation of BBVA USA customers as we continue to integrate data to PNC applications, finalize the review of customer relationships and better align customers with PNC's products and services. These changes will be reflected in fourth quarter reporting. See Note 2 Acquisition and Divestiture Activity in the Notes To Consolidated Financial Statements included in Item 1 of this Report for additional information on the acquisition of BBVA.

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 in the Notes To Consolidated Financial Statements included in Item 1 of this Report for additional information.

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 82 in Note 14 Segment Reporting in the Notes To Consolidated Financial Statements included in Item 1 of this Report. "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 financially forward. We aim to grow our primary checking and transaction relationships through strong acquisition and retention. We seek to deepen relationships by meeting the broad range of our customers' financial needs with savings, liquidity, lending, 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, 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 11: Retail Banking Table

(Unaudited) Nine months ended September 30 Dollars in millions, except as noted	2021	2020	Change $	Change %
Income Statement				
Net interest income	$ 4,572	$ 4,229	$ 343	8 %
Noninterest income	2,022	2,046	(24)	(1)%
Total revenue	6,594	6,275	319	5 %
Provision for (recapture of) credit losses	(156)	1,049	(1,205)	*
Noninterest expense	5,042	4,537	505	11 %
Pretax earnings	1,708	689	1,019	148 %
Income taxes	396	161	235	146 %
Noncontrolling interest	26	20	6	30 %
Earnings	$ 1,286	$ 508	$ 778	153 %
Average Balance Sheet				
Loans held for sale	$ 1,296	$ 769	$ 527	69 %
Loans				
Consumer				
Residential real estate	$ 23,323	$ 18,215	$ 5,108	28 %
Home equity	22,324	22,723	(399)	(2)%
Automobile	15,398	16,449	(1,051)	(6)%
Credit card	6,070	6,767	(697)	(10)%
Education	2,820	3,226	(406)	(13)%
Other consumer	2,326	2,417	(91)	(4)%
Total consumer	72,261	69,797	2,464	4 %
Commercial	14,819	12,298	2,521	20 %
Total loans	$ 87,080	$ 82,095	$ 4,985	6 %
Total assets	$ 103,820	$ 98,764	$ 5,056	5 %
Deposits				
Noninterest-bearing demand	$ 55,107	$ 38,390	$ 16,717	44 %
Interest-bearing demand	58,700	46,501	12,199	26 %
Money market	31,639	23,210	8,429	36 %
Savings	78,907	67,000	11,907	18 %
Certificates of deposit	10,321	11,579	(1,258)	(11)%
Total deposits	$ 234,674	$ 186,680	$ 47,994	26 %
Performance Ratios				
Return on average assets	1.66 %	0.69 %		
Noninterest income to total revenue	31 %	33 %		
Efficiency	76 %	72 %		

At or for nine months ended September 30 Dollars in millions, except as noted	2021	2020	Change $	Change %
Supplemental Noninterest Income Information				
Consumer services	$ 1,273	$ 1,058	$ 215	20 %
Residential mortgage	$ 355	$ 505	$ (150)	(30)%
Service charges on deposits	$ 406	$ 364	$ 42	12 %
Residential Mortgage Information				
Residential mortgage servicing statistics (in billions, except as noted) (a)				
Serviced portfolio balance (b)	$ 139	$ 119	$ 20	17 %
Serviced portfolio acquisitions	$ 42	$ 21	$ 21	100 %
MSR asset value (b)	$ 1.1	$ 0.6	$ 0.5	83 %
MSR capitalization value (in basis points) (b)	81	50	31	62 %
Servicing income: (in millions)				
Servicing fees, net (c)	$ 20	$ 105	$ (85)	(81)%
Mortgage servicing rights valuation, net of economic hedge	$ 62	$ 138	$ (76)	(55)%
Residential mortgage loan statistics				
Loan origination volume (in billions)	$ 18.2	$ 11.4	$ 6.8	60 %
Loan sale margin percentage	2.95 %	3.51 %		
Percentage of originations represented by:				
Purchase volume (d)	45 %	38 %		
Refinance volume	55 %	62 %		
Other Information (b)				
Customer-related statistics (average) (e)				
Non-teller deposit transactions (f)	66 %	63 %		
Digital consumer customers (g)	80 %	73 %		
Credit-related statistics				
Nonperforming assets	$ 1,220	$ 1,077	$ 143	13 %
Net charge-offs - loans and leases	$ 269	$ 433	$ (164)	(38)%
Other statistics				
ATMs	9,572	9,058	514	6 %
Branches (h)	2,712	2,207	505	23 %
Brokerage account client assets (in billions) (i)	$ 76	$ 55	$ 21	38 %

*- 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 nine months ended.
(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) Represents PNC legacy only, statistics will include BBVA activity in the fourth quarter reporting following the conversion of bank systems and branches.
(f) Percentage of total consumer and business banking deposit transactions processed at an ATM or through our mobile banking application.
(g) Represents consumer checking relationships that process the majority of their transactions through non-teller channels.
(h) Excludes stand-alone mortgage offices and satellite offices (*e.g.*, drive-ups, electronic branches and retirement centers) that provide limited products and/or services.
(i) Includes cash and money market balances.

Retail Banking earnings for the first nine months of 2021 increased $778 million compared with the same period in 2020 driven by a provision recapture and higher net interest income, partially offset by higher noninterest expense. Results for the first nine months of 2021 reflect the benefit of BBVA's business operations since the acquisition closed on June 1, 2021.

Net interest income increased primarily due to growth in average deposit and loan balances, reflecting the BBVA acquisition, along with wider interest rate spreads on the value of loans, partially offset by narrower interest rate spreads on the value of deposits.

Noninterest income decreased due to a larger negative derivative Visa Class B fair value adjustment related to the extension of litigation timing in the first nine months of 2021, along with declines in residential mortgage revenue, driven by lower servicing fees primarily due to higher payoffs and lower revenue from residential mortgage servicing rights valuation, net of economic hedge. The decrease in noninterest income was partially offset by the BBVA acquisition, increased consumer services revenue driven by debit card and brokerage fees, as well as higher service charges on deposits.

Provision recapture in the first nine months of 2021 was driven by improvements in credit quality and macroeconomic factors along with changes in portfolio composition, partially offset by the additional provision for credit losses related to the BBVA acquisition.

Noninterest expense increased primarily as a result of the impact of BBVA operating expenses, increased marketing activity and non-credit losses due to additions to litigation reserves.

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 the first nine months of 2021, average total deposits increased compared to the same period in 2020 primarily driven by growth in demand and savings deposits which benefited from the impact of continued government stimulus payments.

Retail Banking average total loans increased in the first nine months of 2021 compared with the same period in 2020 due to the impact of the BBVA acquisition on all loan classes except education loans, which BBVA did not have in their loan portfolio.

- Average residential real estate loans increased due to originations outpacing paydowns.
- Average commercial loans increased primarily due to PPP loans.
- Average auto loan balances declined due to impacts of the pandemic on the auto industry and proactive credit tightening.
- Average credit card balances decreased due to changes in customer behavior resulting in higher balance paydowns driven by government stimulus payments combined with credit tightening actions taken as a result of the pandemic.
- Average education loans decreased driven by a continued decline in the runoff portfolio of government guaranteed education loans.
- Average home equity loans decreased as paydowns and payoffs exceeded new originated volume.
- Average other consumer loans declined driven by lower originations due to the pandemic and the effects of government stimulus and credit tightening.

Our national expansion strategy is designed to grow customers with digitally-led banking and a thin branch network as we expand into new markets. In 2018, we began offering our digital high yield savings deposit product and opened our first solution center in Kansas City. Solution centers are an emerging branch operating model with a distinctive layout, where routine transactions are supported through a combination of technology and skilled banker assistance to create personalized experiences. The primary focus of the solution center is to bring a community element to our digital banking capabilities. The solution center provides a collaborative environment that connects our customers with our digital solutions and services, beyond deposits and withdrawals. In 2020, we expanded into three new markets, Boston, Houston and Nashville and opened seventeen new solution centers. In the first nine months of 2021 we opened ten new solution centers and expanded into two new markets, Denver and Phoenix. In total, we have thirty-two open solution centers within the markets of Boston, Dallas/Fort Worth, Denver, Houston, Kansas City, Nashville and Phoenix. We also offer digital unsecured installment and small business loans in the expansion markets. As a result of the BBVA acquisition, we have become a coast-to-coast Retail Bank and added over 600 branches across seven states to our network.

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 our customers by providing a broad range of liquidity, banking and investment products. In April 2021, we announced our Low Cash Mode℠ Virtual Wallet® feature which gives all Virtual Wallet® customers the ability to avoid unnecessary overdraft fees through real-time intelligent alerts, extra time to prevent or address overdrafts, and controls to choose whether to return certain debits rather than the bank making the decision. Through the end of September, we have successfully rolled out Low Cash Mode℠ to 3.8 million PNC legacy Virtual Wallet® customers and have delivered over 10 million Low Cash Mode℠ alerts.

Upon conversion, BBVA customers became eligible for the full suite of PNC products and services, including Low Cash Mode℠. Our full year 2021 guidance includes the impact of fee reductions on both PNC legacy and the conversion of BBVA customers.
See the Executive Summary section in this Financial Review for additional information on our business outlook.

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 have closed 112 branches in the first nine months of 2021, 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 12: Corporate & Institutional Banking Table

(Unaudited) Nine months ended September 30 Dollars in millions	2021	2020	Change $	Change %
Income Statement				
Net interest income	$ 3,343	$ 3,055	$ 288	9 %
Noninterest income	2,730	2,143	587	27 %
Total revenue	6,073	5,198	875	17 %
Provision for (recapture of) credit losses	(277)	2,254	(2,531)	*
Noninterest expense	2,504	2,055	449	22 %
Pretax earnings	3,846	889	2,957	333 %
Income taxes	846	201	645	321 %
Noncontrolling interest	10	6	4	67 %
Earnings	$ 2,990	$ 682	$ 2,308	338 %
Average Balance Sheet				
Loans held for sale	$ 598	$ 669	$ (71)	(11)%
Loans				
Commercial				
Commercial and industrial	$ 123,505	$ 127,149	$ (3,644)	(3)%
Commercial real estate	30,919	27,070	3,849	14 %
Equipment lease financing	6,321	6,957	(636)	(9)%
Total commercial	160,745	161,176	(431)	—
Consumer	14	9	5	56 %
Total loans	$ 160,759	$ 161,185	$ (426)	—
Total assets	$ 184,964	$ 185,001	$ (37)	—
Deposits				
Noninterest-bearing demand	$ 76,105	$ 50,104	$ 26,001	52 %
Interest-bearing demand	30,718	26,182	4,536	17 %
Money market	33,706	34,373	(667)	(2)%
Other	7,723	8,789	(1,066)	(12)%
Total deposits	$ 148,252	$ 119,448	$ 28,804	24 %
Performance Ratios				
Return on average assets	2.16 %	0.49 %		
Noninterest income to total revenue	45 %	41 %		
Efficiency	41 %	40 %		
Other Information				
Consolidated revenue from: (a)				
Treasury Management (b)	$ 1,609	$ 1,412	$ 197	14 %
Capital Markets (b)	$ 1,412	$ 1,077	$ 335	31 %
Commercial mortgage banking activities:				
Commercial mortgage loans held for sale (c)	$ 103	$ 117	$ (14)	(12)%
Commercial mortgage loan servicing income (d)	244	212	32	15 %
Commercial mortgage servicing rights valuation, net of economic hedge (e)	64	58	6	10 %
Total	$ 411	$ 387	$ 24	6 %
MSR asset value (f)	$ 703	$ 515	$ 188	37 %
Average loans by C&IB business				
Corporate Banking	$ 78,975	$ 83,762	$ (4,787)	(6)%
Real Estate	42,313	40,030	2,283	6 %
Business Credit	23,367	23,009	358	2 %
Commercial Banking	12,435	10,093	2,342	23 %
Other	3,669	4,291	(622)	(14)%
Total average loans	$ 160,759	$ 161,185	$ (426)	—
<u>Credit-related statistics</u>				
Nonperforming assets (f)	$ 1,061	$ 832	$ 229	28 %
Net charge-offs - loans and leases	$ 290	$ 181	$ 109	60 %

*- Not Meaningful

(a) See the additional revenue discussion regarding treasury management, capital markets-related products and services 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 other noninterest income for valuations on commercial mortgage loans held for sale and related commitments, derivative valuations, originations 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 (primarily in corporate service fees) 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) Amounts are reported in corporate service fees.
(f) As of September 30.

Corporate & Institutional Banking earnings in the first nine months of 2021 increased $2.3 billion compared with the same period in 2020 driven by a provision recapture and higher total revenue, partially offset by higher noninterest expense. Results for the first nine months of 2021 reflect the benefit of BBVA's business operations since the acquisition closed on June 1, 2021.

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

Growth in noninterest income in the comparison reflected broad-based increases, including the benefit of BBVA, in capital markets-related revenue, treasury management product revenue and revenue from commercial mortgage banking activities.

Provision recapture in the first nine months of 2021 was driven by improvements in credit quality and macroeconomic factors along with changes in portfolio composition, partially offset by the additional provision for credit losses related to the BBVA acquisition.

Noninterest expense increased in the comparison largely due to higher variable costs associated with increased business activity and the BBVA acquisition.

Average loans decreased compared with the nine months ended September 30, 2020 due to declines in Corporate Banking, partially offset by increases in Commercial Banking, Real Estate and Business Credit:

- Corporate Banking provides lending, equipment finance, treasury management and capital markets-related products and services to mid-sized and large corporations, and government and not-for-profit entities. Average loans for this business declined reflecting lower average utilization of loan commitments, partially offset by loans from BBVA and new production.
- Commercial Banking provides lending, treasury management and capital markets-related products and services to smaller corporations and businesses. Average loans for this business increased primarily driven by loans from BBVA and PPP loan originations.
- Real Estate provides banking, financing and servicing solutions for commercial real estate clients across the country. Average loans for this business increased reflecting loans from BBVA, partially offset by lower commercial mortgage and multifamily agency warehouse lending.
- 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 marketable collateral. Average loans for this business increased primarily driven by new production and loans from BBVA, partially offset by 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 increased in the comparison reflecting customers maintaining liquidity due to the economic impacts of the pandemic. We continue to actively monitor the interest rate environment and make adjustments in response to evolving market conditions, bank funding needs and client relationship dynamics.

Corporate & Institutional Banking continues to expand its Corporate Banking business, focused on the middle market and larger sectors. We executed on our expansion plans into the Seattle and Portland markets in 2020, and in 2021, the BBVA acquisition accelerated our expansion efforts across the Southwest; however this has not changed our strategy regarding our de novo expansion efforts. This follows offices opened in Boston and Phoenix in 2019, Denver, Houston and Nashville in 2018, and Dallas, Kansas City and Minneapolis in 2017. These locations complement Corporate & Institutional Banking national businesses with a significant presence in these cities and build on past successes in the markets where PNC’s retail banking presence was limited, such as in the Southeast. Our full suite of commercial products and services is offered in these locations.

Product Revenue

In addition to credit and deposit products for commercial customers, Corporate & Institutional Banking offers other services, including treasury management, capital markets-related 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, corporate service fees and other noninterest income. 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. The

Other Information section in Table 12 includes the consolidated revenue to PNC for these 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. Within Treasury Management, PNC Global Transfers (formerly BBVA Transfer Services, Inc.) provides wholesale money transfer processing capabilities between the U.S. and Mexico and other countries primarily in Central America and South America. 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 the first nine months of 2020, treasury management revenue increased due to higher deposit balances and higher noninterest income, partially offset by narrower interest rate spreads on the value of deposits.

Capital markets-related products and services include foreign exchange, derivatives, fixed income, securities underwriting, loan syndications, mergers and acquisitions advisory and equity capital markets advisory related services. The increase in capital markets-related revenue in the comparison was mostly driven by higher merger and acquisition advisory fees as well as higher equity capital market advisory fees, partially offset by lower customer-related derivative fees.

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

Asset Management Group

Asset Management Group is focused on being a premier bank-held individual and institutional asset manager in each of the markets it serves. The business seeks to deliver high quality banking, trust and investment management services to our high net worth, ultra high net worth and institutional client sectors through a broad array of products and services. 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 13: Asset Management Group Table

(Unaudited) Nine months ended September 30 Dollars in millions, except as noted	2021	2020	Change $	Change %
Income Statement				
Net interest income	$ 346	$ 266	$ 80	30 %
Noninterest income	729	629	100	16 %
Total revenue	1,075	895	180	20 %
Provision for credit losses	8	23	(15)	(65)%
Noninterest expense	676	647	29	4 %
Pretax earnings	391	225	166	74 %
Income taxes	91	52	39	75 %
Earnings	$ 300	$ 173	$ 127	73 %
Average Balance Sheet				
Loans				
Consumer				
Residential real estate	$ 4,608	$ 2,667	$ 1,941	73 %
Other consumer	4,249	4,031	218	5 %
Total consumer	8,857	6,698	2,159	32 %
Commercial	1,629	849	780	92 %
Total loans	$ 10,486	$ 7,547	$ 2,939	39 %
Total assets	$ 11,124	$ 8,041	$ 3,083	38 %
Deposits				
Noninterest-bearing demand	$ 2,884	$ 1,528	$ 1,356	89 %
Interest-bearing demand	9,597	7,566	2,031	27 %
Money market	3,610	1,616	1,994	123 %
Savings	7,755	7,279	476	7 %
Other	628	707	(79)	(11)%
Total deposits	$ 24,474	$ 18,696	$ 5,778	31 %
Performance Ratios				
Return on average assets	3.61 %	2.88 %		
Noninterest income to total revenue	68 %	70 %		
Efficiency	63 %	72 %		
Supplemental Noninterest Income Information				
Asset management fees	$ 713	$ 615	$ 98	16 %
Brokerage fees	6		6	*
Total	$ 719	$ 615	$ 104	17 %
Other Information				
Nonperforming assets (a)	$ 80	$ 39	$ 41	105 %
Net charge-offs - loans and leases	$ 1		$ 1	*
Brokerage account client assets (in billions) (a)	$ 5		$ 5	*
Client Assets Under Administration (in billions) (a) (b)				
Discretionary client assets under management	$ 183	$ 158	$ 25	16 %
Nondiscretionary client assets under administration	170	142	28	20 %
Total	$ 353	$ 300	$ 53	18 %
Discretionary client assets under management				
Personal	$ 117	$ 99	$ 18	18 %
Institutional	66	59	7	12 %
Total	$ 183	$ 158	$ 25	16 %

* - Not meaningful
(a) As of September 30.
(b) Excludes brokerage account client assets.

Asset Management Group earnings in the first nine months of 2021 increased $127 million compared with the same period in 2020 driven by higher revenue and lower provision for credit losses. Results for the first nine months of 2021 reflect the benefit of BBVA's business operations since the acquisition closed in June 2021.

Net interest income increased due to growth in average loan and deposit balances, reflecting the BBVA acquisition and wider interest rate spreads on loans. This was partially offset by narrower interest rate spreads on deposits.

The increase in noninterest income was primarily attributable to increases in the average equity markets and the benefit of BBVA.

Noninterest expense increased due to the impact of BBVA operations, partially offset by intangible asset amortization run-off.

Provision for credit losses in the first nine months of 2021 was driven by the additional provision for credit losses related to the BBVA acquisition, partially offset by improvements in credit quality and macroeconomic factors.

Discretionary client assets under management increased in comparison to the prior year primarily due to the higher equity markets as of September 30, 2021.

The Asset Management Group strives to be the leading relationship-based provider of investment, planning, credit and cash management solutions and fiduciary services to wealthy individuals and institutions by proactively delivering value-added ideas, solutions and exceptional service.

With the inclusion of BBVA, PNC Private Bank has approximately 100 offices operating in eight out of the ten most affluent states in the U.S. with a majority co-located with retail banking branches. The business provides customized investments, planning, trust and estate administration and private banking solutions to affluent individuals and ultra-affluent families.

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.

Risk Management

The Risk Management section included in Item 7 of our 2020 Form 10-K describes our enterprise risk management framework including risk culture, enterprise strategy, risk governance and oversight framework, risk identification, risk assessment, risk controls and monitoring, and risk aggregation and reporting. Additionally, our 2020 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).

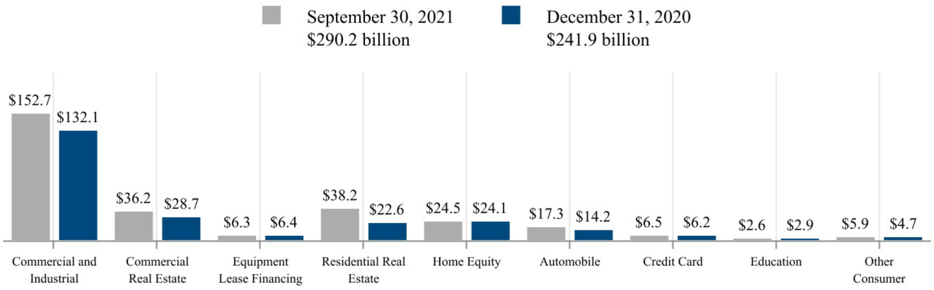
Upon closing of the acquisition of BBVA, the PNC Enterprise Risk Management Framework applied to the legal entities acquired from BBVA S.A., including BBVA USA. Prior to closing, PNC's Independent Risk Management group evaluated and updated the frameworks, policies and procedures of the acquired BBVA entities as necessary. The updates were made to align the acquired BBVA entities with PNC's risk appetite and connected the elements of their respective risk governance and reporting into PNC's existing enterprise risk framework. Connecting the existing BBVA risk governance and reporting framework into PNC's existing enterprise risk framework allowed separate risk profiles, governance, and reporting for PNC Bank and the acquired BBVA entities during the period from acquisition through conversion, while also providing the ability to consolidate into one enterprise risk profile that was communicated through the established risk governance and reporting for PNC. Upon the merger of BBVA USA into PNC Bank, completed on October 8, 2021, the updated BBVA risk governance and reporting framework is no longer applicable as all acquired BBVA entities are under PNC's framework.

Credit Risk Management

Credit risk represents the possibility that a customer, counterparty or issuer may not perform in accordance with contractual terms. 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.

Loan Portfolio Characteristics and Analysis

Table 14: Details of Loans
In billions



We use several credit quality indicators, as further detailed in Note 4 Loans and Related Allowance for Credit Losses in the Notes To Consolidated Financial Statements included in Item 1 of this Report, 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 53% and 55% of our total loan portfolio at September 30, 2021 and December 31, 2020, 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 geography that may exist in our portfolio. Our commercial and industrial portfolio is well-diversified as shown in the following table which provides a breakout by industry classification (classified based on the NAICS).

Table 15: Commercial and Industrial Loans by Industry

	September 30, 2021		December 31, 2020	
Dollars in millions	Amount	% of Total	Amount	% of Total
Commercial and industrial				
Manufacturing	$ 22,760	15 %	$ 20,712	16 %
Retail/wholesale trade	22,238	15	20,218	15
Service providers	20,969	14	19,419	15
Financial services	18,022	12	14,909	11
Real estate related (a)	14,809	10	13,369	10
Health care	10,567	7	8,987	7
Transportation and warehousing	7,318	5	7,095	5
Other industries	36,052	22	27,364	21
Total commercial and industrial loans	$ 152,735	100 %	$ 132,073	100 %

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

The increase in commercial and industrial loans compared to December 31, 2020 primarily reflects the acquisition of BBVA. Amounts also include $6.8 billion of PPP loans outstanding at September 30, 2021. PPP loans outstanding at December 31, 2020 totaled $12.0 billion. For additional information on PPP lending, see the COVID-19 Relief section within Item I of our 2020 Form 10-K.

See the Commercial High Impact Industries discussion within this Credit Risk Management section for additional discussion of the impact of COVID-19 on our commercial portfolio and how we are evaluating and monitoring the portfolio for elevated levels of credit risk.

Commercial Real Estate

Commercial real estate loans comprised $20.9 billion related to commercial mortgages, $8.4 billion of real estate project loans and $6.9 billion of intermediate term financing loans as of September 30, 2021. Comparable amounts as of December 31, 2020 were $17.3 billion, $6.3 billion and $5.1 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, 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 16: Commercial Real Estate Loans by Geography and Property Type

	September 30, 2021		December 31, 2020	
Dollars in millions	Amount	% of Total	Amount	% of Total
Geography (a)				
California	$ 5,953	16 %	$ 4,458	16 %
Texas	4,052	11	2,031	7
Florida	3,497	10	2,991	10
Virginia	1,798	5	1,586	6
Maryland	1,683	5	1,770	6
Pennsylvania	1,556	4	1,425	5
Ohio	1,262	3	1,247	4
Colorado	1,237	3	584	2
Illinois	1,182	3	900	3
Arizona	1,141	3	636	2
Other	12,834	37	11,088	39
Total commercial real estate loans	$ 36,195	100 %	$ 28,716	100 %
Property Type				
Multifamily	$ 12,148	34 %	$ 9,617	33 %
Office	9,959	28	7,691	27
Retail	3,759	10	3,490	12
Industrial/warehouse	2,832	8	1,999	7
Seniors housing	2,403	7	1,417	5
Hotel/motel	2,355	7	1,954	7
Mixed use	756	2	835	3
Other	1,983	4	1,713	6
Total commercial real estate loans	$ 36,195	100 %	$ 28,716	100 %

(a) Presented in descending order based on loan balances at September 30, 2021.

Commercial High Impact Industries

In light of the economic circumstances related to COVID-19, we are continuing to evaluate and monitor our entire commercial portfolio for elevated levels of credit risk; however, the industry sectors that have been and we believe will continue to be most likely impacted by the effects of the pandemic are:

- Non-real estate related
    - Leisure recreation: restaurants, casinos, hotels, convention centers
    - Non-essential retail: retail excluding auto, gas, staples
    - Healthcare facilities: elective, private practices
    - Consumer services: religious organizations, childcare
    - Leisure travel: cruise, airlines, other travel/transportation
    - Other impacted areas: shipping, senior living, specialty education

- Real estate related
    - Non-essential retail and restaurants: malls, lifestyle centers, outlets, restaurants
    - Hotel: full service, limited service, extended stay
    - Seniors housing: assisted living, independent living

As of September 30, 2021, our outstanding loan balances in these industries totaled $21.2 billion, or approximately 7% of our total loan portfolio, while additional unfunded loan commitments totaled $13.3 billion. We continue to carefully monitor and manage these loans, and while we have not yet experienced material charge-offs in these industries, we believe uncertainty relative to the timing and level of long-term recovery remains high.

In our non-real estate related category we have $12.3 billion in loans outstanding, $1.7 billion of which are funded through the PPP and guaranteed by the SBA. Nonperforming loans in these industries totaled $0.2 billion, or 2% of total loans outstanding in the non-real estate related category, while criticized assets totaled $1.8 billion at September 30, 2021 with the greatest stress seen in the leisure recreation and leisure travel sectors.

Within the real estate related category we have $8.9 billion in loans outstanding, which includes real estate projects of $6.6 billion and unsecured real estate of $2.3 billion. Nonperforming loans in these industries totaled $0.2 billion at September 30, 2021, or 2% of total loans outstanding in the commercial real estate related category. In this category, while loan performance has not materially deteriorated, these industries continue to face headwinds that have resulted in a slower recovery compared with the pace of the overall economy.

Oil and Gas Loan Portfolio
As of September 30, 2021, our outstanding loans in the oil and gas sector totaled $3.9 billion, or 1% of total loans. This portfolio comprised approximately $1.4 billion in the midstream and downstream sectors, $1.0 billion of oil services companies and $1.5 billion related to exploration and production companies. Of the oil services category, approximately $0.3 billion is not asset-based or investment grade. Nonperforming loans in the oil and gas sector as of September 30, 2021 totaled $0.2 billion, or 5% of total loans outstanding in this sector. Additional unfunded loan commitments for the oil and gas portfolio totaled $10.1 billion at September 30, 2021.

Consumer

Residential Real Estate
Residential real estate loans primarily consisted of residential mortgage loans at both September 30, 2021 and December 31, 2020.

We obtain loan attributes at origination, including original 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, 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.

Newly originated loans that we retained on our balance sheet over the last twelve months had a weighted-average LTV on originations of 67% and a weighted-average FICO score of 776.

The following table presents our residential real estate loans by geography:

Table 17: Residential Real Estate Loans by Geography

Dollars in millions	September 30, 2021		December 31, 2020	
	Amount	% of Total	Amount	% of Total
Geography (a)				
California	$ 13,930	36 %	$ 7,828	35 %
Texas	4,524	12	409	2
Florida	3,089	8	1,620	7
Washington	1,657	4	1,104	5
New Jersey	1,594	4	1,635	7
Arizona	1,464	4	163	1
New York	1,184	3	1,020	5
Colorado	1,174	3	262	1
Pennsylvania	1,037	3	1,036	5
Illinois	963	3	1,039	5
Other	7,598	20	6,444	27
Total residential real estate loans	$ 38,214	100 %	$ 22,560	100 %

(a) Presented in descending order based on loan balances at September 30, 2021.

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 $29.9 billion at September 30, 2021 with 43% located in California. Comparable amounts at December 31, 2020 were $17.9 billion and 41%, respectively.

<u>Home Equity</u>

Home equity loans comprised $15.3 billion of primarily variable-rate home equity lines of credit and $9.2 billion of closed-end home equity installment loans at September 30, 2021. Comparable amounts were $12.6 billion and $11.5 billion as of December 31, 2020, respectively.

We track borrower performance of this portfolio monthly similarly to residential real estate loans. 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, brokered home equity lines of credit) and track the historical performance of any related mortgage loans regardless of whether we hold the lien. 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 the loan delinquency, nonperforming status, modification and bankruptcy status, FICO scores, LTV, lien position and geographic concentration.

Newly originated loans over the last twelve months had a weighted-average LTV on originations of 66% and a weighted-average FICO score of 782.

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 an industry-leading 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 our home equity loans by geography and lien type:

Table 18: Home Equity Loans by Geography and by Lien Type

	September 30, 2021		December 31, 2020	
Dollars in millions	Amount	% of Total	Amount	% of Total
Geography (a)				
Pennsylvania	$ 5,169	21 %	$ 5,602	23 %
New Jersey	3,151	13	3,462	14
Ohio	2,459	10	2,753	11
Florida	1,703	7	1,536	6
Michigan	1,271	5	1,398	6
Maryland	1,216	5	1,332	6
Illinois	1,200	5	1,411	6
Texas	1,026	4	7	
North Carolina	937	4	1,043	4
Kentucky	800	3	922	4
Other	5,547	23	4,622	20
Total home equity loans	$ 24,479	100 %	$ 24,088	100 %
Lien type				
1st lien		61 %		63 %
2nd lien		39		37
Total		100 %		100 %

(a) Presented in descending order based on loan balances at September 30, 2021.

Automobile

Auto loans comprised $16.0 billion in the indirect auto portfolio and $1.3 billion in the direct auto portfolio as of September 30, 2021. Comparable amounts as of December 31, 2020 were $12.7 billion and $1.5 billion, respectively. The indirect auto portfolio pertains to loans originated 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 19: Auto Loan Key Statistics

	September 30, 2021	December 31, 2020
Weighted-average loan origination FICO score (a)		
Indirect auto	793	784
Direct auto	774	768
Weighted-average term of loan originations - in months (a)		
Indirect auto	72	72
Direct auto	62	62

(a) Weighted-averages calculated for the twelve months ended September 30, 2021 and December 31, 2020, respectively, 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 19. We offer both new and used auto financing to customers through our various channels. The portfolio balance was composed of 53% new vehicle loans and 47% used vehicle loans at September 30, 2021. Comparable amounts at December 31, 2020 were 56% and 44%, 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 in the Notes To Consolidated Financial Statements included in Item 8 of our 2020 Form 10-K for details on our nonaccrual policies.

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

Table 20: Nonperforming Assets by Type (a)

Dollars in millions	September 30, 2021	December 31, 2020	Change $	Change %
Nonperforming loans				
Commercial	$ 1,204	$ 923	$ 281	30 %
Consumer (b)	1,324	1,363	(39)	(3)%
Total nonperforming loans	2,528	2,286	242	11 %
OREO and foreclosed assets	31	51	(20)	(39)%
Total nonperforming assets	$ 2,559	$ 2,337	$ 222	9 %
TDRs included in nonperforming loans	$ 798	$ 902	$ (104)	(12)%
Percentage of total nonperforming loans	32 %	39 %		
Nonperforming loans to total loans	0.87 %	0.94 %		
Nonperforming assets to total loans, OREO and foreclosed assets	0.88 %	0.97 %		
Nonperforming assets to total assets	0.46 %	0.50 %		
Allowance for loan and lease losses to nonperforming loans	212 %	235 %		

(a) Includes $715 million of nonperforming assets at September 30, 2021, $666 million in the commercial portfolio, $41 million in the consumer portfolio and $8 million of OREO and foreclosed assets, attributable to BBVA.
(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.

Increases in nonperforming assets from December 31, 2020 primarily reflects the impact of BBVA, partially offset by improved credit performance throughout 2021.

The following table provides details on the change in nonperforming assets for the nine months ended September 30, 2021 and 2020:

Table 21: Change in Nonperforming Assets

In millions	2021	2020
January 1	$ 2,337	$ 1,752
New nonperforming assets	821	1,361
Acquired nonperforming assets (a)	880	
Charge-offs and valuation adjustments	(202)	(324)
Principal activity, including paydowns and payoffs	(783)	(418)
Asset sales and transfers to loans held for sale	(131)	(68)
Returned to performing status	(363)	(151)
September 30	$ 2,559	$ 2,152

(a) Represents the June 30, 2021 balance of nonperforming assets attributable to BBVA. Changes in this acquired portfolio for the three months ended September 30, 2021 are reflected in the appropriate category based on activity.

As of September 30, 2021, approximately 99% 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 44% of total residential real estate nonperforming loans while home equity TDRs comprised 38% of home equity nonperforming loans at September 30, 2021. Comparable amounts at December 31, 2020 were 47% and 41%, 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. Loans that have been restructured for COVID-19 related hardships and meet certain criteria under the CARES Act are not identified as TDRs. Refer to the Troubled Debt Restructurings and Loan Modifications discussion in this Credit Risk Management section for more information on the treatment of loan modifications under the CARES Act.

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.

Pursuant to the interagency guidance issued in April 2020 and in connection with the credit reporting rules from the CARES Act, the September 30, 2021 and December 31, 2020 delinquency status of loans modified due to COVID-19 related hardships aligns with the rules set forth for banks to report delinquency status to the credit agencies. These rules require that COVID-19 related loan modifications be reported as follows:

- if current at the time of modification, the loan remains current throughout the modification period,
- if delinquent at the time of modification and the borrower was not made current as part of the modification, the loan maintains its reported delinquent status during the modification period, or
- if delinquent at the time of modification and the borrower was made current as part of the modification or became current during the modification period, the loan is reported as current.

As a result, certain loans modified due to COVID-19 related hardships are not being reported as past due as of September 30, 2021 and December 31, 2020 based on the contractual terms of the loan, even where borrowers may not be making payments on their loans during the modification period. Loan modifications due to COVID-19 related hardships that permanently reduce either the contractual interest rate or the principal balance of a loan do not qualify for TDR relief under the CARES Act or the interagency guidance. See the COVID-19 Relief section in Item 1 of our 2020 Form 10-K for more information on the CARES Act and the related interagency guidance.

Table 22: Accruing Loans Past Due (a)

	Amount				% of Total Loans Outstanding	
			Change			
Dollars in millions	September 30 2021 (b)	December 31 2020	$	%	September 30 2021	December 31 2020
Early stage loan delinquencies						
Accruing loans past due 30 to 59 days	$ 659	$ 620	$ 39	6 %	0.23 %	0.26 %
Accruing loans past due 60 to 89 days	245	234	11	5 %	0.08 %	0.10 %
Total early stage loan delinquencies	904	854	50	6 %	0.31 %	0.35 %
Late stage loan delinquencies						
Accruing loans past due 90 days or more	492	509	(17)	(3)%	0.17 %	0.21 %
Total accruing loans past due	$ 1,396	$ 1,363	$ 33	2 %	0.48 %	0.56 %

(a) Past due loan amounts include government insured or guaranteed loans of $0.5 billion and $0.6 billion at September 30, 2021 and December 31, 2020, respectively.
(b) Amounts as of September 30, 2021 include $300 million of early stage loan delinquencies and $72 million of late stage loan delinquencies attributable to BBVA.

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). Loans to borrowers experiencing COVID-19 related hardships that have been restructured but that meet certain criteria under the CARES Act are not categorized as TDRs. For additional information on the CARES Act, including TDR treatment under the CARES Act and interagency guidance, see the COVID-19 Relief section within Item 1 of our 2020 Form 10-K.

The following table provides a summary of troubled debt restructurings at September 30, 2021 and December 31, 2020, respectively:

Table 23: Summary of Troubled Debt Restructurings (a)

Dollars in millions	September 30 2021	December 31 2020	Change $	Change %
Commercial	$ 486	$ 528	$ (42)	(8)%
Consumer	970	1,116	(146)	(13)%
Total TDRs	$ 1,456	$ 1,644	$ (188)	(11)%
Nonperforming	$ 798	$ 902	$ (104)	(12)%
Accruing (b)	658	742	(84)	(11)%
Total TDRs	$ 1,456	$ 1,644	$ (188)	(11)%

(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 32% of total nonperforming loans and 55% of total TDRs at September 30, 2021. Comparable amounts at December 31, 2020 were 39% and 55%, 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 4 Loans and Related Allowance for Credit Losses in the Notes to Consolidated Financial Statements included in Item 1 of this Report for additional information on TDRs.

Loan Modifications

During the first nine months of 2021, PNC continued to provide relief to our customers from the economic impacts of COVID-19 through a variety of solutions, including additional grants and extensions of loan and lease modifications under our hardship relief programs. We continued to see a reduction in the number of customers in active assistance from the peak in the summer of 2020, which led to additional declines in loans under modification that present credit risk to PNC at September 30, 2021.

The impact of these modifications was considered within the quarterly reserve determination. See the Allowance for Credit Losses discussion within the Critical Accounting Estimates and Judgments section of this Financial Review for additional information. Refer to the Loan Delinquencies discussion in this Credit Risk Management section for information on how these hardship related loan modifications are reported from a delinquency perspective as of September 30, 2021.

Under the CARES Act, loan modifications meeting certain criteria qualify the loan for relief from TDR treatment. Loans that do not meet the criteria for TDR relief under the CARES Act may also be evaluated under interagency guidance. For additional information on this criteria, see the Loan Modifications discussion in the Credit Risk Management section within Item 7 of our 2020 Form 10-K.

Consumer Loan Modifications Under Hardship Relief Programs

Our consumer loan modification programs are being granted in response to customer hardships that extended beyond the initial relief period. These loan and line modifications include all hardship related modifications. See the Loan Modifications discussion within Credit Risk Management in Item 7 of our 2020 Form 10-K for additional details.

The following table provides a summary of consumer accounts in active assistance under hardship relief programs that were on our balance sheet at September 30, 2021. Excluded from Table 24 are government insured or guaranteed loans totaling $284 million in each of the Residential real estate and Education loan classes. These loans present minimal credit risk to PNC. Loans in active hardship assistance programs offered by BBVA prior to acquisition were $59 million at September 30, 2021 and are excluded from Table 24.

Table 24: Consumer Loans in Active Hardship Relief Programs (a) (b)

As of September 30, 2021 - Dollars in millions	Number of Accounts		Unpaid Principal Balance	% of Loan Class (c)	% Making Payment in Last Payment Cycle
Consumer					
Residential real estate	1,334	$	234	0.6 %	36.5 %
Home equity	665		46	0.2 %	82.8 %
Automobile	2,556		57	0.3 %	74.3 %
Credit card	6,519		41	0.6 %	71.6 %
Education	2,449		37	1.4 %	55.9 %
Other consumer	553		7	0.1 %	77.2 %
Total consumer (d)	14,076	$	422	0.4 %	69.0 %

(a) In cases where there have been multiple modifications on an individual loan, regardless of the number of modifications granted, each loan is counted only once in this table.
(b) Amounts include loan modifications that qualify for TDR accounting totaling $101 million.
(c) Based on total loans outstanding at September 30, 2021.
(d) Approximately 80% of these loan balances were secured by collateral at September 30, 2021.

Modifications are considered to have exited active assistance after the modification period has expired or the modification was exited. As of September 30, 2021, approximately 97% of the accruing consumer loans that have exited hardship relief program modifications offered by legacy PNC were current or less than 30 days past due.

See the Credit Risk Management section within Item 7 of our 2020 Form 10-K for information on the TDR impacts of our modification programs.

Allowance for Credit Losses

Our ACL is based on historical loss and performance experience, which is captured through PD, as well as current borrower risk characteristics including collateral type and quality, 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 and determine this allowance based on quarterly assessments of the remaining estimated contractual term of the assets or exposures as of the balance sheet date.

See Note 1 Accounting Policies in the Notes To Consolidated Financial Statements included in Item 8 of our 2020 Form 10-K and the Credit Risk Management section within Item 7 of our 2020 Form 10-K for additional discussion of our ACL, including details of our methodologies. See also the Critical Accounting Estimates and Judgments section of this Financial Review for further discussion of the assumptions used in the determination of the ACL as of September 30, 2021.

The following table summarizes our allowance for credit losses by loan class:

Table 25: Allowance for Credit Losses by Loan Class (a)

	September 30, 2021			December 31, 2020		
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	$ 2,173	$ 152,735	1.42 %	$ 2,300	$ 132,073	1.74 %
Commercial real estate	1,312	36,195	3.62 %	880	28,716	3.06 %
Equipment lease financing	118	6,257	1.89 %	157	6,414	2.45 %
Total commercial	3,603	195,187	1.85 %	3,337	167,203	2.00 %
Consumer						
Residential real estate	42	38,214	0.11 %	28	22,560	0.12 %
Home equity	167	24,479	0.68 %	313	24,088	1.30 %
Automobile	365	17,265	2.11 %	379	14,218	2.67 %
Credit card	701	6,466	10.84 %	816	6,215	13.13 %
Education	81	2,653	3.05 %	129	2,946	4.38 %
Other consumer	396	5,966	6.64 %	359	4,698	7.64 %
Total consumer	1,752	95,043	1.84 %	2,024	74,725	2.71 %
Total	5,355	$ 290,230	1.85 %	5,361	$ 241,928	2.22 %
Allowance for unfunded lending related commitments	646			584		
Allowance for credit losses	$ 6,001			$ 5,945		
Allowance for credit losses to total loans			2.07 %			2.46 %
Commercial			2.12 %			2.29 %
Consumer			1.96 %			2.84 %

(a) Excludes allowances for investment securities and other financial assets, which together totaled $162 million and $109 million at September 30, 2021 and December 31, 2020, respectively.

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

Table 26: Loan Charge-Offs and Recoveries

Nine months ended September 30 Dollars in millions	Gross Charge-offs	Recoveries	Net Charge-offs / (Recoveries)	% of Average Loans (Annualized)
2021				
Commercial				
Commercial and industrial	$ 350	$ 68	$ 282	0.27 %
Commercial real estate	34	5	29	0.12 %
Equipment lease financing	9	8	1	0.02 %
Total commercial	393	81	312	0.23 %
Consumer				
Residential real estate	11	20	(9)	(0.04)%
Home equity	16	63	(47)	(0.26)%
Automobile	120	117	3	0.03 %
Credit card	196	36	160	3.52 %
Education	11	6	5	0.24 %
Other consumer	130	21	109	2.77 %
Total consumer	484	263	221	0.36 %
Total	$ 877	$ 344	$ 533	0.27 %
2020				
Commercial				
Commercial and industrial	$ 249	$ 52	$ 197	0.19 %
Commercial real estate	1	6	(5)	(0.02)%
Equipment lease financing	19	7	12	0.23 %
Total commercial	269	65	204	0.15 %
Consumer				
Residential real estate	4	12	(8)	(0.05)%
Home equity	31	44	(13)	(0.07)%
Automobile	210	95	115	0.93 %
Credit card	228	26	202	3.98 %
Education	13	6	7	0.29 %
Other consumer	110	14	96	2.61 %
Total consumer	596	197	399	0.68 %
Total	$ 865	$ 262	$ 603	0.32 %

Total net charge-offs decreased $70 million, or 12%, for the first nine months of 2021 compared to the same period in 2020. Commercial net charge-offs increased in the comparative primarily related to charge-offs attributable to BBVA, which were largely the result of required purchase accounting treatment for the acquisition. This increase was more than offset by declines in consumer net-charge-offs, driven primarily by decreases in automobile and credit card due to the continued favorable impact of government stimulus programs benefiting consumers, as well as the increase in automobile collateral values which has limited our losses in the auto portfolio.

See Note 1 Accounting Policies in the Notes to Consolidated Financial Statements included in Item 8 of our 2020 Form 10-K and Note 4 Loans and Related Allowance for Credit Losses in the Notes To Consolidated Financial Statements in Item 1 of this Report for additional information.

<u>Liquidity and Capital Management</u>

Liquidity risk, including our liquidity monitoring measures and tools, is described in further detail in the Liquidity and Capital Management section of our 2020 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. The LCR is calculated by dividing the amount of an institution's HQLA, as calculated in accordance with the LCR rules, by its estimated, weighted net cash outflows, with net cash outflows determined by applying the assumed outflow factors in the LCR rules. The resulting quotient is expressed as a percentage. Effective January 1, 2020, PNC and PNC Bank, as Category III institutions under the Tailoring Rules, were subject to a reduced LCR requirement, with each company's net outflows reduced by 15%, thereby reducing the amount of HQLA each institution must hold to meet the LCR minimum requirement. The minimum LCR that PNC and PNC Bank are required to maintain continues to be 100%. PNC and PNC Bank calculate the LCR daily, and as of September 30, 2021, the LCR for PNC and PNC Bank exceeded the requirement of 100%.

Due to certain transition provisions in the LCR rules, BBVA USA was not subject to the LCR on a standalone basis prior to the merger into PNC Bank as the merger was completed prior to the effective date for BBVA USA's LCR compliance in 2022.

We provide additional information regarding regulatory liquidity requirements and their potential impact on us in the Supervision and Regulation and Recent Regulatory Developments section of Item 1 Business and Item 1A Risk Factors of our 2020 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 $448.9 billion at September 30, 2021 from $365.3 billion at December 31, 2020, driven by growth in both noninterest-bearing and interest-bearing deposits primarily due to the BBVA acquisition. See the Funding Sources portion of the Consolidated Balance Sheet Review section of this Financial Review 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 September 30, 2021, 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 $87.0 billion and securities available for sale totaling $124.1 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. Our liquid assets included $25.2 billion of securities available for sale and trading securities pledged as collateral to secure public and trust deposits, repurchase agreements and for other purposes. In addition, $0.1 billion of securities held to maturity were also pledged as collateral for these purposes.

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 Report and Note 10 Borrowed Funds in Item 8 of our 2020 Form 10-K for additional information related to our borrowings.

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

Table 27: Senior and Subordinated Debt

In billions		2021
January 1	$	30.7
Issuances		1.7
Calls and maturities		(3.9)
Other		(0.7)
Impact from BBVA acquisition		2.2
September 30	$	30.0

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 September 30, 2021, PNC Bank had $15.9 billion of notes outstanding under this program of which $10.9 billion were senior bank notes and $5.0 billion were subordinated bank notes.

At September 30, 2021, BBVA USA had $2.1 billion of notes outstanding, of which $1.3 billion were senior bank notes and $0.8 billion were subordinated banks notes.

See Note 16 Subsequent Events for details on the $750 million bank note redemption announced on October 29, 2021.

PNC Bank maintains additional secured borrowing capacity with the FHLB 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 September 30, 2021, our unused secured borrowing capacity at the FHLB and the Federal Reserve Bank totaled $95.3 billion.

PNC Bank has the ability to offer up to $10.0 billion of its commercial paper to provide additional liquidity. At September 30, 2021, 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 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 adequate liquidity to fund discretionary activities such as paying dividends to our shareholders, share repurchases and acquisitions.

At September 30, 2021, available parent company liquidity totaled $6.0 billion. Parent company liquidity is primarily held in intercompany cash. Investments with longer durations may also be acquired, and if so, 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 and regulations,
- Corporate policies,
- Contractual restrictions, and
- Other factors.

There are statutory and regulatory limitations on the ability of a 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 $3.1 billion at September 30, 2021. See Note 20 Regulatory Matters in the Notes To Consolidated Financial Statements in our 2020 Form 10-K for further discussion of these limitations. Due to the net earnings restrictions on dividend distributions under Alabama law, BBVA USA was not permitted to pay dividends any time between the BBVA acquisition on June 1, 2021 and the bank merger on October 8, 2021 without regulatory approval.

See Note 16 Subsequent Events for details on PNC Bank's return of capital of $3.0 billion to the parent company.

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. The parent company has the ability to offer up to $5.0 billion of commercial paper to provide additional liquidity. At September 30, 2021, there were no commercial paper issuances outstanding.

On August 4, 2021, PNC redeemed all of the outstanding senior notes due September 3, 2021 issued by PNC in the amount of $500 million. The securities had a distribution rate of 3.250%. The redemption price was equal to $1,000 per $1,000 in principal amount, plus any accrued and unpaid distributions to the redemption date.

On August 13, 2021, the parent company issued $700 million of senior notes with a maturity date of August 13, 2026. Interest is payable semi-annually in arrears at a fixed rate of 1.15% per annum, on August 13 and February 13 of each year, beginning on February 13, 2022.

Parent company senior and subordinated debt outstanding totaled $11.4 billion and $10.6 billion at September 30, 2021 and December 31, 2020, 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 in our 2020 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 in the Notes To Consolidated Financial Statements of this Report.

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 September 30, 2021:

Table 28: Credit Ratings for PNC and PNC Bank

	September 30, 2021		
	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

On July 12, 2021, Moody's downgraded PNC Bank's long-term deposit rating from Aa2 to Aa3. The rating action was driven by a change in Moody's rating methodology and no impact to PNC or its businesses is expected as a result of this downgrade. PNC Bank's senior unsecured and subordinated debt ratings were affirmed at A2 and A3, respectively. At the same time, the Moody's rating outlook on PNC Bank's long-term deposit, senior unsecured debt and issuer ratings were raised from negative to stable. The credit rating agencies have withdrawn ratings on BBVA USA as the entity no longer exists.

Capital Management

Detailed information on our capital management processes and activities, including additional information on our previous CCAR submissions and capital plans, is included in the Capital Management portion of the Risk Management section in our 2020 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 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.

In the third quarter of 2021, we returned capital to shareholders through dividends on common shares of $0.5 billion and $0.4 billion of common share repurchases, representing 2.1 million shares. Repurchases were made under the share repurchase programs of up to $2.9 billion for the four-quarter period beginning in the third quarter of 2021.

On October 1, 2021, the PNC Board of Directors declared a quarterly cash dividend on common stock of $1.25 per share payable on November 5, 2021.

Table 29: Basel III Capital

	September 30, 2021	
Dollars in millions	Basel III (a)	Fully Implemented (estimated) (b)
Common equity Tier 1 capital		
Common stock plus related surplus, net of treasury stock	$ 630	$ 630
Retained earnings	50,598	49,541
Goodwill, net of associated deferred tax liabilities	(10,673)	(10,673)
Other disallowed intangibles, net of deferred tax liabilities	(469)	(469)
Other adjustments/(deductions)	(48)	(53)
Common equity Tier 1 capital	40,038	38,976
Additional Tier 1 capital		
Preferred stock plus related surplus	5,009	5,009
Tier 1 capital	45,047	43,985
Additional Tier 2 capital		
Qualifying subordinated debt	3,724	3,724
Trust preferred capital securities	20	
Eligible credit reserves includable in Tier 2 capital	4,191	4,838
Total Basel III capital	$ 52,982	$ 52,547
Risk-weighted assets		
Basel III standardized approach risk-weighted assets (c)	$ 389,911	$ 389,887
Average quarterly adjusted total assets	$ 547,840	$ 546,777
Supplementary leverage exposure (d)	$ 643,732	$ 643,727
Basel III risk-based capital and leverage ratios (a)(e)		
Common equity Tier 1	10.3 %	10.0 %
Tier 1	11.6 %	11.3 %
Total (f)	13.6 %	13.5 %
Leverage (g)	8.2 %	8.0 %
Supplementary leverage ratio (d)	7.0 %	6.8 %

(a) The ratios are calculated to reflect PNC's election to adopt the CECL optional five-year transition provision.
(b) The ratios are calculated to reflect the full impact of CECL and excludes the benefits of phase-ins.
(c) Basel III standardized approach weighted-assets are based on the Basel III standardized approach rules and include credit and market risk-weighted assets.
(d) 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.
(e) All ratios are calculated using the regulatory capital methodology applicable to PNC and calculated based on the standardized approach.
(f) The Basel III Total risk-based capital ratios include nonqualifying trust preferred capital securities of $20 million that are subject to a phase-out period that runs through 2021.
(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 banking organizations 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 initial allowance for PCD loans from BBVA, compared to CECL ACL at transition. PNC elected to adopt this optional transition provision effective as of March 31, 2020. See additional discussion of this rule in the Supervision and Regulation section of Item 1 Business and Item 1A Risk Factors of our 2020 Form 10-K.

At September 30, 2021, PNC, PNC Bank and BBVA USA 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 and BBVA USA 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 believe that our September 30, 2021 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 2020 Form 10-K.

Market Risk Management

See the Market Risk Management portion of the Risk Management Section in our 2020 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 third quarter of 2021 and 2020 follow:

Table 30: Interest Sensitivity Analysis

	Third Quarter 2021 (a)	Third Quarter 2020
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	4.5 %	4.3 %
Effect on net interest income in second year from gradual interest rate change over the preceding 12 months of:		
100 basis point increase	11.3 %	10.9 %
Key Period-End Interest Rates		
One-month LIBOR	0.08 %	0.15 %
Three-month LIBOR	0.13 %	0.23 %
Three-year swap	0.65 %	0.24 %

(a) Results include BBVA USA.

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, including BBVA USA, 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.

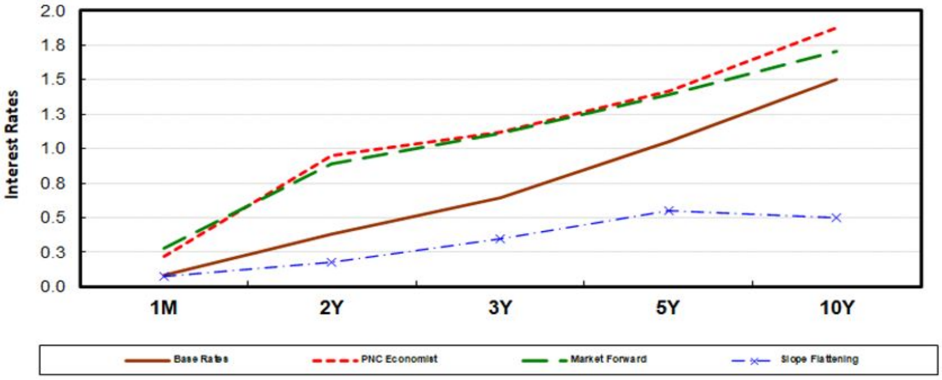
Table 31: Net Interest Income Sensitivity to Alternative Rate Scenarios

	September 30, 2021		
	PNC Economist	Market Forward	Slope Flattening
First year sensitivity	1.6 %	1.0 %	(2.2)%
Second year sensitivity	6.7 %	5.0 %	(7.3)%

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 LIBOR/Swap yield 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 third quarter 2021 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.

As discussed in Item 1A Risk Factors in our 2020 Form 10-K, the planned discontinuance of the requirement that banks submit rates for the calculation of LIBOR after 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 discontinuance 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. A LIBOR impact and risk assessment has been performed, which identified the associated risks across products, systems, models, and processes. PNC also established an enterprise-level program, which is actively monitoring PNC’s overall firm-wide exposure to LIBOR and using these results to plan transitional strategies and track progress versus these goals. Program workstreams were formed by Line of Business to ensure accountability and alignment with the appropriate operational, technology, and customer-facing stakeholders, while establishing a centralized Program Management Office to ensure consistency in execution and communication. Project plans and established milestones have been developed and have continued to evolve and be refined in line with industry developments and internal decisions and progress. PNC is also involved in industry discussions, preparing milestones for readiness and assessing progress against those milestones, along with developing and delivering on internal and external LIBOR cessation communication plans.

Key efforts in 2020 and the first nine months of 2021 included:

- Enhancing fallback language in new contracts and reviewing existing legal contracts/agreements to assess fallback language impacts,
- Making preparations 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, and
- Monitoring developments associated with LIBOR alternatives and industry practices related to LIBOR-indexed instruments.

PNC also has been an active participant in efforts with the Federal Reserve and other regulatory agencies to explore the potential need for a credit-sensitive rate or add-on to SOFR for use in commercial loans. Those efforts led to the formation of the Credit Sensitivity

Group, which has held a series of workshops to assess how a credit-sensitive rate or add-on to SOFR might be constructed and discuss associated implementation issues.

In late 2020, PNC began offering conforming adjustable rate mortgages using SOFR instead of USD LIBOR in line with Fannie Mae and Freddie Mac requirements. In the second quarter of 2021, PNC began offering nonconforming adjustable rate mortgages using SOFR and private student loans using Prime. Alternative rates including, but not limited to, the Bloomberg Short-Term Bank Yield Index and SOFR are currently being offered to our corporate and commercial customers. LIBOR will cease to be offered for new loans by year end 2021. PNC has provided regular updates to Federal Reserve, OCC and Federal Deposit Insurance Corporation examination staff regarding its LIBOR cessation and transition plans.

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 2020 Form 10-K for more information on our models used to calculate VaR and our backtesting process.

Customer-related trading revenue was $278 million for the nine months ended September 30, 2021, compared to $293 million for the same period in 2020. The decrease was primarily due to lower interest rate derivative client sales revenues partially offset by improved foreign exchange client sales revenues. For the quarterly period, customer-related trading revenue was $99 million for the third quarter of 2021, compared to $108 million in 2020. The decrease was primarily due to changes in the credit valuation for customer-related derivatives activities 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. 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	September 30 2021 (a)	December 31 2020	Change $	Change %
Tax credit investments	$ 3,723	$ 2,870	$ 853	30 %
Private equity and other	4,014	3,182	832	26 %
Total	$ 7,737	$ 6,052	$ 1,685	28 %

(a) Includes $0.7 billion of investments from BBVA, of which $0.6 billion are tax credit investments and $0.1 billion are private equity and other.

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 $2.0 billion and $1.4 billion at September 30, 2021 and December 31, 2020, 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 our 2020 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 $1.7 billion and $1.5 billion at September 30, 2021 and December 31, 2020, respectively. As of September 30, 2021, $1.5 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 our 2020 Form 10-K for discussion of the potential impacts of the Volcker Rule provisions of Dodd-Frank on our interests in and other relationships with private funds covered by the Volcker Rule.

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 September 30, 2021 per share closing price of $222.75 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 not significant. See Note 15 Fair Value and Note 21 Legal Proceedings in the Notes To Consolidated Financial Statements in Item 8 of our 2020 Form 10-K for additional information regarding our Visa shares and related agreements. The estimated value does not represent fair value of the Visa B common shares given the share's 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 $44 million for the nine months ended September 30, 2021 and were not significant for the nine months ended September 30, 2020.

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 our 2020 Form 10-K and in Note 11 Fair Value and Note 12 Financial Derivatives in the Notes To Consolidated Financial Statements in Item 1 of 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.

Recent Regulatory Developments

BBVA USA Merger
On October 8, 2021 and following regulatory approval from the Federal Reserve and the OCC, PNC consummated the merger of its U.S. state member bank subsidiary, BBVA USA, Birmingham, Alabama, with and into PNC Bank, with PNC Bank remaining as the surviving bank. The regulatory approval process also included approvals from the banking departments of the states of Alabama and Texas. With completion of the merger and conversion of BBVA USA branches to PNC Bank branches, PNC Bank has added branches in Texas, Alabama, Arizona, California, Florida, Colorado and New Mexico. The merger of the two banks did not affect PNC or PNC Bank's classification as Category III institutions for purposes of federal bank regulations.

Other Developments
In September 2021, the OCC issued a notice of proposed rulemaking to rescind its June 2020 CRA rule. The OCC's June 2020 rule made significant changes to the OCC's regulations implementing the CRA for national banks, like PNC Bank, and replaced the previous CRA rule jointly issued with the Federal Reserve and the FDIC (1995 rule). The June 2020 rule would have required significant changes to PNC Bank's CRA framework. The OCC is proposing to replace its June 2020 rule, including provisions of the rule that were effective October 1, 2020, with rules largely based on the 1995 rule subject to a transition for certain aspects of the June 2020 rule. The proposal would facilitate the OCC's ongoing work with the Federal Reserve and the FDIC to modernize the regulations implementing the CRA and create consistent rules for all insured depository institutions. Comments on the proposal are due October 29, 2021.

In September 2021, the CFPB issued a notice of proposed rulemaking to implement the small business lending data collection requirements set forth in section 1071 of the Dodd-Frank Act. Section 1071 amended the Equal Credit Opportunity Act to require financial institutions to collect and report to the CFPB data regarding certain small business credit applications. Under the proposal, financial institutions that meet small business credit transaction thresholds, like PNC Bank, would be required to collect and report significant amounts of data regarding applications for small business credit, including on the race, sex and ethnicity of the principal owners of the business, among other requirements. The CFPB has proposed that any final rule, when issued, would be effective 90 days after publication in the Federal Register, with compliance mandated 18 months after publication. Comments on the proposal are due January 6, 2022.

Critical Accounting Estimates and Judgments

Note 1 Accounting Policies in our 2020 Form 10-K describes the most significant accounting policies that we use to prepare our consolidated financial statements. 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 fair value measurements are described in Critical Accounting Estimates and Judgments in Item 7 of our 2020 Form 10-K. For additional information on fair value measurements of assets and liabilities assumed in the BBVA acquisition, see Note 2 Acquisition and Divestiture Activity in the Notes To Consolidated Financial Statements included in this Report. 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. Our determination of the ACL is based on historical loss and performance experience, which is captured through PD, as well as current borrower 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 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 apply qualitative factors to reflect in the ACL our best estimate of amounts that we do not expect to collect because of, among other things, idiosyncratic risk factors, changes in economic conditions that may not be reflected in forecasted results, or other potential methodology limitations. The major drivers of ACL estimates include, but are not limited to:

- Current economic conditions and borrower quality: Our forecast of expected losses depends on economic conditions and portfolio quality 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.
- 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.

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 in our 2020 Form 10-K.

Reasonable and Supportable Economic Forecast

Under CECL, we are required to consider reasonable and supportable forecasts in estimating expected credit losses. For this purpose, we have established a framework which 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 over our reasonable and supportable forecast period. 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 for approval to PNC’s RAC and the committee determines and approves CECL scenarios' weights for use for the current reporting period.

The scenarios used for the period ended September 30, 2021 reflect an improved near-term economic outlook compared to the scenarios used for the period ended December 31, 2020. The overall improvement in the comparison was driven largely by improvements in both the outlook for consumer spending and the labor market, along with the impact from continued vaccine distribution, while also considering the lingering effects of COVID-19 that slowed the momentum of economic recovery in recent months, as the Delta variant continued to drive increased COVID-19 cases throughout the U.S. and abroad.

We used a number of economic variables in our scenarios, with the most significant drivers being Real GDP and unemployment rate measures. Using the weighted-average of our four economic forecast scenarios, we estimated that:

- Real GDP grows 5.4% in 2021, ending the year 3.1% above pre-recession levels. Annual growth continues but slows to 2.9% and 1.9% in 2022 and 2023, respectively.
- Unemployment rates reflect continued recovery in the labor market in 2021, with the unemployment rate falling to 5.3% by the end of the year. Employment gains were estimated to continue through the forecast period with the unemployment rate reaching 4.8% and 4.3% by the end of 2022 and 2023, respectively.

One of the scenarios included in our weighted-average is our baseline prediction of the most likely economic outcome. This scenario includes estimated Real GDP growing to 5.8% in 2021 and ending the year 3.4% above its pre-recession peak levels, with annual growth slowing to 3.2% and 1.6% in 2022 and 2023, respectively. Unemployment rates in this most likely scenario reach 5.0% by the end of 2021, 4.3% by the end of 2022 and 3.9% by the end of 2023. See our Business Outlook and the Cautionary Statement Regarding Forward-Looking Information in this Financial Review for additional discussion on our baseline prediction of the most likely economic outcome.

Though the outlook of near-term growth is less optimistic than it was last quarter due to the emergence of the Delta COVID-19 variant and continued supply chain challenges, the economy has seen significant recovery from the onset of the pandemic. National macroeconomic indicators, forecasts and performance expectations have all steadily improved, helping to lower overall loss expectations. These improvements have been reflected in the reserve releases through the first nine months of 2021. However, for certain portions of our commercial and consumer portfolios, considerable uncertainty remains regarding lifetime losses. For commercial borrowers, there are still lingering concerns around industries that have been affected by COVID-19 related restrictions and emerging secular changes. For these industries, where unrestricted commerce has recently returned, the recovery will lag the broader economy. Where restrictions persist and/or secular changes have emerged, the impact and eventual level of recovery are less certain. For consumer borrowers, payment behavior upon expiration of government stimulus, including recently expired enhanced unemployment benefits is still difficult to predict. As such, for both our commercial and consumer loan portfolios, PNC identified and performed significant analysis around these segments to ensure our reserves are adequate in the current economic environment. We believe the economic scenarios have effectively provided sufficient variation to capture probable recovery paths. Additionally, through in depth and granular analysis of COVID-19 related impacts, we have adequately addressed reserve requirements for specific populations most affected in the current environment. Through this approach, we believe the reserve levels sufficiently reflect the expectation for life of loan losses of the current portfolio.

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 3 Investment Securities and Note 4 Loans and Related Allowance for Credit Losses in the Notes To Consolidated Financial Statements included in this Report.

Off-Balance Sheet Arrangements And Variable Interest Entities

We engage in a variety of activities that involve entities that are not consolidated or otherwise reflected in our Consolidated Balance Sheet that are generally referred to as off-balance sheet arrangements. Additional information on these types of activities is included in our 2020 Form 10-K and in Note 5 Loan Sale and Servicing Activities and Variable Interest Entities and Note 8 Commitments in the Notes To Consolidated Financial Statements included in this Report.

A summary and further description of VIEs is included in Note 1 Accounting Policies and Note 5 Loan Sale and Servicing Activities and Variable Interest Entities in our 2020 Form 10-K.

Trust Preferred Securities

See Note 10 Borrowed Funds in the Notes To Consolidated Financial Statements in our 2020 Form 10-K for additional information on trust preferred securities issued by PNC Capital Trust C including information on contractual limitations potentially imposed on payments (including dividends) with respect to PNC's equity securities.

Internal Controls And Disclosure Controls And Procedures

As of September 30, 2021, 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 September 30, 2021, and that there has been no change in PNC’s internal control over financial reporting that occurred during the third quarter of 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

As permitted by SEC guidance that an assessment of internal controls over financial reporting of a recently acquired business may be excluded from management's evaluation of disclosure controls and procedures for up to a year from the date of acquisition, we have excluded BBVA from management's reporting on internal control over financial reporting for the quarter ended September 30, 2021. We will continue to evaluate the effectiveness of internal controls over financial reporting post-integration of BBVA, including BBVA USA, with that of PNC and PNC Bank and will make changes to our internal control framework, as necessary. The acquisition of BBVA contributed $86.6 billion of assets, or 16% of our total assets, to our balance sheet at September 30, 2021. The BBVA acquisition also contributed $737 million of revenue, or 14% of total revenue, for the three months ended September 30, 2021 and $1.1 billion of revenue, or 7% of total revenue, for the nine months ended September 30, 2021.

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 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 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 length and extent of the economic impacts of the COVID-19 pandemic,
  - The impact of the results of the 2020 U.S. elections, including on the regulatory landscape, capital markets, tax policy, infrastructure spending and social programs, 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 view that:
  - The U.S. economy is in an economic recovery, following a very severe but very short economic contraction in the first half of 2020 due to the COVID-19 pandemic and public health measures to contain it.
  - The Delta COVID-19 variant and supply chain difficulties have been drags on economic growth in the second half of 2021, although the economy continues to expand. Growth will pick up at the end of 2021 as the impact of the Delta variant fades and supply chains normalize and will remain solid into 2022. Employment in September 2021 was still down by almost 5 million from before the pandemic; PNC expects employment to return to its pre-pandemic level in mid-2022.
  - Compared to the spring of 2020 (when prices were falling), inflation accelerated in mid-2021 due to strong demand in specific segments and supply chain disruptions. Inflation has started to slow on a month-over-month basis but will remain elevated in the near term.
  - PNC expects the FOMC to keep the fed funds rate in its current range of 0.00% to 0.25 % until late 2022.
- PNC's ability to take certain capital actions, including returning capital to shareholders, is subject to PNC meeting or exceeding a stress capital buffer 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.
- 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 policies and principles.

- Unfavorable resolution of legal proceedings or other claims and regulatory and other governmental investigations or other inquiries. These matters may result in monetary judgments or settlements or other remedies, including fines, penalties, restitution or alterations in our business practices, and in additional expenses and collateral costs, and may cause reputational harm to PNC.
  - Results of the regulatory examination and supervision process, including our failure to satisfy requirements of agreements with governmental agencies.
  - Impact on business and operating results of any 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 acquisition of BBVA presents us with risks and uncertainties related to the integration of the acquired business into PNC including:
  - The business of BBVA going forward may not perform as we project or in a manner consistent with historical performance. As a result, the anticipated benefits, including estimated cost savings, of the transaction may be significantly more difficult or take longer to achieve than expected or may not be achieved in their entirety as a result of unexpected factors or events, including those that are outside of our control.
  - The integration of BBVA, including its U.S. banking subsidiary, BBVA USA, with that of PNC and PNC Bank may be more difficult to achieve than anticipated or have unanticipated adverse results. Our ability to integrate BBVA, including its U.S. banking subsidiary, BBVA USA, successfully may be adversely affected by the fact that this transaction results in us entering several geographic markets where we did not previously have any meaningful presence.
- In addition to the BBVA transaction, 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.
- 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, pandemics, dislocations, terrorist activities, system failures, security breaches, cyberattacks or international hostilities through impacts on the economy and financial markets generally or on us or our counterparties specifically.

We provide greater detail regarding these as well as other factors in our 2020 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 we may discuss 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 September 30 2021	Three months ended September 30 2020	Nine months ended September 30 2021	Nine months ended September 30 2020
Interest Income				
Loans	$ 2,437	$ 2,116	$ 6,593	$ 6,853
Investment securities	460	490	1,350	1,599
Other	78	70	216	279
Total interest income	2,975	2,676	8,159	8,731
Interest Expense				
Deposits	29	74	99	590
Borrowed funds	90	118	275	619
Total interest expense	119	192	374	1,209
Net interest income	2,856	2,484	7,785	7,522
Noninterest Income				
Asset management	248	215	713	615
Consumer services	496	390	1,337	1,097
Corporate services	842	479	2,085	1,517
Residential mortgage	147	137	355	505
Service charges on deposits	159	119	409	366
Other	449	457	1,400	1,071
Total noninterest income	2,341	1,797	6,299	5,171
Total revenue	5,197	4,281	14,084	12,693
Provision For (Recapture of) Credit Losses	(203)	52	(452)	3,429
Noninterest Expense				
Personnel	1,986	1,410	5,103	4,152
Occupancy	248	205	680	611
Equipment	355	292	974	880
Marketing	103	67	222	172
Other	895	557	2,232	1,774
Total noninterest expense	3,587	2,531	9,211	7,589
Income from continuing operations before income taxes and noncontrolling interests	1,813	1,698	5,325	1,675
Income taxes from continuing operations	323	166	906	128
Net income from continuing operations	1,490	1,532	4,419	1,547
Income from discontinued operations before taxes				5,777
Income taxes from discontinued operations				1,222
Net income from discontinued operations				4,555
Net income	1,490	1,532	4,419	6,102
Less: Net income attributable to noncontrolling interests	16	13	38	27
Preferred stock dividends	57	63	162	181
Preferred stock discount accretion and redemptions	1	1	3	3
Net income attributable to common shareholders	$ 1,416	$ 1,455	$ 4,216	$ 5,891
Earnings Per Common Share				
Basic earnings from continuing operations	$ 3.31	$ 3.40	$ 9.84	$ 3.11
Basic earnings from discontinued operations				10.61
Total basic earnings	$ 3.31	$ 3.40	$ 9.84	$ 13.73
Diluted earnings from continuing operations	$ 3.30	$ 3.39	$ 9.83	$ 3.11
Diluted earnings from discontinued operations				10.59
Total diluted earnings	$ 3.30	$ 3.39	$ 9.83	$ 13.70
Average Common Shares Outstanding				
Basic	426	426	426	427
Diluted	426	426	427	428

See accompanying Notes To Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

THE PNC FINANCIAL SERVICES GROUP, INC.

Unaudited In millions	Three months ended September 30 2021	Three months ended September 30 2020	Nine months ended September 30 2021	Nine months ended September 30 2020
Net income from continuing operations	$ 1,490	$ 1,532	$ 4,419	$ 1,547
Other comprehensive income (loss), before tax and net of reclassifications into Net income				
Net change in debt securities	(323)	10	(1,471)	2,028
Net change in cash flow hedge derivatives	(174)	(119)	(727)	678
Pension and other postretirement benefit plan adjustments	2	2	(11)	(3)
Net change in Other	1		2	10
Other comprehensive income (loss) from continuing operations, before tax and net of reclassifications into Net income	(494)	(107)	(2,207)	2,713
Income tax benefit (expense) from continuing operations related to items of other comprehensive income	110	35	516	(630)
Other comprehensive income (loss) from continuing operations, after tax and net of reclassifications into Net income	(384)	(72)	(1,691)	2,083
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 benefit (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	(384)	(72)	(1,691)	2,198
Comprehensive income	1,106	1,460	2,728	8,300
Less: Comprehensive income attributable to noncontrolling interests	16	13	38	27
Comprehensive income attributable to PNC	$ 1,090	$ 1,447	$ 2,690	$ 8,273

See accompanying Notes To Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET

THE PNC FINANCIAL SERVICES GROUP, INC.

Unaudited In millions, except par value	September 30 2021	December 31 2020
Assets		
Cash and due from banks	$ 8,843	$ 7,017
Interest-earning deposits with banks	75,478	85,173
Loans held for sale (a)	2,121	1,597
Investment securities – available for sale	124,127	87,358
Investment securities – held to maturity	1,479	1,441
Loans (a)	290,230	241,928
Allowance for loan and lease losses	(5,355)	(5,361)
Net loans	284,875	236,567
Equity investments	7,737	6,052
Mortgage servicing rights	1,833	1,242
Goodwill	10,885	9,233
Other (a)	36,137	30,999
Total assets	$ 553,515	$ 466,679
Liabilities		
Deposits		
Noninterest-bearing	$ 156,305	$ 112,637
Interest-bearing	292,597	252,708
Total deposits	448,902	365,345
Borrowed funds		
Federal Home Loan Bank borrowings		3,500
Bank notes and senior debt	22,993	24,271
Subordinated debt	7,074	6,403
Other (b)	3,404	3,021
Total borrowed funds	33,471	37,195
Allowance for unfunded lending related commitments	646	584
Accrued expenses and other liabilities	14,199	9,514
Total liabilities	497,218	412,638
Equity		
Preferred stock (c)		
Common stock ($5 par value, Authorized 800 shares, issued 543 shares)	2,713	2,713
Capital surplus	17,453	15,884
Retained earnings	49,541	46,848
Accumulated other comprehensive income	1,079	2,770
Common stock held in treasury at cost: 120 and 119 shares	(14,527)	(14,205)
Total shareholders' equity	56,259	54,010
Noncontrolling interests	38	31
Total equity	56,297	54,041
Total liabilities and equity	$ 553,515	$ 466,679

(a) Our consolidated assets included the following for which we have elected the fair value option: Loans held for sale of $2.0 billion, Loans held for investment of $1.6 billion and Other assets of $0.1 billion at September 30, 2021. Comparable amounts at December 31, 2020 were $1.2 billion, $1.4 billion and $0.1 billion, respectively.
(b) Our consolidated liabilities included Other borrowed funds of less than $0.1 billion at both September 30, 2021 and December 31, 2020, for which we have elected the fair value option.
(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	Nine months ended September 30 2021	2020
Operating Activities		
Net income	$ 4,419	$ 6,102
Adjustments to reconcile net income to net cash provided (used) by operating activities		
Provision for (recapture of) credit losses	(452)	3,429
Depreciation and amortization	1,215	944
Deferred income taxes	(74)	(2,505)
Net gains on sales of securities	(50)	(254)
Changes in fair value of mortgage servicing rights	(8)	774
Gain on sale of BlackRock		(5,740)
Undistributed earnings of BlackRock		(174)
Net change in		
Trading securities and other short-term investments	388	1,132
Loans held for sale	(390)	(533)
Other assets	(1,504)	(2,112)
Accrued expenses and other liabilities	341	1,044
Other	(165)	617
Net cash provided (used) by operating activities	$ 3,720	$ 2,724
Investing Activities		
Sales		
Securities available for sale	$ 15,674	$ 12,512
Net proceeds from sale of BlackRock		14,225
Loans	1,409	1,365
Repayments/maturities		
Securities available for sale	23,829	19,850
Securities held to maturity	67	52
Purchases		
Securities available for sale	(57,911)	(34,242)
Securities held to maturity	(83)	(49)
Loans	(1,564)	(1,600)
Net change in		
Federal funds sold and resale agreements	(119)	1,693
Interest-earning deposits with banks	23,008	(47,546)
Loans	14,001	(10,323)
Net cash paid for acquisition (a)	(10,511)	
Other	(1,538)	(316)
Net cash provided (used) by investing activities	$ 6,262	$ (44,379)

(continued on following page)

CONSOLIDATED STATEMENT OF CASH FLOWS

THE PNC FINANCIAL SERVICES GROUP, INC.
(continued from previous page)

Unaudited In millions	Nine Months Ended September 30 2021	2020
Financing Activities		
Net change in		
Noninterest-bearing deposits	$ 7,832	$ 34,479
Interest-bearing deposits	(9,826)	32,037
Federal funds purchased and repurchase agreements	91	(5,870)
Short-term Federal Home Loan Bank borrowings		(6,300)
Other borrowed funds	164	298
Sales/issuances		
Federal Home Loan Bank borrowings		9,060
Bank notes and senior debt	1,692	3,487
Other borrowed funds	551	458
Preferred stock	1,485	
Common and treasury stock	58	54
Repayments/maturities		
Federal Home Loan Bank borrowings	(3,680)	(13,601)
Bank notes and senior debt	(3,850)	(6,647)
Other borrowed funds	(547)	(479)
Preferred stock redemption		(480)
Acquisition of treasury stock	(441)	(1,604)
Preferred stock cash dividends paid	(162)	(181)
Common stock cash dividends paid	(1,523)	(1,488)
Net cash provided (used) by financing activities	$ (8,156)	$ 43,223
Net Increase (Decrease) In Cash And Due From Banks And Restricted Cash	$ 1,826	$ 1,568
Net cash provided by discontinued operations		12,244
Net cash provided (used) by continuing operations	1,826	(10,676)
Cash and due from banks and restricted cash at beginning of period	7,017	5,061
Cash and due from banks and restricted cash at end of period	$ 8,843	$ 6,629
Cash and due from banks and restricted cash		
Cash and due from banks at end of period (unrestricted cash)	$ 8,201	$ 6,297
Restricted cash	642	332
Cash and due from banks and restricted cash at end of period	$ 8,843	$ 6,629
Supplemental Disclosures		
Interest paid	$ 395	$ 1,071
Income taxes paid	$ 402	$ 2,762
Income taxes refunded	$ 68	$ 9
Leased assets obtained in exchange for new operating lease liabilities	$ 289	$ 71
Non-cash Investing and Financing Items		
Transfer from loans to loans held for sale, net	$ 677	$ 1,026
Transfer from trading securities to investment securities		$ 289
Transfer from loans to foreclosed assets	$ 22	$ 57

(a) Cash paid to acquire BBVA was $11,480 million. The amount of $10,511 million represents the cash paid for the acquisition less $969 million in cash acquired. See Note 2 Acquisition & Divestiture Activity for more detailed information on the BBVA acquisition.

See accompanying Notes To Consolidated Financial Statements.

See page 104 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.

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 for the first nine months of 2021 reflect BBVA's acquired business operations for the period since the acquisition closed on June 1, 2021. Our balance sheet at September 30, 2021 includes BBVA's balances. See Note 2 Acquisition and Divestiture Activity for additional information on 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.

In our opinion, the unaudited interim consolidated financial statements reflect all normal, recurring adjustments needed to present 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 2020 Form 10-K. Reference is made to Note 1 Accounting Policies in our 2020 Form 10-K for a detailed description of significant accounting policies. These interim consolidated financial statements serve to update our 2020 Form 10-K and may not include all information and Notes necessary to constitute a complete set of financial statements. There have been no significant changes to our accounting policies as disclosed in our 2020 Form 10-K.

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.

Recently Adopted Accounting Standards

Accounting Standards Update	Description	Financial Statement Impact
Income Tax Simplification - ASU 2019-12 Issued December 2019	• Simplifies the accounting for income taxes by eliminating certain exceptions in ASC 740, *Income Taxes*, relating to the approach for intraperiod tax allocation, the recognition of deferred tax liabilities for outside basis differences and the methodology for calculating income taxes in an interim period. • Clarifies areas of the income tax guidance around franchise taxes partially based on income, step-ups in the tax basis of goodwill, and enacted changes in tax laws. • Specifies that an entity is no longer required to allocate the consolidated amount of current and deferred tax expense to a legal entity that is not subject to tax in its separate financial statements.	• Adopted January 1, 2021. • The adoption of this standard did not impact our consolidated results of operations or our consolidated financial position. PNC will no longer allocate the consolidated amount of current and deferred income tax expense to certain qualifying stand-alone entities, which will impact the presentation of parent company tax expense subsequent to adoption.
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	• 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. • Allows for a one-time election to sell, transfer, or both sell and transfer debt securities classified as held to maturity that reference a rate affected by reference rate reform and that are classified as held to maturity before January 1, 2020. • Guidance in these ASUs are effective as of March 12, 2020 through December 31, 2022.	• ASU 2020-04 was adopted March 12, 2020. ASU 2021-01 was retrospectively adopted October 1, 2020. • Refer to Note 1 Accounting Policies in the 2020 Form 10-K for more information on elections of optional expedients that occurred in 2020. • 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. • As of September 30, 2021, we have not yet elected to apply any optional expedients for contract modifications and hedging relationships to any other financial instruments. However, we plan to elect these optional expedients in the future.
Accounting Standards Update	**Description**	**Financial Statement Impact**
SEC Paragraph Amendments – ASU 2020-09 Issued October 2020	• Amends the financial disclosure requirements for guarantors and issuers of guaranteed securities registered or being registered, and issuers' affiliates whose securities collateralize securities registered or being registered in Regulation S-X. • Improves disclosure requirements for both investors and registrants. • Provides investors with material information given the specific facts and circumstances, making the disclosures easier to understand and reducing the costs and burdens to registrants.	• Adopted January 4, 2021. • In accordance with the requirements of this ASU, we included Exhibit 22 in the Exhibit Index of Item 6 of this Report to disclose PNC's guarantee of the PNC Capital Trust C preferred securities.

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 are subject to adjustment for up to one year after the closing date of the acquisition as additional information becomes available. Valuations subject to adjustment include, but are not limited to, loans, certain deposits, certain other assets, customer relationships and the core deposit intangibles.

As of October 12, 2021, PNC has 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 $243 million and $360 million for the three and nine months ended September 30, 2021, 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 personnel, technology, advisory and legal, with $49 million direct acquisition-related costs. Cumulative costs through September 30, 2021 were $367 million.

The following table includes the preliminary fair value of the identifiable tangible and intangible assets and liabilities from BBVA:

Table 34: 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	61,439
Equity investments	723
Mortgage servicing rights	35
Core deposit intangibles and other intangible assets	399
Other	3,531
Total assets	$ 99,230
Liabilities	
Deposits	$ 85,562
Borrowed funds	2,449
Accrued expenses and other liabilities	1,285
Total liabilities	$ 89,296
Noncontrolling interests	22
Less: Net assets	$ 9,912
Goodwill	$ 1,568

Preliminary 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 reflects the increased market share and related synergies that are expected to result 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 on a preliminary basis 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 35: Fair Value and Unpaid Principal Balance of Loans from the BBVA Acquisition

	June 1, 2021	
In millions	Unpaid Principal Balance	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	12,977
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	21,697
Total	$ 62,269	$ 61,439

Other intangible assets from the BBVA acquisition as of June 1, 2021 consisted of the following:

Table 36: Intangible Assets

In millions	Fair Value	Weighted Life (years)	Amortization Method
Residential mortgage servicing rights	$ 35	5.5	(a)
Core deposits	$ 283	10.0	Accelerated
Other	116	9.8	Straight-line
Total core deposits and other	$ 399		

(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 is 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 depreciation 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 included in the Consolidated Income Statement from the date of acquisition through September 30, 2021.

Table 37: 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 $360 million that have been incurred since January 1, 2021 are included in the pro forma results. PNC's financial results include the divestiture of BlackRock of $4.3 billion recorded in net income. Additionally, BBVA's financial results through the nine months ended September 30, 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 38: Unaudited Pro Forma Results

	Three months ended September 30		Nine months ended September 30	
In millions	2021	2020	2021	2020
Net interest income	$ 2,837	$ 3,099	$ 8,812	$ 9,349
Noninterest income	$ 2,341	$ 2,007	$ 6,695	$ 5,832
Net income	$ 1,959	$ 1,616	$ 6,185	$ 2,467

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 39: 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 40: Consolidated Income Statement - Discontinued Operations

		Nine months ended September 30
In millions		2020
Noninterest income	$	5,777
Total revenue		5,777
Income from discontinued operations before income taxes and noncontrolling interests		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 41: Consolidated Statement of Cash Flows - Discontinued Operations

		Nine months ended September 30
In millions		2020
Cash from discontinued operations		
Net cash provided (used) by operating activities of discontinued operations	$	(1,981)
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 42: Investment Securities Summary

In millions	September 30, 2021 (a) Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	December 31, 2020 (a) Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities Available for Sale								
U.S. Treasury and government agencies	$ 40,628	$ 472	$ (131)	$ 40,969	$ 19,821	$ 903	$ (13)	$ 20,711
Residential mortgage-backed								
Agency	64,412	957	(184)	65,185	47,355	1,566	(10)	48,911
Non-agency	1,003	242	(3)	1,242	1,272	243	(14)	1,501
Commercial mortgage-backed								
Agency	2,008	56	(4)	2,060	2,571	119	(2)	2,688
Non-agency	3,637	48	(14)	3,671	3,678	78	(67)	3,689
Asset-backed	5,999	75	(7)	6,067	5,060	100	(10)	5,150
Other	4,722	216	(5)	4,933	4,415	293		4,708
Total securities available for sale (b)	$ 122,409	$ 2,066	$ (348)	$ 124,127	$ 84,172	$ 3,302	$ (116)	$ 87,358
Securities Held to Maturity								
U.S. Treasury and government agencies	$ 809	$ 82		$ 891	$ 795	$ 125		$ 920
Other	670	29	$ (7)	692	646	42	$ (3)	685
Total securities held to maturity (c)	$ 1,479	$ 111	$ (7)	$ 1,583	$ 1,441	$ 167	$ (3)	$ 1,605

(a) The accrued interest associated with our available for sale portfolio totaled $284 million and $238 million at September 30, 2021 and December 31, 2020, respectively. These amounts are included in Other assets on the Consolidated Balance Sheet.
(b) Amortized cost is presented net of allowance of $130 million and $79 million for securities available for sale at September 30, 2021 and December 31, 2020, respectively.
(c) Credit ratings represent a primary credit quality indicator used to monitor and manage credit risk. 84% and 85% of our securities held to maturity were rated AAA/AA at September 30, 2021 and December 31, 2020, respectively.

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 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 September 30, 2021 included $2.4 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 September 30, 2020 was $0.7 billion.

We maintain the allowance for investment securities at levels that we believe to be appropriate as of the balance sheet date based on estimation of expected credit losses on our portfolio. As of September 30, 2021, the allowance for investment securities was $133 million and primarily related to non-agency commercial mortgage-backed securities in the available for sale portfolio. The provision for credit losses on investment securities was $25 million and $51 million for the three and nine months ended September 30, 2021. See Note 1 Accounting Policies included in Item 8 of our 2020 Form 10-K for a discussion of the methodologies used to determine the allowance for investment securities.

Table 43 presents the gross unrealized losses and fair value of securities available for sale that do not have an associated allowance for investment securities at September 30, 2021 and December 31, 2020. 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 September 30, 2021, 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 43: 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
September 30, 2021						
U.S. Treasury and government agencies	$ (131)	$ 21,970			$ (131)	$ 21,970
Residential mortgage-backed						
Agency	(177)	31,410	$ (7)	$ 1,135	(184)	32,545
Non-agency			(2)	136	(2)	136
Commercial mortgage-backed						
Agency	(3)	380	(1)	61	(4)	441
Non-agency	(1)	661	(2)	489	(3)	1,150
Asset-backed	(5)	1,585	(2)	331	(7)	1,916
Other	(3)	413			(3)	413
Total securities available for sale	$ (320)	$ 56,419	$ (14)	$ 2,152	$ (334)	$ 58,571
December 31, 2020						
U.S. Treasury and government agencies	$ (13)	$ 603			$ (13)	$ 603
Residential mortgage-backed						
Agency	(8)	3,152	$ (2)	$ 82	(10)	3,234
Non-agency	(7)	119	(7)	73	(14)	192
Commercial mortgage-backed						
Agency			(2)	149	(2)	149
Non-agency	(13)	972	(7)	714	(20)	1,686
Asset-backed	(1)	339	(9)	706	(10)	1,045
Total securities available for sale	$ (42)	$ 5,185	$ (27)	$ 1,724	$ (69)	$ 6,909

Information relating to gross realized securities gains and losses from the sales of securities is set forth in the following table:

Table 44: Gains (Losses) on Sales of Securities Available for Sale

Nine months ended September 30 In millions	Gross Gains	Gross Losses	Net Gains	Tax Expense
2021	$ 275	$ (225)	$ 50	$ 11
2020	$ 256	$ (2)	$ 254	$ 53

The following table presents, by remaining contractual maturity, the amortized cost, fair value and weighted-average yield of debt securities at September 30, 2021:

Table 45: Contractual Maturity of Debt Securities

September 30, 2021 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	$	3,326	$	24,754	$	10,796	$	1,752	$	40,628
Residential mortgage-backed										
Agency		1		108		2,448		61,855		64,412
Non-agency						2		1,001		1,003
Commercial mortgage-backed										
Agency		76		413		778		741		2,008
Non-agency				147		182		3,308		3,637
Asset-backed		97		2,104		711		3,087		5,999
Other		317		2,080		1,593		732		4,722
Total securities available for sale at amortized cost	$	3,817	$	29,606	$	16,510	$	72,476	$	122,409
Fair value	$	3,836	$	29,919	$	16,673	$	73,699	$	124,127
Weighted-average yield, GAAP basis (a)		1.29 %		1.18 %		1.63 %		2.45 %		2.00 %
Securities Held to Maturity										
U.S. Treasury and government agencies			$	199	$	321	$	289	$	809
Other	$	126		367		115		62		670
Total securities held to maturity at amortized cost	$	126	$	566	$	436	$	351	$	1,479
Fair value	$	128	$	590	$	502	$	363	$	1,583
Weighted-average yield, GAAP basis (a)		3.47 %		2.91 %		3.91 %		2.52 %		3.16 %

(a) Weighted-average yields are based on amortized cost with effective yields weighted for the contractual maturity of each security.

At September 30, 2021, 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 $33.1 billion and $21.6 billion and fair value of $33.8 billion and $21.6 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 46: Fair Value of Securities Pledged and Accepted as Collateral

nillions		September 30 2021	December 31 2020
dged to others	$	25,352	22,841
cepted from others:			
ermitted by contract or custom to sell or repledge	$	800	683
ermitted amount repledged to others	$	800	683

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.

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	• Residential real estate
• Commercial real estate	• Home equity
• Equipment lease financing	• Automobile
	• Credit card
	• Education
	• Other consumer

See Note 1 Accounting Policies included in Item 8 of our 2020 Form 10-K 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 47 presents the composition and delinquency status of our loan portfolio at September 30, 2021 and December 31, 2020. Pursuant to the interagency guidance issued in April 2020 and in connection with the credit reporting rules from the CARES Act, the delinquency status of loans modified due to COVID-19 related hardships aligns with the rules set forth for banks to report delinquency status to the credit agencies. These rules require that COVID-19 related loan modifications be reported as follows:

- if current at the time of modification, the loan remains current throughout the modification period,
- if delinquent at the time of modification and the borrower was not made current as part of the modification, the loan maintains its reported delinquent status during the modification period, or
- if delinquent at the time of modification and the borrower was made current as part of the modification or became current during the modification period, the loan is reported as current.

As a result, certain loans modified due to COVID-19 related hardships are not being reported as past due as of September 30, 2021 and December 31, 2020 based on the contractual terms of the loan, even where borrowers may not be making payments on their loans during the modification period. Loan modifications due to COVID-19 related hardships that permanently reduce either the contractual interest rate or the principal balance of a loan do not qualify for TDR relief under the CARES Act or the interagency guidance.

Table 47: 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)
September 30, 2021								
Commercial								
Commercial and industrial	$ 151,703	$ 97	$ 50	$ 56	$ 203	$ 829		$ 152,735
Commercial real estate	35,749	68	2	11	81	365		36,195
Equipment lease financing	6,238	5	4		9	10		6,257
Total commercial	193,690	170	56	67	293	1,204		195,187
Consumer								
Residential real estate	36,504	209	80	296	585 (c)	533	$ 592	38,214
Home equity	23,719	45	18		63	592	105	24,479
Automobile	16,940	114	23	4	141	184		17,265
Credit card	6,337	42	27	53	122	7		6,466
Education	2,521	45	26	61	132 (c)			2,653
Other consumer	5,898	34	15	11	60	8		5,966
Total consumer	91,919	489	189	425	1,103	1,324	697	95,043
Total	$ 285,609	$ 659	$ 245	$ 492	$ 1,396	$ 2,528	$ 697	$ 290,230
Percentage of total loans	98.41 %	0.23 %	0.08 %	0.17 %	0.48 %	0.87 %	0.24 %	100.00 %
December 31, 2020								
Commercial								
Commercial and industrial	$ 131,245	$ 106	$ 26	$ 30	$ 162	$ 666		$ 132,073
Commercial real estate	28,485	6	1		7	224		28,716
Equipment lease financing	6,345	31	5		36	33		6,414
Total commercial	166,075	143	32	30	205	923		167,203
Consumer								
Residential real estate	20,945	181	78	319	578 (c)	528	$ 509	22,560
Home equity	23,318	50	21		71	645	54	24,088
Automobile	13,863	134	34	12	180	175		14,218
Credit card	6,074	43	30	60	133	8		6,215
Education	2,785	55	29	77	161 (c)			2,946
Other consumer	4,656	14	10	11	35	7		4,698
Total consumer	71,641	477	202	479	1,158	1,363	563	74,725
Total	$ 237,716	$ 620	$ 234	$ 509	$ 1,363	$ 2,286	$ 563	$ 241,928
Percentage of total loans	98.27 %	0.26 %	0.10 %	0.21 %	0.56 %	0.94 %	0.23 %	100.00 %

(a) Amounts in table represent loans held for investment and do not include any associated valuation allowance.
(b) The accrued interest associated with our loan portfolio totaled $0.8 billion and $0.7 billion at September 30, 2021 and December 31, 2020, 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 $0.4 billion and $0.1 billion at September 30, 2021. Comparable amounts at December 31, 2020 were $0.4 billion and $0.2 billion.
(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 policies. 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 $1.3 billion at September 30, 2021 and December 31, 2020, respectively.
(f) Collateral dependent loans totaled $1.7 billion and $1.5 billion at September 30, 2021 and December 31, 2020, respectively.

At September 30, 2021, we pledged $25.6 billion of commercial and other loans to the Federal Reserve Bank and $77.8 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, 2020 were $30.1 billion and $69.0 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 included in Item 8 of our 2020 Form 10-K for additional information on our nonperforming loan and lease policies.

The following table presents our nonperforming assets as of September 30, 2021 and December 31, 2020 , respectively:

Table 48: Nonperforming Assets

Dollars in millions	September 30 2021	December 31 2020
Nonperforming loans		
Commercial	$ 1,204	$ 923
Consumer (a)	1,324	1,363
Total nonperforming loans (b)	2,528	2,286
OREO and foreclosed assets	31	51
Total nonperforming assets	$ 2,559	$ 2,337
Nonperforming loans to total loans	0.87 %	0.94 %
Nonperforming assets to total loans, OREO and foreclosed assets	0.88 %	0.97 %
Nonperforming assets to total assets	0.46 %	0.50 %

(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 $1.0 billion at September 30, 2021 and primarily include loans with a fair value of collateral that exceeds the amortized cost basis. The comparable amount at December 31, 2020 was $0.8 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 included in Item 8 of our 2020 Form 10-K and the Troubled Debt Restructurings section of this Note 4 for additional information on TDRs.

Total nonperforming loans in Table 48 include TDRs of $0.8 billion and $0.9 billion at September 30, 2021 and December 31, 2020, respectively. TDRs that are performing, including consumer credit card TDR loans, are excluded from nonperforming loans and totaled $0.7 billion at both September 30, 2021 and December 31, 2020.

Additional Credit Quality Indicators by Loan Class

Commercial Loan Classes

See Note 4 Loans and Related Allowance for Credit Losses included in Item 8 of our 2020 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 the commercial loan classes:

Table 49: Commercial Credit Quality Indicators (a)

	Term Loans by Origination Year								
September 30, 2021 - In millions	2021	2020	2019	2018	2017	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Commercial and industrial									
Pass Rated	$ 23,953	$ 13,493	$ 12,681	$ 7,612	$ 7,144	$ 13,065	$ 66,452	$ 93	$ 144,493
Criticized	254	487	878	906	517	997	4,176	27	8,242
Total commercial and industrial	24,207	13,980	13,559	8,518	7,661	14,062	70,628	120	152,735
Commercial real estate									
Pass Rated	2,704	4,531	7,545	4,956	3,006	8,375	429		31,546
Criticized	160	287	1,000	710	657	1,812	23		4,649
Total commercial real estate	2,864	4,818	8,545	5,666	3,663	10,187	452		36,195
Equipment lease financing									
Pass Rated	885	1,257	1,026	777	570	1,551			6,066
Criticized	26	59	44	33	23	6			191
Total equipment lease financing	911	1,316	1,070	810	593	1,557			6,257
Total commercial	$ 27,982	$ 20,114	$ 23,174	$ 14,994	$ 11,917	$ 25,806	$ 71,080	$ 120	$ 195,187

	Term Loans by Origination Year								
December 31, 2020 - In millions	2020	2019	2018	2017	2016	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Commercial and industrial									
Pass Rated	$ 31,680	$ 13,340	$ 8,209	$ 5,956	$ 4,242	$ 7,141	$ 54,775	$ 53	$ 125,396
Criticized	339	702	578	334	224	351	4,130	19	6,677
Total commercial and industrial	32,019	14,042	8,787	6,290	4,466	7,492	58,905	72	132,073
Commercial real estate									
Pass Rated	3,709	6,268	3,426	2,841	2,341	6,792	218		25,595
Criticized	319	548	148	423	400	1,159	124		3,121
Total commercial real estate	4,028	6,816	3,574	3,264	2,741	7,951	342		28,716
Equipment lease financing									
Pass Rated	1,429	1,202	942	738	405	1,350			6,066
Criticized	78	92	86	39	22	31			348
Total equipment lease financing	1,507	1,294	1,028	777	427	1,381			6,414
Total commercial	$ 37,554	$ 22,152	$ 13,389	$ 10,331	$ 7,634	$ 16,824	$ 59,247	$ 72	$ 167,203

(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 September 30, 2021 and December 31, 2020.

Consumer Loan Classes

See Note 4 Loans and Related Allowance for Credit Losses included in Item 8 of our 2020 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 the residential real estate loan class:

Table 50: Residential Real Estate Credit Quality Indicators

	Term Loans by Origination Year						
September 30, 2021 - In millions	2021	2020	2019	2018	2017	Prior	Total Loans
PNC legacy							
Current estimated LTV ratios							
Greater than 100%	$ 1	$ 9	$ 12	$ 2	$ 4	$ 71	$ 99
Greater than or equal to 80% to 100%	711	143	107	30	34	165	1,190
Less than 80%	9,359	5,802	2,193	638	1,179	4,356	23,527
Government insured or guaranteed loans	1	11	24	21	30	688	775
Total PNC legacy portfolio	10,072	5,965	2,336	691	1,247	5,280	25,591
Acquired loans							
Estimated LTV ratios (a)							
Greater than 100%	13	23	2	2	4	18	62
Greater than or equal to 80% to 100%	847	1,225	488	241	243	534	3,578
Less than 80%	1,689	1,941	728	287	369	3,248	8,262
No LTV ratio available	207	320	93	26	1		647
Government insured or guaranteed loans		4	14	11	10	35	74
Total acquired loans	2,756	3,513	1,325	567	627	3,835	12,623
Total residential real estate	$ 12,828	$ 9,478	$ 3,661	$ 1,258	$ 1,874	$ 9,115	$ 38,214
Updated FICO scores							
Greater than or equal to 780	$ 7,778	$ 6,577	$ 2,405	$ 701	$ 1,170	$ 4,549	$ 23,180
720 to 779	3,957	1,917	733	250	372	1,670	8,899
660 to 719	498	464	292	145	144	821	2,364
Less than 660	52	123	92	80	85	805	1,237
No FICO score available	542	382	101	50	63	547	1,685
Government insured or guaranteed loans	1	15	38	32	40	723	849
Total residential real estate	$ 12,828	$ 9,478	$ 3,661	$ 1,258	$ 1,874	$ 9,115	$ 38,214

	Term Loans by Origination Year						
December 31, 2020 - In millions	2020	2019	2018	2017	2016	Prior	Total Loans
Current estimated LTV ratios							
Greater than 100%	$ 3	$ 52	$ 26	$ 42	$ 41	$ 160	$ 324
Greater than or equal to 80% to 100%	495	422	127	156	124	307	1,631
Less than 80%	7,491	3,656	992	1,706	1,847	3,991	19,683
Government insured or guaranteed loans	7	28	27	38	57	765	922
Total residential real estate	$ 7,996	$ 4,158	$ 1,172	$ 1,942	$ 2,069	$ 5,223	$ 22,560
Updated FICO scores							
Greater than or equal to 780	$ 5,425	$ 3,099	$ 814	$ 1,432	$ 1,538	$ 2,551	$ 14,859
720 to 779	2,268	820	220	340	335	818	4,801
660 to 719	252	161	76	98	92	475	1,154
Less than 660	40	48	33	31	41	485	678
No FICO score available	4	2	2	3	6	129	146
Government insured or guaranteed loans	7	28	27	38	57	765	922
Total residential real estate	$ 7,996	$ 4,158	$ 1,172	$ 1,942	$ 2,069	$ 5,223	$ 22,560

(a) LTV ratios, inclusive of CLTV for first lien and certain subordinate lien positions, in the BBVA loan portfolio are calculated on a quarterly basis utilizing the real estate collateral values available at origination. These calculations will be refreshed for our 2021 Form 10-K to update the property values of real estate collateral and calculate an updated current estimated LTV ratio in connection with the conversion of bank systems, which occurred as of October 12, 2021. See Note 4 Loans and Related Allowance for Credit Losses included in Item 8 of our 2020 Form 10-K for additional information on how current estimated LTV ratios are calculated in the PNC legacy portfolio.

The following table presents credit quality indicators for the home equity loan class:

Table 51: Home Equity Credit Quality Indicators

	Term Loans by Origination Year								
September 30, 2021 - In millions	2021	2020	2019	2018	2017	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
PNC legacy									
Current estimated LTV ratios									
Greater than 100%	$ 1	$ 16	$ 15	$ 2	$ 2	$ 30	$ 270	$ 91	$ 427
Greater than or equal to 80% to 100%	17	97	87	18	13	78	847	570	1,727
Less than 80%	201	2,704	1,315	401	600	3,427	6,473	4,834	19,955
Total PNC legacy portfolio	219	2,817	1,417	421	615	3,535	7,590	5,495	22,109
Acquired loans									
Estimated LTV ratios (a)									
Greater than 100%						3	68		71
Greater than or equal to 80% to 100%	4	4	2	2	1	14	567	1	595
Less than 80%	7	4	5	5	3	80	1,575	1	1,680
No LTV ratio available	1					4	19		24
Total acquired loans	12	8	7	7	4	101	2,229	2	2,370
Total home equity	$ 231	$ 2,825	$ 1,424	$ 428	$ 619	$ 3,636	$ 9,819	$ 5,497	$ 24,479
Updated FICO scores									
Greater than or equal to 780	$ 129	$ 1,756	$ 787	$ 221	$ 403	$ 2,237	$ 5,812	$ 2,706	$ 14,051
720 to 779	69	745	385	107	125	712	2,403	1,405	5,951
660 to 719	24	270	192	65	59	370	1,140	741	2,861
Less than 660	3	52	59	34	31	305	411	561	1,456
No FICO score available	6	2	1	1	1	12	53	84	160
Total home equity	$ 231	$ 2,825	$ 1,424	$ 428	$ 619	$ 3,636	$ 9,819	$ 5,497	$ 24,479

	Term Loans by Origination Year								
December 31, 2020 - In millions	2020	2019	2018	2017	2016	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Current estimated LTV ratios								.	
Greater than 100%	$ 8	$ 44	$ 18	$ 15	$ 9	$ 88	$ 580	$ 279	$ 1,041
Greater than or equal to 80% to 100%	517	320	59	42	25	158	1,781	591	3,493
Less than 80%	2,909	1,636	513	773	660	3,754	6,433	2,876	19,554
Total home equity	$ 3,434	$ 2,000	$ 590	$ 830	$ 694	$ 4,000	$ 8,794	$ 3,746	$ 24,088
Updated FICO scores									
Greater than or equal to 780	$ 2,019	$ 1,094	$ 311	$ 525	$ 449	$ 2,467	$ 5,382	$ 1,480	$ 13,727
720 to 779	1,028	558	153	181	145	777	2,137	941	5,920
660 to 719	334	273	86	84	66	402	985	625	2,855
Less than 660	52	74	39	39	33	345	277	620	1,479
No FICO score available	1	1	1	1	1	9	13	80	107
Total home equity	$ 3,434	$ 2,000	$ 590	$ 830	$ 694	$ 4,000	$ 8,794	$ 3,746	$ 24,088

(a) LTV ratios, inclusive of CLTV for first lien and certain subordinate lien positions, in the BBVA loan portfolio are calculated on a quarterly basis utilizing the real estate collateral values available at origination. These calculations will be refreshed for our 2021 Form 10-K to update the property values of real estate collateral and calculate an updated current estimated LTV ratio in connection with the conversion of bank systems, which occurred as of October 12, 2021. See Note 4 Loans and Related Allowance for Credit Losses included in Item 8 of our 2020 Form 10-K for additional information on how current estimated LTV ratios are calculated in the PNC legacy portfolio.

Automobile, Credit Card, Education and Other Consumer

The following table presents credit quality indicators for the automobile, credit card, education and other consumer loan classes:

Table 52: Credit Quality Indicators for Automobile, Credit Card, Education and Other Consumer Loan Classes

	Term Loans by Origination Year								
September 30, 2021 - In millions	2021	2020	2019	2018	2017	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Updated FICO Scores									
Automobile									
FICO score greater than or equal to 780	$ 2,828	$ 1,638	$ 1,551	$ 624	$ 281	$ 116			$ 7,038
720 to 779	1,694	1,157	1,225	595	248	91			5,010
660 to 719	730	705	913	505	195	65			3,113
Less than 660	220	349	658	504	198	79			2,008
No FICO score available or required (a)	45	29	13	6	3				96
Total automobile	$ 5,517	$ 3,878	$ 4,360	$ 2,234	$ 925	$ 351			$ 17,265
Credit card									
FICO score greater than or equal to 780							$ 1,718	$ 2	$ 1,720
720 to 779							1,796	10	1,806
660 to 719							1,836	22	1,858
Less than 660							925	33	958
No FICO score available or required (a)							121	3	124
Total credit card							$ 6,396	$ 70	$ 6,466
Education									
FICO score greater than or equal to 780	$ 12	$ 63	$ 81	$ 66	$ 51	$ 412			$ 685
720 to 779	11	31	39	31	22	175			309
660 to 719	8	9	12	12	7	75			123
Less than 660	2	1	2	2	2	27			36
No FICO score available or required (a)	12	11	9	4	1	1			38
Education loans using FICO credit metric	45	115	143	115	83	690			1,191
Other internal credit metrics						1,462			1,462
Total education	$ 45	$ 115	$ 143	$ 115	$ 83	$ 2,152			$ 2,653
Other consumer									
FICO score greater than or equal to 780	$ 181	$ 172	$ 162	$ 62	$ 18	$ 38	$ 203	$ 2	$ 838
720 to 779	229	209	209	85	21	23	200		976
660 to 719	179	170	201	105	21	14	144	1	835
Less than 660	47	73	96	67	14	9	57	1	364
No FICO score available or required (a)	20	7	1	1		1	24		54
Other consumer loans using FICO credit metric	656	631	669	320	74	85	628	4	3,067
Other internal credit metrics	64	16	26	19	22	108	2,617	27	2,899
Total other consumer	$ 720	$ 647	$ 695	$ 339	$ 96	$ 193	$ 3,245	$ 31	$ 5,966

December 31, 2020 - In millions	Term Loans by Origination Year 2020	2019	2018	2017	2016	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Updated FICO Scores									
Automobile									
FICO score greater than or equal to 780	$ 1,807	$ 1,915	$ 807	$ 452	$ 246	$ 58			$ 5,285
720 to 779	1,098	1,581	789	381	167	44			4,060
660 to 719	617	1,222	684	288	109	31			2,951
Less than 660	192	776	598	240	87	29			1,922
Total automobile	$ 3,714	$ 5,494	$ 2,878	$ 1,361	$ 609	$ 162			$ 14,218
Credit card									
FICO score greater than or equal to 780							$ 1,635	$ 3	$ 1,638
720 to 779							1,724	11	1,735
660 to 719							1,765	26	1,791
Less than 660							902	51	953
No FICO score available or required (a)							94	4	98
Total credit card							$ 6,120	$ 95	$ 6,215
Education									
FICO score greater than or equal to 780	$ 34	$ 90	$ 74	$ 59	$ 50	$ 428			$ 735
720 to 779	24	46	38	28	20	190			346
660 to 719	15	15	14	9	6	90			149
Less than 660	3	2	3	2	2	37			49
No FICO score available or required (a)	16	10	6	3		1			36
Education loans using FICO credit metric	92	163	135	101	78	746			1,315
Other internal credit metrics						1,631			1,631
Total education	$ 92	$ 163	$ 135	$ 101	$ 78	$ 2,377			$ 2,946
Other consumer									
FICO score greater than or equal to 780	$ 162	$ 187	$ 63	$ 21	$ 5	$ 42	$ 86	$ 1	$ 567
720 to 779	197	247	82	22	5	22	123		698
660 to 719	127	210	81	17	3	14	117	1	570
Less than 660	28	86	41	9	2	8	53	1	228
Other consumer loans using FICO credit metric	514	730	267	69	15	86	379	3	2,063
Other internal credit metrics	67	33	37	26	60	75	2,334	3	2,635
Total other consumer	$ 581	$ 763	$ 304	$ 95	$ 75	$ 161	$ 2,713	$ 6	$ 4,698

(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

Table 53 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 nine months ended September 30, 2021 and September 30, 2020. 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 included in Item 8 of our 2020 Form 10-K for additional discussion of TDRs.

Table 53: Financial Impact and TDRs by Concession Type (a)

Three months ended September 30 Dollars in millions	Number of Loans	Pre-TDR Amortized Cost Basis (b)	Post-TDR Amortized Cost Basis (c) Principal Forgiveness	Rate Reduction	Other	Total
2021						
Commercial	13	$ 123			$ 139	$ 139
Consumer	1,340	31		$ 21	7	28
Total TDRs	1,353	$ 154		$ 21	$ 146	$ 167
2020						
Commercial	16	$ 95		$ 10	$ 69	$ 79
Consumer	2,769	46		26	14	40
Total TDRs	2,785	$ 141		$ 36	$ 83	$ 119

Nine months ended September 30 Dollars in millions	Number of Loans	Pre-TDR Amortized Cost Basis (b)	Post-TDR Amortized Cost Basis (c) Principal Forgiveness	Rate Reduction	Other	Total
2021						
Commercial	43	$ 320			$ 315	$ 315
Consumer	4,822	86		$ 49	28	77
Total TDRs	4,865	$ 406		$ 49	$ 343	$ 392
2020						
Commercial	58	$ 304	$ 39	$ 10	$ 231	$ 280
Consumer	9,925	139		67	59	126
Total TDRs	9,983	$ 443	$ 39	$ 77	$ 290	$ 406

(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 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. The following table provides a summary of TDRs that subsequently defaulted during the periods presented and were classified as TDRs during the applicable 12-month period preceding September 30, 2021 and September 30, 2020:

Table 54: Subsequently Defaulted TDRs

In millions	2021	2020
Three months ended September 30	$ 6	$ 26
Nine months ended September 30	$ 25	$ 46

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 included in Item 8 of our 2020 Form 10-K for a discussion of the methodologies used to determine this allowance. A rollforward of the ACL related to loans follows:

Table 55: Rollforward of Allowance for Credit Losses

	Three months ended September 30						Nine months ended September 30					
	2021			2020			2021			2020		
In millions	Commercial	Consumer	Total	Commercial	Consumer	Total	Commercial	Consumer	Total	Commercial	Consumer	Total
Allowance for loan and lease losses												
Beginning balance	$ 3,812	$ 1,918	$ 5,730	$ 3,380	$ 2,548	$ 5,928	$ 3,337	$ 2,024	$ 5,361	$ 1,812	$ 930	$ 2,742
Adoption of ASU 2016-13 (a)										(304)	767	463
Beginning balance, adjusted	3,812	1,918	5,730	3,380	2,548	5,928	3,337	2,024	5,361	1,508	1,697	3,205
Acquisition PCD reserves	(54)	(5)	(59)				774	282	1,056			
Charge-offs	(50)	(156)	(206)	(64)	(183)	(247)	(393)	(484)	(877)	(269)	(596)	(865)
Recoveries	29	96	125	26	66	92	81	263	344	65	197	262
Net (charge-offs) (b)	(21)	(60)	(81)	(38)	(117)	(155)	(312)	(221)	(533)	(204)	(399)	(603)
Provision for (recapture of) credit losses	(129)	(100)	(229)	185	(208)	(23)	(193)	(332)	(525)	2,224	925	3,149
Other	(5)	(1)	(6)	1		1	(3) $	(1)	(4)			
Ending balance	$ 3,603	$ 1,752	$ 5,355	$ 3,528	$ 2,223	$ 5,751	$ 3,603	$ 1,752	$ 5,355	$ 3,528	$ 2,223	$ 5,751
Allowance for unfunded lending related commitments (c)												
Beginning balance	$ 533	$ 112	$ 645	$ 548	$ 114	$ 662	$ 485	$ 99	$ 584	$ 316	$ 2	$ 318
Adoption of ASU 2016-13 (a)										53	126	179
Beginning balance, adjusted	533	112	645	548	114	662	485	99	584	369	128	497
Acquisition PCD reserves							43	3	46			
Provision for (recapture of) credit losses	2	(1)	1	34	(7)	27	7	9	16	213	(21)	192
Ending balance	$ 535	$ 111	$ 646	$ 582	$ 107	$ 689	$ 535	$ 111	$ 646	$ 582	$ 107	$ 689
Allowance for credit losses at September 30 (d)	$ 4,138	$ 1,863	$ 6,001	$ 4,110	$ 2,330	$ 6,440	$ 4,138	$ 1,863	$ 6,001	$ 4,110	$ 2,330	$ 6,440

(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) Amounts for the nine months ended September 30, 2021 include amounts attributable to BBVA, primarily related to commercial loans, which were largely the result of required purchase accounting treatment for the BBVA acquisition.
(c) See Note 8 Commitments for additional information about the underlying commitments related to this allowance.
(d) Represents the ALLL plus allowance for unfunded lending related commitments and excludes allowances for investment securities and other financial assets, which together totaled $162 million and $98 million at September 30, 2021 and 2020, respectively.

The ACL at September 30, 2021 totaled $6.0 billion, an increase of $0.1 billion since December 31, 2020. This increase was primarily attributable to the addition of reserves related to the BBVA acquisition, partially offset by declines due to portfolio changes and an improved economic outlook. The following summarizes the changes in these factors that influenced the current ACL during the nine months ended September 30, 2021:

- Reserves in the current period include expected credit losses on the acquired BBVA loan portfolio.
- Portfolio changes that drove reserve declines included improvements in credit quality along with changes in portfolio composition reflecting both shifts in the portfolio mix and declines in certain legacy PNC loan balances.
- The economic scenarios used for the period ended September 30, 2021 reflect an improved near-term economic outlook compared to the scenarios used for the period ended December 31, 2020. The overall improvement in the comparison was driven largely by improvements in both the outlook for consumer spending and the labor market, along with the impact from continued vaccine distribution, while also considering the lingering effects of COVID-19 that slowed the momentum of economic recovery in recent months, as the Delta variant continued to drive increased COVID-19 cases throughout the U.S. and abroad.

NOTE 5 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 Item 8 of our 2020 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 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 cash flows associated with our loan sale and servicing activities:

Table 56: Cash Flows Associated with Loan Sale and Servicing Activities

In millions	Residential Mortgages	Commercial Mortgages (a)
Cash Flows - Three months ended September 30, 2021		
Sales of loans (b)	$ 2,475	$ 881
Repurchases of previously transferred loans (c)	$ 45	$ 103
Servicing fees (d)	$ 105	$ 43
Servicing advances recovered/(funded), net	$ (4)	$ 28
Cash flows on mortgage-backed securities held (e)	$ 2,041	$ 18
Cash Flows - Three months ended September 30, 2020		
Sales of loans (b)	$ 1,799	$ 839
Repurchases of previously transferred loans (c)	$ 352	$ 107
Servicing fees (d)	$ 85	$ 33
Servicing advances recovered/(funded), net	$ (15)	$ (78)
Cash flows on mortgage-backed securities held (e)	$ 2,829	$ 14
Cash Flows - Nine months ended September 30, 2021		
Sales of loans (b)	$ 5,997	$ 2,604
Repurchases of previously transferred loans (c)	$ 189	$ 145
Servicing fees (d)	$ 270	$ 119
Servicing advances recovered/(funded), net	$ 8	$ (8)
Cash flows on mortgage-backed securities held (e)	$ 7,256	$ 66
Cash Flows - Nine months ended September 30, 2020		
Sales of loans (b)	$ 5,328	$ 2,666
Repurchases of previously transferred loans (c)	$ 547	$ 132
Servicing fees (d)	$ 251	$ 97
Servicing advances recovered/(funded), net	$ 4	$ (206)
Cash flows on mortgage-backed securities held (e)	$ 6,374	$ 65

(a) Represents cash flow information associated with both commercial mortgage loan transfers 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 $15.9 billion, $16.5 billion and $19.5 billion in residential mortgage-backed securities and $0.6 billion, $0.8 billion and $0.8 billion in commercial mortgage-backed securities at September 30, 2021, December 31, 2020 and September 30, 2020.

Table 57 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 September 30, 2021.

Table 57: Principal Balance, Delinquent Loans and Net Charge-offs Related to Serviced Loans For Others

In millions	Residential Mortgages	Commercial Mortgages (a)
September 30, 2021		
Total principal balance	$ 43,447	$ 40,775
Delinquent loans (b)	$ 551	$ 71
December 31, 2020		
Total principal balance	$ 43,351	$ 40,790
Delinquent loans (b)	$ 453	$ 136
Three months ended September 30, 2021		
Net charge-offs (c)	$ 1	$ 2
Three months ended September 30, 2020		
Net charge-offs (c)	$ 4	$ 4
Nine months ended September 30, 2021		
Net charge-offs (c)	$ 4	$ 180
Nine months ended September 30, 2020		
Net charge-offs (c)	$ 14	$ 103

(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 in Item 8 of our 2020 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 58 where we have determined that our continuing involvement is not significant. 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 58. 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 58: Non-Consolidated VIEs

In millions	PNC Risk of Loss (a)	Carrying Value of Assets Owned by PNC	Carrying Value of Liabilities Owned by PNC
September 30, 2021			
Mortgage-backed securitizations (b)	$ 17,223	$ 17,223 (c)	$ 1
Tax credit investments and other	3,778	3,952 (d)	1,847 (e)
Total	$ 21,001	$ 21,175	$ 1,848
December 31, 2020			
Mortgage-backed securitizations (b)	$ 18,207	$ 18,207 (c)	$ 1
Tax credit investments and other	3,121	2,894 (d)	1,198 (e)
Total	$ 21,328	$ 21,101	$ 1,199

(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 CRA. Within Income taxes, during both the nine months ended September 30, 2021 and September 30, 2020, we recognized $0.1 billion or less of amortization, tax credits and other tax benefits associated with qualified investments in low income housing tax credits.

Note 6 Goodwill and Mortgage Servicing Rights

Goodwill

Allocations of Goodwill by business segment during 2021 and 2020 follow:

Table 59: Goodwill by Business Segment

In millions	Retail Banking	Corporate & Institutional Banking	Asset Management Group	Total
September 30, 2021 (a)	$ 6,459	$ 4,239	$ 187	$ 10,885
December 31, 2020	$ 5,795	$ 3,374	$ 64	$ 9,233

(a) Includes $1.6 billion of goodwill from the BBVA acquisition.

Goodwill increased during the nine months ended September 30, 2021 primarily as a result of the acquisition of BBVA. Goodwill was recorded and allocated to each segment on a preliminary basis and is subject to change based on new information obtained related to the close date or reallocation of assets and liabilities to each segment. 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 results of our review for triggering events, there were no impairment charges related to goodwill in the first nine months of 2021 or in 2020.

Mortgage Servicing Rights

We recognize the right to service mortgage loans for others as an intangible asset when the servicing income we receive is more than our projected servicing costs. MSRs are purchased or originated when loans are sold with servicing retained. MSRs totaled $1.8 billion and $1.2 billion at September 30, 2021 and December 31, 2020, respectively, and consisted of loan servicing contracts for commercial and residential mortgages measured at fair value.

MSRs are subject to declines 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 and derivative instruments 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 6 for more detail on our fair value measurement of MSRs. See Note 15 Fair Value and Note 6 Goodwill and Mortgage Servicing Rights in the Notes to Consolidated Financial Statements included in Item 8 of our 2020 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 60: Mortgage Servicing Rights

	Commercial MSRs		Residential MSRs	
In millions	2021	2020	2021	2020
January 1	$ 569	$ 649	$ 673	$ 995
Additions:				
BBVA Acquisition			35	
From loans sold with servicing retained	61	65	61	34
Purchases	26	31	400	113
Changes in fair value due to:				
Time and payoffs (a)	(87)	(87)	(242)	(136)
Other (b)	134	(143)	203	(408)
September 30	$ 703	$ 515	$ 1,130	$ 598
Related unpaid principal balance at September 30	$ 263,862	$ 234,897	$ 139,154	$ 119,158
Servicing advances at September 30	$ 445	$ 363	$ 139	$ 107

(a) Represents decrease in MSR value due to passage of time, including the impact from both regularly scheduled loan principal payments and loans that were paid down or 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 September 30, 2021 and December 31, 2020 are shown in Tables 61 and 62. 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 61 and 62. 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 61: Commercial Mortgage Servicing Rights – Key Valuation Assumptions

Dollars in millions	September 30 2021	December 31 2020
Fair value	$ 703	$ 569
Weighted-average life (years)	4.4	4.4
Weighted-average constant prepayment rate	5.46 %	4.87 %
Decline in fair value from 10% adverse change	$ 10	$ 9
Decline in fair value from 20% adverse change	$ 20	$ 18
Effective discount rate	7.55 %	7.33 %
Decline in fair value from 10% adverse change	$ 19	$ 15
Decline in fair value from 20% adverse change	$ 39	$ 31

Table 62: Residential Mortgage Servicing Rights – Key Valuation Assumptions

Dollars in millions	September 30 2021	December 31 2020
Fair value	$ 1,130	$ 673
Weighted-average life (years)	5.9	3.8
Weighted-average constant prepayment rate	11.49 %	21.13 %
Decline in fair value from 10% adverse change	$ 47	$ 41
Decline in fair value from 20% adverse change	$ 94	$ 82
Weighted-average option adjusted spread	909 bps	922 bps
Decline in fair value from 10% adverse change	$ 37	$ 20
Decline in fair value from 20% adverse change	$ 72	$ 38

Fees from mortgage loan servicing, which includes contractually specified servicing fees, late fees and ancillary fees were $0.2 billion for the three months ended September 30, 2021 and 2020 and $0.4 billion for the nine months ended September 30, 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 Corporate services and Residential mortgage, respectively.

Note 7 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 the Notes to Consolidated Financial Statements included in Item 8 of our 2020 Form 10-K.

Table 63: Lessor Income

In millions	Three months ended September 30 2021	Three months ended September 30 2020	Nine months ended September 30 2021	Nine months ended September 30 2020
Product				
Sales-type leases and direct financing leases (a)	$ 61	$ 66	$ 184	$ 207
Operating leases (b)	18	22	58	74
Lessor income	$ 79	$ 88	$ 242	$ 281

(a) Included in Loan interest income on the Consolidated Income Statement.
(b) Included in Corporate services on the Consolidated Income Statement.

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 September 30, 2021 and December 31, 2020, respectively.

Table 64: Commitments to Extend Credit and Other Commitments

In millions	September 30 2021	December 31 2020
Commitments to extend credit		
Commercial	$ 177,033	$ 153,089
Home equity lines of credit	19,300	16,626
Credit card	34,488	31,019
Other	10,693	7,087
Total commitments to extend credit	241,514	207,821
Net outstanding standby letters of credit (a)	9,495	9,053
Standby bond purchase agreements (b)	1,300	1,448
Other commitments (c)	2,745	2,046
Total commitments to extend credit and other commitments	$ 255,054	$ 220,368

(a) Net outstanding standby letters of credit include $3.4 billion and $3.8 billion at September 30, 2021 and December 31, 2020, respectively, which support remarketing programs.
(b) We enter into standby bond purchase agreements to support municipal bond obligations.
(c) Includes $1.7 billion and $1.1 billion related to investments in qualified affordable housing projects for September 30, 2021 and December 31, 2020, 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 97% of our net outstanding standby letters of credit were rated as Pass as of September 30, 2021, 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 September 30, 2021 had terms ranging from less than one year to eight years.

As of September 30, 2021, assets of $1.5 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 $0.1 billion at September 30, 2021 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 and nine months ended September 30, 2021 and 2020 is as follows:

Table 65: 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 June 30, 2020 (a)	425	$ 2,712	$ 3,995	$ 12,289	$ 44,986	$ 3,069	$ (14,128)	$ 25	$ 52,948
Net income					1,519			13	1,532
Other comprehensive income, net of tax						(72)			(72)
Cash dividends declared - Common					(494)				(494)
Cash dividends declared - Preferred					(63)				(63)
Preferred stock discount accretion			1		(1)				
Treasury stock activity	(1)			1			(88)		(87)
Preferred stock redemption - Series Q (b)			(480)						(480)
Other				30				(4)	26
Balance at September 30, 2020 (a)	424	$ 2,712	$ 3,516	$ 12,320	$ 45,947	$ 2,997	$ (14,216)	$ 34	$ 53,310
Balance at June 30, 2021 (a)	425	$ 2,713	$ 3,519	$ 12,409	$ 48,663	$ 1,463	$ (14,140)	$ 58	$ 54,685
Net income					1,474			16	1,490
Other comprehensive income, net of tax						(384)			(384)
Cash dividends declared - Common					(538)				(538)
Cash dividends declared - Preferred					(57)				(57)
Preferred stock discount accretion			1		(1)				
Preferred stock issuance (c)			1,489						1,489
Treasury stock activity	(2)			5			(387)		(382)
Other				30				(36)	(6)
Balance at September 30, 2021 (a)	423	$ 2,713	$ 5,009	$ 12,444	$ 49,541	$ 1,079	$ (14,527)	$ 38	$ 56,297
Nine months ended									
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 2016-13 adoption (d)					(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					6,075			27	6,102
Other comprehensive income, net of tax						2,198			2,198
Cash dividends declared - Common					(1,488)				(1,488)
Cash dividends declared - Preferred					(181)				(181)
Preferred stock discount accretion			3		(3)				
Common stock activity				11					11
Treasury stock activity	(9)			52			(1,435)		(1,383)
Preferred stock redemption - Series Q (b)			(480)						(480)
Other				(119)				(22)	(141)
Balance at September 30, 2020 (a)	424	$ 2,712	$ 3,516	$ 12,320	$ 45,947	$ 2,997	$ (14,216)	$ 34	$ 53,310
Balance at December 31, 2020 (a)	424	$ 2,713	$ 3,517	$ 12,367	$ 46,848	$ 2,770	$ (14,205)	$ 31	$ 54,041
Net income					4,381			38	4,419
Other comprehensive income, net of tax						(1,691)			(1,691)
Cash dividends declared - Common					(1,523)				(1,523)
Cash dividends declared - Preferred					(162)				(162)
Preferred stock discount accretion			3		(3)				
Preferred stock issuance (c)			1,489						1,489
Common stock activity				12					12
Treasury stock activity	(1)			78			(322)		(244)
Other				(13)				(31)	(44)
Balance at September 30, 2021 (a)	423	$ 2,713	$ 5,009	$ 12,444	$ 49,541	$ 1,079	$ (14,527)	$ 38	$ 56,297

(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 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 fractional interests in such shares.
(c) 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.
(d) Represents the cumulative effect of adopting ASU 2016-13 - Financial Instruments - *Credit Losses*.

Details of other comprehensive income (loss) are as follows:

Table 66: Other Comprehensive Income (Loss)

	Three months ended September 30						Nine months ended September 30					
	2021			2020			2021			2020		
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	$ (320)	$ 76	$ (244)	$ 42	$ (9)	$ 33	$ (1,446)	$ 341	$ (1,105)	$ 2,283	$ (525)	$ 1,758
Less: Net realized gains (losses) reclassified to earnings (a)	3	(1)	2	32	(7)	25	25	(6)	19	255	(59)	196
Net change	(323)	77	(246)	10	(2)	8	(1,471)	347	(1,124)	2,028	(466)	1,562
Cash flow hedge derivatives												
Net unrealized gains (losses) on cash flow hedge derivatives	(59)	14	(45)	15	(3)	12	(369)	87	(282)	960	(221)	739
Less: Net realized gains (losses) reclassified to earnings (a)	115	(27)	88	134	(30)	104	358	(84)	274	282	(65)	217
Net change	(174)	41	(133)	(119)	27	(92)	(727)	171	(556)	678	(156)	522
Pension and other postretirement benefit plan adjustments												
Net pension and other postretirement benefit plan activity and other reclassified to earnings (b)	2		2	2		2	(11)	3	(8)	(3)	1	(2)
Net change	2		2	2		2	(11)	3	(8)	(3)	1	(2)
Other												
Net unrealized gains (losses) on other transactions	1	(8)	(7)		10	10	2	(5)	(3)	10	(9)	1
Net change	1	(8)	(7)		10	10	2	(5)	(3)	10	(9)	1
Total other comprehensive income (loss) from continuing operations	(494)	110	(384)	(107)	35	(72)	(2,207)	516	(1,691)	2,713	(630)	2,083
Total other comprehensive income (loss) from discontinued operations										148	(33)	115
Total other comprehensive income (loss)	$ (494)	$ 110	$ (384)	$ (107)	$ 35	$ (72)	$ (2,207)	$ 516	$ (1,691)	$ 2,861	$ (663)	$ 2,198

(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 67: 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
Three months ended							
Balance at June 30, 2020	$ 2,621	$ 890	$ (412)	$ (30)	$ 3,069		$ 3,069
Net activity	8	(92)	2	10	(72)		(72)
Balance at September 30, 2020	$ 2,629	$ 798	$ (410)	$ (20)	$ 2,997		$ 2,997
Balance at June 30, 2021	$ 1,584	$ 236	$ (355)	$ (2)	$ 1,463		$ 1,463
Net activity	(246)	(133)	2	(7)	(384)		(384)
Balance at September 30, 2021	$ 1,338	$ 103	$ (353)	$ (9)	$ 1,079		$ 1,079
Nine months ended							
Balance at December 31, 2019	$ 1,067	$ 276	$ (408)	$ (21)	$ 914	$ (115)	$ 799
Net activity	1,562	522	(2)	1	2,083	115	2,198
Balance at September 30, 2020	$ 2,629	$ 798	$ (410)	$ (20)	$ 2,997		$ 2,997
Balance at December 31, 2020	$ 2,462	$ 659	$ (345)	$ (6)	$ 2,770		$ 2,770
Net activity	(1,124)	(556)	(8)	(3)	(1,691)		(1,691)
Balance at September 30, 2021	$ 1,338	$ 103	$ (353)	$ (9)	$ 1,079		$ 1,079

The following table provides the dividends per share for PNC's common and preferred stock:

Table 68: Dividends Per Share (a)

	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Common Stock	$ 1.25	$ 1.15	$ 3.55	$ 3.45
Preferred Stock				
Series B	$ 0.45	$ 0.45	$ 1.35	$ 1.35
Series O	$ 3,375	$ 3,375	$ 6,750	$ 6,750
Series P	$ 1,531	$ 1,531	$ 4,594	$ 4,594
Series Q (b)		$ 1,343		$ 4,031
Series R			$ 2,425	$ 2,425
Series S			$ 2,500	$ 2,500

(a) Dividends are payable quarterly other than Series R and Series S preferred stock, which are payable semiannually. 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. Beginning on December 15, dividends will be paid on the Series T on a quarterly basis (March 15, June 15, September 15 and December 15 of each year).
(b) 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 fractional interest in such shares.

On October 1, 2021, the PNC board of directors declared a quarterly cash dividend on common stock of $1.25 per share payable on November 5, 2021.

Note 10 Earnings Per Share

Table 69: Basic and Diluted Earnings Per Common Share

In millions, except per share data	Three months ended September 30 2021	Three months ended September 30 2020	Nine months ended September 30 2021	Nine months ended September 30 2020
Basic				
Net income from continuing operations	$ 1,490	$ 1,532	$ 4,419	$ 1,547
Less:				
Net income attributable to noncontrolling interests	16	13	38	27
Preferred stock dividends	57	63	162	181
Preferred stock discount accretion and redemptions	1	1	3	3
Net income from continuing operations attributable to common shareholders	1,416	1,455	4,216	1,336
Less: Dividends and undistributed earnings allocated to nonvested restricted shares	8	8	21	7
Net income from continuing operations attributable to basic common shareholders	$ 1,408	$ 1,447	$ 4,195	$ 1,329
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	426	426	426	427
Basic earnings per common share from continuing operations (a)	$ 3.31	$ 3.40	$ 9.84	$ 3.11
Basic earnings per common share from discontinued operations (a)				$ 10.61
Basic earnings per common share (b)	$ 3.31	$ 3.40	$ 9.84	$ 13.73
Diluted				
Net income from continuing operations attributable to diluted common shareholders	$ 1,408	$ 1,447	$ 4,195	$ 1,329
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	426	426	426	427
Dilutive potential common shares			1	1
Diluted weighted-average common shares outstanding	426	426	427	428
Diluted earnings per common share from continuing operations (a)	$ 3.30	$ 3.39	$ 9.83	$ 3.11
Diluted earnings per common share from discontinued operations (a)				$ 10.59
Diluted earnings per common share (b)	$ 3.30	$ 3.39	$ 9.83	$ 13.70

(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).
(b) For additional information on our policy for not allocating losses to participating securities, see the Earnings Per Common Share section of Note 1 Accounting Policies included in Item 8 of our 2020 Form 10-K.

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 Item 8 of our 2020 Form 10-K. Additionally, for more information regarding the fair value of assets and liabilities from our BBVA acquisition, see Note 2 Acquisition and Divestiture Activity in this Report.

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 Item 8 of our 2020 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 70: Fair Value Measurements – Recurring Basis Summary

	September 30, 2021				December 31, 2020			
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		$ 1,433	$ 86	$ 1,519		$ 691	$ 163	$ 854
Commercial mortgage loans held for sale		457	51	508		305	57	362
Securities available for sale								
U.S. Treasury and government agencies	$ 36,613	4,356		40,969	$ 16,675	4,036		20,711
Residential mortgage-backed								
Agency		65,185		65,185		48,911		48,911
Non-agency		74	1,168	1,242		136	1,365	1,501
Commercial mortgage-backed								
Agency		2,060		2,060		2,688		2,688
Non-agency		3,668	3	3,671		3,678	11	3,689
Asset-backed		5,895	172	6,067		4,951	199	5,150
Other		4,864	69	4,933		4,636	72	4,708
Total securities available for sale	36,613	86,102	1,412	124,127	16,675	69,036	1,647	87,358
Loans		673	936	1,609		718	647	1,365
Equity investments (a)	1,071		1,530	2,804	1,070		1,263	2,629
Residential mortgage servicing rights			1,130	1,130			673	673
Commercial mortgage servicing rights			703	703			569	569
Trading securities (b)	570	1,308		1,878	548	1,690		2,238
Financial derivatives (b) (c)	1	6,978	56	7,035		6,415	118	6,533
Other assets	395	102		497	373	81		454
Total assets (d)	$ 38,650	$ 97,053	$ 5,904	$ 141,810	$ 18,666	$ 78,936	$ 5,137	$ 103,035
Liabilities								
Other borrowed funds	$ 832	$ 116	$ 4	$ 952	$ 661	$ 44	$ 2	$ 707
Financial derivatives (c) (e)		4,450	331	4,781		2,483	273	2,756
Other liabilities			167	167			43	43
Total liabilities (f)	$ 832	$ 4,566	$ 502	$ 5,900	$ 661	$ 2,527	$ 318	$ 3,506

(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 September 30, 2021 and December 31, 2020 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 26% and 22% as of September 30, 2021 and December 31, 2020, respectively. Level 3 assets as a percentage of total assets at fair value was 4% and 5% at September 30, 2021 and December 31, 2020, respectively. Level 3 assets as a percentage of total consolidated assets was 1% at both September 30, 2021 and December 31, 2020.
(e) Included in Other liabilities on the Consolidated Balance Sheet.
(f) Total liabilities at fair value as a percentage of total consolidated liabilities was 1% at both September 30, 2021 and December 31, 2020. Level 3 liabilities as a percentage of total liabilities at fair value was 9% at both September 30, 2021 and December 31, 2020. Level 3 liabilities as a percentage of total consolidated liabilities was less than 1% at both September 30, 2021 and December 31, 2020.

Reconciliations of assets and liabilities measured at fair value on a recurring basis using Level 3 inputs for the nine months ended September 30, 2021 and 2020 follow:

Table 71: Reconciliation of Level 3 Assets and Liabilities

Three Months Ended September 30, 2021

Level 3 Instruments Only In millions	Fair Value June 30, 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	Impact from BBVA Acquisition	Fair Value Sept. 30, 2021	Unrealized gains / losses on assets and liabilities held on Consolidated Balance Sheet at Sept. 30, 2021 (a) (c)
Assets												
Residential mortgage loans held for sale	$ 119	$ (1)		$ 5	$ (29)		$ (6)	$ 4	$ (6) (e)		$ 86	$ (1)
Commercial mortgage loans held for sale	52	(1)									51	
Other consumer loans held for sale	239				(256)					$ 17		
Securities available for sale												
Residential mortgage-backed non-agency	1,237	10	$ (2)				(77)				1,168	
Commercial mortgage-backed non-agency	11		(8)								3	
Asset-backed	175	1	5				(9)				172	
Other	73			2	(9)		3				69	
Total securities available for sale	1,496	11	(5)	2	(9)		(83)				1,412	
Loans	979	12		14	(6)		(58)		(5) (e)		936	12
Equity investments	1,540	265		158	(433)						1,530	95
Residential mortgage servicing rights	1,111	49		28		$ 24	(82)				1,130	49
Commercial mortgage servicing rights	682	24		5		22	(30)				703	24
Financial derivatives	87	23		1			(55)				56	39
Total assets	$ 6,305	$ 382	$ (5)	$ 213	$ (733)	$ 46	$ (314)	$ 4	$ (11)	$ 17	$ 5,904	$ 218
Liabilities												
Other borrowed funds	$ 2					$ 3	$ (1)				$ 4	
Financial derivatives	200	$ 165			$ 3		(37)				331	$ 171
Other liabilities	124	45				4	(6)				167	44
Total liabilities	$ 326	$ 210			$ 3	$ 7	$ (44)				$ 502	$ 215
Net gains (losses)		$ 172 (f)										$ 3 (g)

Three Months Ended September 30, 2020

Level 3 Instruments Only In millions	Fair Value June 30, 2020	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 Sept. 30, 2020	Unrealized gains/losses on assets and liabilities held on Consolidated Balance Sheet at Sept. 30, 2020 (a) (c)
		Included in Earnings	Included in Other comprehensive income (b)								
Assets											
Residential mortgage loans held for sale	$ 88			$ 15	$ (10)		$ (9)	$ 3	$ (10)	$ 77	
Commercial mortgage loans held for sale	60	$ (1)								59	
Securities available for sale											
Residential mortgage-backed non-agency	1,491	12	$ 18				(83)			1,438	
Commercial mortgage-backed non-agency	19		(8)							11	
Asset-backed	210	1	5				(8)			208	
Other	72			(1)						71	
Total securities available for sale	1,792	13	15	(1)			(91)			1,728	
Loans	607	7		63	(3)		(27)			647	$ 7
Equity investments	1,183	63		60	(47)					1,259	56
Residential mortgage servicing rights	577	11		52		$ 12	(54)			598	11
Commercial mortgage servicing rights	490	23		8		20	(26)			515	23
Financial derivatives	141	41		3			(48)			137	52
Total assets	$ 4,938	$ 157	$ 15	$ 200	$ (60)	$ 32	$ (255)	$ 3	$ (10)	$ 5,020	$ 149
Liabilities											
Other borrowed funds	$ 2					$ 2	$ (2)			$ 2	
Financial derivatives	209	$ (10)			$ 1		(57)			143	$ (7)
Other liabilities	85	7				17	(19)			90	6
Total liabilities	$ 296	$ (3)			$ 1	$ 19	$ (78)			$ 235	$ (1)
Net gains (losses)		$ 160 (f)									$ 150 (g)

(continued from previous page)

Nine Months Ended September 30, 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 Sept. 30, 2021	Unrealized gains / losses on assets and liabilities held on Consolidated Balance Sheet at Sept. 30, 2021 (a) (c)
Assets												
Residential mortgage loans held for sale	$ 163	$ (1)		$ 43	$ (81)		$ (34)	$ 12	$ (16) (e)		$ 86	$ (1)
Commercial mortgage loans held for sale	57	(1)			(6)		1				51	1
Other consumer loans held for sale					(256)					$ 256		
Securities available for sale												
Residential mortgage-backed non-agency	1,365	30	$ 14				(241)				1,168	
Commercial mortgage-backed non-agency	11		(8)								3	
Asset-backed	199	2	10				(39)				172	
Other	72		1	5	(9)						69	
Total securities available for sale	1,647	32	17	5	(9)		(280)				1,412	
Loans	647	32		111	(12)		(121)		(13) (e)	292	936	32
Equity investments	1,263	489		290	(512)						1,530	294
Residential mortgage servicing rights	673	203		400		$ 61	(242)			35	1,130	203
Commercial mortgage servicing rights	569	134		26		61	(87)				703	134
Financial derivatives	118	69		4			(140)			5	56	87
Total assets	$ 5,137	$ 957	$ 17	$ 879	$ (876)	$ 122	$ (903)	$ 12	$ (29)	$ 588	$ 5,904	$ 750
Liabilities												
Other borrowed funds	$ 2					$ 4	$ (2)				$ 4	
Financial derivatives	273	$ 155			$ 6		(110)			$ 7	331	$ 156
Other liabilities	43	108				321	(305)				167	81
Total liabilities	$ 318	$ 263			$ 6	$ 325	$ (417)			$ 7	$ 502	$ 237
Net gains (losses)		$ 694 (f)										$ 513 (g)

Nine Months Ended September 30, 2020

Level 3 Instruments Only In millions	Fair Value Dec. 31, 2019	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 Sept. 30, 2020	Unrealized gains/losses on assets and liabilities held on Consolidated Balance Sheet at Sept. 30, 2020 (a) (c)
Assets											
Residential mortgage loans held for sale	$ 2			$ 22	$ (12)		$ (12)	$ 90	$ (13) (e)	$ 77	
Commercial mortgage loans held for sale	64	$ (2)					(3)			59	$ (1)
Securities available for sale											
Residential mortgage-backed non-agency	1,741	40	$ (81)				(262)			1,438	
Commercial mortgage-backed non-agency			(8)					19		11	
Asset-backed	240	5	(8)				(29)			208	
Other	74		(3)	3			(3)			71	
Total securities available for sale	2,055	45	(100)	3			(294)	19		1,728	
Loans	300	20		134	(34)		313 (d)		(86) (e)	647	20
Equity investments	1,276	(68)		173	(122)					1,259	(69)
Residential mortgage servicing rights	995	(408)		113		$ 34	(136)			598	(408)
Commercial mortgage servicing rights	649	(143)		31		65	(87)			515	(144)
Financial derivatives	54	192		9			(118)			137	200
Total assets	$ 5,395	$ (364)	$ (100)	$ 485	$ (168)	$ 99	$ (337)	$ 109	$ (99)	$ 5,020	$ (402)
Liabilities											
Other borrowed funds	$ 7					$ 27	$ (32)			$ 2	
Financial derivatives	200	$ 26			$ 3		(86)			143	$ 30
Other liabilities	137	13				54	(116)	$ 2		90	(2)
Total liabilities	$ 344	$ 39			$ 3	$ 81	$ (234)	$ 2		$ 235	$ 28
Net gains (losses)		$ (403) (f)									$ (430) (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 not significant.
(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) Upon adoption of ASU 2016-13 - *Credit Losses*, we discontinued the accounting for purchased impaired loans and elected the one-time fair value option election for some of these loans and certain nonperforming loans.
(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 72: Fair Value Measurements – Recurring Quantitative Information

September 30, 2021

Level 3 Instruments Only Dollars in millions	Fair Value	Valuation Techniques	Unobservable Inputs	Range (Weighted-Average) (a)
Commercial mortgage loans held for sale	$ 51	Discounted cash flow	Spread over the benchmark curve (b)	610bps - 10,580bps (2,442bps)
Residential mortgage-backed non-agency securities	1,168	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 30.7% (11.2%)
			Constant default rate	0.0% - 16.9% (4.6%)
			Loss severity	20.0% - 95.7% (47.7%)
			Spread over the benchmark curve (b)	160bps weighted-average
Asset-backed securities	172	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 40.0% (10.5%)
			Constant default rate	1.4% - 20.0% (3.3%)
			Loss severity	8.0% - 100.0% (52.1%)
			Spread over the benchmark curve (b)	198bps weighted-average
Loans - Residential real estate	640	Consensus pricing (c)	Cumulative default rate	3.6% - 100.0% (77.2%)
			Loss severity	0.0% - 100.0% (8.9%)
			Discount rate	4.8% - 6.8% (5.1%)
	116	Discounted cash flow	Loss severity	8.0% weighted-average
			Discount rate	3.2% weighted-average
Loans - Home equity	18	Consensus pricing (c)	Cumulative default rate	3.6% -100.0% (83.9%)
			Loss severity	0.0% - 98.4% (29.6%)
			Discount rate	4.8% - 6.8% (6.2%)
	162	Consensus pricing (c)	Credit and liquidity discount	0.0% - 100.0% (23.1%)
Equity investments	1,530	Multiple of adjusted earnings	Multiple of earnings	5.0x - 14.8x (9.0x)
Residential mortgage servicing rights	1,130	Discounted cash flow	Constant prepayment rate	0.0% - 40.0% (11.5%)
			Spread over the benchmark curve (b)	380bps - 2,271bps (909bps)
Commercial mortgage servicing rights	703	Discounted cash flow	Constant prepayment rate	4.9% - 13.9% (5.5%)
			Discount rate	5.3% - 7.8% (7.6%)
Financial derivatives - Swaps related to sales of certain Visa Class B common shares	(314)	Discounted cash flow	Estimated conversion factor of Visa Class B shares into Class A shares	162.3% 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)	26			
Total Level 3 assets, net of liabilities (e)	$ 5,402			

(continued from previous page)

December 31, 2020

Level 3 Instruments Only Dollars in millions	Fair Value	Valuation Techniques	Unobservable Inputs	Range (Weighted-Average) (a)
Commercial mortgage loans held for sale	$ 57	Discounted cash flow	Spread over the benchmark curve (b)	630bps - 5,275bps (3,406bps)
Residential mortgage-backed non-agency securities	1,365	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 37.6% (8.6%)
			Constant default rate	0.0% - 12.2% (4.7%)
			Loss severity	25.0% - 95.7% (48.8%)
			Spread over the benchmark curve (b)	242bps weighted-average
Asset-backed securities	199	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% -22.0% (7.4%)
			Constant default rate	1.0% - 6.0% (3.3%)
			Loss severity	30.0% - 100.0% (58.1%)
			Spread over the benchmark curve (b)	291bps weighted-average
Loans - Residential real estate	434	Consensus pricing (c)	Cumulative default rate	3.6% - 100.0% (82.1%)
			Loss severity	0.0% - 100.0% (11.2%)
			Discount rate	4.8% - 6.8% (5.1%)
	132	Discounted cash flow	Loss severity	8.0% weighted-average
			Discount rate	3.2% weighted-average
Loans - Home equity	21	Consensus pricing (c)	Cumulative default rate	3.6% - 100.0% (88.5%)
			Loss severity	0.0% - 98.4% (33.3%)
			Discount rate	4.8% - 6.8% (6.3%)
	60	Consensus pricing (c)	Credit and Liquidity discount	17.5% - 97.0% (57.7%)
Equity investments	1,263	Multiple of adjusted earnings	Multiple of earnings	5.0x - 15.9x (8.7x)
Residential mortgage servicing rights	673	Discounted cash flow	Constant prepayment rate	0.0% - 77.5% (21.1%)
			Spread over the benchmark curve (b)	325bps - 2,783bps (922bps)
Commercial mortgage servicing rights	569	Discounted cash flow	Constant prepayment rate	4.0% - 16.1% (4.9%)
			Discount rate	4.7% - 7.8% (7.3%)
Financial derivatives - Swaps related to sales of certain Visa Class B common shares	(252)	Discounted cash flow	Estimated conversion factor of Visa Class B shares into Class A shares	162.3% weighted-average
			Estimated annual growth rate of Visa Class A share price	16.0%
			Estimated length of litigation resolution date	Q2 2022
Insignificant Level 3 assets, net of liabilities (d)	298			
Total Level 3 assets, net of liabilities (e)	$ 4,819			

(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 $5.9 billion and total Level 3 liabilities of $0.5 billion as of September 30, 2021 and $5.1 billion and $0.3 billion as of December 31, 2020, 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 73. 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 Item 8 of our 2020 Form 10-K.

Assets measured at fair value on a nonrecurring basis follow:

Table 73: Fair Value Measurements – Nonrecurring (a) (b) (c)

	Fair Value		Gains (Losses) Three months ended		Gains (Losses) Nine months ended	
In millions	September 30 2021	December 31 2020	September 30 2021	September 30 2020	September 30 2021	September 30 2020
Assets						
Nonaccrual loans	$ 209	$ 332	$ (3)	$ (38)	$ (3)	$ (73)
Loans held for sale	39		(1)		(18)	
OREO and foreclosed assets	5	18		(1)		(2)
Long-lived assets	12	20	(6)	(4)	(17)	(7)
Total assets	$ 265	$ 370	$ (10)	$ (43)	$ (38)	$ (82)

(a) All Level 3 as of September 30, 2021 and December 31, 2020, except for $39 million included in Loans held for sale which was categorized as Level 2 as of September 30, 2021.
(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 Item 8 of our 2020 Form 10-K.

Fair values and aggregate unpaid principal balances of certain items for which we elected the fair value option follow:

Table 74: Fair Value Option – Fair Value and Principal Balances

	September 30, 2021			December 31, 2020		
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	$ 1,465	$ 1,422	$ 43	$ 831	$ 793	$ 38
Accruing loans 90 days or more past due	4	4		4	4	
Nonaccrual loans	50	59	(9)	20	24	(4)
Total	$ 1,519	$ 1,485	$ 34	$ 855	$ 821	$ 34
Commercial mortgage loans held for sale (a)						
Accruing loans less than 90 days past due	$ 508	$ 520	$ (12)	$ 357	$ 370	$ (13)
Nonaccrual loans				5	6	(1)
Total	$ 508	$ 520	$ (12)	$ 362	$ 376	$ (14)
Loans						
Accruing loans less than 90 days past due	$ 652	$ 669	$ (17)	$ 519	$ 530	$ (11)
Accruing loans 90 days or more past due	260	278	(18)	283	295	(12)
Nonaccrual loans	697	971	(274)	563	820	(257)
Total	$ 1,609	$ 1,918	$ (309)	$ 1,365	$ 1,645	$ (280)
Other assets	$ 96	$ 93	$ 3	$ 81	$ 69	$ 12
Liabilities						
Other borrowed funds	$ 31	$ 31		$ 32	$ 33	$ (1)

(a) There were no accruing loans 90 days or more past due within this category at September 30, 2021 or December 31, 2020.

The changes in fair value for items for which we elected the fair value option are as follows:

Table 75: Fair Value Option – Changes in Fair Value (a)

In millions	Gains (Losses) Three months ended September 30 2021	Gains (Losses) Three months ended September 30 2020	Gains (Losses) Nine months ended September 30 2021	Gains (Losses) Nine months ended September 30 2020
Assets				
Residential mortgage loans held for sale	$ 47	$ 53	$ 120	$ 151
Commercial mortgage loans held for sale	$ 31	$ 46	$ 77	$ 106
Loans	$ 21	$ 5	$ 52	$ 31
Other assets	$ 3	$ 3	$ 25	$ (24)

(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 September 30, 2021 and December 31, 2020. For more information regarding the methods and assumptions used to estimate the fair values of financial instruments included in Table 76, see Note 15 Fair Value in Item 8 of our 2020 Form 10-K.

Table 76: Additional Fair Value Information Related to Other Financial Instruments

In millions	Carrying Amount	Fair Value Total	Level 1	Level 2	Level 3
September 30, 2021					
Assets					
Cash and due from banks	$ 8,843	$ 8,843	$ 8,843		
Interest-earning deposits with banks	75,478	75,478		$ 75,478	
Securities held to maturity	1,482	1,583	890	483	$ 210
Net loans (excludes leases)	277,010	282,407			282,407
Other assets	4,265	4,265		4,262	3
Total assets	$ 367,078	$ 372,576	$ 9,733	$ 80,223	$ 282,620
Liabilities					
Time deposits	$ 18,911	$ 18,779		$ 18,779	
Borrowed funds	32,520	33,203		31,528	$ 1,675
Unfunded lending related commitments	646	646			646
Other liabilities	467	467		467	
Total liabilities	$ 52,544	$ 53,095		$ 50,774	$ 2,321
December 31, 2020					
Assets					
Cash and due from banks	$ 7,017	$ 7,017	$ 7,017		
Interest-earning deposits with banks	85,173	85,173		$ 85,173	
Securities held to maturity	1,445	1,604	920	489	$ 195
Net loans (excludes leases)	228,788	233,688			233,688
Other assets	3,601	3,600		3,559	41
Total assets	$ 326,024	$ 331,082	$ 7,937	$ 89,221	$ 233,924
Liabilities					
Time deposits	$ 19,692	$ 19,662		$ 19,662	
Borrowed funds	36,488	37,192		35,571	$ 1,621
Unfunded lending related commitments	584	584			584
Other liabilities	413	413		413	
Total liabilities	$ 57,177	$ 57,851		$ 55,646	$ 2,205

The aggregate fair values in Table 76 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 70),
- 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 the Notes to Consolidated Financial Statements included in Item 8 of our 2020 Form 10-K.

The following table presents the notional and gross fair value amounts of all derivative assets and liabilities held by us:

Table 77: Total Gross Derivatives (a)

	September 30, 2021			December 31, 2020		
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	$ 24,837			$ 24,153		
Cash flow hedges	42,018	$ 12	$ 38	22,875	$ 14	
Foreign exchange contracts:						
Net investment hedges	1,148	1	3	1,075		$ 22
Total derivatives designated for hedging	$ 68,003	$ 13	$ 41	$ 48,103	$ 14	$ 22
Derivatives not used for hedging						
Derivatives used for mortgage banking activities (e):						
Interest rate contracts:						
Swaps	$ 33,994			$ 50,511		
Futures (f)	3,666			2,841		
Mortgage-backed commitments	13,702	$ 98	$ 54	11,288	$ 147	$ 77
Other	13,732	38	11	1,831	11	2
Total interest rate contracts	65,094	136	65	66,471	158	79
Derivatives used for customer-related activities:						
Interest rate contracts:						
Swaps	304,724	3,961	1,508	280,125	5,475	1,601
Futures (f)	1,006			1,235		
Mortgage-backed commitments	4,692	18	16	4,178	11	14
Other	25,333	143	88	20,125	193	88
Total interest rate contracts	335,755	4,122	1,612	305,663	5,679	1,703
Commodity contracts:						
Swaps	9,249	2,099	2,114	6,149	350	323
Other	3,236	422	422	2,770	61	61
Total commodity contracts	12,485	2,521	2,536	8,919	411	384
Foreign exchange contracts and other	27,995	192	182	26,620	267	243
Total derivatives for customer-related activities	376,235	6,835	4,330	341,202	6,357	2,330
Derivatives used for other risk management activities:						
Foreign exchange contracts and other	12,782	51	345	10,931	4	325
Total derivatives not designated for hedging	$ 454,111	$ 7,022	$ 4,740	$ 418,604	$ 6,519	$ 2,734
Total gross derivatives	$ 522,114	$ 7,035	$ 4,781	$ 466,707	$ 6,533	$ 2,756
Less: Impact of legally enforceable master netting agreements		1,027	1,027		720	720
Less: Cash collateral received/paid		757	2,403		1,434	1,452
Total derivatives		$ 5,251	$ 1,351		$ 4,379	$ 584

(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, Counterparty Credit Risk and Contingent Features 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 September 30, 2021, we expect to reclassify net derivative gains of $312 million pretax, or $240 million 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 September 30, 2021. As of September 30, 2021, 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 78: 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 September 30, 2021				
Total amounts on the Consolidated Income Statement	$ 2,437	$ 460	$ 90	$ 449
Gains (losses) on fair value hedges recognized on:				
Hedged items (c)		$ 2	$ 155	
Derivatives			$ (169)	
Amounts related to interest settlements on derivatives		$ (1)	$ 129	
Gains (losses) on cash flow hedges (d):				
Amount of derivative gains (losses) reclassified from AOCI	$ 91	$ 11		$ 13
For the three months ended September 30, 2020				
Total amounts on the Consolidated Income Statement	$ 2,116	$ 490	$ 118	$ 457
Gains (losses) on fair value hedges recognized on:				
Hedged items (c)		$ (13)	$ 141	
Derivatives		$ 14	$ (166)	
Amounts related to interest settlements on derivatives		$ (3)	$ 149	
Gains (losses) on cash flow hedges (d):				
Amount of derivative gains (losses) reclassified from AOCI	$ 118	$ 16		
For the nine months ended September 30, 2021				
Total amounts on the Consolidated Income Statement	$ 6,593	$ 1,350	$ 275	$ 1,400
Gains (losses) on fair value hedges recognized on:				
Hedged items (c)		$ (3)	$ 695	
Derivatives		$ 7	$ (740)	
Amounts related to interest settlements on derivatives		$ (3)	$ 394	
Gains (losses) on cash flow hedges (d):				
Amount of derivative gains (losses) reclassified from AOCI	$ 282	$ 49		$ 27
For the nine months ended September 30, 2020				
Total amounts on the Consolidated Income Statement	$ 6,853	$ 1,599	$ 619	$ 1,071
Gains (losses) on fair value hedges recognized on:				
Hedged items (c)		$ 224	$ (1,300)	
Derivatives		$ (219)	$ 1,220	
Amounts related to interest settlements on derivatives		$ (7)	$ 341	
Gains (losses) on cash flow hedges (d):				
Amount of derivative gains (losses) reclassified from AOCI	$ 262	$ 19		$ 1

(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 79: Hedged Items - Fair Value Hedges

	September 30, 2021		December 31, 2020	
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)	$ 2,905	$ 25	$ 2,785	$ 30
Borrowed funds	$ 25,924	$ 906	$ 25,797	$ 1,611

(a) Includes $(0.1) billion of fair value hedge adjustments primarily related to discontinued borrowed funds hedge relationships at both September 30, 2021 and December 31, 2020, 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 all periods presented. Net gains (losses) on net investment hedge derivatives recognized in OCI were $28 million and $20 million for the three and nine months ended September 30, 2021, compared with $(42) million and $38 million for the same periods in 2020, respectively.

Derivatives Not Designated As Hedging Instruments

For additional information on derivatives not designated as hedging instruments under GAAP, see Note 16 Financial Derivatives in the Notes to Consolidated Financial Statements included in Item 8 of our 2020 Form 10-K.

Further detail regarding the gains (losses) on derivatives not designated in hedging relationships is presented in the following table:

Table 80: Gains (Losses) on Derivatives Not Designated for Hedging

	Three months ended September 30		Nine months ended September 30	
In millions	2021	2020	2021	2020
Derivatives used for mortgage banking activities:				
Interest rate contracts (a)	$ 6	$ 20	$ (100)	$ 799
Derivatives used for customer-related activities:				
Interest rate contracts	(4)	59	93	99
Foreign exchange contracts and other	23	43	88	83
Gains (losses) from customer-related activities (b)	19	102	181	182
Derivatives used for other risk management activities:				
Foreign exchange contracts and other (b)	(72)	(106)	(53)	(1)
Total gains (losses) from derivatives not designated as hedging instruments	$ (47)	$ 16	$ 28	$ 980

(a) Included in Residential mortgage, Corporate services and Other noninterest income on our Consolidated Income Statement.
(b) Included in Other noninterest income on our Consolidated Income Statement.

Offsetting, Counterparty Credit Risk and Contingent Features

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, counterparty credit risk and contingent features, see Note 16 Financial Derivatives in the Notes to Consolidated Financial Statements included in Item 8 of our 2020 Form 10-K.

Table 81 shows the impact legally enforceable master netting agreements had on our derivative assets and derivative liabilities as of September 30, 2021 and December 31, 2020. 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 81 includes OTC derivatives and OTC derivatives cleared through a central clearing house. 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 81: 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
September 30, 2021							
Derivative assets							
Interest rate contracts:							
Over-the-counter cleared	$ 51			$ 51			$ 51
Over-the-counter	4,219	$ 556	$ 723	2,940		$ 287	2,653
Commodity contracts	2,521	343	28	2,150			2,150
Foreign exchange and other contracts	244	128	6	110			110
Total derivative assets	$ 7,035	$ 1,027	$ 757	$ 5,251	(a)	$ 287	$ 4,964
Derivative liabilities							
Interest rate contracts:							
Over-the-counter cleared	$ 68			$ 68			$ 68
Over-the-counter	1,647	$ 613	$ 813	221			221
Commodity contracts	2,536	353	1,511	672			672
Foreign exchange and other contracts	530	61	79	390			390
Total derivative liabilities	$ 4,781	$ 1,027	$ 2,403	$ 1,351	(b)		$ 1,351
December 31, 2020							
Derivative assets							
Interest rate contracts:							
Over-the-counter cleared	$ 48			$ 48			$ 48
Over-the-counter	5,803	$ 430	$ 1,426	3,947		$ 531	3,416
Commodity contracts	411	209	4	198			198
Foreign exchange and other contracts	271	81	4	186		1	185
Total derivative assets	$ 6,533	$ 720	$ 1,434	$ 4,379	(a)	$ 532	$ 3,847
Derivative liabilities							
Interest rate contracts:							
Over-the-counter cleared	$ 42			$ 42			$ 42
Over-the-counter	1,740	$ 462	$ 1,179	99			99
Commodity contracts	384	182	103	99			99
Foreign exchange and other contracts	590	76	170	344			344
Total derivative liabilities	$ 2,756	$ 720	$ 1,452	$ 584	(b)		$ 584

(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 September 30, 2021, we held cash and debt securities (primarily agency mortgage-backed securities) totaling $1.6 billion under master netting agreements and other collateral agreements to collateralize net derivative assets due from counterparties, and we pledged cash totaling $3.4 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 held or 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 held from counterparties are not recognized on our balance sheet. Likewise securities we have pledged to counterparties remain on our balance sheet.

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 aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a net liability position on September 30, 2021 was $3.5 billion for which we had posted collateral of $2.8 billion in the normal course of business. The maximum additional amount of collateral we would have been required to post if the credit-risk-related contingent features underlying these agreements had been triggered on September 30, 2021 would be $0.7 billion.

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 possible losses or ranges of 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 Part II, Item 8 of our 2020 Form 10-K and in Note 13 Legal Proceedings in Part I, Item 1 of our first and second quarter 2021 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 September 30, 2021, 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 $100 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 Part II, Item 8 of our 2020 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.

Pre-need Funeral Arrangements

National City Bank and PNC Bank (collectively, "the PNC defendants") were defendants in a lawsuit filed in the U.S. District Court for the Eastern District of Missouri under the caption *Jo Ann Howard and Associates, P.C., et al. v. Cassity, et al* (No. 4:09-CV-1252-ERW) arising out of trustee services provided by Allegiant Bank, a National City Bank and PNC Bank predecessor, with respect to Missouri trusts that held pre-need funeral contract assets.

In July 2019, following a new trial on remand from the court of appeals, the district court awarded the plaintiffs $72 million in compensatory damages, $15 million in interest, and $15 million in punitive damages. The PNC defendants appealed this judgment to the court of appeals, and the plaintiffs cross-appealed. In December 2019, the court reduced the judgment by approximately $2.6 million to correct a mathematical error in calculating pre-judgment interest, reducing the total judgment to $99.5 million. In March 2020, the court dismissed the plaintiffs’ cross-appeal on the plaintiffs’ motion. In February 2020, the district court awarded $7 million in fees and costs to the plaintiffs, and the PNC defendants appealed this judgment to the court of appeals. The consolidated appeals of the district court’s judgments were argued in January 2021.

In August 2021, the court of appeals affirmed the judgment of the district court. The PNC defendants paid the judgment and a satisfaction of judgment was filed by plaintiffs with the district court.

USAA Patent Infringement Litigation

In September 2021, in *United Services Automobile Association v. PNC Bank N.A.* (Case No. 2:20-cv-319), pending in the United States District Court for the Eastern District of Texas ("the first Texas case"), the Court denied our motion to dismiss and our motion to transfer the case.

In April 2021, in *United Services Automobile Association v. PNC Bank N.A.* (Case No. 2:21-cv-110), pending in the United States District Court for the Eastern District of Texas, 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. 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. Trial in the two consolidated cases is presently scheduled to commence on April 18, 2022.

In July 2021, in *United Services Automobile Association v. PNC Bank N.A* (case No. 2:21-cv-246), pending in the United States District Court for the Eastern District of Texas, we filed motions to dismiss and transfer this action.

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 complaint alleges that BBVA USA's remote deposit capture systems infringe six patents owned by the plaintiff. 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.

Other 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 review 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 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, including those described in Prior Disclosure.

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.

Our third quarter 2021 business segment results reflect the full quarter of BBVA's business operations, while results for the nine months ended September 2021 also include the impact of BBVA for the month of June. Until conversion of bank systems and branches as of October 12, 2021, PNC Bank and BBVA customers were served through their respective PNC Bank and BBVA branches, websites and mobile apps, financial advisors and relationship managers. Following conversion, there will be changes in the segmentation of BBVA USA customers as we continue to integrate data to PNC applications, finalize the review of customer relationships and better align customers with PNC's products and services. These changes will be reflected in fourth quarter reporting. See Note 2 Acquisition and Divestiture Activity for additional information on the acquisition of BBVA.

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.

Total business segment financial results differ from total consolidated net income. These differences are reflected in the “Other” category in Table 82. “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 stand-alone 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 82: Results of Businesses

Three months ended September 30 In millions	Retail Banking	Corporate & Institutional Banking	Asset Management Group	Other	Consolidated (a)
2021					
Income Statement					
Net interest income	$ 1,713	$ 1,241	$ 141	$ (239)	$ 2,856
Noninterest income	662	1,056	256	367	2,341
Total revenue	2,375	2,297	397	128	5,197
Provision for (recapture of) credit losses	(113)	(99)	(6)	15	(203)
Depreciation and amortization	78	54	7	138	277
Other noninterest expense	1,811	926	248	325	3,310
Income (loss) from continuing operations before income taxes (benefit) and noncontrolling interests	599	1,416	148	(350)	1,813
Income taxes (benefit) from continuing operations	140	290	34	(141)	323
Net income (loss) from continuing operations	459	1,126	114	(209)	1,490
Less: Net income attributable to noncontrolling interests	12	3		1	16
Net income (loss) from continuing operations excluding noncontrolling interests	$ 447	$ 1,123	$ 114	$ (210)	$ 1,474
Average Assets	$ 117,394	$ 202,268	$ 13,805	$ 225,775	$ 559,242
2020					
Income Statement					
Net interest income	$ 1,383	$ 1,012	$ 89		$ 2,484
Noninterest income	673	723	221	$ 180	1,797
Total revenue	2,056	1,735	310	180	4,281
Provision for (recapture of) credit losses	(157)	211	(19)	17	52
Depreciation and amortization	64	50	11	121	246
Other noninterest expense	1,448	613	200	24	2,285
Income from continuing operations before income taxes (benefit) and noncontrolling interests	701	861	118	18	1,698
Income taxes (benefit) from continuing operations	162	188	27	(211)	166
Net income from continuing operations	539	673	91	229	1,532
Less: Net income attributable to noncontrolling interests	9	3		1	13
Net income from continuing operations excluding noncontrolling interests	$ 530	$ 670	$ 91	$ 228	$ 1,519
Average Assets	$ 98,731	$ 183,266	$ 8,361	$ 171,781	$ 462,139

(Continued from previous page)

Nine months ended September 30 In millions	Retail Banking	Corporate & Institutional Banking	Asset Management Group	Other	Consolidated (a)
2021					
Income Statement					
Net interest income	$ 4,572	$ 3,315	$ 346	$ (448)	$ 7,785
Noninterest income	2,022	2,730	729	818	6,299
Total revenue	6,594	6,045	1,075	370	14,084
Provision for (recapture of) credit losses	(156)	(277)	8	(27)	(452)
Depreciation and amortization	214	152	16	385	767
Other noninterest expense	4,828	2,352	660	604	8,444
Income (loss) from continuing operations before income taxes (benefit) and noncontrolling interests	1,708	3,818	391	(592)	5,325
Income taxes (benefit) from continuing operations	396	818	91	(399)	906
Net income (loss) from continuing operations	1,312	3,000	300	(193)	4,419
Less: Net income attributable to noncontrolling interests	26	10		2	38
Net income (loss) from continuing operations excluding noncontrolling interests	$ 1,286	$ 2,990	$ 300	$ (195)	$ 4,381
Average Assets	$ 103,820	$ 184,964	$ 11,124	$ 211,056	$ 510,964
2020					
Income Statement					
Net interest income	$ 4,229	$ 3,014	$ 266	$ 13	$ 7,522
Noninterest income	2,046	2,143	629	353	5,171
Total revenue	6,275	5,157	895	366	12,693
Provision for credit losses	1,049	2,254	23	103	3,429
Depreciation and amortization	188	149	34	366	737
Other noninterest expense	4,349	1,906	613	(16)	6,852
Income (loss) from continuing operations before income taxes (benefit) and noncontrolling interests	689	848	225	(87)	1,675
Income taxes (benefit) from continuing operations	161	160	52	(245)	128
Net income from continuing operations	528	688	173	158	1,547
Less: Net income attributable to noncontrolling interests	20	6		1	27
Net income from continuing operations excluding noncontrolling interests	$ 508	$ 682	$ 173	$ 157	$ 1,520
Average Assets	$ 98,764	$ 185,001	$ 8,041	$ 152,223	$ 444,029

(a) There were no material intersegment revenues for the three and nine months ended September 30, 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 and capital markets-related 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. Within Treasury Management, PNC Global Transfers (formerly BBVA Transfer Services, Inc.) provides wholesale money transfer processing capabilities between the U.S. and Mexico and other countries primarily in Central America and South America. Capital markets-related products and services include foreign exchange, derivatives, fixed income, securities underwriting, loan syndications, mergers and acquisitions advisory and equity capital markets advisory related services. 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 distinct 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, and trust management and administration. In addition, multi-generational family planning services are also provided to ultra high net worth individuals and 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, and 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 2020 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.

The following tables present noninterest income within the scope of Topic 606 disaggregated by segment. A description of the fee-based revenue and how it is recognized for each segment's principal services and products is included in our 2020 Form 10-K.

Retail Banking

Table 83: Retail Banking Noninterest Income Disaggregation

	Three months ended September 30		Nine months ended September 30	
In millions	2021	2020	2021	2020
Product				
Debit card fees	$ 184	$ 136	$ 486	$ 385
Deposit account fees	142	108	367	339
Brokerage fees	123	94	334	273
Net credit card fees (a)	53	50	157	130
Merchant services	46	40	125	112
Other	76	62	201	170
Total in-scope noninterest income by product	$ 624	$ 490	$ 1,670	$ 1,409
Reconciliation to total Retail Banking noninterest income				
Total in-scope noninterest income	$ 624	$ 490	$ 1,670	$ 1,409
Total out-of-scope noninterest income (b)	38	183	352	637
Total Retail Banking noninterest income	$ 662	$ 673	$ 2,022	$ 2,046

(a) Net credit card fees consists of interchange fees of $155 million and $121 million and credit card reward costs of $102 million and $71 million for the three months ended September 30, 2021 and 2020, respectively. Net credit card fees consists of interchange fees of $421 million and $341 million and credit card reward costs of $264 million and $211 million for the nine months ended September 30, 2021 and 2020, respectively.
(b) Out-of-scope noninterest income includes revenue streams that fall under the scope of other accounting and disclosure requirements outside of Topic 606.

Corporate & Institutional Banking

Table 84: Corporate & Institutional Banking Noninterest Income Disaggregation

In millions	Three months ended September 30 2021	2020	Nine months ended September 30 2021	2020
Product				
Treasury management fees	$ 323	$ 231	$ 837	$ 665
Capital markets fees	354	132	778	494
Commercial mortgage banking activities	36	31	102	81
Other	17	18	64	55
Total in-scope noninterest income by product	$ 730	$ 412	$ 1,781	$ 1,295
Reconciliation to total Corporate & Institutional Banking noninterest income				
Total in-scope noninterest income	$ 730	$ 412	$ 1,781	$ 1,295
Total out-of-scope noninterest income (a)	326	311	949	848
Total Corporate & Institutional Banking noninterest income	$ 1,056	$ 723	$ 2,730	$ 2,143

(a) Out-of-scope noninterest income includes revenue streams that fall under the scope of other accounting and disclosure requirements outside of Topic 606.

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. Within Treasury Management, PNC Global Transfers (formerly BBVA Transfer Services, Inc.) provides wholesale money transfer processing capabilities between the U.S. and Mexico and other countries primarily in Central America and South America. Treasury management fees are primarily recognized over time as we perform these services.

Asset Management Group

Table 85: Asset Management Group Noninterest Income Disaggregation

In millions	Three months ended September 30 2021	2020	Nine months ended September 30 2021	2020
Customer Type				
Personal	$ 196	$ 164	$ 554	$ 465
Institutional	56	51	165	150
Total in-scope noninterest income by customer type (a)	$ 252	$ 215	$ 719	$ 615
Reconciliation to Asset Management Group noninterest income				
Total in-scope noninterest income	$ 252	$ 215	$ 719	$ 615
Total out-of-scope noninterest income (b)	4	6	10	14
Total Asset Management Group noninterest income	$ 256	$ 221	$ 729	$ 629

(a) Amounts include $248 million of Asset Management Fees and $4 million of Brokerage Fees for the three months ended September 30, 2021. Amounts include $713 million of Asset Management Fees and $6 million of Brokerage Fees for the nine months ended September 30, 2021. Amounts for the three and nine months ended September 30, 2020 consist only of Asset Management Fees. As described in the "Asset Management Services and Brokerage Fees" narrative following this table 85, Brokerage Fees were assumed by the Asset Management Group as a result of the BBVA acquisition..
(b) Out-of-scope noninterest income includes revenue streams that fall under the scope of other accounting and disclosure requirements outside of Topic 606.

Asset Management Services and Brokerage 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. As a result of the acquisition of BBVA, the Asset Management Group assumed brokerage account client assets, resulting in brokerage fee revenue, included in the table above for the three and nine months ended September 30, 2021. We recognize fee revenue over the term of the customer contract based on the value of assets under management at a point in time.

Note 16 Subsequent Events

On October 14, 2021, following completion of the bank merger on October 8, 2021, PNC Bank completed a one-time return of capital of $3.0 billion to the parent company.

On October 29, 2021, PNC announced the redemption on November 9, 2021 of all of the outstanding senior notes due December 9, 2021 issued by PNC Bank, National Association in the amount of $750 million. The securities have a distribution rate of 2.550% and an original scheduled maturity date of December 9, 2021. The redemption price will be equal to $1,000 per $1,000 in principal amount, plus any accrued and unpaid distributions to the redemption date.

STATISTICAL INFORMATION (UNAUDITED)
THE PNC FINANCIAL SERVICES GROUP, INC.
Average Consolidated Balance Sheet And Net Interest Analysis (a) (b) (c)

	Nine months ended September 30					
	2021			2020		
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	$ 54,900	$ 644	1.56 %	$ 51,453	$ 891	2.31 %
Non-agency	1,142	66	7.70 %	1,527	85	7.43 %
Commercial mortgage-backed	6,280	116	2.47 %	6,964	140	2.68 %
Asset-backed	5,590	76	1.80 %	5,115	103	2.70 %
U.S. Treasury and government agencies	31,017	315	1.34 %	16,714	240	1.88 %
Other	4,889	112	3.05 %	4,567	120	3.51 %
Total securities available for sale	103,818	1,329	1.70 %	86,340	1,579	2.43 %
Securities held to maturity						
Asset-backed				24		2.66 %
U.S. Treasury and government agencies	802	17	2.86 %	783	17	2.85 %
Other	667	20	4.05 %	648	21	4.32 %
Total securities held to maturity	1,469	37	3.40 %	1,455	38	3.50 %
Total investment securities	105,287	1,366	1.73 %	87,795	1,617	2.45 %
Loans						
Commercial and industrial	140,368	3,049	2.87 %	140,701	3,286	3.07 %
Commercial real estate	32,452	734	2.98 %	28,689	663	3.03 %
Equipment lease financing	6,321	182	3.83 %	6,958	201	3.85 %
Consumer	53,695	1,934	4.82 %	56,279	2,099	4.98 %
Residential real estate	29,048	730	3.35 %	22,292	644	3.85 %
Total loans	261,884	6,629	3.36 %	254,919	6,893	3.58 %
Interest-earning deposits with banks	81,383	74	0.12 %	37,582	80	0.28 %
Other interest-earning assets	8,345	142	2.27 %	10,028	199	2.64 %
Total interest-earning assets/interest income	456,899	8,211	2.38 %	390,324	8,789	2.98 %
Noninterest-earning assets	54,065			53,705		
Total assets	$ 510,964			$ 444,029		
Liabilities and Equity						
Interest-bearing liabilities:						
Interest-bearing deposits						
Money market	$ 69,105	$ 15	0.03 %	$ 59,426	$ 130	0.29 %
Demand	99,154	23	0.03 %	80,371	100	0.17 %
Savings	86,662	32	0.05 %	74,279	217	0.39 %
Time deposits	18,577	29	0.21 %	21,084	143	0.91 %
Total interest-bearing deposits	273,498	99	0.05 %	235,160	590	0.34 %
Borrowed funds						
Federal Home Loan Bank borrowings	883	3	0.42 %	11,051	98	1.16 %
Bank notes and senior debt	22,663	172	1.00 %	28,040	366	1.72 %
Subordinated debt	6,315	64	1.35 %	5,935	91	2.05 %
Other	4,701	36	1.02 %	6,199	64	1.33 %
Total borrowed funds	34,562	275	1.05 %	51,225	619	1.59 %
Total interest-bearing liabilities/interest expense	308,060	374	0.16 %	286,385	1,209	0.56 %
Noninterest-bearing liabilities and equity:						
Noninterest-bearing deposits	133,999			90,078		
Accrued expenses and other liabilities	14,787			16,251		
Equity	54,118			51,315		
Total liabilities and equity	$ 510,964			$ 444,029		
Interest rate spread			2.22 %			2.42 %
Impact of noninterest-bearing sources			0.06			0.15
Net interest income/margin		$ 7,837	2.28 %		$ 7,580	2.57 %

(continued on following page)

Average Consolidated Balance Sheet And Net Interest Analysis (a) (b) (c) (Continued)

	Three months ended September 30					
	2021			2020		
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	$ 63,163	$ 223	1.41 %	$ 52,215	$ 265	2.03 %
Non-agency	1,051	21	8.07 %	1,437	26	7.26 %
Commercial mortgage-backed	6,134	35	2.34 %	6,927	44	2.50 %
Asset-backed	5,608	21	1.50 %	5,033	30	2.44 %
U.S. Treasury and government agencies	38,149	115	1.18 %	18,724	79	1.64 %
Other	4,994	37	2.90 %	4,723	39	3.39 %
Total securities available for sale	119,099	452	1.51 %	89,059	483	2.16 %
Securities held to maturity						
Asset-backed						
U.S. Treasury and government agencies	807	6	2.88 %	788	6	2.86 %
Other	680	7	4.33 %	655	7	4.20 %
Total securities held to maturity	1,487	13	3.54 %	1,443	13	3.47 %
Total investment securities	120,586	465	1.54 %	90,502	496	2.18 %
Loans						
Commercial and industrial	152,964	1,095	2.80 %	139,795	1,008	2.82 %
Commercial real estate	37,054	300	3.17 %	29,081	197	2.65 %
Equipment lease financing	6,300	61	3.83 %	6,771	64	3.80 %
Consumer	57,533	703	4.85 %	54,692	645	4.69 %
Residential real estate	37,475	295	3.15 %	22,753	213	3.74 %
Total loans	291,326	2,454	3.32 %	253,092	2,127	3.32 %
Interest-earning deposits with banks	80,274	31	0.16 %	60,327	15	0.10 %
Other interest-earning assets	9,113	47	2.03 %	9,752	55	2.23 %
Total interest-earning assets/interest income	501,299	2,997	2.36 %	413,673	2,693	2.57 %
Noninterest-earning assets	57,943			48,466		
Total assets	$ 559,242			$ 462,139		
Liabilities and Equity						
Interest-bearing liabilities:						
Interest-bearing deposits						
Money market	$ 82,911	$ 6	0.03 %	$ 63,598	$ 12	0.07 %
Demand	106,588	7	0.03 %	87,226	12	0.05 %
Savings	89,679	10	0.04 %	77,479	22	0.11 %
Time deposits	19,293	6	0.12 %	20,248	28	0.58 %
Total interest-bearing deposits	298,471	29	0.04 %	248,551	74	0.12 %
Borrowed funds						
Federal Home Loan Bank borrowings				7,196	9	0.47 %
Bank notes and senior debt	22,573	56	0.97 %	25,858	71	1.08 %
Subordinated debt	6,787	22	1.28 %	5,936	22	1.51 %
Other	4,992	12	0.93 %	4,354	16	1.31 %
Total borrowed funds	34,352	90	1.03 %	43,344	118	1.06 %
Total interest-bearing liabilities/interest expense	332,823	119	0.14 %	291,895	192	0.26 %
Noninterest-bearing liabilities and equity:						
Noninterest-bearing deposits	155,948			101,931		
Accrued expenses and other liabilities	15,332			15,341		
Equity	55,139			52,972		
Total liabilities and equity	$ 559,242			$ 462,139		
Interest rate spread			2.22 %			2.31 %
Impact of noninterest-bearing sources			0.05			0.08
Net interest income/margin		$ 2,878	2.27 %		$ 2,501	2.39 %

(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 September 30, 2021 and September 30, 2020 were $54 million and $38 million, respectively. Loan fees for the nine months ended September 30, 2021 and September 30, 2020 were $151 million and $117 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)

	Nine months ended		Three months ended	
In millions	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Net interest income (GAAP)	$ 7,785	$ 7,522	$ 2,856	$ 2,484
Taxable-equivalent adjustments	52	58	22	17
Net interest income (non-GAAP)	$ 7,837	$ 7,580	$ 2,878	$ 2,501

(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.

GLOSSARY

DEFINED TERMS

For a glossary of terms commonly used in our filings, please see the glossary of terms included in our 2020 Form 10-K.

ACRONYMS

ACL	Allowance for credit losses	**LIHTC**	Low income housing tax credit
ALLL	Allowance for loan and lease losses	**LLC**	Limited liability company
AOCI	Accumulated other comprehensive income	**LTV**	Loan-to-value ratio
ASC	Accounting Standards Codification	**MD&A**	Management's Discussion and Analysis of Financial Condition and Results of Operations
ASU	Accounting Standards Update	**MSR**	Mortgage servicing right
BBVA	BBVA USA Bancshares, Inc.	**NAICS**	North American Industry Classification System
BBVA, S.A.	Banco Bilbao Vizcaya Argentaria, S.A.	**NSFR**	Net Stable Funding Ratio
BBVA USA	BBVA USA, the Alabama-chartered bank subsidiary of BBVA USA Bancshares, Inc.	**OCC**	Office of the Comptroller of the Currency
BHC	Bank holding company	**OCI**	Other comprehensive income
bps	Basis points	**OREO**	Other real estate owned
CARES Act	Coronavirus Aid, Relief and Economic Security Act	**OTC**	Over-the-counter
CCAR	Comprehensive Capital Analysis and Review	**PCD**	Purchased credit deteriorated
CECL	Current expected credit losses	**PD**	Probability of default
CET1	Common equity tier 1	**PPP**	Paycheck Protection Program
CFPB	Consumer Financial Protection Bureau	**RAC**	PNC's Reserve Adequacy Committee
CRA	Community Reinvestment Act	**ROAP**	Removal of account provisions
FHLB	Federal Home Loan Bank	**SBA**	Small Business Administration
FHLMC	Federal Home Loan Mortgage Corporation	**SCB**	Stress capital buffer
FICO	Fair Isaac Corporation (credit score)	**SEC**	Securities and Exchange Commission
FNMA	Federal National Mortgage Association	**SLR**	Supplementary leverage ratio
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
HQLA	High quality, unencumbered liquid assets	**U.S.**	United States of America
ISDA	International Swaps and Derivatives Association	**VA**	Department of Veterans Affairs
LCR	Liquidity Coverage Ratio	**VaR**	Value-at-risk
LGD	Loss given default	**VIE**	Variable interest entity
LIBOR	London Interbank Offered Rate		

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See the information set forth in Note 13 Legal Proceedings in the Notes To Consolidated Financial Statements under Part I, Item 1 of this Report, 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 2020 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 third quarter of 2021 are included in the following table.

2021 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)
July 1 - 31	3	$ 183.43		75,109
August 1 – 31	956	$ 188.93	956	74,153
September 1 – 30	1,105	$ 191.85	1,105	73,048
Total	2,064	$ 190.49		

(a) Includes PNC common stock purchased in connection with our various employee benefit plans generally related to shares used to cover employee payroll tax withholding requirements. See Note 17 Employee Benefit Plans and Note 18 Stock Based Compensation Plans in the Notes To Consolidated Financial Statements included in Item 8 of our 2020 Form 10-K which include additional information regarding our employee benefit and equity compensation plans that use PNC common stock.

(b) On April 4, 2019, our Board of Directors approved the establishment of a stock repurchase program authorization in the amount of 100 million shares of PNC common stock, effective July 1, 2019. Under this authorization, repurchases may be made in open market or privately negotiated transactions, with the timing and exact amount of common stock repurchases depending on a number of factors including, among others, market and general economic conditions, regulatory capital considerations, alternative uses of capital, the potential impact on our credit ratings, and contractual and regulatory limitations, including the results of the supervisory assessment of capital adequacy and capital planning processes undertaken by the Federal Reserve as part of the CCAR process. PNC announced on March 16, 2020 a temporary suspension of our common stock repurchase program in conjunction with the Federal Reserve’s effort to support the U.S. economy during the pandemic. We continued the suspension through the second quarter of 2021, with the exception of employee benefit-related purchases in the third quarter of 2020, consistent with extension of the Federal Reserves's special capital distribution restrictions. During the second quarter of 2021, PNC announced the reinstatement of share repurchase programs with repurchases of up to $2.9 billion for the four-quarter period beginning in the third quarter of 2021. In the third quarter of 2021, we returned $0.4 billion of capital to shareholders through common share repurchases, representing 2.1 million shares.

ITEM 6. EXHIBITS

The following exhibit index lists Exhibits filed, or in the case of Exhibits 32.1 and 32.2 furnished, with this Quarterly Report on Form 10-Q:

Exhibit Index

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)
4.11	Deposit Agreement, dated as of September 13, 2021, between the Corporation, Computershare Trust Company, N.A. and Computershare Inc., as depositary, and the holders from time to time of the Depositary Receipts described therein (incorporated herein by reference to Exhibit 4.1 of the Corporation's Current Report on Form 8-K filed September 13, 2021)
10.6.1	Amendment 2021-1 to the Corporation and Affiliates Deferred Compensation and Incentive Plan, as amended and restated effective January 1, 2020
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 Shareholder Relations at 800-843-2206 or via e-mail at investor.relations@pnc.com.

CORPORATE INFORMATION

The PNC Financial Services Group, Inc.

Corporate Headquarters

The PNC Financial Services Group, Inc.
The Tower at PNC Plaza
300 Fifth Avenue
Pittsburgh, Pennsylvania 15222-2401

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 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.

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 Shareholder Services at 800-982-7652 or via the online contact form at www.computershare.com/contactus for copies without exhibits, or via email to investor.relations@pnc.com for copies of exhibits, including financial statement and schedule exhibits where applicable.

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 corporate 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, Personnel and Compensation, or Risk Committees (all of which are posted on our corporate website at www.pnc.com/corporategovernance) may do so by sending their requests to our Corporate Secretary at corporate headquarters at the above address. Copies will be provided without charge.

Inquiries

For financial services, call 888-762-2265.

Registered shareholders should contact Shareholder Services at 800-982-7652.

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 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 2020 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. You can obtain a prospectus and enrollment form by contacting Shareholder Services at 800-982-7652. Registered shareholders may also contact this phone number regarding dividends and other shareholder services.

Stock Transfer Agent and Registrar

Computershare
462 South 4th Street, Suite 1600
Louisville, KY 40202
800-982-7652
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 November 3, 2021 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)

Exhibit 10.6.1

AMENDMENT 2021-1

THE PNC FINANCIAL SERVICES GROUP, INC. AND AFFILIATES DEFERRED COMPENSATION AND INCENTIVE PLAN (as amended and restated as of January 1, 2020)

WHEREAS, The PNC Financial Services Group, Inc. ("PNC") sponsors The PNC Financial Services Group, Inc. and Affiliates Deferred Compensation and Incentive Plan (the "Plan");

WHEREAS, Section 10 of the Plan authorizes PNC to amend the Plan; and

WHEREAS, PNC wishes to amend the Plan to (i) include compensation reflected on the payroll of BBVA USA Bancshares, Inc. and its affiliates ("BBVA") during calendar year 2021 for purposes of determining eligibility of former BBVA employees to participate in the Plan during the 2022 Plan year; (ii) extend the eligibility determination date for determining whether BBVA employees are eligible to participate in the Plan; and (iii) make other clarifying changes.

NOW, THEREFORE, IT IS RESOLVED, that, effective as of October 9, 2021 (or such other date as set forth below, the Plan is hereby amended as follows:

1. Effective as of October 9, 2021, Section 1.22 of the Plan ("Eligibility Determination Date") is amended in its entirety to read as follows:

> "1.22 "Eligibility Determination Date" means the last day of the payroll period that includes October 1st immediately preceding the Plan Year with respect to which an Employee who is eligible to participate in the Plan pursuant to the criteria set forth in Section 2 of the Plan may submit a Deferral Election. For individuals who become Employees of an Employer as the result of the transaction described in Share Purchase Agreement, dated as of November 15, 2020 (as amended), between Banco Bilbao Vizcaya Argentaria, S.A. and The PNC Financial Services Group, Inc. (as determined by the Plan Manager in its sole discretion), the Eligibility Determination Date in 2021 may be extended to a date after October 1, 2021, but in no event after December 31, 2021, as determined by the Plan Manager in its sole discretion."

2. Effective as of October 9, 2021, Section 2 of the Plan ("ELIGIBILITY FOR PARTICIPATION") is amended to add new second and third sentences immediately after the existing first sentence (which begins with "In general, an Employee may be eligible to participate in the Plan for a Plan Year if. . .") and immediately before the current second sentence (which begins with "The decision as to whether an Employee is eligible to participate in the Plan. . .") to read as follows:

> "Notwithstanding the foregoing, in determining the eligibility of former employees of BBVA USA Bancshares, Inc. and its affiliates ("BBVA" and such former employees of BBVA "Former BBVA Employees") to participate in the Plan for the 2022 Plan Year, the determination of a Former BBVA Employee's Annualized Base Salary and Year-to-

Date Short-Term Incentive Pay shall be determined by the Plan Manager in his or her sole discretion."

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Executed and adopted by the Chief Human Resources Officer of The PNC Financial Services Group, Inc. this 8th day of October, 2021 pursuant to the authority delegated by the PNC's Personnel and Compensation Committee.

/S/ Vicki C. Henn
Vicki C. Henn
Executive Vice President
Chief Human Resources Officer

[Signature Page to Amendment 2021-1 to
The PNC Financial Services Group, Inc. and Affiliates Deferred Compensation and Incentive Plan]

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 September 30, 2021 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: November 3, 2021

/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 September 30, 2021 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: November 3, 2021

/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 September 30, 2021 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

November 3, 2021

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 September 30, 2021 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

November 3, 2021

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

[signature]
Signature of Authorized Officer

Senior Vice President
Title

Jonathan Casiano
Name of Authorized Officer (Print or Type)

312-338-2295
Business Telephone Number

Subscribed and sworn to before me this

17 day of November, 2021

Marcia V Wright
Notary Public

OFFICIAL SEAL
MARCIA V WRIGHT
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:07/20/22

Date: 7/20/22

Name of transaction for which this certificate is submitted: 2021 Municipal Depository RFP

Contact Person: Jonathan Casiano

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

Telephone: 312-338-2295

*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

Signature of Authorized Officer

Senior Vice President

Title

Jonathan Casiano

Name of Authorized Officer (Print or Type)

312-338-2295

Business Telephone Number

Subscribed and sworn to before me this

17 day of November, 2021

Marcia V Wright

Notary Public

OFFICIAL SEAL
MARCIA V WRIGHT
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:07/20/22

Date: 7/20/22

Name of transaction for which this certificate is submitted: 2021 Municipal Depository RFP

Contact Person: Jonathan Casiano

Address: PNC Centre
1 North Franklin
Chicago, IL 60606

Telephone: 312-338-2295

Compliance with Vacant Buildings Code Pledge
For Municipal Depositories

We are in compliance with the reporting requirements in regard to vacant property as defined in Section 13-12-125 of the Municipal Code of Chicago. We further pledge we will maintain vacant properties in compliance with the Chicago Building Code as defined in Section 13-12-135 of the Municipal Code of Chicago. We understand that failing to adhere to these requirements or becoming an affiliate of an offender of these requirements may result in the loss of our designation as a municipal depository.

PNC Bank, National Association
Name of Financial Institution

Signature of Authorized Official

Senior Vice President
Title

Jonathan Casiano
Name of Authorized Officer
(Print or Type)

312-338-2295
Business Telephone Number

Subscribed and sworn to before me this

17 day of NOVEMBER, 2021

Marcia V Wright
Notary Public

7/20/22
Date

OFFICIAL SEAL
MARCIA V WRIGHT
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:07/20/22

Contact Person: Jonathan Casiano
Address: PNC Centre
1 North Franklin, Suite 2800
Chicago, IL 60606
Telephone: 312-338-2295

QUESTIONNAIRE

To facilitate the City's analysis of the data that you have provided on Disclosure Forms A(1) - H, please provide the information requested below:

1. List all credit instruments or types of credit that you have included within or under the following lending categories:

<u>Consumer Lending:</u>

- Unsecured Personal Line of Credit
- Unsecured Personal Installment Loan
- Check Ready Auto Loan
- Fixed Rate Mortgage
- Adjustable-Rate Mortgage
- Choice Home Equity Line of Credit
- Home Equity Installment Loan
- FHA Loans
- VA Loans
- Specialized Loans
- PNC Solution Loan (undergraduate and graduate student loans)
- SmartAccess Prepaid VISA Credit Card
- Personal Credit Cards

<u>Commercial Lending:</u>

- Small Business Loans
- SBA Loans (7A and 504)
- Commercial Real Estate Loans
- Equipment Finance
- Payment Cards (VISA)
- Commercial Rewards Card (VISA)
- Committed advisory line of credit (less than 1 year)
- Committed advisory line of credit (greater than 1 year)
- Committed line of credit (less than 1 year)
- Committed line of credit (greater than 1 year)
- Guidance line of credit (less than 1 year)
- Revolving line of credit
- Term loan
- Standby Letter of Credit
- Direct pay Letter of Credit
- Standby bond purchase agreement
- Direct bond purchase agreement.

2. List all types of accounts that you have included as:

<u>Savings Accounts:</u>

- "S" is for Savings (minor savings accounts)
- Standard Savings Account (consumer)
- Money Market Account (consumer)
- Premier Money Market Account (consumer)
- Corporate Money Market Account
- Certificate of Deposit (CD) Accounts
- Individual Retirement Account (IRA)

<u>Checking Accounts:</u>

- Low Cash Mode Checking Account (consumer)
- Virtual Wallet Student Checking Account (consumer/student)
- Virtual Wallet Demand Deposit Checking Account (consumer)
- Small Business Checking Account
- Interest Bearing Demand Deposit Account (Not-for-profit organizations)
- Commercial Demand Deposit Account

PNC's Community Pledge Announcement

Our commitment to Corporate Social Responsibility

PNC

$88 BILLION

COMMUNITY BENEFITS PLAN

4-YEAR PLAN BEGINNING JANUARY 1, 2022

PNC has announced a new $88 billion Community Benefits Plan in connection with PNC's pending acquisition of BBVA USA* that builds on both organizations' demonstrated performance in supporting local communities, including diverse and low- and moderate-income (LMI) communities, advancing economic empowerment, and addressing systemic racism.

MOVING ALL FORWARD FINANCIALLY

$47 BILLION
IN HOME LENDING

Residential mortgage and home equity loans to LMI and minority borrowers, and in LMI and majority-minority census tracts.

$26.5 BILLION
IN SMALL BUSINESS LENDING

Loans to small businesses in LMI communities, majority-minority census tracts, businesses with less than $1 million in revenue and small farms.

$14.5 BILLION
IN COMMUNITY DEVELOPMENT FINANCING

Community development loans and investments across all markets, including increased support for Community Development Financial Institutions and affordable housing.

"As a Main Street bank, we believe that our success will be proportional to the prosperity we help create for our stakeholders. This plan reflects that belief and builds on our longstanding commitment to provide economic opportunity for all individuals and communities we serve, as reflected in PNC Bank's and BBVA USA's overall 'Outstanding' Community Reinvestment Act (CRA) ratings in each of our organizations' most recent evaluations."

– Bill Demchak, PNC Chairman, President and CEO

CHARITABLE GIVING

$500 MILLION
IN GIVING, INCLUDING CHARITABLE SPONSORSHIPS AND PHILANTHROPIC GRANTS

EXPANDED ACCESS TO PRODUCTS AND SERVICES

20 NEW BRANCHES

25 ADDITIONAL REMOTE ATMS

10 MOBILE BANKING UNITS

IN LMI COMMUNITIES ACROSS PNC'S EXPANDED BRANCH FOOTPRINT

2 BANK ON CERTIFIED CHECKING PRODUCTS

THE INTRODUCTION OF LOW CASH MODE℠

COMMUNITY ADVISORY COUNCIL
PNC will form a council to meet semi-annually to discuss areas of community need across the footprint.

ADVANCING RACIAL EQUITY
PNC will increase recruiting from historically Black colleges and universities and those primarily serving Latinx students.

PNC will also increase its spending with diverse suppliers.

* Subject to regulatory approval

CORP COMM PDF 0421-062

Fostering economic empowerment, education and entrepreneurism in traditionally underserved populations

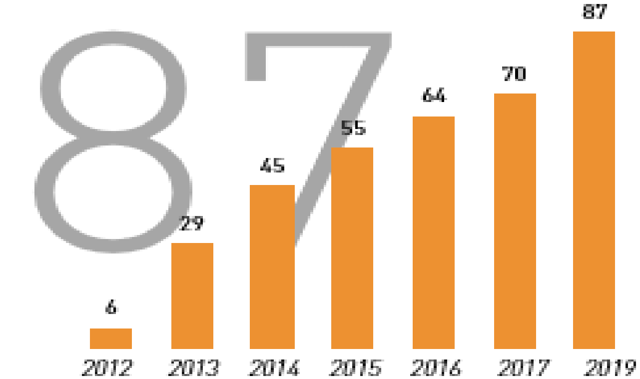
PNC's Commitment to Diversity & Inclusion

Our diversity and inclusion efforts have been recognized by national and regional organizations…

For 2020, PNC was named:

- World's Most Admired Companies, Fortune
- U.S. Best Bank, Euromoney Awards for Excellence
- Best National Banks, Kiplinger
- 100% Score on Disability Equality Index® (DEI®) Best Places to Work™
- Top 50 Employers, CAREERS & the disABLED Magazine
- Best Places to Work for LGBTQ Equality, Human Rights Campaign
- Top LGBTQ+ Friendly, Black EOE Journal
- Best Companies, Working Mother
- Top 70 Companies for Executive Women, National Association for Female Executives
- Gender-Equality Index (BFGEI), Bloomberg
- Most Powerful Women in Banking and Finance, American Banker
- 50 Out Front: Best Places to work for Women & Diverse Managers, Diversity MBA Magazine
- Best of the Best Top Veteran-Friendly Companies, U.S. Veterans Magazine

Growth of Employee Business Resource Groups



15 D&I Line of Business Councils

DEMOGRAPHICS AFFIDAVIT

Name of Applicant firm:

Description of Matter: **Designation as a 2022 Municipal Depository for City of Chicago and Chicago Board of Education Funds**

Role of Applicant: **Municipal Depository**

Fill out below (and attach additional sheets using the same format, if necessary), the following information for each person in the Applicant's firm who will directly provide professional services to the City in connection with the Matter described above: the individual's position in the Applicant's firm and their role in the Matter, gender, and race or ethnicity. Individuals' names need not be disclosed.

Count	Position and Role	Gender	Race/Ethnicity
1	SVP and Regional Manager, Public Finance	M	Hispanic
2	SVP and Relationship Manager, Public Finance	F	Hispanic
3	AVP and Associate Relationship Manager, Public Finance	F	Black
4	VP and Treasury Management Officer	M	Hispanic
5	Client Solutions Specialist, Treasury Mgmt.	M	White
6	Officer, Account Manager, Comm. Card Svcs.	F	White

(If needed, please use additional sheets to identify additional personnel.)

By signing below, I represent under penalty of perjury that: (1) I am authorized to act on behalf of the Applicant; (2) the information in this Affidavit (and associated attachment, if applicable) are true, complete, and correct; and (3) failure to accurately and completely provide the information requested herein may result in a declaration of ineligibility to participate in future Matters for the City of Chicago.

Printed Name: Jonathan Casiano

Signature: Jonathan Casiano

Title: Senior Vice President, Public Finance

Date: November 16, 2021

FIRMWIDE

PLEASE POPULATE THE HIGHLIGHTED PORTIONS ONLY

Firm Name:	The PNC Financial Services Group, Inc.
Primary Representative:	Jonathan Casiano
Primary Representative Email and Telephone:	jonathan.casiano@pnc.com / 312-338-2295
Headquarters Address:	249 Fifth Ave, One PNC Plaza, Pittsburgh, PA 15222
Chicago Public Finance Office Address:	PNC Centre, 1 North Franklin St., Suite 2800, Chicago, IL 60606
Total Number of Employees:	51,472
Number of Employees in Illinois:	2,661
Number of Employees in Chicago:	664
Capital Position:	$54,010,000,000
Minority Designation:	N/A

***As of December 31, 2020*

		21,284					30,779				
		Male					Female				
Job Categories	Overall Totals	White (Not Hispanic)	Black (Not Hispanic)	Hispanic	Asian	Native American	White (Not Hispanic)	Black (Not Hispanic)	Hispanic	Asian	Native American
Officials and Managers	8,862	3,426	331	274	314	7	3,387	537	335	244	7
Professionals	21,469	9,134	722	625	858	24	7,669	1,045	566	801	25
Technicians	0	0	0	0	0	0	0	0	0	0	0
Sales Workers	5,745	1,069	361	368	155	4	2,151	675	665	281	16
Office and Clerical	15,987	2,276	666	476	185	9	6,947	3,200	1,582	601	45
Craft Workers (Skilled)	0	0	0	0	0	0	0	0	0	0	0
Operatives (Semi-Skilled)	0	0	0	0	0	0	0	0	0		0
Laborers	0	0	0	0	0	0	0	0	0	0	0
Service Workers	0	0	0	0	0	0	0	0	0	0	0
Total	52,063	15,905	2,080	1,743	1,512	44	20,154	5,457	3,148	1,927	93

Job Categories	Overall Totals	White (Not Hispanic)	Black (Not Hispanic)	Hispanic	Asian	Native American
Officials and Managers	17%	13%	2%	1%	1%	0%
Professionals	41%	32%	3%	2%	3%	0%
Technicians	0%	0%	0%	0%	0%	0%
Sales Workers	11%	6%	2%	2%	1%	0%
Office and Clerical	31%	18%	7%	4%	2%	0%
Craft Workers (Skilled)	0%	0%	0%	0%	0%	0%
Operatives (Semi-Skilled)	0%	0%	0%	0%	0%	0%
Laborers	0%	0%	0%	0%	0%	0%
Service Workers	0%	0%	0%	0%	0%	0%
Total	100%	69%	14%	9%	7%	0%

Male	Female	Total
41%	59%	100%

Response to Request for Proposals
For Designation as a 2022 Municipal Depository for
City of Chicago and Chicago Board of Education Funds

November 16, 2021

Primary Contacts

Dorothy Abreu
SVP and Relationship Manager

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

Jonathan Casiano
Managing Director

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

PNC

One North Franklin Street
Suite 2800
Chicago, IL 60606

STANDARD DISCLOSURE

(a) PNC Bank, National Association is not recommending an action to the municipal entity or obligated person;

(b) PNC Bank, National Association is not acting as an advisor to the municipal entity or obligated person and does not owe any duty pursuant to Section 15B of the Exchange Act to the municipal entity or obligated person with respect to the information contained in this communication;

(c) PNC Bank, National Association is acting for its own interests; and

(d) The municipal entity or obligated person should discuss any information contained in this communication with any and all internal or external advisors and experts that the municipal entity or obligated person deems appropriate before acting on this information or material.

November 16, 2021

Reshma Soni	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 Soni 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 2022 Municipal Depository for City of Chicago and Chicago Board of Education Funds*. PNC Bank is currently an authorized City depository and looks forward to continuing to provide depository and other financial services to both the City and Board of Education.

Since entering the Chicago market in 2009, PNC has been a committed partner to the City and Board of Education, providing more than $3B in direct credit and serving as an underwriter on City and Board of Education bonds 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 helped drive hundreds of thousands in incentives and cash rebates to the Board of Education by migrating vendor payments onto a purchasing card platform and established a consortium for other City and Cook County agencies to benefit from the aggregate spend of the collective. Similarly, the PNC / AFL-CIO Building Investment Trust has provided the City's Municipal and Laborers' pension funds with a vehicle through which to invest directly in Chicago construction projects built with union labor.

PNC remains committed to expanding economic opportunity for all individuals and communities we serve, supporting, by extension, the engagement city residents and businesses. Specifically, PNC's Community Benefits Plan will 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 businesses over a four-year period beginning Jan. 1, 2022. **PNC has been 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 41 branches and more than 600 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
Senior Vice President and Relationship Manager
PNC Bank, N.A.
(312) 338-2295
dorothy.abreu@pnc.com

Jonathan Casiano
Senior Vice President, Managing Director
PNC Bank, N.A.
(312) 338-2295
jonathan.casiano@pnc.com

1. Executive Summary

Organizational Structure
PNC's Public Finance practice operates on a unique integrated platform, 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 in order to deliver thoughtful, consistent client coverage and liquidity and capital solutions specifically tailored to the specific need at hand.

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 the State of Illinois
PNC has repeatedly demonstrated the ability to be a provisioner of credit to Illinois government entities. Over the past five years alone, PNC has executed financing solutions utilizing a variety of structures for the State of Illinois, City of Chicago, Chicago Public Schools, Chicago Transit Authority, Chicago Park District, Illinois Tollway and the Illinois Housing Development Authority.

Most importantly, PNC, as the current provider of CTA's nearly identical revolving line of credit facility, has successfully negotiated financing documents with the CTA and our intent would be to streamline the documentation process by leveraging the previously negotiated agreement and bank counsel, positively impacting both time and cost.

PNC's Chicago-based Relationship Team
The relationship team for CTA will be led by Senior Vice President, **Dorothy Abreu**, a Chicago-based Relationship Manager focused on large government entities and economic development in Illinois. Ms. Abreu is a senior member of PNC's Chicago office along with **Yodit Aseffa**, Assoc. Relationship Manager. The team is led by **Jonathan Casiano,** Regional Manager for Public Finance.

With PNC's integrated approach to public finance, Ms. Abreu's efforts to bring commercial banking solutions are complemented by PNC Capital Markets' team of public finance investment bankers, led by Managing Director **Samantha Funk**. 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.

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. All of these offerings are coordinated by Ms. Abreu and Mr. Casiano as collaborative points of contact responsible for delivering ideas that best address the CTA's needs and ensuring successful execution of all services.

Jonathan Casiano, SVP & Regional Managing Director – Public Finance

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 in Interdisciplinary Studies from American University's School of Public Affairs. He holds his Series 7, 53 and 63 securities licenses.

Samantha Funk, SVP & Managing Director – Public Finance

Ms. Funk is a Managing Director in the Public Finance Department at PNC Capital Markets LLC, and brings over 13 years of experience in municipal finance. Her financing experience includes large, sophisticated governmental issuers and related entities, including state level issuers, cities, counties, utilities, transportation, school districts and higher education sectors, employing the full range of banking and capital markets products and services. Relevantly, Ms. Funk has senior managed experience with major issuers including the State of Wisconsin, State of Michigan, Illinois State Toll Highway Authority, Commonwealth Finance Authority (PA), City of Philadelphia, Philadelphia Housing Authority, among others. Prior to joining to PNCCM in 2010, Ms. Funk was a member of the Public Finance Department at A.G. Edwards & Sons, Inc. and most recently at Wachovia Securities. Ms. Funk received BA in Business and Economics from Ursinus College and an MBA in Finance from Drexel University's Lebow College of Business. Ms. Funk holds the Series 7, 63 and 53 FINRA licenses.

Dorothy Abreu, Senior Vice President / Relationship Manager – Public Finance

Dorothy Abreu is a Senior Vice President and Relationship Manager for PNC Public Finance, directly managing large public and non-profit relationships in Illinois, Missouri, and Michigan, actively providing financial solutions to cities, states and related authorities, including the City of Chicago, City of St. Louis, State of Illinois, Chicago Public Schools, and Cook County. 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. Her work with Community Development Financial Institutions (CDFI) intermediaries and community organizations helped fund projects valued in millions of dollars to enhance the quality of life and create economic empowerment for communities across Chicagoland, particularly underserved neighborhoods in Chicago's south and west sides. Abreu holds a bachelor's in business administration from North Park University, *summa cum laude*. Series 52 and 63 municipality licenses pending.

Yodit Aseffa, AVP / Assoc. Relationship Manager – Public Finance

Yodit joined PNC in 2018 and was recently promoted to an Assistant Vice President in 2021 after successful completion of a two-year development program. She has quickly distinguished herself within the public finance group supporting a billion dollar portfolio of large government and non-profit entities across the Chicagoland market. Ms. Aseffa earned bachelor of science in finance from the Ohio State University.

2. Financial Condition and Ranking

The PNC Financial Services Group, Inc. is one of the largest diversified financial services institutions in the United States with assets of $554 billion, as of September 30, 2021, ranked nationally as follows:

Assets	**$554B**	**6th**
Loans	**$295B**	**6th**
Deposits	**$453B**	**5th**
Branches	**2,724**	**4th**
Market Cap	**$80B**	**6th**

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 Acquires BBVA USA Bancshares, Inc.

In June 2021, PNC acquired BBVA USA Bancshares, Inc., including its U.S. banking subsidiary BBVA USA, from the Spanish financial group BBVA S.A. for a fixed purchase price of $11.6 billion in cash. With this integration, PNC has become one of the largest diversified financial services institutions in the United States, with approximately 60,000 employees in more than 40 states across the country; retail of commercial presence in 29 of the country's 30 largest markets, and services markets that represent 65% of the U.S. population.

3. References

Client Name	Client Contact	Contact Information
Chicago Park District	Cindi Evangelisti *Treasurer* Revolving Line of Credit / Bond Anticipation Note	541 North Fairbanks Court, 6th Floor Chicago, IL 60611 312-742-4289 cynthia.evangelisti@ChicagoParkDistrict.com
Cook County	Ammar Rizki *Chief Financial Officer* Revolving Line of Credit for Capital	118 N. Clark Street Chicago, IL 60602 312-603-6846 ammar.rizki@cookcountyil.gov
Chicago Public Schools	Walter M. Stock *Treasurer* Revolving Line of Credit / Tax Anticipation Note	42 West Madison, 2nd Floor Chicago, IL 60602 773-553-2795 wmstock@cps.edu

PNC

Response to Request for Proposals
For Designation as a 2022 Municipal Depository for
City of Chicago and Chicago Board of Education Funds

November 16, 2021

Primary Contacts

Dorothy Abreu
SVP and Relationship Manager

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

Jonathan Casiano
Managing Director

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

One North Franklin Street
Suite 2800
Chicago, IL 60606

STANDARD DISCLOSURE

(a) PNC Bank, National Association is not recommending an action to the municipal entity or obligated person;

(b) PNC Bank, National Association is not acting as an advisor to the municipal entity or obligated person and does not owe any duty pursuant to Section 15B of the Exchange Act to the municipal entity or obligated person with respect to the information contained in this communication;

(c) PNC Bank, National Association is acting for its own interests; and

(d) The municipal entity or obligated person should discuss any information contained in this communication with any and all internal or external advisors and experts that the municipal entity or obligated person deems appropriate before acting on this information or material.

November 16, 2021

Reshma Soni	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 Soni 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 2022 Municipal Depository for City of Chicago and Chicago Board of Education Funds*. PNC Bank is currently an authorized City depository and looks forward to continuing to provide depository and other financial services to both the City and Board of Education.

Since entering the Chicago market in 2009, PNC has been a committed partner to the City and Board of Education, providing more than $3B in direct credit and serving as an underwriter on City and Board of Education bonds 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 helped drive hundreds of thousands in incentives and cash rebates to the Board of Education by migrating vendor payments onto a purchasing card platform and established a consortium for other City and Cook County agencies to benefit from the aggregate spend of the collective. Similarly, the PNC / AFL-CIO Building Investment Trust has provided the City's Municipal and Laborers' pension funds with a vehicle through which to invest directly in Chicago construction projects built with union labor.

PNC remains committed to expanding economic opportunity for all individuals and communities we serve, supporting, by extension, the engagement city residents and businesses. Specifically, PNC's Community Benefits Plan will 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 businesses over a four-year period beginning Jan. 1, 2022. **PNC has been 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 41 branches and more than 600 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

1. EXECUTIVE SUMMARY

Organizational Structure

PNC's Public Finance practice operates on a unique integrated platform, 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 in order to deliver thoughtful, consistent client coverage and liquidity and capital solutions specifically tailored to the specific need at hand.

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 the State of Illinois

PNC has repeatedly demonstrated the ability to be a provisioner of credit to Illinois government entities. Over the past five years alone, PNC has executed financing solutions utilizing a variety of structures for the State of Illinois, City of Chicago, Chicago Public Schools, Chicago Transit Authority, Chicago Park District, Illinois Tollway and the Illinois Housing Development Authority.

Most importantly, PNC, as the current provider of CTA's nearly identical revolving line of credit facility, has successfully negotiated financing documents with the CTA and our intent would be to streamline the documentation process by leveraging the previously negotiated agreement and bank counsel, positively impacting both time and cost.

PNC's Chicago-based Relationship Team

The relationship team for CTA will be led by Senior Vice President, **Dorothy Abreu**, a Chicago-based Relationship Manager focused on large government entities and economic development in Illinois. Ms. Abreu is a senior member of PNC's Chicago office along with **Yodit Aseffa**, Assoc. Relationship Manager. The team is led by **Jonathan Casiano,** Regional Manager for Public Finance.

With PNC's integrated approach to public finance, Ms. Abreu's efforts to bring commercial banking solutions are complemented by PNC Capital Markets' team of public finance investment bankers, led by Managing Director **Samantha Funk**. 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.

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. All of these offerings are coordinated by Ms. Abreu and Mr. Casiano as collaborative points of contact responsible for delivering ideas that best address the CTA's needs and ensuring successful execution of all services.

Jonathan Casiano, SVP & Regional Managing Director – Public Finance

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 in Interdisciplinary Studies from American University's School of Public Affairs. He holds his Series 7, 53 and 63 securities licenses.

Samantha Funk, SVP & Managing Director – Public Finance

Ms. Funk is a Managing Director in the Public Finance Department at PNC Capital Markets LLC, and brings over 13 years of experience in municipal finance. Her financing experience includes large, sophisticated governmental issuers and related entities, including state level issuers, cities, counties, utilities, transportation, school districts and higher education sectors, employing the full range of banking and capital markets products and services. Relevantly, Ms. Funk has senior managed experience with major issuers including the State of Wisconsin, State of Michigan, Illinois State Toll Highway Authority, Commonwealth Finance Authority (PA), City of Philadelphia, Philadelphia Housing Authority, among others. Prior to joining to PNCCM in 2010, Ms. Funk was a member of the Public Finance Department at A.G. Edwards & Sons, Inc. and most recently at Wachovia Securities. Ms. Funk received BA in Business and Economics from Ursinus College and an MBA in Finance from Drexel University's Lebow College of Business. Ms. Funk holds the Series 7, 63 and 53 FINRA licenses.

Dorothy Abreu, Senior Vice President / Relationship Manager – Public Finance

Dorothy Abreu is a Senior Vice President and Relationship Manager for PNC Public Finance, directly managing large public and non-profit relationships in Illinois, Missouri, and Michigan, actively providing financial solutions to cities, states and related authorities, including the City of Chicago, City of St. Louis, State of Illinois, Chicago Public Schools, and Cook County. 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. Her work with Community Development Financial Institutions (CDFI) intermediaries and community organizations helped fund projects valued in millions of dollars to enhance the quality of life and create economic empowerment for communities across Chicagoland, particularly underserved neighborhoods in Chicago's south and west sides. Abreu holds a bachelor's in business administration from North Park University, *summa cum laude*. Series 52 and 63 municipality licenses pending.

Yodit Aseffa, AVP / Assoc. Relationship Manager – Public Finance

Yodit joined PNC in 2018 and was recently promoted to an Assistant Vice President in 2021 after successful completion of a two-year development program. She has quickly distinguished herself within the public finance group supporting a billion dollar portfolio of large government and non-profit entities across the Chicagoland market. Ms. Aseffa earned bachelor of science in finance from the Ohio State University.

2. Financial Condition and Ranking

The PNC Financial Services Group, Inc. is one of the largest diversified financial services institutions in the United States with assets of $554 billion, as of September 30, 2021, ranked nationally as follows:

Assets	**$554B**	**6th**
Loans	**$295B**	**6th**
Deposits	**$453B**	**5th**
Branches	**2,724**	**4th**
Market Cap	**$80B**	**6th**

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 Acquires BBVA USA Bancshares, Inc.
In June 2021, PNC acquired BBVA USA Bancshares, Inc., including its U.S. banking subsidiary BBVA USA, from the Spanish financial group BBVA S.A. for a fixed purchase price of $11.6 billion in cash. With this integration, PNC has become one of the largest diversified financial services institutions in the United States, with approximately 60,000 employees in more than 40 states across the country; retail of commercial presence in 29 of the country's 30 largest markets, and services markets that represent 65% of the U.S. population.

3. References

Client Name	Client Contact	Contact Information
Chicago Park District	Cindi Evangelisti *Treasurer* Revolving Line of Credit / Bond Anticipation Note	541 North Fairbanks Court, 6th Floor Chicago, IL 60611 312-742-4289 cynthia.evangelisti@ChicagoParkDistrict.com
Cook County	Ammar Rizki *Chief Financial Officer* Revolving Line of Credit for Capital	118 N. Clark Street Chicago, IL 60602 312-603-6846 ammar.rizki@cookcountyil.gov
Chicago Public Schools	Walter M. Stock *Treasurer* Revolving Line of Credit / Tax Anticipation Note	42 West Madison, 2nd Floor Chicago, IL 60602 773-553-2795 wmstock@cps.edu

PNC

Board of Governors of the Federal Reserve System
Federal Deposit Insurance Corporation
Office of the Comptroller of the Currency

Federal Financial Institutions Examination Council

Consolidated Reports of Condition and Income for A Bank With Domestic and Foreign Offices - FFIEC 031

Institution Name	**PNC BANK, NATIONAL ASSOCIATION**
City	**WILMINGTON**
State	**DE**
Zip Code	**19899**
Call Report Report Date	**3/31/2021**
Report Type	**031**
RSSD-ID	**817824**
FDIC Certificate Number	**6384**
OCC Charter Number	**1316**
ABA Routing Number	**43000096**
Last updated on	**4/30/2021**

Federal Financial Institutions Examination Council

Consolidated Reports of Condition and Income for A Bank With Domestic and Foreign Offices - FFIEC 031

Report at the close of business March 31, 2021

(20210331)
(RCON 9999)

This report is required by law: 12 U.S.C. §324 (State member banks); 12 U.S.C. §1817 (State non member banks); 12 U.S.C. §161 (National banks); and 12 U.S.C. §1464 (Savings associations).

Unless the context indicates otherwise, the term "bank" in this report form refers to both banks and savings associations.

This report form is to be filed by (1) banks with branches and consolidated subsidiaries in U.S. territories and possessions, Edge or Agreement subsidiaries, foreign branches, consolidated foreign subsidiaries, or International Banking Facilities, (2) banks with domestic offices only and total consolidated assets of $100 billion or more, and (3) banks that are advanced approaches institutions for regulatory capital purposes.

NOTE: Each bank's board of directors and senior management are responsible for establishing and maintaining an effective system of internal control, including controls over the Reports of Condition and Income. The Reports of Condition and Income are to be prepared in accordance with federal regulatory authority instructions. The Reports of Condition and Income must be signed by the Chief Financial Officer (CFO) of the reporting bank (or by the individual performing an equivalent function) and attested to by not less than two directors (trustees) for state non member banks and three directors for state member banks, national banks, and savings associations.

I, the undersigned CFO (or equivalent) of the named bank, attest that the Reports of Condition and Income (including the supporting schedules) for this report date have been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and are true and correct to the best of my knowledge and belief.

We, the undersigned directors (trustees), attest to the correctness of the Reports of Condition and Income (including the supporting schedules) for this report date and declare that the Reports of Condition and Income have been examined by us and to the best of our knowledge and belief have been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and are true and correct.

Signature of Chief Financial Officer (or Equivalent)

Date of Signature

Director (Trustee)

Director (Trustee)

Director (Trustee)

Submission of Reports

Each bank must file its Reports of Condition and Income (Call Report) data by either:

(a) Using computer software to prepare its Call Report and then submitting the report data directly to the FFIEC's Central Data Repository (CDR), an Internet-based system for datacollection (https://cdr.ffiec.gov/cdr/), or

(b) Completing its Call Report in paper form and arranging with a software vendor or another party to convert the data in to the electronic format that can be processed by the CDR. The software vendor or other party then must electronically submit the bank's data file to the CDR.

For technical assistance with submissions to the CDR, please contact the CDR Help Desk by telephone at (888) CDR-3111, by fax at (703) 774-3946, or by e-mail at CDR.Help@cdr.ffiec.gov.

FDIC Certificate Number **6384** (RSSD 9050)

To fulfill the signature and attestation requirement for the Reports of Condition and Income for this report date, attach your bank's completed signature page (or a photocopy or a computer generated version of this page) to the hard-copy record of the data file submitted to the CDR that your bank must place in its files.

The appearance of your bank's hard-copy record of the submitted data file need not match exactly the appearance of the FFIEC's sample report forms, but should show at least the caption of each Call Report item and the reported amount.

PNC BANK, NATIONAL ASSOCIATION
Legal Title of Bank (RSSD 9017)

WILMINGTON
City (RSSD 9130)

DE — State Abbreviation (RSSD 9200)

19899 — Zip Code (RSSD 9220)

Legal Entity Identifier (LEI)
AD6GFRVSDT01YPT1CS68 (RCON 9224)

The estimated average burden associated with this information collection is 50.4 hours per respondent and is estimated to vary from 20 to 775 hours per response, depending on individual circumstances. Burden estimates include the time for reviewing instructions, gathering and maintaining data in the required form, and completing the information collection, but exclude the time for compiling and maintaining business records in the normal course of a respondent's activities. A Federal agency may not conduct or sponsor, and an organization (or a person) is not required to respond to a collection of information, unless it displays a currently valid OMB control number. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503, and to one of the following: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551; Legislative and Regulatory Analysis Division, Office of the Comptroller of the Currency, Washington, DC 20219; Assistant Executive Secretary, Federal Deposit Insurance Corporation, Washington, DC 20429.

Consolidated Reports of Condition and Income for A Bank With Domestic and Foreign Offices - FFIEC 031

Table of Contents

For information or assistance, national banks, state nonmember banks, and savings associations should contact the FDIC's Data Collection and Analysis Section, 550 17th Street, NW, Washington, DC 20429, toll free on (800) 688-FDIC(3342), Monday through Friday between 8:00 a.m. and 5:00 p.m., Eastern Time. State member banks should contact their Federal Reserve District Bank.

For information or assistance, national banks, state nonmember banks, and savings associations should contact the FDIC's Data Collection and Analysis Section, 550 17th Street, NW, Washington, DC 20429, toll free on (800) 688-FDIC(3342), Monday through Friday between 8:00 a.m. and 5:00 p.m., Eastern Time. State member banks should contact their Federal Reserve District Bank.

Contact Information for the Reports of Condition and Income

To facilitate communication between the Agencies and the bank concerning the Reports of Condition and Income, please provide contact information for (1) the Chief Financial Officer (or equivalent) of the bank signing the reports for this quarter, and (2) the person at the bank—other than the Chief Financial Officer (or equivalent)—to whom questions about the reports should be directed. If the Chief Financial Officer (or equivalent) is the primary contact for questions about the reports, please provide contact information for another person at the bank who will serve as a secondary contact for communications between the Agencies and the bank concerning the Reports of Condition and Income. Enter "none" for the contact's e-mail address or fax number if not available. Contact information for the Reports of Condition and Income is for the confidential use of the Agencies and will not be released to the public.

Chief Financial Officer (or Equivalent) Signing the Reports

CONF
Name (TEXT C490)

CONF
Title (TEXT C491)

CONF
E-mail Address (TEXT C492)

CONF
Area Code / Phone Number / Extension (TEXT C493)

CONF
Area Code / FAX Number (TEXT C494)

Other Person to Whom Questions about the Reports Should be Directed

CONF
Name (TEXT C495)

CONF
Title (TEXT C496)

CONF
E-mail Address (TEXT 4086)

CONF
Area Code / Phone Number / Extension (TEXT 8902)

CONF
Area Code / FAX Number (TEXT 9116)

Emergency Contact Information

This information is being requested so the Agencies can distribute critical, time-sensitive information to emergency contacts at banks. Please provide primary contact information for a senior official of the bank who has decision-making authority. Also provide information for a secondary contact if available. Enter "none" for the contact's e-mail address or fax number if not available. Emergency contact information is for the confidential use of the Agencies and will not be released to the public.

Primary Contact

CONF
Name (TEXT C366)

CONF
Title (TEXT C367)

CONF
E-mail Address (TEXT C368)

CONF
Area Code / Phone Number / Extension (TEXT C369)

CONF
Area Code / FAX Number (TEXT C370)

Secondary Contact

CONF
Name (TEXT C371)

CONF
Title (TEXT C372)

CONF
E-mail Address (TEXT C373)

CONF
Area Code / Phone Number / Extension (TEXT C374)

CONF
Area Code / FAX Number (TEXT C375)

USA PATRIOT Act Section 314(a) Anti-Money Laundering

Contact Information

This information is being requested to identify points-of-contact who are in charge of your bank's USA PATRIOT Act Section 314(a) information requests. Bank personnel listed could be contacted by law enforcement officers or the Financial Crimes Enforcement Network (FinCEN) for additional information related to specific Section 314(a) search requests or other anti-terrorist financing and anti- money laundering matters. Communications sent by FinCEN to the bank for purposes other than Section 314(a) notifications will state the intended purpose and should be directed to the appropriate bank personnel for review. Any disclosure of customer records to law enforcement officers or FinCEN must be done in compliance with applicable law, including the Right to Financial Privacy Act (12 U.S.C. 3401 et seq.).

Please provide information for a primary and secondary contact. Information for a third and fourth contact may be provided at the bank's option. Enter "none" for the contact's e-mail address if not available. This contact information is for the confidential use of the Agencies, FinCEN, and law enforcement officers and will not be released to the public.

Primary Contact

CONF
Name (TEXT C437)

CONF
Title (TEXT C438)

CONF
E-mail Address (TEXT C439)

CONF
Area Code / Phone Number / Extension (TEXT C440)

Secondary Contact

CONF
Name (TEXT C442)

CONF
Title (TEXT C443)

CONF
E-mail Address (TEXT C444)

CONF
Area Code / Phone Number / Extension (TEXT 8902)

Third Contact

CONF
Name (TEXT C870)

CONF
Title (TEXT C871)

CONF
E-mail Address (TEXT C368)

CONF
Area Code / Phone Number / Extension (TEXT C873)

Fourth Contact

CONF
Name (TEXT C875)

CONF
Title (TEXT C876)

CONF
E-mail Address (TEXT C877)

CONF
Area Code / Phone Number / Extension (TEXT C878)

Bank Demographic Information(Form Type - 031)

Dollar amounts in thousands

1. Reporting date	RCON9999	20210331	1.
2. FDIC certificate number	RSSD9050	6384	2.
3. Legal title of bank	RSSD9017	Click here for value	3.
4. City	RSSD9130	Wilmington	4.
5. State abbreviation	RSSD9200	DE	5.
6. Zip code	RSSD9220	19899	6.
7. Legal Entity Identifier (LEI) (Report only if your institution already has an LEI.)	RCON9224	Click here for value	7.

(RCON9224) AD6GFRVSDT01YPT1CS68

(RSSD9017) PNC Bank, National Association

Contact Information(Form Type - 031)

Dollar amounts in thousands

1. Contact Information for the Reports of Condition and Income			1.
a. Chief Financial Officer (or Equivalent) Signing the Reports			1.a.
1. Name	TEXTC490	CONF	1.a.1.
2. Title	TEXTC491	CONF	1.a.2.
3. E-mail Address	TEXTC492	CONF	1.a.3.
4. Telephone	TEXTC493	CONF	1.a.4.
5. FAX	TEXTC494	CONF	1.a.5.
b. Other Person to Whom Questions about the Reports Should be Directed			1.b.
1. Name	TEXTC495	CONF	1.b.1.
2. Title	TEXTC496	CONF	1.b.2.
3. E-mail Address	TEXT4086	CONF	1.b.3.
4. Telephone	TEXT8902	CONF	1.b.4.
5. FAX	TEXT9116	CONF	1.b.5.
2. Person to whom questions about Schedule RC-T - Fiduciary and Related Services should be directed			2.
a. Name and Title	TEXTB962	CONF	2.a.
b. E-mail Address	TEXTB926	CONF	2.b.
c. Telephone	TEXTB963	CONF	2.c.
d. FAX	TEXTB964	CONF	2.d.
3. Emergency Contact Information			3.
a. Primary Contact			3.a.
1. Name	TEXTC366	CONF	3.a.1.
2. Title	TEXTC367	CONF	3.a.2.
3. E-mail Address	TEXTC368	CONF	3.a.3.
4. Telephone	TEXTC369	CONF	3.a.4.
5. FAX	TEXTC370	CONF	3.a.5.
b. Secondary Contact			3.b.
1. Name	TEXTC371	CONF	3.b.1.
2. Title	TEXTC372	CONF	3.b.2.
3. E-mail Address	TEXTC373	CONF	3.b.3.
4. Telephone	TEXTC374	CONF	3.b.4.
5. FAX	TEXTC375	CONF	3.b.5.
4. USA PATRIOT Act Section 314(a) Anti-Money Laundering Contact Information			4.
a. Primary Contact			4.a.

Dollar amounts in thousands			
1. Name	TEXTC437	CONF	4.a.1.
2. Title	TEXTC438	CONF	4.a.2.
3. E-mail Address	TEXTC439	CONF	4.a.3.
4. Telephone	TEXTC440	CONF	4.a.4.
b. Secondary Contact			4.b.
1. Name	TEXTC442	CONF	4.b.1.
2. Title	TEXTC443	CONF	4.b.2.
3. E-mail Address	TEXTC444	CONF	4.b.3.
4. Telephone	TEXTC445	CONF	4.b.4.
c. Third Contact			4.c.
1. Name	TEXTC870	CONF	4.c.1.
2. Title	TEXTC871	CONF	4.c.2.
3. E-mail Address	TEXTC872	CONF	4.c.3.
4. Telephone	TEXTC873	CONF	4.c.4.
d. Fourth Contact			4.d.
1. Name	TEXTC875	CONF	4.d.1.
2. Title	TEXTC876	CONF	4.d.2.
3. E-mail Address	TEXTC877	CONF	4.d.3.
4. Telephone	TEXTC878	CONF	4.d.4.
5. Chief Executive Officer Contact Information			5.
a. Chief Executive Officer			5.a.
1. Name	TEXTFT42	CONF	5.a.1.
2. E-mail Address	TEXTFT44	CONF	5.a.2.
3. Telephone	TEXTFT43	CONF	5.a.3.
4. FAX	TEXTFT45	CONF	5.a.4.

Schedule RI - Income Statement(Form Type - 031)

All Report of Income schedules are to be reported on a calendar year-to-date basis in thousands of dollars.

Dollar amounts in thousands			
1. Interest income:			1.
a. Interest and fee income on loans:			1.a.
1. In domestic offices:			1.a.1.
a. Loans secured by real estate:			1.a.1.a.
1. Loans secured by 1-4 family residential properties	RIAD4435	**447,020**	1.a.1.a.1.
2. All other loans secured by real estate	RIAD4436	**223,368**	1.a.1.a.2.
b. Loans to finance agricultural production and other loans to farmers	RIAD4024	**1,080**	1.a.1.b.
c. Commercial and industrial loans	RIAD4012	**764,656**	1.a.1.c.
d. Loans to individuals for household, family, and other personal expenditures:			1.a.1.d.
1. Credit cards	RIADB485	**153,360**	1.a.1.d.1.
2. Other (includes revolving credit plans other than credit cards, automobile loans, and other consumer loans)	RIADB486	**214,581**	1.a.1.d.2.
e. Loans to foreign governments and official institutions	RIAD4056	**0**	1.a.1.e.
f. All other loans in domestic offices	RIADB487	**117,005**	1.a.1.f.
2. In foreign offices, Edge and Agreement subsidiaries, and IBFs	RIAD4059	**24,609**	1.a.2.
3. Total interest and fee income on loans (sum of items 1.a.(1)(a) through 1.a.(2))	RIAD4010	**1,945,679**	1.a.3.
b. Income from lease financing receivables	RIAD4065	**61,121**	1.b.
c. Interest income on balances due from depository institutions[1]	RIAD4115	**21,469**	1.c.
d. Interest and dividend income on securities:			1.d.
1. U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities)	RIADB488	**99,509**	1.d.1.
2. Mortgage-backed securities	RIADB489	**257,868**	1.d.2.
3. All other securities (includes securities issued by states and political subdivisions in the U.S.)	RIAD4060	**62,907**	1.d.3.
e. Interest income from trading assets	RIAD4069	**1,744**	1.e.
f. Interest income on federal funds sold and securities purchased under agreements to resell	RIAD4020	**656**	1.f.
g. Other interest income	RIAD4518	**6,775**	1.g.
h. Total interest income (sum of items 1.a.(3) through 1.g)	RIAD4107	**2,457,728**	1.h.
2. Interest expense:			2.
a. Interest on deposits:			2.a.
1. Interest on deposits in domestic offices:			2.a.1.
a. Transaction accounts (interest-bearing demand deposits, NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)	RIAD4508	**3,357**	2.a.1.a.
b. Nontransaction accounts:			2.a.1.b.
1. Savings deposits (includes MMDAs)	RIAD0093	**21,579**	2.a.1.b.1.
2. Time deposits of $250,000 or less	RIADHK03	**11,487**	2.a.1.b.2.
3. Time deposits of more than $250,000	RIADHK04	**2,274**	2.a.1.b.3.
2. Interest on deposits in foreign offices, Edge and Agreement subsidiaries, and IBFs	RIAD4172	**757**	2.a.2.
b. Expense of federal funds purchased and securities sold under agreements to repurchase	RIAD4180	**-380**	2.b.
c. Interest on trading liabilities and other borrowed money	RIAD4185	**46,400**	2.c.
d. Interest on subordinated notes and debentures	RIAD4200	**17,928**	2.d.
e. Total interest expense (sum of items 2.a through 2.d)	RIAD4073	**103,402**	2.e.
3. Net interest income (item 1.h minus 2.e)	RIAD4074	**2,354,326**	3.
4. Provision for loan and lease losses[1]	RIADJJ33	**-550,682**	4.
5. Noninterest income:			5.
a. Income from fiduciary activities[2]	RIAD4070	**226,526**	5.a.
b. Service charges on deposit accounts in domestic offices	RIAD4080	**297,698**	5.b.

1. Includes interest income on time certificates of deposit not held for trading.
1. Institutions that have adopted ASU 2016-13 should report in item 4, the provisions for credit losses for all financial assets and off-balance-sheet credit exposures that fall within the scope of the standard.
2. For banks required to complete Schedule RC-T, items 14 through 22, income from fiduciary activities reported in Schedule RI, item 5.a, must equal the amount reported in Schedule RC-T, item 22.

Dollar amounts in thousands			
c. Trading revenue[3]	RIADA220	80,579	5.c.
d. Income from securities-related and insurance activities:			5.d.
1. Fees and commissions from securities brokerage	RIADC886	80,567	5.d.1.
2. Investment banking, advisory, and underwriting fees and commissions	RIADC888	111,816	5.d.2.
3. Fees and commissions from annuity sales	RIADC887	21,117	5.d.3.
4. Underwriting income from insurance and reinsurance activities	RIADC386	0	5.d.4.
5. Income from other insurance activities	RIADC387	1,418	5.d.5.
e. Venture capital revenue	RIADB491	728	5.e.
f. Net servicing fees	RIADB492	77,211	5.f.
g. Net securitization income	RIADB493	0	5.g.
h. Not applicable			5.h.
i. Net gains (losses) on sales of loans and leases	RIAD5416	73,917	5.i.
j. Net gains (losses) on sales of other real estate owned	RIAD5415	-243	5.j.
k. Net gains (losses) on sales of other assets[4]	RIADB496	780	5.k.
l. Other noninterest income*	RIADB497	603,523	5.l.
m. Total noninterest income (sum of items 5.a through 5.l)	RIAD4079	1,575,637	5.m.
6. Not available			6.
a. Realized gains (losses) on held-to-maturity securities	RIAD3521	0	6.a.
b. Realized gains (losses) on available-for-sale debt securities	RIAD3196	24,490	6.b.
7. Noninterest expense:			7.
a. Salaries and employee benefits	RIAD4135	1,389,242	7.a.
b. Expenses of premises and fixed assets (net of rental income) (excluding salaries and employee benefits and mortgage interest)	RIAD4217	324,154	7.b.
c. Not available			7.c.
1. Goodwill impairment losses	RIADC216	0	7.c.1.
2. Amortization expense and impairment losses for other intangible assets	RIADC232	7,319	7.c.2.
d. Other noninterest expense*	RIAD4092	726,540	7.d.
e. Total noninterest expense (sum of items 7.a through 7.d)	RIAD4093	2,447,255	7.e.
8. Not available			8.
a. Income (loss) before change in net unrealized holding gains (losses) on equity securities not held for trading, applicable income taxes, and discontinued operations (item 3 plus or minus items 4, 5.m, 6.a, 6.b, and 7.e)	RIADHT69	2,057,880	8.a.
b. Change in net unrealized holding gains (losses) on equity securities not held for trading[5]	RIADHT70	-138	8.b.
c. Income (loss) before applicable income taxes and discontinued operations (sum of items 8.a and 8.b)	RIAD4301	2,057,742	8.c.
9. Applicable income taxes (on item 8.c)	RIAD4302	409,417	9.
10. Income (loss) before discontinued operations (item 8.c minus item 9)	RIAD4300	1,648,325	10.
11. Discontinued operations, net of applicable income taxes (Describe on Schedule RI-E - Explanations)*	RIADFT28	0	11.
12. Net income (loss) attributable to bank and noncontrolling (minority) interests (sum of items 10 and 11)	RIADG104	1,648,325	12.
13. LESS: Net income (loss) attributable to noncontrolling (minority) interests (if net income, report as a positive value; if net loss, report as a negative value)	RIADG103	9,809	13.
14. Net income (loss) attributable to bank (item 12 minus item 13)	RIAD4340	1,638,516	14.
1. Interest expense incurred to carry tax-exempt securities, loans, and leases acquired after August 7, 1986, that is not deductible for federal income tax purposes	RIAD4513	7	M.1.
Memorandum item 2 is to be completed by banks with $1 billion or more in total assets 2. Income from the sale and servicing of mutual funds and annuities in domestic offices (included in Schedule RI, item 8)	RIAD8431	101,686	M.2.
3. Income on tax-exempt loans and leases to states and political subdivisions in the U.S. (included in Schedule RI, items 1.a and 1.b)	RIAD4313	36,741	M.3.
4. Income on tax-exempt securities issued by states and political subdivisions in the U.S. (included in Schedule RI, item 1.d.(3))	RIAD4507	21,587	M.4.
5. Number of full-time equivalent employees at end of current period (round to nearest whole number)	RIAD4150	51121	M.5.
6. Not applicable			M.6.

3. For banks required to complete Schedule RI, Memorandum item 8, trading revenue reported in Schedule RI, item 5.c, must equal the sum of Memorandum items 8.a through 8.e.
4. Exclude net gains (losses) on sales of trading assets and held-to-maturity and available-for-sale debt securities.
*. Describe on Schedule RI-E—Explanations.
5. Item 8.b is to be completed by all institutions. See the instructions this item and the Glossary entry for "Securities Activities" for further detail on accounting for investments in equity securities.

Dollar amounts in thousands			
7. If the reporting institution has applied pushdown accounting this calendar year, report the date of the institution's acquisition (see instructions)[2]	RIAD9106	0	M.7.
8. Trading revenue (from cash instruments and derivative instruments) (sum of Memorandum items 8.a through 8.e must equal Schedule RI, item 5.c):			M.8.
Memorandum items 8.a through 8.e are to be completed by banks that reported average trading assets (Schedule RC-K, item 7) of $2 million or more for any quarter of the preceding calendar year. a. Interest rate exposures	RIAD8757	45,920	M.8.a.
b. Foreign exchange exposures	RIAD8758	31,888	M.8.b.
c. Equity security and index exposures	RIAD8759	0	M.8.c.
d. Commodity and other exposures	RIAD8760	-14	M.8.d.
e. Credit exposures	RIADF186	2,786	M.8.e.
Memorandum items 8.f through 8.h are to be completed by banks with $100 billion or more in total assets that are required to complete Schedule RI, Memorandum items 8.a through 8.e, above. f. Impact on trading revenue of changes in the creditworthiness of the bank's derivatives counterparties on the bank's derivative assets (year-to-date changes) (included in Memorandum items 8.a through 8.e above):			M.8.f.
1. Gross credit valuation adjustment (CVA)	RIADFT36	47,355	M.8.f.1.
2. CVA hedge	RIADFT37	-33,195	M.8.f.2.
g. Impact on trading revenue of changes in the creditworthiness of the bank on the bank's derivative liabilities (year-to-date changes) (included in Memorandum items 8.a through 8.e above):			M.8.g.
1. Gross debit valuation adjustment (DVA)	RIADFT38	8,222	M.8.g.1.
2. DVA hedge	RIADFT39	0	M.8.g.2.
h. Gross trading revenue, before including positive or negative net CVA and net DVA	RIADFT40	25,002	M.8.h.
9. Net gains (losses) recognized in earnings on credit derivatives that economically hedge credit exposures held outside the trading account:			M.9.
a. Net gains (losses) on credit derivatives held for trading	RIADC889	0	M.9.a.
b. Net gains (losses) on credit derivatives held for purposes other than trading	RIADC890	-135	M.9.b.
10. Credit losses on derivatives (see instructions)	RIADA251	0	M.10.
11. Does the reporting bank have a Subchapter S election in effect for federal income tax purposes for the current tax year?	RIADA530	No	M.11.
Memorandum item 12 is to be completed by banks that are required to complete Schedule RC-C, Part I, Memorandum items 8.b and 8.c and is to be completed semiannually in the June and December reports only. 12. Noncash income from negative amortization on closed-end loans secured by 1-4 family residential properties (included in Schedule RI, item 1.a.(1)(a)(1))	RIADF228	0	M.12.
Memorandum item 13 is to be completed by banks that have elected to account for assets and liabilities under a fair value option. 13. Net gains (losses) recognized in earnings on assets and liabilities that are reported at fair value under a fair value option:			M.13.
a. Net gains (losses) on assets	RIADF551	38,554	M.13.a.
1. Estimated net gains (losses) on loans attributable to changes in instrument-specific credit risk	RIADF552	12,325	M.13.a.1.
b. Net gains (losses) on liabilities	RIADF553	0	M.13.b.
1. Estimated net gains (losses) on liabilities attributable to changes in instrument-specific credit risk	RIADF554	0	M.13.b.1.
14. Other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities[2]	RIADJ321	NR	M.14.
Memorandum item 15 is to be completed by institutions with $1 billion or more in total assets that answered "Yes" to Schedule RC-E, Part I, Memorandum item 5. 15. Components of service charges on deposit accounts in domestic offices (sum of Memorandum items 15.a through 15.d must equal Schedule RI, item 5.b):			M.15.
a. Consumer overdraft-related service charges levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use	RIADH032	62,668	M.15.a.
b. Consumer account periodic maintenance charges levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use	RIADH033	28,148	M.15.b.
c. Consumer customer automated teller machine (ATM) fees levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use	RIADH034	10,559	M.15.c.
d. All other service charges on deposit accounts	RIADH035	196,323	M.15.d.

2. Report the date in YYYYMMDD format. For example, a bank acquired on March 1, 2019, would report 20190301.
2. Memorandum item 14 is to be completed only by institutions that have not adopted ASU 2016-13.

Schedule RI-A - Changes in Bank Equity Capital(Form Type - 031)

Dollar amounts in thousands			
1. Total bank equity capital most recently reported for the December 31, 2020, Reports of Condition and Income (i.e., after adjustments from amended Reports of Income)	RIAD3217	46,007,120	1.
2. Cumulative effect of changes in accounting principles and corrections of material accounting errors*	RIADB507	0	2.
3. Balance end of previous calendar year as restated (sum of items 1 and 2)	RIADB508	46,007,120	3.
4. Net income (loss) attributable to bank (must equal Schedule RI, item 14)	RIAD4340	1,638,516	4.
5. Sale, conversion, acquisition, or retirement of capital stock, net (excluding treasury stock transactions)	RIADB509	0	5.
6. Treasury stock transactions, net	RIADB510	0	6.
7. Changes incident to business combinations, net	RIAD4356	0	7.
8. LESS: Cash dividends declared on preferred stock	RIAD4470	0	8.
9. LESS: Cash dividends declared on common stock	RIAD4460	750,000	9.
10. Other comprehensive income[1]	RIADB511	-1,480,080	10.
11. Other transactions with stockholders (including a parent holding company) (not included in items 5, 6, 8, or 9 above)*	RIAD4415	0	11.
12. Total bank equity capital end of current period (sum of items 3 through 11) (must equal Schedule RC, item 27.a)	RIAD3210	45,415,556	12.

*. Describe on Schedule RI-E—Explanations

1. Includes, but is not limited to, changes in net unrealized holding gains (losses) on available-for-sale debt securities, changes in accumulated net gains (losses) on cash flow hedges, foreign currency translation adjustments, and pension and other postretirement plan-related changes other than net periodic benefit cost.

Schedule RI-B Part I - Charge-offs and Recoveries on Loans and Leases(Form Type - 031)

Part I includes charge-offs and recoveries through the allocated transfer risk reserve.

Dollar amounts in thousands	(Column A) Charge-offs Calendar year-to-date		(Column B) Recoveries Calendar year-to-date		
1. Loans secured by real estate:					1.
a. Construction, land development, and other land loans in domestic offices:					1.a.
1. 1-4 family residential construction loans	RIADC891	0	RIADC892	9	1.a.1.
2. Other construction loans and all land development and other land loans	RIADC893	5,193	RIADC894	358	1.a.2.
b. Secured by farmland in domestic offices	RIAD3584	0	RIAD3585	18	1.b.
c. Secured by 1-4 family residential properties in domestic offices:					1.c.
1. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	RIAD5411	5,794	RIAD5412	13,156	1.c.1.
2. Closed-end loans secured by 1-4 family residential properties:					1.c.2.
a. Secured by first liens	RIADC234	4,029	RIADC217	5,229	1.c.2.a.
b. Secured by junior liens	RIADC235	1,046	RIADC218	4,681	1.c.2.b.
d. Secured by multifamily (5 or more) residential properties in domestic offices	RIAD3588	3	RIAD3589	241	1.d.
e. Secured by nonfarm nonresidential properties in domestic offices:					1.e.
1. Loans secured by owner-occupied nonfarm nonresidential properties	RIADC895	2,465	RIADC896	953	1.e.1.
2. Loans secured by other nonfarm nonresidential properties	RIADC897	41	RIADC898	940	1.e.2.
f. In foreign offices	RIADB512	0	RIADB513	0	1.f.
2. Not applicable					2.
3. Loans to finance agricultural production and other loans to farmers	RIAD4655	0	RIAD4665	25	3.
4. Commercial and industrial loans:					4.
a. To U.S. addressees (domicile)	RIAD4645	53,944	RIAD4617	12,866	4.a.
b. To non-U.S. addressees (domicile)	RIAD4646	6,388	RIAD4618	7	4.b.
5. Loans to individuals for household, family, and other personal expenditures:					5.
a. Credit cards	RIADB514	61,446	RIADB515	11,116	5.a.
b. Automobile loans	RIADK129	52,082	RIADK133	37,780	5.b.
c. Other (includes revolving credit plans other than credit cards and other consumer loans)	RIADK205	29,567	RIADK206	5,255	5.c.
6. Loans to foreign governments and official institutions	RIAD4643	0	RIAD4627	0	6.
7. All other loans	RIAD4644	16,072	RIAD4628	1,892	7.
8. Lease financing receivables:					8.
a. Leases to individuals for household, family, and other personal expenditures	RIADF185	0	RIADF187	0	8.a.
b. All other leases	RIADC880	5,227	RIADF188	2,873	8.b.
9. Total (sum of items 1 through 8)	RIAD4635	243,297	RIAD4605	97,399	9.
1. Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in Schedule RI-B, part I, items 4 and 7, above	RIAD5409	0	RIAD5410	13	M.1.
2. Loans secured by real estate to non-U.S. addressees (domicile) (included in Schedule RI-B, part I, item 1, above)	RIAD4652	0	RIAD4662	0	M.2.
3. Not applicable					M.3.

Dollar amounts in thousands			
Memorandum item 4 is to be completed by banks that (1) together with affiliated institutions, have outstanding credit card receivables (as defined in the instructions) that exceed $500 million as of the report date, or (2) are credit card specialty banks as defined for Uniform Bank Performance Report purposes. 4. Uncollectible retail credit card fees and finance charges reversed against income (i.e., not included in charge-offs against the allowance for loan and lease losses)[2]	RIADC388	8,572	M.4.

2. Institutions that have adopted ASU 2016-13 should report in Memorandum item 4 uncollectible retail credit card fees and finance charges reversed against income (i.e. not included in charge-offs against the allowance for credit losses on loans and leases).

Schedule RI-B Part II - Changes in Allowances for Credit Losses(Form Type - 031)

Dollar amounts in thousands	(Column A) Loans and Leases Held for Investment		(Column B) Held-to-maturity Debt Securities		(Column C) Available-for-sale Debt Securities		
1. Balance most recently reported for the December 31, 2020, Reports of Condition and Income (i.e., after adjustments from amended Reports of Income)	RIADB522	5,361,394	RIADJH88	3,450	RIADJH94	78,546	1.
2. Recoveries (column A must equal Part I, item 9, column B, above)	RIAD4605	97,399	RIADJH89	0	RIADJH95	0	2.
3. LESS: Charge-offs (column A must equal Part I, item 9, column A, above less Schedule RI-B, Part II, item 4, column A)	RIADC079	221,810	RIADJH92	0	RIADJH98	0	3.
4. LESS: Write-downs arising from transfers of financial assets[3]	RIAD5523	21,487	RIADJJ00	0	RIADJJ01	0	4.
5. Provisions for credit losses[4]	RIAD4230	-501,941	RIADJH90	-436	RIADJH96	26,757	5.
6. Adjustments* (see instructions for this schedule)*	RIADC233	345	RIADJH91	0	RIADJH97	0	6.
7. Balance end of current period (sum of items 1, 2, 5, and 6, less items 3 and 4) (column A must equal Schedule RC, item 4.c)	RIAD3123	4,713,900	RIADJH93	3,014	RIADJH99	105,303	7.

Dollar amounts in thousands			
1. Allocated transfer risk reserve included in Schedule RI-B, Part II, item 7, column A, above	RIADC435	0	M.1.
Memorandum items 2 and 3 are to be completed by banks that (1) together with affiliated institutions, have outstanding credit card receivables (as defined in the instructions) that exceed $500 million as of the report date, or (2) are credit card specialty banks as defined for Uniform Bank Performance Report purposes. 2. Separate valuation allowance for uncollectible retail credit card fees and finance charges	RIADC389	0	M.2.
3. Amount of allowance for loan and lease losses attributable to retail credit card fees and finance charges[1]	RIADC390	5,086	M.3.
4. Amount of allowance for post-acquisition credit losses on purchased credit-impaired loans accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3) (included in Schedule RI-B, Part II, item 7, column A, above)[2]	RIADC781	NR	M.4.
5. Provisions for credit losses on other financial assets measured at amortized cost (not included in item 5, above)[3]	RIADJJ02	1,516	M.5.
6. Allowance for credit losses on other financial assets measured at amortized cost (not included in item 7, above)[3]	RCFDJJ03	34,305	M.6.
7. Provisions for credit losses on off-balance-sheet credit exposures[3]	RIADMG93	-76,578	M.7.
8. Estimated amount of expected recoveries of amounts previously written off included within the allowance for credit losses on loans and leases held for investment (included in item 7, column A, "Balance end of current period," above)[3]	RIADMG94	83,902	M.8.

3. Institutions that have not yet adopted ASU 2016-13 should report write-downs arising from transfers of loans to a held-for-sale account in item 4, column A.
4. Institutions that have not yet adopted ASU 2016-13 should report the provision for loan and lease losses in item 5, column A and the amount reported must equal Schedule RI, item 4.
*. Describe on Schedule RI-E - Explanations.
1. Institutions that have adopted ASU 2016-13 should report in Memorandum item 3 the amount of allowance for credit losses on loans and leases attributable to retail credit card fees and finance charges.
2. Memorandum item 4 is to be completed only by institutions that have not yet adopted ASU 2016-13.
3. Memorandum items 5, 6, 7, and 8 are to be completed only by institutions that have adopted ASU 2016-13.
3. Memorandum items 5, 6, 7, and 8 are to be completed only by institutions that have adopted ASU 2016-13.
3. Memorandum items 5, 6, 7, and 8 are to be completed only by institutions that have adopted ASU 2016-13.
3. Memorandum items 5, 6, 7, and 8 are to be completed only by institutions that have adopted ASU 2016-13.

Schedule RI-C Part I - Disaggregated Data on the Allowance for Loan and Lease Losses(Form Type - 031)

Schedule RI-C is to be completed by institutions with $1 billion or more in total assets.

Dollar amounts in thousands	(Column A) Recorded Investment: Individually Evaluated for Impairment and Determined to be Impaired (ASC 310-10-35)	(Column B) Allowance Balance: Individually Evaluated for Impairment and Determined to be Impaired (ASC 310-10-35)	(Column C) Recorded Investment: Collectively Evaluated for Impairment (ASC 450-20)	(Column D) Allowance Balance: Collectively Evaluated for Impairment (ASC 450-20)	(Column E) Recorded Investment: Purchased Credit-Impaired Loans (ASC 310-30)	(Column F) Allowance Balance: Purchased Credit-Impaired Loans (ASC 310-30)	
1. Real estate loans:							1.
a. Construction loans	RCFDM708 NR	RCFDM709 NR	RCFDM710 NR	RCFDM711 NR	RCFDM712 NR	RCFDM713 NR	1.a.
b. Commercial real estate loans	RCFDM714 NR	RCFDM715 NR	RCFDM716 NR	RCFDM717 NR	RCFDM719 NR	RCFDM720 NR	1.b.
c. Residential real estate loans	RCFDM721 NR	RCFDM722 NR	RCFDM723 NR	RCFDM724 NR	RCFDM725 NR	RCFDM726 NR	1.c.
2. Commercial loans[3]	RCFDM727 NR	RCFDM728 NR	RCFDM729 NR	RCFDM730 NR	RCFDM731 NR	RCFDM732 NR	2.
3. Credit cards	RCFDM733 NR	RCFDM734 NR	RCFDM735 NR	RCFDM736 NR	RCFDM737 NR	RCFDM738 NR	3.
4. Other consumer loans	RCFDM739 NR	RCFDM740 NR	RCFDM741 NR	RCFDM742 NR	RCFDM743 NR	RCFDM744 NR	4.
5. Unallocated, if any				RCFDM745 NR			5.
6. Total (for each column, sum of items 1.a through 5)[4]	RCFDM746 NR	RCFDM747 NR	RCFDM748 NR	RCFDM749 NR	RCFDM750 NR	RCFDM751 NR	6.

3. Include all loans and leases not reported as real estate loans, credit cards, or other consumer loans in items 1, 3, or 4 of Schedule RI-C.
4. The sum of item 6, columns B, D, and F, must equal Schedule RC, item 4.c. Item 6, column E, must equal Schedule RC-C, Part I, Memorandum item 7.b. Item 6, column F, must equal Schedule RI-B, Part II, Memorandum item 4.

Schedule RI-C Part II - Disaggregated Data on the Allowances for Credit Losses(Form Type - 031)

Dollar amounts in thousands	(Column A) Amortized Cost		(Column B) Allowance Balance		
1. Real estate loans:					1.
a. Construction loans	RCFDJJ04	11,342,470	RCFDJJ12	205,028	1.a.
b. Commercial real estate loans	RCFDJJ05	17,028,224	RCFDJJ13	917,410	1.b.
c. Residential real estate loans	RCFDJJ06	44,417,731	RCFDJJ14	226,008	1.c.
2. Commercial loans[3]	RCFDJJ07	136,190,974	RCFDJJ15	1,956,819	2.
3. Credit cards	RCFDJJ08	5,685,144	RCFDJJ16	692,520	3.
4. Other consumer loans	RCFDJJ09	20,920,698	RCFDJJ17	716,115	4.
5. Unallocated, if any			RCFDJJ18	0	5.
6. Total (sum of items 1.a. through 5)[4]	RCFDJJ11	235,585,241	RCFDJJ19	4,713,900	6.

Dollar amounts in thousands			
7. Securities issued by states and political subdivisions in the U.S.	RCFDJJ20	0	7.
8. Mortgage-backed securities (MBS) (including CMOs, REMICs, and stripped MBS)	RCFDJJ21	0	8.
9. Asset-backed securities and structured financial products	RCFDJJ23	0	9.
10. Other debt securities	RCFDJJ24	3,014	10.
11. Total (sum of items 7 through 10)[5]	RCFDJJ25	3,014	11.

Schedule RI-D - Income from Foreign Offices(Form Type - 031)

For all banks with foreign offices (including Edge or Agreement subsidiaries and IBFs) and total foreign office assets of $10 billion or more where foreign office revenues, assets, or net income exceed 10 percent of consolidated total revenues, total assets, or net income.

Dollar amounts in thousands			
1. Total interest income in foreign offices	RIADC899	0	1.
2. Total interest expense in foreign offices	RIADC900	0	2.
3. Provision for loan and lease losses in foreign offices[1]	RIADKW02	0	3.
4. Noninterest income in foreign offices:			4.
a. Trading revenue	RIADC902	0	4.a.
b. Investment banking, advisory, brokerage, and underwriting fees and commissions	RIADC903	0	4.b.
c. Net securitization income	RIADC904	0	4.c.
d. Other noninterest income	RIADC905	0	4.d.
5. Realized gains (losses) on held-to-maturity and available-for-sale debt securities and change in net unrealized holding gains (losses) on equity securities not held for trading in foreign offices	RIADJA28	0	5.
6. Total noninterest expense in foreign offices	RIADC907	0	6.
7. Adjustments to pretax income in foreign offices for internal allocations to foreign offices to reflect the effects of equity capital on overall bank funding costs	RIADC908	0	7.
8. Applicable income taxes (on items 1 through 7)	RIADC909	0	8.
9. Discontinued operations, net of applicable income taxes, in foreign offices	RIADGW64	0	9.
10. Net income attributable to foreign offices before internal allocations of income and expense (item 1 plus or minus items 2 through 9)	RIADC911	0	10.
11. Not applicable			11.
12. Eliminations arising from the consolidation of foreign offices with domestic offices	RIADC913	0	12.
13. Consolidated net income attributable to foreign offices (sum of items 10 and 12)	RIADC914	0	13.

3. Include all loans and leases not reported as real estate loans, credit cards, or other consumer loans in item 1, 3, or 4 of Schedule RI-C, Part II.
4. Item 6, column B must equal schedule RC, item 4.c.
5. Item 11 must equal Schedule RI-B, Part II, item 7, column B.
1. Institutions that have adopted ASU 2016-13 should report the provisions for credit losses in foreign offices for all financial assets and off-balance-sheet credit exposures that fall within the scope of the standard in item 3.

Schedule RI-E - Explanations (Form Type - 031)

Schedule RI-E is to be completed each quarter on a calendar year-to-date basis.

Detail all adjustments in Schedule RI-A and RI-B, all extraordinary items and other adjustments in Schedule RI, and all significant items of other noninterest income and other noninterest expense in Schedule RI. (See instructions for details.)

Dollar amounts in thousands			
1. Other noninterest income (from Schedule RI, item 5.l) Itemize and describe amounts greater than $100,000 that exceed 7 percent of Schedule RI, item 5.l:			1.
a. Income and fees from the printing and sale of checks	RIADC013	0	1.a.
b. Earnings on/increase in value of cash surrender value of life insurance	RIADC014	54,555	1.b.
c. Income and fees from automated teller machines (ATMs)	RIADC016	65,826	1.c.
d. Rent and other income from other real estate owned	RIAD4042	0	1.d.
e. Safe deposit box rent	RIADC015	0	1.e.
f. Bank card and credit card interchange fees	RIADF555	263,259	1.f.
g. Income and fees from wire transfers	RIADT047	0	1.g.
h. Disclose component and the dollar amount of that component:			1.h.
1. Describe component	TEXT4461	Click here for value	1.h.1.
2. Amount of component	RIAD4461	-69,567	1.h.2.
i. Disclose component and the dollar amount of that component:			1.i.
1. Describe component	TEXT4462	Click here for value	1.i.1.
2. Amount of component	RIAD4462	57,283	1.i.2.
j. Disclose component and the dollar amount of that component:			1.j.
1. Describe component	TEXT4463	Click here for value	1.j.1.
2. Amount of component	RIAD4463	43,716	1.j.2.
2. Other noninterest expense (from Schedule RI, item 7.d) Itemize and describe amounts greater than $100,000 that exceed 7 percent of Schedule RI, item 7.d:			2.
a. Data processing expenses	RIADC017	179,880	2.a.
b. Advertising and marketing expenses	RIAD0497	0	2.b.
c. Directors' fees	RIAD4136	0	2.c.
d. Printing, stationery, and supplies	RIADC018	0	2.d.
e. Postage	RIAD8403	0	2.e.
f. Legal fees and expenses	RIAD4141	0	2.f.
g. FDIC deposit insurance assessments	RIAD4146	CONF	2.g.
h. Accounting and auditing expenses	RIADF556	0	2.h.
i. Consulting and advisory expenses	RIADF557	0	2.i.
j. Automated teller machine (ATM) and interchange expenses	RIADF558	0	2.j.
k. Telecommunications expenses	RIADF559	0	2.k.
l. Other real estate owned expenses	RIADY923	0	2.l.
m. Insurance expenses (not included in employee expenses, premises and fixed asset expenses, and other real estate owned expenses)	RIADY924	0	2.m.
n. Disclose component and the dollar amount of that component:			2.n.
1. Describe component	TEXT4464	Click here for value	2.n.1.
2. Amount of component	RIAD4464	186,935	2.n.2.
o. Disclose component and the dollar amount of that component:			2.o.
1. Describe component	TEXT4467	NR	2.o.1.
2. Amount of component	RIAD4467	0	2.o.2.
p. Disclose component and the dollar amount of that component:			2.p.
1. Describe component	TEXT4468	NR	2.p.1.
2. Amount of component	RIAD4468	0	2.p.2.
3. Discontinued operations and applicable income tax effect (from Schedule RI, item 11) (itemize and describe each discontinued operation):			3.
a. Disclose component, the gross dollar amount of that component, and its related income tax:			3.a.
1. Describe component	TEXTFT29	NR	3.a.1.
2. Amount of component	RIADFT29	0	3.a.2.

Dollar amounts in thousands

3. Applicable income tax effect	RIADFT30	0	3.a.3.
b. Disclose component, the gross dollar amount of that component, and its related income tax:			3.b.
1. Describe component	TEXTFT31	NR	3.b.1.
2. Amount of component	RIADFT31	0	3.b.2.
3. Applicable income tax effect	RIADFT32	0	3.b.3.
4. Cumulative effect of changes in accounting principles and corrections of material accounting errors (from Schedule RI-A, item 2) (itemize and describe all such effects):			4.
a. Effect of adoption of Current Expected Credit Losses Methodology - ASU 2016-13[1]	RIADJJ26	NR	4.a.
b. Effect of adoption of lease accounting standard - ASC Topic 842	RIADKW17	NR	4.b.
c. Disclose component and the dollar amount of that component:			4.c.
1. Describe component	TEXTB526	NR	4.c.1.
2. Amount of component	RIADB526	0	4.c.2.
d. Disclose component and the dollar amount of that component:			4.d.
1. Describe component	TEXTB527	NR	4.d.1.
2. Amount of component	RIADB527	0	4.d.2.
5. Other transactions with stockholders (including a parent holding company) (from Schedule RI-A, item 11) (itemize and describe all such transactions):			5.
a. Disclose component and the dollar amount of that component:			5.a.
1. Describe component	TEXT4498	NR	5.a.1.
2. Amount of component	RIAD4498	0	5.a.2.
b. Disclose component and the dollar amount of that component:			5.b.
1. Describe component	TEXT4499	NR	5.b.1.
2. Amount of component	RIAD4499	0	5.b.2.
6. Adjustments to allowances for credit losses (from Schedule RI-B, part II, item 6) (itemize and describe all adjustments):[3]			6.
a. Initial allowances for credit losses recognized upon the acquisition of purchased credit-deteriorated assets on or after the effective date of ASU 2016-13[1]	RIADJJ27	NR	6.a.
b. Effect of adoption of current expected credit losses methodology on allowances for credit losses[1]	RIADJJ28	NR	6.b.
c. Disclose component and the dollar amount of that component:			6.c.
1. Describe component	TEXT4521	Click here for value	6.c.1.
2. Amount of component	RIAD4521	345	6.c.2.
d. Disclose component and the dollar amount of that component:			6.d.
1. Describe component	TEXT4522	NR	6.d.1.
2. Amount of component	RIAD4522	0	6.d.2.
7. Other explanations (the space below is provided for the bank to briefly describe, at its option, any other significant items affecting the Report of Income):			7.
a. Comments?	RIAD4769	No	7.a.
b. Other explanations	TEXT4769	NR	7.b.

(TEXT4461) Other Service Fees

(TEXT4462) NII Loan Usage Fee

(TEXT4463) Merchant Services

(TEXT4464) Outside Services

(TEXT4521) Foreign Exchange Adjustments

1. Only institutions that have adopted ASU 2016-13 should report amounts in items 4.a, 6.a and 6.b, if applicable.
3. Institutions that have not adopted ASU 2016-13 should report the allowance for loan and lease losses in item 6, where applicable.
1. Only institutions that have adopted ASU 2016-13 should report amounts in items 4.a, 6.a and 6.b, if applicable.
1. Only institutions that have adopted ASU 2016-13 should report amounts in items 4.a, 6.a and 6.b, if applicable.

Schedule RC - Balance Sheet(Form Type - 031)

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding as of the last business day of the quarter.

Dollar amounts in thousands			
1. Cash and balances due from depository institutions (from Schedule RC-A):			1.
a. Noninterest-bearing balances and currency and coin[1]	RCFD0081	**7,450,900**	1.a.
b. Interest-bearing balances[2]	RCFD0071	**86,128,367**	1.b.
2. Securities:			2.
a. Held-to-maturity securities (from Schedule RC-B, column A)[3]	RCFDJJ34	**1,456,197**	2.a.
b. Available-for-sale debt securities (from Schedule RC-B, column D)	RCFD1773	**96,751,587**	2.b.
c. Equity securities with readily determinable fair values not held for trading[4]	RCFDJA22	**648,778**	2.c.
3. Federal funds sold and securities purchased under agreements to resell:			3.
a. Federal funds sold in domestic offices	RCONB987	**0**	3.a.
b. Securities purchased under agreements to resell[5]	RCFDB989	**1,461,915**	3.b.
4. Loans and lease financing receivables (from Schedule RC-C):			4.
a. Loans and leases held for sale	RCFD5369	**1,967,488**	4.a.
b. Loans and leases held for investment	RCFDB528	**237,026,472**	4.b.
c. LESS: Allowance for loan and lease losses[7]	RCFD3123	**4,713,900**	4.c.
d. Loans and leases held for investment, net of allowance (item 4.b minus 4.c)	RCFDB529	**232,312,572**	4.d.
5. Trading assets (from Schedule RC-D)	RCFD3545	**4,889,728**	5.
6. Premises and fixed assets (including capitalized leases)	RCFD2145	**6,292,760**	6.
7. Other real estate owned (from Schedule RC-M)	RCFD2150	**32,270**	7.
8. Investments in unconsolidated subsidiaries and associated companies	RCFD2130	**0**	8.
9. Direct and indirect investments in real estate ventures	RCFD3656	**0**	9.
10. Intangible assets (from Schedule RC-M)	RCFD2143	**11,156,150**	10.
11. Other assets (from Schedule RC-F)[6]	RCFD2160	**18,750,765**	11.
12. Total assets (sum of items 1 through 11)	RCFD2170	**469,299,477**	12.
13. Deposits:			13.
a. In domestic offices (sum of totals of columns A and C from Schedule RC-E, part I)	RCON2200	**381,004,351**	13.a.
1. Noninterest-bearing[8]	RCON6631	**134,810,071**	13.a.1.
2. Interest-bearing	RCON6636	**246,194,280**	13.a.2.
b. In foreign offices, Edge and Agreement subsidiaries, and IBFs (from Schedule RC-E, part II)	RCFN2200	**8,437,035**	13.b.
1. Noninterest-bearing	RCFN6631	**204,255**	13.b.1.
2. Interest-bearing	RCFN6636	**8,232,780**	13.b.2.
14. Federal funds purchased and securities sold under agreements to repurchase:			14.
a. Federal funds purchased in domestic offices[9]	RCONB993	**1,000**	14.a.
b. Securities sold under agreements to repurchase[10]	RCFDB995	**613,387**	14.b.
15. Trading liabilities (from Schedule RC-D)	RCFD3548	**2,801,394**	15.
16. Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)	RCFD3190	**17,294,902**	16.
17. Not applicable			17.
18. Not applicable			18.
19. Subordinated notes and debentures[1]	RCFD3200	**5,244,443**	19.

1. Includes cash items in process of collection and unposted debits.
2. Includes time certificates of deposit not held for trading.
3. Institutions that have adopted ASU 2016-13 should report in item 2.a, amounts net of any applicable allowance for credit losses, and should equal to Schedule RC-B, item 8, column A less Schedule RI-B, Part II, item 7, column B.
4. Item 2.c is to be completed by all institutions. See the instructions for this item and the Glossary entry for "Securities Activities" for further detail on accounting for investments in equity securities.
5. Includes all securities resale agreements, regardless of maturity.
7. Institutions that have adopted ASU 2016-13 should report in item 4.c the allowance for credit losses on loans and leases.
6. Institutions that have adopted ASU 2016-13 should report in items 3.b and 11 amounts net of any applicable allowance for credit losses.
8. Includes noninterest-bearing demand, time, and savings deposits.
9. Report overnight Federal Home Loan Bank advances in Schedule RC, item 16, "Other borrowed money."
10. Includes all securities repurchase agreements, regardless of maturity.
1. Includes limited-life preferred stock and related surplus.

Dollar amounts in thousands			
20. Other liabilities (from Schedule RC-G)	RCFD2930	8,477,291	20.
21. Total liabilities (sum of items 13 through 20)	RCFD2948	423,873,803	21.
22. Not applicable			22.
23. Perpetual preferred stock and related surplus	RCFD3838	0	23.
24. Common stock	RCFD3230	240,060	24.
25. Surplus (exclude all surplus related to preferred stock)	RCFD3839	30,869,065	25.
26. Not available			26.
a. Retained earnings	RCFD3632	12,997,088	26.a.
b. Accumulated other comprehensive income[2]	RCFDB530	1,309,343	26.b.
c. Other equity capital components[3]	RCFDA130	0	26.c.
27. Not available			27.
a. Total bank equity capital (sum of items 23 through 26.c)	RCFD3210	45,415,556	27.a.
b. Noncontrolling (minority) interests in consolidated subsidiaries	RCFD3000	10,118	27.b.
28. Total equity capital (sum of items 27.a and 27.b)	RCFDG105	45,425,674	28.
29. Total liabilities and equity capital (sum of items 21 and 28)	RCFD3300	469,299,477	29.
1. Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 2020	RCFD6724	2a	M.1.
2. Bank's fiscal year-end date (report the date in MMDD format)	RCON8678	1231	M.2.

Schedule RC-A - Cash and Balances Due From Depository Institutions(Form Type - 031)

Exclude assets held for trading.

Dollar amounts in thousands	(Column A) Consolidated Bank		(Column B) Domestic Offices		
1. Cash items in process of collection, unposted debits, and currency and coin	RCFD0022	6,796,311			1.
a. Cash items in process of collection and unposted debits			RCON0020	1,341,995	1.a.
b. Currency and coin			RCON0080	5,454,315	1.b.
2. Balances due from depository institutions in the U.S.	RCFD0082	214,590	RCON0082	214,590	2.
3. Balances due from banks in foreign countries and foreign central banks	RCFD0070	791,168	RCON0070	121,701	3.
4. Balances due from Federal Reserve Banks	RCFD0090	85,777,199	RCON0090	85,777,199	4.
5. Total	RCFD0010	93,579,268	RCON0010	92,909,800	5.

2. Includes, but is not limited to, net unrealized holding gains (losses) on available-for-sale securities, accumulated net gains (losses) on cash flow hedges, cumulative foreign currency translation adjustments, and accumulated defined benefit pension and other postretirement plan adjustments.

3. Includes treasury stock and unearned Employee Stock Ownership Plan shares.

Schedule RC-B - Securities(Form Type - 031)

Exclude assets held for trading.

Dollar amounts in thousands	(Column A) Held-to-maturity Amortized Cost		(Column B) Held-to-maturity Fair Value		(Column C) Available-for-sale Amortized Cost		(Column D) Available-for-sale Fair Value		
1. U.S. Treasury securities	RCFD0211	**799,665**	RCFD0213	**874,354**	RCFD1286	**21,637,824**	RCFD1287	**21,990,557**	1.
2. U.S. Government agency and sponsored agency obligations (exclude mortgage-backed securities)[1]	RCFDHT50	**0**	RCFDHT51	**0**	RCFDHT52	**4,003,643**	RCFDHT53	**3,931,347**	2.
3. Securities issued by states and political subdivisions in the U.S.	RCFD8496	**449,352**	RCFD8497	**484,596**	RCFD8498	**2,264,315**	RCFD8499	**2,392,707**	3.
4. Mortgage-backed securities (MBS):									4.
a. Residential mortgage pass-through securities:									4.a.
1. Guaranteed by GNMA	RCFDG300	**0**	RCFDG301	**0**	RCFDG302	**5,837,610**	RCFDG303	**5,950,687**	4.a.1.
2. Issued by FNMA and FHLMC	RCFDG304	**0**	RCFDG305	**0**	RCFDG306	**43,429,919**	RCFDG307	**44,323,352**	4.a.2.
3. Other pass-through securities	RCFDG308	**0**	RCFDG309	**0**	RCFDG310	**0**	RCFDG311	**0**	4.a.3.
b. Other residential mortgage-backed securities (include CMOs, REMICs, and stripped MBS):									4.b.
1. Issued or guaranteed by U.S. Government agencies or sponsored agencies[1]	RCFDG312	**0**	RCFDG313	**0**	RCFDG314	**1,244,386**	RCFDG315	**1,292,154**	4.b.1.
2. Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies[1]	RCFDG316	**0**	RCFDG317	**0**	RCFDG318	**0**	RCFDG319	**0**	4.b.2.
3. All other residential MBS	RCFDG320	**0**	RCFDG321	**0**	RCFDG322	**1,181,055**	RCFDG323	**1,423,134**	4.b.3.
c. Commercial MBS:									4.c.
1. Commercial mortgage pass-through securities:									4.c.1.
a. Issued or guaranteed by FNMA, FHLMC, or GNMA	RCFDK142	**0**	RCFDK143	**0**	RCFDK144	**1,010,614**	RCFDK145	**1,045,468**	4.c.1.a.
b. Other pass-through securities	RCFDK146	**0**	RCFDK147	**0**	RCFDK148	**0**	RCFDK149	**0**	4.c.1.b.
2. Other commercial MBS:									4.c.2.
a. Issued or guaranteed by U.S. Government agencies or sponsored agencies[1]	RCFDK150	**0**	RCFDK151	**0**	RCFDK152	**1,208,025**	RCFDK153	**1,238,161**	4.c.2.a.
b. All other commercial MBS	RCFDK154	**0**	RCFDK155	**0**	RCFDK156	**4,291,202**	RCFDK157	**4,231,497**	4.c.2.b.
5. Asset-backed securities and structured financial products:									5.
a. Asset-backed securities (ABS)	RCFDC026	**0**	RCFDC988	**0**	RCFDC989	**4,955,438**	RCFDC027	**5,028,012**	5.a.
b. Structured financial products	RCFDHT58	**0**	RCFDHT59	**0**	RCFDHT60	**1,014,121**	RCFDHT61	**1,053,388**	5.b.
6. Other debt securities:									6.
a. Other domestic debt securities	RCFD1737	**210,194**	RCFD1738	**199,858**	RCFD1739	**2,343,685**	RCFD1741	**2,403,275**	6.a.
b. Other foreign debt securities	RCFD1742	**0**	RCFD1743	**0**	RCFD1744	**443,508**	RCFD1746	**447,848**	6.b.
7. Not applicable.									7.
8. Total (sum of items 1 through 6.b)[2]	RCFD1754	**1,459,211**	RCFD1771	**1,558,808**	RCFD1772	**94,865,345**	RCFD1773	**96,751,587**	8.

Dollar amounts in thousands			
1. Pledged securities[1]	RCFD0416	21,783,149	M.1.
2. Maturity and repricing data for debt securities (excluding those in nonaccrual status):[1]			M.2.
a. Securities issued by the U.S. Treasury, U.S. Government agencies, and states and political subdivisions in the U.S.; other non-mortgage debt securities; and mortgage pass-through securities other than those backed by closed-end first lien 1-4 family residential mortgages with a remaining maturity or next repricing date of:[2]			M.2.a.
1. Three months or less	RCFDA549	3,493,087	M.2.a.1.
2. Over three months through 12 months	RCFDA550	2,825,791	M.2.a.2.
3. Over one year through three years	RCFDA551	8,858,231	M.2.a.3.
4. Over three years through five years	RCFDA552	11,010,465	M.2.a.4.
5. Over five years through 15 years	RCFDA553	10,587,781	M.2.a.5.
6. Over 15 years	RCFDA554	2,976,458	M.2.a.6.
b. Mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages with a remaining maturity or next repricing date of:[2]			M.2.b.
1. Three months or less	RCFDA555	723,563	M.2.b.1.
2. Over three months through 12 months	RCFDA556	2,568	M.2.b.2.
3. Over one year through three years	RCFDA557	29,949	M.2.b.3.
4. Over three years through five years	RCFDA558	129,108	M.2.b.4.
5. Over five years through 15 years	RCFDA559	20,060,145	M.2.b.5.
6. Over 15 years	RCFDA560	29,328,706	M.2.b.6.
c. Other mortgage-backed securities (include CMOs, REMICs, and stripped MBS; exclude mortgage pass-through securities) with an expected average life of:[5]			M.2.c.
1. Three years or less	RCFDA561	4,834,969	M.2.c.1.
2. Over three years	RCFDA562	3,349,978	M.2.c.2.
d. Debt securities with a REMAINING MATURITY of one year or less (included in Memorandum items 2.a through 2.c above)	RCFDA248	3,614,332	M.2.d.
Memorandum item 3 is to be completed semiannually in the June and December reports only. 3. Amortized cost of held-to-maturity securities sold or transferred to available-for-sale or trading securities during the calendar year-to-date (report the amortized cost at date of sale or transfer)	RCFD1778	NR	M.3.
4. Structured notes (included in the held-to-maturity and available-for-sale accounts in Schedule RC-B, items 2, 3, 5, and 6):			M.4.
a. Amortized cost	RCFD8782	0	M.4.a.
b. Fair value	RCFD8783	0	M.4.b.

1. Includes Small Business Administration "Guaranteed Loan Pool Certificates"; U.S. Maritime Administration obligations; Export-Import Bank participation certificates; and obligations (other than mortgage-backed securities) issued by the Farm Credit System, the Federal Home Loan Bank System, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Financing Corporation, Resolution Funding Corporation, the Student Loan Marketing Association, and the Tennessee Valley Authority.

1. U.S. Government agencies include, but are not limited to, such agencies as the Government National Mortgage Association (GNMA), the Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Administration (NCUA). U.S. Government-sponsored agencies include, but are not limited to, such agencies as the Federal Home Loan Mortgage Corporation (FHLMC) and the Federal National Mortgage Association (FNMA).

1. U.S. Government agencies include, but are not limited to, such agencies as the Government National Mortgage Association (GNMA), the Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Administration (NCUA). U.S. Government-sponsored agencies include, but are not limited to, such agencies as the Federal Home Loan Mortgage Corporation (FHLMC) and the Federal National Mortgage Association (FNMA).

2. For institutions that have adopted ASU 2016-13, the total reported in column A must equal Schedule RC, item 2.a, plus Schedule RI-B, Part II, item 7, column B. For institutions that have not adopted ASU 2016-13, the total reported in column A must equal Schedule RC, item 2.a. For all institutions, the total reported in column D must equal Schedule RC, item 2.b.

Dollar amounts in thousands	(Column A) Held-to-maturity Amortized Cost		(Column B) Held-to-maturity Fair Value		(Column C) Available-for-sale Amortized Cost		(Column D) Available-for-sale Fair Value		
Memorandum items 5.a through 5.f and 6.a through 6.g are to be completed by banks with $10 billion or more in total assets. 5. Asset-backed securities (ABS) (for each column, sum of Memorandum items 5.a through 5.f must equal Schedule RC-B, item 5.a):[1]									M.5.
a. Credit card receivables	RCFDB838	0	RCFDB839	0	RCFDB840	444,372	RCFDB841	453,592	M.5.a.
b. Home equity lines	RCFDB842	0	RCFDB843	0	RCFDB844	149,494	RCFDB845	194,056	M.5.b.
c. Automobile loans	RCFDB846	0	RCFDB847	0	RCFDB848	1,412,260	RCFDB849	1,415,631	M.5.c.
d. Other consumer loans	RCFDB850	0	RCFDB851	0	RCFDB852	1,571,425	RCFDB853	1,576,525	M.5.d.
e. Commercial and industrial loans	RCFDB854	0	RCFDB855	0	RCFDB856	882,758	RCFDB857	890,516	M.5.e.
f. Other	RCFDB858	0	RCFDB859	0	RCFDB860	495,129	RCFDB861	497,692	M.5.f.
6. Structured financial products by underlying collateral or reference assets (for each column, sum of Memorandum items 6.a through 6.g must equal Schedule RC-B item 5.b):									M.6.
a. Trust preferred securities issued by financial institutions	RCFDG348	0	RCFDG349	0	RCFDG350	92	RCFDG351	40,881	M.6.a.
b. Trust preferred securities issued by real estate investment trusts	RCFDG352	0	RCFDG353	0	RCFDG354	0	RCFDG355	0	M.6.b.
c. Corporate and similar loans	RCFDG356	0	RCFDG357	0	RCFDG358	1,014,029	RCFDG359	1,012,507	M.6.c.
d. 1-4 family residential MBS issued or guaranteed by U.S. government-sponsored enterprises (GSEs)	RCFDG360	0	RCFDG361	0	RCFDG362	0	RCFDG363	0	M.6.d.
e. 1-4 family residential MBS not issued or guaranteed by GSEs	RCFDG364	0	RCFDG365	0	RCFDG366	0	RCFDG367	0	M.6.e.
f. Diversified (mixed) pools of structured financial products	RCFDG368	0	RCFDG369	0	RCFDG370	0	RCFDG371	0	M.6.f.
g. Other collateral or reference assets	RCFDG372	0	RCFDG373	0	RCFDG374	0	RCFDG375	0	M.6.g.

1. Includes held-to-maturity securities at amortized cost, available-for-sale debt securities at fair value, and equity securities with readily determinable fair values not held for trading (reported in Schedule RC, item 2.c) at fair value.

1. Includes held-to-maturity securities at amortized cost, available-for-sale debt securities at fair value, and equity securities with readily determinable fair values not held for trading (reported in Schedule RC, item 2.c) at fair value.

2. Report fixed-rate debt securities by remaining maturity and floating-rate debt securities by next repricing date.

2. Report fixed-rate debt securities by remaining maturity and floating-rate debt securities by next repricing date.

5. Sum of Memorandum items 2.c.(1) and 2.c.(2) plus any nonaccrual “Other mortgage-backed securities” included in Schedule RC-N, item 10, column C, must equal Schedule RC-B, sum of items 4.b and 4.c.(2), columns A and D.

1. The $10 billion asset size test is based on the total assets reported on the June 30, 2018, Report of Condition.

Schedule RC-C Part I - Loans and Leases(Form Type - 031)

Do not deduct the allowance for loan and lease losses or the allocated transfer risk reserve from amounts reported in this schedule. Report (1) loans and leases held for sale at the lower of cost or fair value, (2) loans and leases held for investment, net of unearned income, and (3) loans and leases accounted for at fair value under a fair value option. Exclude assets held for trading and commercial paper.

Dollar amounts in thousands	(Column A) Consolidated Bank		(Column B) Domestic Offices		
1. Loans secured by real estate[2]	RCFD1410	NR			1.
a. Construction, land development, and other land loans:					1.a.
1. 1-4 family residential construction loans	RCFDF158	4,125	RCONF158	4,125	1.a.1.
2. Other construction loans and all land development and other land loans	RCFDF159	6,974,826	RCONF159	6,974,826	1.a.2.
b. Secured by farmland (including farm residential and other improvements)	RCFD1420	95,198	RCON1420	95,198	1.b.
c. Secured by 1-4 family residential properties:					1.c.
1. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	RCFD1797	12,614,309	RCON1797	12,614,309	1.c.1.
2. Closed-end loans secured by 1-4 family residential properties:					1.c.2.
a. Secured by first liens	RCFD5367	32,809,103	RCON5367	32,809,103	1.c.2.a.
b. Secured by junior liens	RCFD5368	1,759,952	RCON5368	1,759,952	1.c.2.b.
d. Secured by multifamily (5 or more) residential properties	RCFD1460	6,782,266	RCON1460	6,782,266	1.d.
e. Secured by nonfarm nonresidential properties:					1.e.
1. Loans secured by owner-occupied nonfarm nonresidential properties	RCFDF160	6,934,851	RCONF160	6,858,102	1.e.1.
2. Loans secured by other nonfarm nonresidential properties	RCFDF161	15,411,870	RCONF161	15,386,079	1.e.2.
2. Loans to depository institutions and acceptances of other banks:					2.
a. To commercial banks in the U.S.			RCONB531	11,281	2.a.
1. To U.S. branches and agencies of foreign banks	RCFDB532	0			2.a.1.
2. To other commercial banks in the U.S.	RCFDB533	11,281			2.a.2.
b. To other depository institutions in the U.S.	RCFDB534	0	RCONB534	0	2.b.
c. To banks in foreign countries			RCONB535	54,377	2.c.
1. To foreign branches of other U.S. banks	RCFDB536	0			2.c.1.
2. To other banks in foreign countries	RCFDB537	54,377			2.c.2.
3. Loans to finance agricultural production and other loans to farmers	RCFD1590	206,797	RCON1590	206,797	3.
4. Commercial and industrial loans:					4.
a. To U.S. addressees (domicile)	RCFD1763	88,267,025	RCON1763	88,250,173	4.a.
b. To non-U.S. addressees (domicile)	RCFD1764	7,479,918	RCON1764	5,165,491	4.b.
5. Not applicable					5.
6. Loans to individuals for household, family, and other personal expenditures (i.e., consumer loans) (includes purchased paper):					6.
a. Credit cards	RCFDB538	4,903,957	RCONB538	4,903,957	6.a.
b. Other revolving credit plans	RCFDB539	451,478	RCONB539	451,478	6.b.
c. Automobile loans	RCFDK137	13,584,358	RCONK137	13,584,358	6.c.
d. Other consumer loans (includes single payment and installment loans other than automobile loans, and all student loans)	RCFDK207	6,737,677	RCONK207	6,737,677	6.d.
7. Loans to foreign governments and official institutions (including foreign central banks)	RCFD2081	0	RCON2081	0	7.
8. Obligations (other than securities and leases) of states and political subdivisions in the U.S.	RCFD2107	10,525,981	RCON2107	10,525,981	8.
9. Loans to nondepository financial institutions and other loans	RCFD1563	16,962,334			9.
a. Loans to nondepository financial institutions			RCONJ454	12,943,523	9.a.
b. Other loans:					9.b.
1. Loans for purchasing or carrying securities (secured and unsecured)			RCON1545	179,764	9.b.1.
2. All other loans (exclude consumer loans)			RCONJ451	3,616,260	9.b.2.
10. Lease financing receivables (net of unearned income)			RCON2165	5,481,521	10.
a. Leases to individuals for household, family, and other personal expenditures (i.e., consumer leases)	RCFDF162	0			10.a.
b. All other leases	RCFDF163	6,422,277			10.b.
11. LESS: Any unearned income on loans reflected in items 1-9 above	RCFD2123	0	RCON2123	0	11.
12. Total loans and leases held for investment and held for sale (item 12, column A must equal Schedule RC, sum of items 4.a and 4.b)	RCFD2122	238,993,960	RCON2122	235,396,598	12.

2. When reporting "Loans secured by real estate," "large institutions" and "highly complex institutions," as defined for deposit insurance assessment purposes in FDIC regulations, should complete items 1.a.(1) through 1.e.(2) in columns A and B (but not item 1 in column A); all other institutions should complete item 1 in column A and items 1.a.(1) through 1.e.(2) in column B (but not items 1.a.(1) through 1.e.(2) in column A).

Dollar amounts in thousands			
1. Loans restructured in troubled debt restructurings that are in compliance with their modified terms (included in Schedule RC-C, part 1, and not reported as past due or nonaccrual in Schedule RC-N, Memorandum item 1):			M.1.
a. Construction, land development, and other land loans in domestic offices:			M.1.a.
1. 1-4 family residential construction loans	RCONK158	0	M.1.a.1.
2. Other construction loans and all land development and other land loans	RCONK159	4,838	M.1.a.2.
b. Loans secured by 1-4 family residential properties in domestic offices	RCONF576	433,537	M.1.b.
c. Secured by multifamily (5 or more) residential properties in domestic offices	RCONK160	0	M.1.c.
d. Secured by nonfarm nonresidential properties in domestic offices:			M.1.d.
1. Loans secured by owner-occupied nonfarm nonresidential properties	RCONK161	6,843	M.1.d.1.
2. Loans secured by other nonfarm nonresidential properties	RCONK162	6,160	M.1.d.2.
e. Commercial and industrial loans:			M.1.e.
1. To U.S. addressees (domicile)	RCFDK163	134,664	M.1.e.1.
2. To non-U.S. addressees (domicile)	RCFDK164	23,344	M.1.e.2.
f. All other loans (include loans to individuals for household, family, and other personal expenditures)	RCFDK165	71,740	M.1.f.
Itemize loan categories included in Memorandum item 1.f, above that exceed 10 percent of total loans restructured in troubled debt restructurings that are in compliance with their modified terms (sum of Memorandum items 1.a through 1.f): 1. Loans secured by farmland in domestic offices	RCONK166	0	M.1.f.1.
2. Not applicable			M.1.f.2.
3. Loans to finance agricultural production and other loans to farmers	RCFDK168	0	M.1.f.3.
4. Loans to individuals for household, family, and other personal expenditures:			M.1.f.4.
a. Credit cards	RCFDK098	0	M.1.f.4.a.
b. Automobile loans	RCFDK203	0	M.1.f.4.b.
c. Other (includes revolving credit plans other than credit cards and other consumer loans)	RCFDK204	0	M.1.f.4.c.
g. Total loans restructured in troubled debt restructurings that are in compliance with their modified terms (sum of Memorandum items 1.a.(1) through 1.f)	RCFDHK25	681,126	M.1.g.
2. Maturity and repricing data for loans and leases (excluding those in nonaccrual status):			M.2.
a. Closed-end loans secured by first liens on 1-4 family residential properties in domestic offices (reported in Schedule RC-C, part I, item 1.c.(2)(a), column B) with a remaining maturity or next repricing date of:			M.2.a.
1. Three months or less	RCONA564	1,414,328	M.2.a.1.
2. Over three months through 12 months	RCONA565	559,762	M.2.a.2.
3. Over one year through three years	RCONA566	812,653	M.2.a.3.
4. Over three years through five years	RCONA567	1,289,230	M.2.a.4.
5. Over five years through 15 years	RCONA568	10,836,004	M.2.a.5.
6. Over 15 years	RCONA569	16,656,417	M.2.a.6.
b. All loans and leases (reported in Schedule RC-C, part I, items 1 through 10, column A) EXCLUDING closed-end loans secured by first liens on 1-4 family residential properties in domestic offices (reported in Schedule RC-C, part I, item 1.c.(2)(a), column B) with a remaining maturity or next repricing date of:			M.2.b.
1. Three months or less	RCFDA570	109,037,068	M.2.b.1.
2. Over three months through 12 months	RCFDA571	15,172,272	M.2.b.2.
3. Over one year through three years	RCFDA572	33,297,428	M.2.b.3.
4. Over three years through five years	RCFDA573	26,142,517	M.2.b.4.
5. Over five years through 15 years	RCFDA574	17,799,205	M.2.b.5.
6. Over 15 years	RCFDA575	3,200,145	M.2.b.6.
c. Loans and leases (reported in Schedule RC-C, part I, items 1 through 10, column A) with a REMAINING MATURITY of one year or less (excluding those in nonaccrual status)	RCFDA247	38,551,400	M.2.c.
3. Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in Schedule RC-C, part I, items 4 and 9, column A[4]	RCFD2746	9,612,866	M.3.
4. Adjustable rate closed-end loans secured by first liens on 1-4 family residential properties in domestic offices (included in Schedule RC-C, part I, item 1.c.(2)(a), column B)	RCON5370	2,457,935	M.4.
5. Loans secured by real estate to non-U.S. addressees (domicile) (included in Schedule RC-C, Part I, item 1, column A, or Schedule RC-C, Part I, items 1.a.(1) through 1.e.(2), column A, as appropriate)	RCFDB837	102,630	M.5.
Memorandum item 6 is to be completed by banks that (1) together with affiliated institutions, have outstanding credit card receivables (as defined in the instructions) that exceed $500 million as of the report date, or (2) are credit card specialty banks as defined for Uniform Bank Performance Report purposes. 6. Outstanding credit card fees and finance charges included in Schedule RC-C, part I, item 6.a, column A	RCFDC391	39,592	M.6.

4. Exclude loans secured by real estate that are included in Schedule RC-C, Part I, item 1, column A.

Dollar amounts in thousands			
Memorandum items 7.a and 7.b are to be completed by all banks semiannually in the June and December reports only. 7. Purchased credit-impaired loans held for investment accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3) (exclude loans held for sale):[5]			M.7.
a. Outstanding balance	RCFDC779	NR	M.7.a.
b. Amount included in Schedule RC-C, part I, items 1 through 9	RCFDC780	NR	M.7.b.
Memorandum items 8.a, 8.b, and 8.c are to be completed semiannually in the June and December reports only. 8. Closed-end loans with negative amortization features secured by 1-4 family residential properties in domestic offices:			M.8.
a. Total amount of closed-end loans with negative amortization features secured by 1-4 family residential properties (included in Schedule RC-C, part I, items 1.c.(2)(a) and 1.c.(2)(b))	RCONF230	NR	M.8.a.
Memorandum items 8.b and 8.c are to be completed semiannually in the June and December reports only by banks that had closed-end loans with negative amortization features secured by 1–4 family residential properties (as reported in Schedule RC-C, Part I, Memorandum item 8.a) as of December 31, 2019, that exceeded the lesser of $100 million or 5 percent of total loans and leases held for investment and held for sale in domestic offices (as reported in Schedule RC-C, Part I, item 12, column B). b. Total maximum remaining amount of negative amortization contractually permitted on closed-end loans secured by 1-4 family residential properties	RCONF231	0	M.8.b.
c. Total amount of negative amortization on closed-end loans secured by 1-4 family residential properties included in the amount reported in Memorandum item 8.a above	RCONF232	0	M.8.c.

5. Memorandum item 7 is to be completed only by institutions that have not yet adopted ASU 2016-13.

Dollar amounts in thousands			
9. Loans secured by 1-4 family residential properties in domestic offices in process of foreclosure (included in Schedule RC-C, part I, items 1.c.(1), 1.c.(2)(a), and 1.c.(2)(b))	RCONF577	**220,619**	M.9.

Dollar amounts in thousands			
10. Not applicable			M.10.
11. Not applicable			M.11.

Dollar amounts in thousands	(Column A) Fair value of acquired loans and leases at acquisition date		(Column B) Gross contractual amounts receivable at acquisition date		(Column C) Best estimate at acquisition date of contractual cash flows not expected to be collected		
Memorandum items 12.a, 12.b, 12.c, and 12.d are to be completed semiannually in the June and December reports only. 12. Loans (not subject to the requirements of FASB ASC 310-30 (former AICPA Statement of Position 03-3)) and leases held for investment that were acquired in business combinations with acquisition dates in the current calendar year:[1]							M.12.
a. Loans secured by real estate	RCFDG091	**NR**	RCFDG092	**NR**	RCFDG093	**NR**	M.12.a.
b. Commercial and industrial loans	RCFDG094	**NR**	RCFDG095	**NR**	RCFDG096	**NR**	M.12.b.
c. Loans to individuals for household, family, and other personal expenditures	RCFDG097	**NR**	RCFDG098	**NR**	RCFDG099	**NR**	M.12.c.
d. All other loans and all leases	RCFDG100	**NR**	RCFDG101	**NR**	RCFDG102	**NR**	M.12.d.

Dollar amounts in thousands			
Memoranda item 13 is to be completed by banks that had construction, land development, and other land loans in domestic offices (as reported in Schedule RC-C, Part I, item 1.a., column B) that exceeded 100 percent of the sum of tier 1 capital (as reported in Schedule RC-R, Part I, item 26) plus the allowance for loan and lease losses or the allowance for credit losses on loans and leases, as applicable (as reported in Schedule RC, item 4.c) as of December 31, 2020. 13. Construction, land development, and other land loans in domestic offices with interest reserves:			M.13.
a. Amount of loans that provide for the use of interest reserves (included in Schedule RC-C, part I, item 1.a, column B)	RCONG376	**0**	M.13.a.
b. Amount of interest capitalized from interest reserves on construction, land development, and other land loans that is included in interest and fee income on loans during the quarter (included in Schedule RI, item 1.a.(1)(a)(2)).	RIADG377	**0**	M.13.b.
Memorandum item 14 is to be completed by all banks. 14. Pledged loans and leases	RCFDG378	**95,521,111**	M.14.
Memorandum item 15 is to be completed for the December report only. 15. Reverse mortgages in domestic offices:			M.15.
a. Reverse mortgages outstanding that are held for investment (included in Schedule RC-C, item 1.c, above):			M.15.a.
1. Home Equity Conversion Mortgage (HECM) reverse mortgages	RCONJ466	**NR**	M.15.a.1.
2. Proprietary reverse mortgages	RCONJ467	**NR**	M.15.a.2.
b. Estimated number of reverse mortgage loan referrals to other lenders during the year from whom compensation has been received for services performed in connection with the origination of the reverse mortgages:			M.15.b.
1. Home Equity Conversion Mortgage (HECM) reverse mortgages	RCONJ468	**NR**	M.15.b.1.
2. Proprietary reverse mortgages	RCONJ469	**NR**	M.15.b.2.
c. Principal amount of reverse mortgage originations that have been sold during the year:			M.15.c.
1. Home Equity Conversion Mortgage (HECM) reverse mortgages	RCONJ470	**NR**	M.15.c.1.
2. Proprietary reverse mortgages	RCONJ471	**NR**	M.15.c.2.
Memorandum item 16 is to be completed by all banks. 16. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit in domestic offices that have converted to non-revolving closed-end status (included in item 1.c.(1) above)	RCONLE75	**2,935,958**	M.16.
Amounts reported in Memorandum items 17.a and 17.b will not be made available to the public on an individual institution basis. 17. Eligible loan modifications under Section 4013, Temporary Relief from Troubled Debt Restructurings, of the 2020 Coronavirus Aid, Relief, and Economic Security Act:			M.17.
a. Number of Section 4013 loans outstanding	RCONLG24	**CONF**	M.17.a.
b. Outstanding balance of Section 4013 loans	RCONLG25	**CONF**	M.17.b.

1. Institutions that have adopted ASU 2016-13 should report only loans held for investment not considered purchased credit-deteriorated in Memorandum item 12.

Schedule RC-C Part II - Loans to Small Businesses and Small Farms(Form Type - 031)

Report the number and amount currently outstanding as of the report date of business loans with "original amounts" of $1,000,000 or less and farm loans with "original amounts" of $500,000 or less. The following guidelines should be used to determine the "original amount" of a loan:
(1) For loans drawn down under lines of credit or loan commitments, the "original amount" of the loan is the size of the line of credit or loan commitment when the line of credit or loan commitment was most recently approved, extended, or renewed prior to the report date. However, if the amount currently outstanding as of the report date exceeds this size, the "original amount" is the amount currently outstanding on the report date. (2) For loan participations and syndications, the "original amount" of the loan participation or syndication is the entire amount of the credit originated by the lead lender. (3) For all other loans, the "original amount" is the total amount of the loan at origination or the amount currently outstanding as of the report date, whichever is larger.

Dollar amounts in thousands			
1. Not applicable			1.
2. Not applicable			2.

Dollar amounts in thousands	(Column A) Number of Loans		(Column B) Amount Currently Outstanding		
3. Number and amount currently outstanding of "Loans secured by nonfarm nonresidential properties" in domestic offices reported in Schedule RC-C, part I, items 1.e.(1) and 1.e.(2), column B:					3.
a. With original amounts of $100,000 or less	RCON5564	1303	RCON5565	51,445	3.a.
b. With original amounts of more than $100,000 through $250,000	RCON5566	3025	RCON5567	356,751	3.b.
c. With original amounts of more than $250,000 through $1,000,000	RCON5568	4607	RCON5569	1,741,175	3.c.
4. Number and amount currently outstanding of "Commercial and industrial loans to U.S. addressees" in domestic offices reported in Schedule RC-C, part I, item 4.a, column B:					4.
a. With original amounts of $100,000 or less	RCON5570	330099	RCON5571	3,959,350	4.a.
b. With original amounts of more than $100,000 through $250,000	RCON5572	17136	RCON5573	2,294,379	4.b.
c. With original amounts of more than $250,000 through $1,000,000	RCON5574	10923	RCON5575	4,119,527	4.c.

Dollar amounts in thousands			
5. Not applicable			5.
6. Not applicable			6.

Dollar amounts in thousands	(Column A) Number of Loans		(Column B) Amount Currently Outstanding		
7. Number and amount currently outstanding of "Loans secured by farmland (including farm residential and other improvements)" in domestic offices reported in Schedule RC-C, part I, item 1.b, column B:					7.
a. With original amounts of $100,000 or less	RCON5578	59	RCON5579	2,662	7.a.
b. With original amounts of more than $100,000 through $250,000	RCON5580	102	RCON5581	12,120	7.b.
c. With original amounts of more than $250,000 through $500,000	RCON5582	106	RCON5583	29,552	7.c.
8. Number and amount currently outstanding of "Loans to finance agricultural production and other loans to farmers" in domestic offices reported in Schedule RC-C, part I, item 3, column B:					8.
a. With original amounts of $100,000 or less	RCON5584	840	RCON5585	24,372	8.a.
b. With original amounts of more than $100,000 through $250,000	RCON5586	139	RCON5587	19,173	8.b.
c. With original amounts of more than $250,000 through $500,000	RCON5588	55	RCON5589	14,803	8.c.

Schedule RC-D - Trading Assets and Liabilities(Form Type - 031)

Schedule RC-D is to be completed by banks that reported total trading assets of $10 million or more in any of the four preceding calendar quarters, and all banks meeting the FDIC's definition of a large or highly complex institution for deposit insurance assessment purposes.

Dollar amounts in thousands	Consolidated Bank		
1. U.S. Treasury securities	RCFD3531	554,395	1.
2. U.S. Government agency obligations (exclude mortgage-backed securities)	RCFD3532	0	2.
3. Securities issued by states and political subdivisions in the U.S.	RCFD3533	0	3.
4. Mortgage-backed securities (MBS):			4.
a. Residential mortgage pass-through securities issued or guaranteed by FNMA, FHLMC, or GNMA	RCFDG379	28,073	4.a.
b. Other residential MBS issued or guaranteed by U.S. Government agencies or sponsored agencies (include CMOs, REMICs, and stripped MBS)[1]	RCFDG380	0	4.b.
c. All other residential MBS	RCFDG381	0	4.c.
d. Commercial MBS issued or guaranteed by U.S. Government agencies or sponsored agencies[1]	RCFDK197	0	4.d.
e. All other commercial MBS	RCFDK198	0	4.e.
5. Other debt securities:			5.
a. Structured financial products	RCFDHT62	0	5.a.
b. All other debt securities	RCFDG386	0	5.b.
6. Loans:			6.
a. Loans secured by real estate			6.a.
1. Loans secured by 1-4 family residential properties	RCFDHT63	0	6.a.1.
2. All other loans secured by real estate	RCFDHT64	0	6.a.2.
b. Commercial and industrial loans	RCFDF614	14,166	6.b.
c. Loans to individuals for household, family, and other personal expenditures (i.e., consumer loans) (includes purchased paper)	RCFDHT65	0	6.c.
d. Other loans	RCFDF618	0	6.d.
7. Not appliable			7.
8. Not applicable			8.
9. Other trading assets	RCFD3541	136	9.
10. Not applicable			10.
11. Derivatives with a positive fair value	RCFD3543	4,292,958	11.
12. Total trading assets (sum of items 1 through 11) (total of column A must equal Schedule RC, item 5)	RCFD3545	4,889,728	12.
13. Not available			13.
a. Liability for short positions	RCFD3546	617,927	13.a.
b. Other trading liabilities	RCFDF624	0	13.b.
14. Derivatives with a negative fair value	RCFD3547	2,183,467	14.
15. Total trading liabilities (sum of items 13.a through 14) (total of column A must equal Schedule RC, item 15)	RCFD3548	2,801,394	15.
1. Unpaid principal balance of loans measured at fair value (reported in Schedule RC-D, items 6.a through 6.d):			M.1.
a. Loans secured by real estate			M.1.a.
1. Loans secured by 1-4 family residential properties	RCFDHT66	0	M.1.a.1.
2. All other loans secured by real estate	RCFDHT67	0	M.1.a.2.
b. Commercial and industrial loans	RCFDF632	14,499	M.1.b.
c. Loans to individuals for household, family, and other personal expenditures (i.e., consumer loans) (includes purchased paper)	RCFDHT68	0	M.1.c.
d. Other loans	RCFDF636	0	M.1.d.
Memorandum items 2 through 10 are to be completed by banks with $10 billion or more in total trading assets. 2. Loans measured at fair value that are past due 90 days or more:[1]			M.2.
a. Fair value	RCFDF639	NR	M.2.a.
b. Unpaid principal balance	RCFDF640	NR	M.2.b.

1. U.S. Government agencies include, but are not limited to, such agencies as the Government National Mortgage Association (GNMA), the Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Administration (NCUA). U.S. Government-sponsored agencies include, but are not limited to, such agencies as the Federal Home Loan Mortgage Corporation (FHLMC) and the Federal National Mortgage Association (FNMA).
1. The $10 billion trading asset-size test is based on total trading assets reported on the June 30, 2018, Report of Condition.

Dollar amounts in thousands	Consolidated Bank		
Memorandum items 3 through 10 are to be completed by banks with $10 billion or more in total trading assets.			
3. Structured financial products by underlying collateral or reference assets (for each column, sum of Memorandum items 3.a through 3.g must equal Schedule RC-D, sum of items 5.a.(1) through (3)):			M.3.
a. Trust preferred securities issued by financial institutions	RCFDG299	NR	M.3.a.
b. Trust preferred securities issued by real estate investment trusts	RCFDG332	NR	M.3.b.
c. Corporate and similar loans	RCFDG333	NR	M.3.c.
d. 1-4 family residential MBS issued or guaranteed by U.S. government-sponsored enterprises (GSEs)	RCFDG334	NR	M.3.d.
e. 1-4 family residential MBS not issued or guaranteed by GSEs	RCFDG335	NR	M.3.e.
f. Diversified (mixed) pools of structured financial products	RCFDG651	NR	M.3.f.
g. Other collateral or reference assets	RCFDG652	NR	M.3.g.
4. Pledged trading assets:			M.4.
a. Pledged securities	RCFDG387	NR	M.4.a.
b. Pledged loans	RCFDG388	NR	M.4.b.

Dollar amounts in thousands			
5. Asset-backed securities:			M.5.
a. Credit card receivables	RCFDF643	NR	M.5.a.
b. Home equity lines	RCFDF644	NR	M.5.b.
c. Automobile loans	RCFDF645	NR	M.5.c.
d. Other consumer loans	RCFDF646	NR	M.5.d.
e. Commercial and industrial loans	RCFDF647	NR	M.5.e.
f. Other	RCFDF648	NR	M.5.f.
6. Retained beneficial interests in securitizations (first-loss or equity tranches)			M.6.
7. Equity securities (included in Schedule RC-D, item 9, above):			M.7.
a. Readily determinable fair values	RCFDF652	NR	M.7.a.
b. Other	RCFDF653	NR	M.7.b.
8. Loans pending securitization	RCFDF654	NR	M.8.
9. Other trading assets (itemize and describe amounts included in Schedule RC-D, item 9, that are greater than $1,000,000 and exceed 25% of the item):[1]			M.9.
a. Disclose component and the dollar amount of that component:			M.9.a.
1. Describe component	TEXTF655	NR	M.9.a.1.
2. Amount of component	RCFDF655	0	M.9.a.2.
b. Disclose component and the dollar amount of that component:			M.9.b.
(TEXTF656) NR	RCFDF656	0	M.9.b.1.
c. Disclose component and the dollar amount of that component:			M.9.c.
(TEXTF657) NR	RCFDF657	0	M.9.c.1.
10. Other trading liabilities (itemize and describe amounts included in Schedule RC-D, item 13.b, that are greater than $1,000,000 and exceed 25% of the item):			M.10.
a. Disclose component and the dollar amount of that component:			M.10.a.
1. Describe component	TEXTF658	NR	M.10.a.1.
2. Amount of component	RCFDF658	0	M.10.a.2.
b. Disclose component and the dollar amount of that component:			M.10.b.
(TEXTF659) NR	RCFDF659	0	M.10.b.1.
c. Disclose component and the dollar amount of that component:			M.10.c.
(TEXTF660) NR	RCFDF660	0	M.10.c.1.

1. Exclude equity securities.

Schedule RC-E Part I - Deposits in Domestic Offices(Form Type - 031)

Dollar amounts in thousands	(Column A) Transaction Accounts Total Transaction accounts (including total demand deposits)		(Column B) Transaction Accounts Memo: Total demand deposits (included in column A)		(Column C) Nontransaction Accounts Total nontransaction accounts (including MMDAs)		
Deposits of:							
1. Individuals, partnerships, and corporations (include all certified and official checks)	RCONB549	82,755,157			RCONB550	285,885,454	1.
2. U.S. Government	RCON2202	85,059			RCON2520	7,650	2.
3. States and political subdivisions in the U.S.	RCON2203	7,506,602			RCON2530	4,163,444	3.
4. Commercial banks and other depository institutions in the U.S.	RCONB551	558,080			RCONB552	9,331	4.
5. Banks in foreign countries	RCON2213	33,240			RCON2236	61	5.
6. Foreign governments and official institutions (including foreign central banks)	RCON2216	185			RCON2377	88	6.
7. Total (sum of items 1 through 6) (sum of columns A and C must equal Schedule RC, item 13.a)	RCON2215	90,938,323	RCON2210	86,086,376	RCON2385	290,066,028	7.

Dollar amounts in thousands			
1. Selected components of total deposits (i.e., sum of item 7, columns A and C):			M.1.
a. Total Individual Retirement Accounts (IRAs) and Keogh Plan accounts	RCON6835	5,597,821	M.1.a.
b. Total brokered deposits	RCON2365	11,144,358	M.1.b.
c. Brokered deposits of $250,000 or less (fully insured brokered deposits)[2]	RCONHK05	7,495,035	M.1.c.
d. Maturity data for brokered deposits:			M.1.d.
1. Brokered deposits of $250,000 or less with a remaining maturity of one year or less (included in Memorandum item 1.c above)	RCONHK06	7,495,035	M.1.d.1.
2. Not applicable			M.1.d.2.
3. Brokered deposits of more than $250,000 with a remaining maturity of one year or less (included in Memorandum item 1.b above)	RCONK220	3,649,323	M.1.d.3.
e. Preferred deposits (uninsured deposits of states and political subdivisions in the U.S. reported in item 3 above which are secured or collateralized as required under state law) (to be completed for the December report only).	RCON5590	NR	M.1.e.
f. Estimated amount of deposits obtained through the use of deposit listing services that are not brokered deposits	RCONK223	0	M.1.f.
g. Total reciprocal deposits (as of the report date)	RCONJH83	0	M.1.g.
2. Components of total nontransaction accounts (sum of Memorandum items 2.a through 2.d must equal item 7, column C above):			M.2.
a. Savings deposits:			M.2.a.
1. Money market deposit accounts (MMDAs)	RCON6810	193,331,311	M.2.a.1.
2. Other savings deposits (excludes MMDAs)	RCON0352	86,869,493	M.2.a.2.
b. Total time deposits of less than $100,000	RCON6648	5,883,290	M.2.b.
c. Total time deposits of $100,000 through $250,000	RCONJ473	2,304,865	M.2.c.
d. Total time deposits of more than $250,000	RCONJ474	1,677,069	M.2.d.
e. Individual Retirement Accounts (IRAs) and Keogh Plan accounts of $100,000 or more included in Memorandum items 2.c and 2.d above	RCONF233	662,847	M.2.e.
3. Maturity and repricing data for time deposits of $250,000 or less:			M.3.
a. Time deposits of $250,000 or less with a remaining maturity or next repricing date of:			M.3.a.
1. Three months or less	RCONHK07	1,936,771	M.3.a.1.
2. Over three months through 12 months	RCONHK08	4,487,770	M.3.a.2.
3. Over one year through three years	RCONHK09	1,130,178	M.3.a.3.
4. Over three years	RCONHK10	633,437	M.3.a.4.
b. Time deposits of $250,000 or less with a REMAINING MATURITY of one year or less (included in Memorandum items 3.a.(1) and 3.a.(2) above)[3]	RCONHK11	6,424,541	M.3.b.
4. Maturity and repricing data for time deposits of more than $250,000:			M.4.
a. Time deposits of more than $250,000 with a remaining maturity or next repricing date of:			M.4.a.
1. Three months or less	RCONHK12	627,126	M.4.a.1.
2. Over three months through 12 months	RCONHK13	888,764	M.4.a.2.
3. Over one year through three years	RCONHK14	123,728	M.4.a.3.
4. Over three years	RCONHK15	37,451	M.4.a.4.
b. Time deposits of more than $250,000 with a REMAINING MATURITY of one year or less (included in Memorandum items 4.a.(1) and 4.a.(2) above)[3]	RCONK222	1,515,890	M.4.b.
5. Does your institution offer one or more consumer deposit account products, i.e., transaction account or nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use?	RCONP752	Yes	M.5.
Memorandum items 6 and 7 are to be completed by institutions with $1 billion or more in total assets that answered "Yes" to Memorandum item 5 above. 6. Components of total transaction account deposits of individuals, partnerships, and corporations (sum of Memorandum items 6.a and 6.b must be less than or equal to item 1, column A, above):[5]			M.6.
a. Total deposits in those noninterest-bearing transaction account deposit products intended primarily for individuals for personal, household, or family use	RCONP753	1,439,611	M.6.a.
b. Total deposits in those interest-bearing transaction account deposit products intended primarily for individuals for personal, household, or family use	RCONP754	4,250,353	M.6.b.
7. Components of total nontransaction account deposits of individuals, partnerships, and corporations (sum of Memorandum items 7.a.(1), 7.a.(2), 7.b.(1), and 7.b.(2) plus all time deposits of individuals, partnerships, and corporations must equal item 1, column C, above):			M.7.

2. The dollar amount used as the basis for reporting in Memorandum item 1.c reflects the deposit insurance limit in effect on the report date.
3. Report both fixed- and floating-rate time deposits by remaining maturity. Exclude floating rate time deposits with a next repricing date of one year or less that have a remaining maturity of over one year.
5. The $1 billion asset size test is based on the total assets reported on the June 30, 2018, Report of Condition.

Dollar amounts in thousands			
a. Money market deposit accounts (MMDAs) of individuals, partnerships, and corporations (sum of Memorandum items 7.a.(1) and 7.a.(2) must be less than or equal to Memorandum item 2.a.(1) above):			M.7.a.
1. Total deposits in those MMDA deposit products intended primarily for individuals for personal, household, or family use	RCONP756	84,714,243	M.7.a.1.
2. Deposits in all other MMDAs of individuals, partnerships, and corporations	RCONP757	104,436,494	M.7.a.2.
b. Other savings deposit accounts of individuals, partnerships, and corporations (sum of Memorandum items 7.b.(1) and 7.b.(2) must be less than or equal to Memorandum item 2.a.(2) above):			M.7.b.
1. Total deposits in those other savings deposit account deposit products intended primarily for individuals for personal, household, or family use	RCONP758	86,820,830	M.7.b.1.
2. Deposits in all other savings deposit accounts of individuals, partnerships, and corporations	RCONP759	48,663	M.7.b.2.

Schedule RC-E Part II - Deposits in Foreign Offices including Edge and Agreement subsidiaries and IBFs(Form Type - 031)

Dollar amounts in thousands			
Deposits of:			
1. Individuals, partnerships, and corporations (include all certified and official checks)	RCFNB553	8,437,035	1.
2. U.S. banks (including IBFs and foreign branches of U.S. banks) and other U.S. depository institutions	RCFNB554	0	2.
3. Foreign banks (including U.S. branches and agencies of foreign banks, including their IBFs)	RCFN2625	0	3.
4. Foreign governments and official institutions (including foreign central banks)	RCFN2650	0	4.
5. U.S. Government and states and political subdivisions in the U.S.	RCFNB555	0	5.
6. Total	RCFN2200	8,437,035	6.
1. Time deposits with a remaining maturity of one year or less (included in Schedule RC, item 13.b)	RCFNA245	8,100,874	M.1.

Schedule RC-F - Other Assets(Form Type - 031)

Dollar amounts in thousands			
1. Accrued interest receivable[2]	RCFDB556	918,520	1.
2. Net deferred tax assets[3]	RCFD2148	73,174	2.
3. Interest-only strips receivable (not in the form of a security)[4]	RCFDHT80	0	3.
4. Equity investments without readily determinable fair values[5]	RCFD1752	1,043,244	4.
5. Life insurance assets:			5.
a. General account life insurance assets	RCFDK201	5,666,249	5.a.
b. Separate account life insurance assets	RCFDK202	1,674,998	5.b.
c. Hybrid account life insurance assets	RCFDK270	1,339,828	5.c.
6. All other assets (itemize and describe amounts greater than $100,000 that exceed 25% of this item)	RCFD2168	8,034,752	6.
a. Prepaid expenses	RCFD2166	0	6.a.
b. Repossessed personal property (including vehicles)	RCFD1578	0	6.b.
c. Derivatives with a positive fair value held for purposes other than trading	RCFDC010	0	6.c.
d. FDIC loss-sharing indemnification assets	RCFDJ448	0	6.d.
e. Computer software	RCFDFT33	0	6.e.
f. Accounts receivable	RCFDFT34	2,168,131	6.f.
g. Receivables from foreclosed government-guaranteed mortgage loans	RCFDFT35	0	6.g.
h. Disclose component and the dollar amount of that component:			6.h.
1. Describe component	TEXT3549	Click here for value	6.h.1.
2. Amount of component	RCFD3549	2,570,372	6.h.2.
i. Disclose component and the dollar amount of that component:			6.i.
1. Describe component	TEXT3550	NR	6.i.1.
2. Amount of component	RCFD3550	0	6.i.2.
j. Disclose component and the dollar amount of that component:			6.j.
1. Describe component	TEXT3551	NR	6.j.1.
2. Amount of component	RCFD3551	0	6.j.2.
7. Total (sum of items 1 through 6) (must equal Schedule RC, item 11)	RCFD2160	18,750,765	7.

(TEXT3549) Tax Credit Investments

2. Include accrued interest receivable on loans, leases, debt securities, and other interest-bearing assets. Exclude accrued interest receivables on financial assets that are reported elsewhere on the balance sheet.
3. See discussion of deferred income taxes in Glossary entry on "income taxes."
4. Report interest-only strips receivable in the form of a security as available-for-sale securities in Schedule RC, item 2.b, or as trading assets in Schedule RC, item 5, as appropriate.
5. Include Federal Reserve stock, Federal Home Loan Bank stock, and bankers' bank stock.

Schedule RC-G - Other Liabilities(Form Type - 031)

Dollar amounts in thousands			
1. Not available			1.
a. Interest accrued and unpaid on deposits in domestic offices[6]	RCON3645	5,950	1.a.
b. Other expenses accrued and unpaid (includes accrued income taxes payable)	RCFD3646	1,767,142	1.b.
2. Net deferred tax liabilities[2]	RCFD3049	573,673	2.
3. Allowance for credit losses on off-balance sheet credit exposures[7]	RCFDB557	507,227	3.
4. All other liabilities (itemize and describe amounts greater than $100,000 that exceed 25 percent of this item)	RCFD2938	5,623,299	4.
a. Accounts payable	RCFD3066	0	4.a.
b. Deferred compensation liabilities	RCFDC011	0	4.b.
c. Dividends declared but not yet payable	RCFD2932	0	4.c.
d. Derivatives with a negative fair value held for purposes other than trading	RCFDC012	0	4.d.
e. Operating lease liabilities	RCFDLB56	2,063,068	4.e.
f. Disclose component and the dollar amount of that component:			4.f.
1. Describe component	TEXT3552	Click here for value	4.f.1.
2. Amount of component	RCFD3552	1,820,631	4.f.2.
g. Disclose component and the dollar amount of that component:			4.g.
1. Describe component	TEXT3553	NR	4.g.1.
2. Amount of component	RCFD3553	0	4.g.2.
h. Disclose component and the dollar amount of that component:			4.h.
1. Describe component	TEXT3554	NR	4.h.1.
2. Amount of component	RCFD3554	0	4.h.2.
5. Total	RCFD2930	8,477,291	5.

(TEXT3552) Unsettled Security Purchases

6. For savings banks, include "dividends" accrued and unpaid on deposits.
2. See discussion of deferred income taxes in Glossary entry on "income taxes."
7. Institutions that have adopted ASU 2016-13 should report in Schedule RC-G, item 3 the allowance for credit losses on those off-balance sheet credit exposures that are not unconditionally cancelable.

Schedule RC-H - Selected Balance Sheet Items for Domestic Offices(Form Type - 031)

To be completed only by banks with foreign offices.

Dollar amounts in thousands			
1. Not applicable			1.
2. Not applicable			2.
3. Securities purchased under agreements to resell	RCONB989	1,461,915	3.
4. Securities sold under agreements to repurchase	RCONB995	613,387	4.
5. Other borrowed money	RCON3190	17,174,645	5.
EITHER 6. Net due from own foreign offices, Edge and Agreement subsidiaries, and IBFs	RCON2163	0	6.
OR 7. Net due to own foreign offices, Edge and Agreement subsidiaries, and IBFs	RCON2941	6,024,036	7.
8. Total assets (excludes net due from foreign offices, Edge and Agreement subsidiaries, and IBFs)	RCON2192	464,740,369	8.
9. Total liabilities (excludes net due to foreign offices, Edge and Agreement subsidiaries, and IBFs)	RCON3129	413,290,658	9.

Dollar amounts in thousands	(Column A) Amortized Cost of Held-to-Maturity Securities		(Column B) Fair Value of Available-for-Sale Securities		
10. U.S. Treasury securities	RCON0211	799,665	RCON1287	21,990,557	10.
11. U.S. Government agency obligations (exclude mortgage-backed securities)	RCON8492	0	RCON8495	3,931,347	11.
12. Securities issued by states and political subdivisions in the U.S.	RCON8496	449,352	RCON8499	2,392,707	12.
13. Mortgage-backed securities (MBS):					13.
a. Mortgage pass-through securities:					13.a.
1. Issued or guaranteed by FNMA, FHLMC, or GNMA	RCONG389	0	RCONG390	51,319,507	13.a.1.
2. Other mortgage pass-through securities	RCON1709	0	RCON1713	0	13.a.2.
b. Other mortgage-backed securities (include CMOs, REMICs, and stripped MBS):					13.b.
1. Issued or guaranteed by U.S. Government agencies or sponsored agencies[1]	RCONG393	0	RCONG394	2,530,315	13.b.1.
2. All other mortgage-backed securities	RCON1733	0	RCON1736	5,654,631	13.b.2.
14. Other domestic debt securities (include domestic structured financial products and domestic asset-backed securities)	RCONG397	210,194	RCONG398	8,484,675	14.
15. Other foreign debt securities (include foreign structured financial products and foreign asset-backed securities)	RCONG399	0	RCONG400	447,848	15.
16. Not applicable.					16.
17. Total held-to-maturity and available-for-sale debt securities (sum of items 10 through 15)	RCON1754	1,459,211	RCON1773	96,751,587	17.

Dollar amounts in thousands			
18. Equity investments not held for trading:			18.
a. Equity securities with readily determinable fair values[4]	RCONJA22	648,778	18.a.
b. Equity investments without readily determinable fair values	RCON1752	1,043,244	18.b.
Items 19, 20 and 21 are to be completed by banks that reported total trading assets of $10 million or more in any of the four preceding calendar quarters and all banks meeting the FDIC's definition of a large or highly complex institution for deposit insurance assessment purposes. 19. Total trading assets	RCON3545	4,889,728	19.
20. Total trading liabilities	RCON3548	2,801,394	20.
21. Total loans held for trading	RCONHT71	14,166	21.
tem 22 is to be completed by banks that: (1) have elected to report financial instruments or servicing assets and liabilities at fair value under a fair value option with changes in fair value recognized in earnings, or (2) are required to complete Schedule RC-D, Trading Assets and Liabilities. 22. Total amount of fair value option loans held for investment and held for sale	RCONJF75	3,077,479	22.

1. U.S. Government agencies include, but are not limited to, such agencies as the Government National Mortgage Association (GNMA), the Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Administration (NCUA). U.S. Government-sponsored agencies include, but are not limited to, such agencies as the Federal Home Loan Mortgage Corporation (FHLMC) and the Federal National Mortgage Association (FNMA).
4. Item 18.a is to be completed by all institutions. See the instructions for this item and the Glossary entry for "Securities Activities" for further detail on accounting for investments in equity securities.

Schedule RC-I - Assets and Liabilities of IBFs(Form Type - 031)

To be completed only by banks with IBFs and other "foreign" offices.

Dollar amounts in thousands			
1. Total IBF assets of the consolidated bank (component of Schedule RC, item 12)	RCFN2133	0	1.
2. Total IBF liabilities (component of Schedule RC, item 21)	RCFN2898	0	2.

Schedule RC-K - Quarterly Averages(Form Type - 031)

Dollar amounts in thousands			
1. Interest-bearing balances due from depository institutions	RCFD3381	85,534,527	1.
2. U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities)[2]	RCFDB558	23,284,480	2.
3. Mortgage-backed securities[2]	RCFDB559	53,798,035	3.
4. All other debt securities and equity securities with readily determinable fair values not held for trading[2]	RCFDB560	11,424,385	4.
5. Federal funds sold and securities purchased under agreements to resell	RCFD3365	1,738,664	5.
6. Loans:			6.
a. Loans in domestic offices:			6.a.
1. Total loans	RCON3360	230,793,313	6.a.1.
2. Loans secured by real estate:			6.a.2.
a. Loans secured by 1-4 family residential properties	RCON3465	46,944,779	6.a.2.a.
b. All other loans secured by real estate	RCON3466	35,806,364	6.a.2.b.
3. Loans to finance agricultural production and other loans to farmers	RCON3386	192,616	6.a.3.
4. Commercial and industrial loans	RCON3387	93,795,235	6.a.4.
5. Loans to individuals for household, family, and other personal expenditures:			6.a.5.
a. Credit cards	RCONB561	5,057,770	6.a.5.a.
b. Other (includes revolving credit plans other than credit cards, automobile loans, and other consumer loans)	RCONB562	21,214,171	6.a.5.b.
b. Total loans in foreign offices, Edge and Agreement subsidiaries, and IBFs	RCFN3360	2,610,439	6.b.
Item 7 is to be completed by banks with total trading assets of $10 million or more in any of the four preceding calendar quarters and all banks meeting the FDIC's definition of a large or highly complex institution for deposit insurance assessment purposes. 7. Trading assets	RCFD3401	6,056,066	7.
8. Lease financing receivables (net of unearned income)	RCFD3484	6,357,480	8.
9. Total assets[4]	RCFD3368	460,172,293	9.
10. Interest-bearing transaction accounts in domestic offices (interest-bearing demand deposits, NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)	RCON3485	12,847,841	10.
11. Nontransaction accounts in domestic offices:			11.
a. Savings deposits (includes MMDAs)	RCONB563	309,109,444	11.a.
b. Time deposits of $250,000 or less	RCONHK16	9,002,309	11.b.
c. Time deposits of more than $250,000	RCONHK17	1,814,180	11.c.
12. Interest-bearing deposits in foreign offices, EDGE and Agreement subsidiaries, and IBFs	RCFN3404	7,563,168	12.
13. Federal funds purchased and securities sold under agreements to repurchase	RCFD3353	1,219,115	13.
14. Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases)	RCFD3355	18,700,496	14.

2. Quarterly averages for all debt securities should be based on amortized cost.
2. Quarterly averages for all debt securities should be based on amortized cost.
4. The quarterly average for total assets should reflect securities not held for trading as follows: a) Debt securities at amortized cost, b) Equity securities with readily determinable fair values at fair value, c) Equity investments without readily determinable fair values, their balance sheet carrying values (i.e., fair value or, if elected, cost minus impairment, if any, plus or minus changes resulting from observable price changes).

Schedule RC-L - Derivatives and Off-Balance Sheet Items(Form Type - 031)

Please read carefully the instructions for the preparation of Schedule RC-L. Some of the amounts reported in Schedule RC-L are regarded as volume indicators and not necessarily as measures of risk.

Dollar amounts in thousands			
1. Unused commitments:			1.
a. Revolving, open-end lines secured by 1-4 family residential properties, i.e., home equity lines	RCFD3814	**16,604,239**	1.a.
Item 1.a.(1) is to be completed for the December report only. 1. Unused commitments for reverse mortgages outstanding that are held for investment in domestic offices	RCONHT72	**NR**	1.a.1.
b. Credit card lines (Sum of items 1.b.(1) and 1.b.(2) must equal item 1.b)	RCFD3815	**31,132,296**	1.b.
Items 1.b.(1) and 1.b.(2) are to be completed by banks with either $300 million or more in total assets or $300 million or more in credit card lines. (Sum of items 1.b.(1) and 1.b.(2) must equal item 1.b) *Items 1.b.(1) and 1.b.(2) are to be completed semiannually in the June and December reports only.* 1. Unused consumer credit card lines	RCFDJ455	**NR**	1.b.1.
2. Other unused credit card lines	RCFDJ456	**NR**	1.b.2.
c. Commitments to fund commercial real estate, construction, and land development loans:			1.c.
1. Secured by real estate:			1.c.1.
a. 1-4 family residential construction loan commitments	RCFDF164	**5,014**	1.c.1.a.
b. Commercial real estate, other construction loan, and land development loan commitments	RCFDF165	**5,133,591**	1.c.1.b.
2. Not secured by real estate	RCFD6550	**11,874,507**	1.c.2.
d. Securities underwriting	RCFD3817	**0**	1.d.
e. Other unused commitments:			1.e.
1. Commercial and industrial loans	RCFDJ457	**103,270,332**	1.e.1.
2. Loans to financial institutions	RCFDJ458	**10,968,738**	1.e.2.
3. All other unused commitments	RCFDJ459	**33,004,834**	1.e.3.
2. Financial standby letters of credit and foreign office guarantees	RCFD3819	**9,225,068**	2.
Item 2.a is to be completed by banks with $1 billion or more in total assets. a. Amount of financial standby letters of credit conveyed to others[1]	RCFD3820	**1,642,713**	2.a.
3. Performance standby letters of credit and foreign office guarantees	RCFD3821	**2,035,536**	3.
Item 3.a is to be completed by banks with $1 billion or more in total assets. a. Amount of performance standby letters of credit conveyed to others[1]	RCFD3822	**527,641**	3.a.
4. Commercial and similar letters of credit	RCFD3411	**263,061**	4.
5. Not applicable			5.
6. Securities lent and borrowed:			6.
a. Securities lent (including customers' securities lent where the customer is indemnified against loss by the reporting bank)	RCFD3433	**0**	6.a.
b. Securities borrowed	RCFD3432	**0**	6.b.

Dollar amounts in thousands	(Column A) Sold Protection		(Column B) Purchased Protection		
7. Credit derivatives:					7.
a. Notional amounts:					7.a.
1. Credit default swaps	RCFDC968	**0**	RCFDC969	**615,000**	7.a.1.
2. Total return swaps	RCFDC970	**0**	RCFDC971	**0**	7.a.2.
3. Credit options	RCFDC972	**0**	RCFDC973	**0**	7.a.3.
4. Other credit derivatives	RCFDC974	**7,075,432**	RCFDC975	**3,874,607**	7.a.4.
b. Gross fair values:					7.b.
1. Gross positive fair value	RCFDC219	**0**	RCFDC221	**2,308**	7.b.1.
2. Gross negative fair value	RCFDC220	**7,687**	RCFDC222	**0**	7.b.2.

Dollar amounts in thousands			
c. Notional amounts by regulatory capital treatment:[1]			7.c.
1. Positions covered under the Market Risk Rule:			7.c.1.
a. Sold protection	RCFDG401	0	7.c.1.a.
b. Purchased protection	RCFDG402	0	7.c.1.b.
2. All other positions:			7.c.2.
a. Sold protection	RCFDG403	7,075,432	7.c.2.a.
b. Purchased protection that is recognized as a guarantee for regulatory capital purposes	RCFDG404	0	7.c.2.b.
c. Purchased protection that is not recognized as a guarantee for regulatory capital purposes	RCFDG405	4,489,607	7.c.2.c.

Dollar amounts in thousands	(Column A) Remaining Maturity of One Year or Less		(Column B) Remaining Maturity of Over One Year Through Five Years		(Column C) Remaining Maturity of Over Five Years		
d. Notional amounts by remaining maturity:							7.d.
1. Sold credit protection:[2]							7.d.1.
a. Investment grade	RCFDG406	216,692	RCFDG407	1,684,731	RCFDG408	1,849,490	7.d.1.a.
b. Subinvestment grade	RCFDG409	315,304	RCFDG410	2,680,024	RCFDG411	329,191	7.d.1.b.
2. Purchased credit protection:[3]							7.d.2.
a. Investment grade	RCFDG412	324,615	RCFDG413	1,128,722	RCFDG414	816,799	7.d.2.a.
b. Subinvestment grade	RCFDG415	713,107	RCFDG416	1,231,546	RCFDG417	274,818	7.d.2.b.

1. The asset-size tests and the $300 million credit card lines test are based on the total assets and credit card lines reported in the June 30, 2018, Report of Condition.
1. The asset-size tests and the $300 million credit card lines test are based on the total assets and credit card lines reported in the June 30, 2018, Report of Condition.

Dollar amounts in thousands			
8. Spot foreign exchange contracts	RCFD8765	**926,558**	8.
9. All other off-balance sheet liabilities (exclude derivatives) (itemize and describe each component of this item over 25% of Schedule RC, item 27.a, "Total bank equity capital")	RCFD3430	**0**	9.
a. Not applicable			9.a.
b. Commitments to purchase when-issued securities	RCFD3434	**0**	9.b.
c. Standby letters of credit issued by another party (e.g., a Federal Home Loan Bank) on the bank's behalf	RCFDC978	**0**	9.c.
d. Disclose component and the dollar amount of that component:			9.d.
1. Describe component	TEXT3555	**NR**	9.d.1.
2. Amount of component	RCFD3555	**0**	9.d.2.
e. Disclose component and the dollar amount of that component:			9.e.
1. Describe component	TEXT3556	**NR**	9.e.1.
2. Amount of component	RCFD3556	**0**	9.e.2.
f. Disclose component and the dollar amount of that component:			9.f.
(TEXT3557) NR	RCFD3557	**0**	9.f.1.
10. All other off-balance sheet assets (exclude derivatives) (itemize and describe each component of this item over 25% of Schedule RC, item 27.a, "Total bank equity capital")	RCFD5591	**0**	10.
a. Commitments to sell when-issued securities	RCFD3435	**0**	10.a.
b. Disclose component and the dollar amount of that component:			10.b.
1. Describe component	TEXT5592	**NR**	10.b.1.
2. Amount of component	RCFD5592	**0**	10.b.2.
c. Disclose component and the dollar amount of that component:			10.c.
1. Describe component	TEXT5593	**NR**	10.c.1.
2. Amount of component	RCFD5593	**0**	10.c.2.
d. Disclose component and the dollar amount of that component:			10.d.
1. Describe component	TEXT5594	**NR**	10.d.1.
2. Amount of component	RCFD5594	**0**	10.d.2.
e. Disclose component and the dollar amount of that component:			10.e.
1. Describe component	TEXT5595	**NR**	10.e.1.
2. Amount of component	RCFD5595	**0**	10.e.2.
Items 11.a and 11.b are to be completed semiannually in the June and December reports only. 11. Year-to-date merchant credit card sales volume:			11.
a. Sales for which the reporting bank is the acquiring bank	RCFDC223	**NR**	11.a.
b. Sales for which the reporting bank is the agent bank with risk	RCFDC224	**NR**	11.b.

1. Sum of items 7.c.(1)(a) and 7.c.(2)(a), must equal sum of items 7.a.(1) through (4), column A. Sum of items 7.c.(1)(b), 7.c.(2)(b), and 7.c.(2)(c) must equal sum of items 7.a.(1) through (4), column B.
2. Sum of items 7.d.(1)(a) and (b), columns A through C, must equal sum of items 7.a.(1) through (4), column A.
3. Sum of items 7.d.(2)(a) and (b), columns A through C, must equal sum of items 7.a.(1) through (4), column B.

Dollar amounts in thousands	(Column A) Interest Rate Contracts		(Column B) Foreign Exchange Contracts		(Column C) Equity Derivative Contracts		(Column D) Commodity and Other Contracts		
12. Gross amounts (e.g., notional amounts):									12.
a. Futures contracts	RCFD8693	3,835,800	RCFD8694	0	RCFD8695	0	RCFD8696	0	12.a.
b. Forward contracts	RCFD8697	20,486,017	RCFD8698	16,424,917	RCFD8699	0	RCFD8700	0	12.b.
c. Exchange-traded option contracts:									12.c.
1. Written options	RCFD8701	0	RCFD8702	0	RCFD8703	0	RCFD8704	0	12c1.
2. Purchased options	RCFD8705	0	RCFD8706	0	RCFD8707	0	RCFD8708	0	12c2.
d. Over-the-counter option contracts:									12.d.
1. Written options	RCFD8709	14,059,115	RCFD8710	440,705	RCFD8711	0	RCFD8712	1,623,589	12d1.
2. Purchased options	RCFD8713	18,906,882	RCFD8714	387,785	RCFD8715	0	RCFD8716	1,623,589	12d2.
e. Swaps	RCFD3450	361,032,901	RCFD3826	1,933,268	RCFD8719	7,036,920	RCFD8720	7,031,415	12.e.
13. Total gross notional amount of derivative contracts held for trading	RCFDA126	301,779,309	RCFDA127	14,247,652	RCFD8723	0	RCFD8724	10,278,593	13.
14. Total gross notional amount of derivative contracts held for purposes other than trading	RCFD8725	116,541,406	RCFD8726	4,939,022	RCFD8727	7,036,920	RCFD8728	0	14.
a. Interest rate swaps where the bank has agreed to pay a fixed rate	RCFDA589	19,462,016							14.a.
15. Gross fair values of derivative contracts:									15.
a. Contracts held for trading:									15.a.
1. Gross positive fair value	RCFD8733	3,770,623	RCFD8734	183,462	RCFD8735	0	RCFD8736	677,579	15a1.
2. Gross negative fair value	RCFD8737	1,701,076	RCFD8738	163,691	RCFD8739	0	RCFD8740	652,802	15a2.
b. Contracts held for purposes other than trading:									15.b.
1. Gross positive fair value	RCFD8741	220,345	RCFD8742	29,516	RCFD8743	0	RCFD8744	0	15b1.
2. Gross negative fair value	RCFD8745	203,165	RCFD8746	68,652	RCFD8747	200,871	RCFD8748	0	15b2.

Dollar amounts in thousands	(Column A) Banks and Securities Firms	(Column B)	(Column C) Hedge Funds	(Column D) Sovereign Governments	(Column E) Corporations and All Other Counterparties	
Item 16 is to be completed only by banks with total assets of $10 billion or more. 16. Over-the counter derivatives:[1]						16.
a. Net current credit exposure	RCFDG418 922,478		RCFDG420 0	RCFDG421 0	RCFDG422 2,852,429	16.a.
b. Fair value of collateral:						16.b.
1. Cash - U.S. dollar	RCFDG423 1,419,119		RCFDG425 0	RCFDG426 0	RCFDG427 46,629	16.b.1.
2. Cash - Other currencies	RCFDG428 0		RCFDG430 0	RCFDG431 0	RCFDG432 0	16.b.2.
3. U.S. Treasury securities	RCFDG433 6,237		RCFDG435 0	RCFDG436 0	RCFDG437 26,254	16.b.3.
4. U.S. Government agency and U.S. Government-sponsored agency debt securities	RCFDG438 416,244		RCFDG440 0	RCFDG441 0	RCFDG442 0	16.b.4.
5. Corporate bonds	RCFDG443 0		RCFDG445 0	RCFDG446 0	RCFDG447 0	16.b.5.
6. Equity securities	RCFDG448 0		RCFDG450 0	RCFDG451 0	RCFDG452 0	16.b.6.
7. All other collateral	RCFDG453 90,948		RCFDG455 0	RCFDG456 0	RCFDG457 0	16.b.7.
8. Total fair value of collateral (sum of items 16.b.(1) through (7))	RCFDG458 1,932,548		RCFDG460 0	RCFDG461 0	RCFDG462 72,883	16.b.8.

1. The $10 billion asset-size test is based on the total assets reported on the June 30, 2018, Report of Condition.

Schedule RC-M - Memoranda(Form Type - 031)

Dollar amounts in thousands			
1. Extensions of credit by the reporting bank to its executive officers, directors, principal shareholders, and their related interests as of the report date:			1.
a. Aggregate amount of all extensions of credit to all executive officers, directors, principal shareholders, and their related interests	RCFD6164	218,604	1.a.
b. Number of executive officers, directors, and principal shareholders to whom the amount of all extensions of credit by the reporting bank (including extensions of credit to related interests) equals or exceeds the lesser of $500,000 or 5 percent of total capital as defined for this purpose in agency regulations	RCFD6165	5	1.b.
2. Intangible assets:			2.
a. Mortgage servicing assets	RCFD3164	1,680,392	2.a.
1. Estimated fair value of mortgage servicing assets	RCFDA590	1,680,392	2.a.1.
b. Goodwill	RCFD3163	9,311,665	2.b.
c. All other intangible assets	RCFDJF76	164,093	2.c.
d. Total (sum of items 2.a, 2.b, and 2.c) (must equal Schedule RC, item 10)	RCFD2143	11,156,150	2.d.
3. Other real estate owned:			3.
a. Construction, land development, and other land in domestic offices	RCON5508	5,666	3.a.
b. Farmland in domestic offices	RCON5509	0	3.b.
c. 1-4 family residential properties in domestic offices	RCON5510	23,941	3.c.
d. Multifamily (5 or more) residential properties in domestic offices	RCON5511	661	3.d.
e. Nonfarm nonresidential properties in domestic offices	RCON5512	2,002	3.e.
f. In foreign offices	RCFN5513	0	3.f.
g. Total (sum of items 3.a through 3.g) (must equal Schedule RC, item 7)	RCFD2150	32,270	3.g.
4. Cost of equity securities with readily determinable fair values not held for trading (the fair value of which is reported in Schedule RC, item 2.c)[1]	RCFDJA29	0	4.
5. Other borrowed money:			5.
a. Federal Home Loan Bank advances:			5.a.
1. Advances with a remaining maturity or next repricing date of:[1]			5.a.1.
a. One year or less	RCFDF055	1,500,039	5.a.1.a.
b. Over one year through three years	RCFDF056	73	5.a.1.b.
c. Over three years through five years	RCFDF057	0	5.a.1.c.
d. Over five years	RCFDF058	62	5.a.1.d.
2. Advances with a remaining maturity of one year or less (included in item 5.a.(1)(a) above)[2]	RCFD2651	1,500,039	5.a.2.
3. Structured advances (included in items 5.a.(1)(a) - (d) above)	RCFDF059	0	5.a.3.
b. Other borrowings:			5.b.
1. Other borrowings with a remaining maturity or next repricing date of:[3]			5.b.1.
a. One year or less	RCFDF060	7,923,874	5.b.1.a.
b. Over one year through three years	RCFDF061	1,783,345	5.b.1.b.
c. Over three years through five years	RCFDF062	2,622,936	5.b.1.c.
d. Over five years	RCFDF063	3,464,573	5.b.1.d.
2. Other borrowings with a remaining maturity of one year or less (included in item 5.b.(1)(a) above)[4]	RCFDB571	2,497,317	5.b.2.
c. Total (sum of items 5.a.(1)(a)-(d) and items 5.b.(1)(a)-(d)) (must equal Schedule RC, item 16)	RCFD3190	17,294,902	5.c.
6. Does the reporting bank sell private label or third party mutual funds and annuities?	RCFDB569	Yes	6.
7. Assets under the reporting bank's management in proprietary mutual funds and annuities	RCFDB570	0	7.
8. Internet Web site addresses and physical office trade names:			8.
a. Uniform Resource Locator (URL) of the reporting institution's primary Internet Web site (home page), if any (Example: www.examplebank.com):	TEXT4087	Click here for value	8.a.

1. Item 4 is to be completed only by insured state banks that have been approved by the FDIC to hold grandfathered equity investments. See instructions for this item and the Glossary entry for "Securities Activities" for further detail on accounting for investments in equity securities.
1. Report fixed-rate advances by remaining maturity and floating-rate advances by next repricing date.
2. Report both fixed- and floating-rate advances by remaining maturity. Exclude floating-rate advances with a next repricing date of one year or less that have a remaining maturity of over one year.
3. Report fixed-rate other borrowings by remaining maturity and floating-rate other borrowings by next repricing date.
4. Report both fixed- and floating-rate other borrowings by remaining maturity. Exclude floating rate other borrowings with a next repricing date of one year or less that have a remaining maturity of over one year.

Dollar amounts in thousands

b. URLs of all other public-facing Internet Web sites that the reporting institution uses to accept or solicit deposits from the public, if any (Example: www.examplebank.biz):[1]			8.b.
1. URL 1	TE01N528	Click here for value	8.b.1.
2. URL 2	TE02N528	NR	8.b.2.
3. URL 3	TE03N528	NR	8.b.3.
4. URL 4	TE04N528	NR	8.b.4.
5. URL 5	TE05N528	NR	8.b.5.
6. URL 6	TE06N528	NR	8.b.6.
7. URL 7	TE07N528	NR	8.b.7.
8. URL 8	TE08N528	NR	8.b.8.
9. URL 9	TE09N528	NR	8.b.9.
10. URL 10	TE10N528	NR	8.b.10.
c. Trade names other than the reporting institution's legal title used to identify one or more of the institution's physical offices at which deposits are accepted or solicited from the public, if any:			8.c.
1. Trade name 1	TE01N529	NR	8.c.1.
2. Trade name 2	TE02N529	NR	8.c.2.
3. Trade name 3	TE03N529	NR	8.c.3.
4. Trade name 4	TE04N529	NR	8.c.4.
5. Trade name 5	TE05N529	NR	8.c.5.
6. Trade name 6	TE06N529	NR	8.c.6.
Item 9 is to be completed annually in the December report only. 9. Do any of the bank's Internet Web sites have transactional capability, i.e., allow the bank's customers to execute transactions on their accounts through the Web site?	RCFD4088	NR	9.
10. Secured liabilities:			10.
a. Amount of "Federal funds purchased in domestic offices" that are secured (included in Schedule RC, item 14.a)	RCONF064	0	10.a.
b. Amount of "Other borrowings" that are secured (included in Schedule RC-M, items 5.b.(1)(a) - (d))	RCFDF065	197,808	10.b.
11. Does the bank act as trustee or custodian for Individual Retirement Accounts, Health Savings Accounts, and other similar accounts?	RCONG463	Yes	11.
12. Does the bank provide custody, safekeeping, or other services involving the acceptance of orders for the sale or purchase of securities?	RCONG464	Yes	12.
13. Assets covered by loss-sharing agreements with the FDIC:			13.
a. Loans and leases (included in Schedule RC, items 4.a and 4.b):			13.a.
1. Loans secured by real estate in domestic offices:			13.a.1.
a. Construction, land development, and other land loans:			13.a.1.a.
1. 1-4 family residential construction loans	RCONK169	0	13.a.1.a.1.
2. Other construction loans and all land development and other land loans	RCONK170	0	13.a.1.a.2.
b. Secured by farmland	RCONK171	0	13.a.1.b.
c. Secured by 1-4 family residential properties:			13.a.1.c.
1. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	RCONK172	0	13.a.1.c.1.
2. Closed-end loans secured by 1-4 family residential properties:			13.a.1.c.2.
a. Secured by first liens	RCONK173	0	13a1c2a.
b. Secured by junior liens	RCONK174	0	13a1c2b.
d. Secured by multifamily (5 or more) residential properties	RCONK175	0	13.a.1.d.
e. Secured by nonfarm nonresidential properties:			13.a.1.e.
1. Loans secured by owner-occupied nonfarm nonresidential properties	RCONK176	0	13.a.1.e.1.
2. Loans secured by other nonfarm nonresidential properties	RCONK177	0	13.a.1.e.2.
2. Not applicable			13.a.2.
3. Not applicable			13.a.3.
4. Not applicable			13.a.4.
5. All other loans and all leases	RCFDK183	0	13.a.5.

1. Report only highest level URLs (for example, report www.examplebank.biz, but do not also report www.examplebank.biz/checking). Report each top level domain name used (for example, report both www.examplebank.biz and www.examplebank.net).

Dollar amounts in thousands

b. Other real estate owned (included in Schedule RC, item 7):			13.b.
1. Construction, land development, and other land in domestic offices	RCONK187	0	13.b.1.
2. Farmland in domestic offices	RCONK188	0	13.b.2.
3. 1-4 family residential properties in domestic offices	RCONK189	0	13.b.3.
4. Multifamily (5 or more) residential properties in domestic offices	RCONK190	0	13.b.4.
5. Nonfarm nonresidential properties in domestic offices	RCONK191	0	13.b.5.
6. In foreign offices	RCFNK260	0	13.b.6.
7. Portion of covered other real estate owned included in items 13.b.(1) through (6) above that is protected by FDIC loss-sharing agreements	RCFDK192	0	13.b.7.
c. Debt securities (included in Schedule RC, items 2.a and 2.b)	RCFDJ461	0	13.c.
d. Other assets (exclude FDIC loss-sharing indemnification assets)	RCFDJ462	0	13.d.
Items 14.a and 14.b are to be completed annually in the December report only. 14. Captive insurance and reinsurance subsidiaries:			14.
a. Total assets of captive insurance subsidiaries[2]	RCFDK193	NR	14.a.
b. Total assets of captive reinsurance subsidiaries[2]	RCFDK194	NR	14.b.
Item 15 is to be completed by institutions that are required or have elected to be treated as a Qualified Thrift Lender. 15. Qualified Thrift Lender (QTL) test:			15.
a. Does the institution use the Home Owners' Loan Act (HOLA) QTL test or the Internal Revenue Service Domestic Building and Loan Association (IRS DBLA) test to determine its QTL compliance? (for the HOLA QTL test, enter 1; for the IRS DBLA test, enter 2)	RCONL133	NR	15.a.
b. Has the institution been in compliance with the HOLA QTL test as of each month end during the quarter or the IRS DBLA test for its most recent taxable year, as applicable?	RCONL135	NR	15.b.
Item 16.a and, if appropriate, items 16.b.(1) through 16.b.(3) are to be completed annually in the December report only. 16. International remittance transfers offered to consumers:[1]			16.
a. Estimated number of international remittance transfers provided by your institution during the calendar year ending on the report date	RCONN523	NR	16.a.
Items 16.b.(1) through 16.b.(3) are to be completed by institutions that reported 501 or more international remittance transfers in item 16.a in either or both of the current report or the most recent prior report in which item 16.a was required to be completed. b. Estimated dollar value of remittance transfers provided by your institution and usage of regulatory exceptions during the calendar year ending on the report date and:			16.b.
1. Estimated dollar value of international remittance transfers	RCONN524	NR	16.b.1.
2. Estimated number of international remittance transfers for which your institution applied the permanent exchange rate exception	RCONMM07	NR	16.b.2.
3. Estimated number of international remittance transfers for which your institution applied the permanent covered third- party exception	RCONMQ52	NR	16.b.3.
17. U.S. Small Business Administration Paycheck Protection Program (PPP) loans and the Federal Reserve PPP Liquidity Facility (PPPLF):[3]			17.
a. Number of PPP loans outstanding	RCONLG26	94438	17.a.
b. Outstanding balance of PPP loans	RCONLG27	13,967,874	17.b.
c. Outstanding balance of PPP loans pledged to the PPPLF	RCONLG28	0	17.c.
d. Outstanding balance of borrowings from Federal Reserve Banks under the PPPLF with a remaining maturity of:			17.d.
1. One year or less	RCONLL59	0	17.d.1.
2. More than one year	RCONLL60	0	17.d.2.
e. Quarterly average amount of PPP loans pledged to the PPPLF and excluded from "Total assets for the leverage ratio" reported in Schedule RC-R, Part I, item 30	RCONLL57	0	17.e.
18. Money Market Mutual Fund Liquidity Facility (MMLF):			18.
a. Outstanding balance of assets purchased under the MMLF	RCONLL61	0	18.a.
b. Quarterly average amount of assets purchased under the MMLF and excluded from "Total assets for the leverage ratio" reported in Schedule RC-R, Part I, item 30	RCONLL58	0	18.b.

(TE01N528) www.offers.pnc.com

2. Report total assets before eliminating intercompany transactions between the consolidated insurance or reinsurance subsidiary and other offices or consolidated subsidiaries of the reporting bank.

1. Report information about international electronic transfers of funds offered to consumers in the United States that: (a) are "remittance transfers" as defined by subpart B of Regulation E (12 CFR § 1005.30(e)), or (b) would qualify as "remittance transfers" under subpart B of Regulation E (12 CFR § 1005.30(e)) but are excluded from that definition only because the provider is not providing those transfers in the normal course of its business. See 12 CFR § 1005.30(f). For purposes of this item 16, such trans

3. Paycheck Protection Program (PPP) covered loans as defined in section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)). The PPP was established by Section 1102 of the 2020 Coronavirus Aid, Relief, and Economic Security Act.

(TEXT4087) www.pnc.com

Schedule RC-N - Past Due and Nonaccrual Loans Leases and Other Assets(Form Type - 031)

Dollar amounts in thousands	(Column A) Past due 30 through 89 days and still accruing		(Column B) Past due 90 days or more and still accruing		(Column C) Nonaccrual		
1. Loans secured by real estate:							1.
a. Construction, land development, and other land loans in domestic offices:							1.a.
1. 1-4 family residential construction loans	RCONF172	0	RCONF174	0	RCONF176	476	1.a.1.
2. Other construction loans and all land development and other land loans	RCONF173	3,634	RCONF175	115	RCONF177	15,993	1.a.2.
b. Secured by farmland in domestic offices	RCON3493	1,047	RCON3494	0	RCON3495	16,210	1.b.
c. Secured by 1-4 family residential properties in domestic offices:							1.c.
1. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	RCON5398	37,895	RCON5399	0	RCON5400	494,276	1.c.1.
2. Closed-end loans secured by 1-4 family residential properties:							1.c.2.
a. Secured by first liens	RCONC236	262,437	RCONC237	277,614	RCONC229	1,240,709	1.c.2.a.
b. Secured by junior liens	RCONC238	5,663	RCONC239	163	RCONC230	59,938	1.c.2.b.
d. Secured by multifamily (5 or more) residential properties in domestic offices	RCON3499	2,536	RCON3500	0	RCON3501	15,157	1.d.
e. Secured by nonfarm nonresidential properties in domestic offices:							1.e.
1. Loans secured by owner-occupied nonfarm nonresidential properties	RCONF178	7,299	RCONF180	0	RCONF182	139,207	1.e.1.
2. Loans secured by other nonfarm nonresidential properties	RCONF179	356	RCONF181	0	RCONF183	192,180	1.e.2.
f. In foreign offices	RCFNB572	0	RCFNB573	0	RCFNB574	0	1.f.
2. Loans to depository institutions and acceptances of other banks:							2.
a. To U.S. banks and other U.S. depository institutions	RCFD5377	0	RCFD5378	0	RCFD5379	0	2.a.
b. To foreign banks	RCFD5380	0	RCFD5381	0	RCFD5382	0	2.b.
3. Loans to finance agricultural production and other loans to farmers	RCFD1594	560	RCFD1597	0	RCFD1583	6,220	3.
4. Commercial and industrial loans:							4.
a. To U.S. addressees (domicile)	RCFD1251	85,347	RCFD1252	32,258	RCFD1253	336,442	4.a.
b. To non-U.S. addressees (domicile)	RCFD1254	2,130	RCFD1255	0	RCFD1256	21,692	4.b.
5. Loans to individuals for household, family, and other personal expenditures:							5.
a. Credit cards	RCFDB575	48,741	RCFDB576	52,397	RCFDB577	44	5.a.
b. Automobile loans	RCFDK213	94,358	RCFDK214	5,833	RCFDK215	178,310	5.b.
c. Other (includes revolving credit plans other than credit cards and other consumer loans)	RCFDK216	92,617	RCFDK217	83,253	RCFDK218	6,276	5.c.
6. Loans to foreign governments and official institutions	RCFD5389	0	RCFD5390	0	RCFD5391	0	6.
7. All other loans	RCFD5459	7,844	RCFD5460	30,290	RCFD5461	37,679	7.
8. Lease financing receivables:							8.
a. Leases to individuals for household, family, and other personal expenditures	RCFDF166	0	RCFDF167	0	RCFDF168	0	8.a.
b. All other leases	RCFDF169	21,709	RCFDF170	0	RCFDF171	16,122	8.b.
9. Total loans and leases (sum of items 1 through 8.b)	RCFD1406	674,173	RCFD1407	481,923	RCFD1403	2,776,931	9.
10. Debt securities and other assets (exclude other real estate owned and other repossessed assets)	RCFD3505	11	RCFD3506	3	RCFD3507	0	10.
11. Loans and leases reported in items 1 through 8 above that are wholly or partially guaranteed by the U.S. Government, excluding loans and leases covered by loss-sharing agreements with the FDIC:	RCFDK036	223,737	RCFDK037	339,632	RCFDK038	156,240	11.
a. Guaranteed portion of loans and leases included in item 11 above, excluding rebooked "GNMA loans"	RCFDK039	64,245	RCFDK040	71,350	RCFDK041	602	11.a.
b. Rebooked "GNMA loans" that have been repurchased or are eligible for repurchase included in item 11 above	RCFDK042	158,437	RCFDK043	266,076	RCFDK044	155,638	11.b.
12. Loans and leases reported in items 1 through 8 above that are covered by loss-sharing agreements with the FDIC:							12.
a. Loans secured by real estate in domestic offices:							12.a.
1. Construction, land development, and other land loans:							12.a.1.
a. 1-4 family residential construction loans	RCONK045	0	RCONK046	0	RCONK047	0	12.a.1.a.

Dollar amounts in thousands	(Column A) Past due 30 through 89 days and still accruing		(Column B) Past due 90 days or more and still accruing		(Column C) Nonaccrual		
b. Other construction loans and all land development and other land loans	RCONK048	0	RCONK049	0	RCONK050	0	12.a.1.b.
2. Secured by farmland	RCONK051	0	RCONK052	0	RCONK053	0	12.a.2.
3. Secured by 1-4 family residential properties:							12.a.3.
a. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	RCONK054	0	RCONK055	0	RCONK056	0	12.a.3.a.
b. Closed-end loans secured by 1-4 family residential properties:							12.a.3.b.
1. Secured by first liens	RCONK057	0	RCONK058	0	RCONK059	0	12.a.3.b.1.
2. Secured by junior liens	RCONK060	0	RCONK061	0	RCONK062	0	12.a.3.b.2.
4. Secured by multifamily (5 or more) residential properties	RCONK063	0	RCONK064	0	RCONK065	0	12.a.4.
5. Secured by nonfarm nonresidential properties:							12.a.5.
a. Loans secured by owner-occupied nonfarm nonresidential properties	RCONK066	0	RCONK067	0	RCONK068	0	12.a.5.a.
b. Loans secured by other nonfarm nonresidential properties	RCONK069	0	RCONK070	0	RCONK071	0	12.a.5.b.
b. Not applicable							12.b.
c. Not applicable							12.c.
d. Not applicable							12.d.
e. All other loans and all leases	RCFDK087	0	RCFDK088	0	RCFDK089	0	12.e.
f. Portion of covered loans and leases included in items 12.a through 12.e above that is protected by FDIC loss-sharing agreements	RCFDK102	0	RCFDK103	0	RCFDK104	0	12.f.
1. Loans restructured in troubled debt restructurings included in Schedule RC-N, items 1 through 7, above (and not reported in Schedule RC-C, Part 1, Memorandum item 1):							M.1.
a. Construction, land development, and other land loans in domestic offices:							M.1.a.
1. 1-4 family residential construction loans	RCONK105	0	RCONK106	0	RCONK107	0	M.1.a.1.
2. Other construction loans and all land development and other land loans	RCONK108	0	RCONK109	0	RCONK110	5,015	M.1.a.2.
b. Loans secured by 1-4 family residential properties in domestic offices	RCONF661	5,787	RCONF662	883	RCONF663	511,005	M.1.b.
c. Secured by multifamily (5 or more) residential properties in domestic offices	RCONK111	0	RCONK112	0	RCONK113	332	M.1.c.
d. Secured by nonfarm nonresidential properties in domestic offices:							M.1.d.
1. Loans secured by owner-occupied nonfarm nonresidential properties	RCONK114	0	RCONK115	0	RCONK116	88,200	M.1.d.1.
2. Loans secured by other nonfarm nonresidential properties	RCONK117	0	RCONK118	0	RCONK119	13,262	M.1.d.2.
e. Commercial and industrial loans:							M.1.e.
1. To U.S. addressees (domicile)	RCFDK120	2,836	RCFDK121	1,173	RCFDK122	209,925	M.1.e.1.
2. To non-U.S. addressees (domicile)	RCFDK123	0	RCFDK124	0	RCFDK125	21,692	M.1.e.2.
f. All other loans (include loans to individuals for household, family, and other personal expenditures)	RCFDK126	6,703	RCFDK127	3,604	RCFDK128	65,978	M.1.f.
Itemize loan categories included in Memorandum item 1.f, above that exceed 10 percent of total loans restructured in troubled debt restructurings that are past due 30 days or more or in nonaccrual status (sum of Memorandum items 1.a through 1.f, columns A through C): 1. Loans secured by farmland in domestic offices	RCONK130	0	RCONK131	0	RCONK132	0	M.1.f.1.
2. Not applicable							M.1.f.2.
3. Loans to finance agricultural production and other loans to farmers	RCFDK138	0	RCFDK139	0	RCFDK140	0	M.1.f.3.
4. Loans to individuals for household, family, and other personal expenditures:							M.1.f.4.
a. Credit cards	RCFDK274	6,058	RCFDK275	3,450	RCFDK276	0	M.1.f.4.a.
b. Automobile loans	RCFDK277	0	RCFDK278	0	RCFDK279	0	M.1.f.4.b.
c. Other (includes revolving credit plans other than credit cards and other consumer loans)	RCFDK280	0	RCFDK281	0	RCFDK282	0	M.1.f.4.c.
g. Total loans restructured in troubled debt restructurings included in Schedule RC-N, items 1 through 7, above and not reported in Schedule RC-C, Part I, Memorandum item 1 (sum of items Memorandum item 1.a.(1) through Memorandum item 1.f)[1]	RCFDHK26	15,326	RCFDHK27	5,660	RCFDHK28	915,409	M.1.g.

1. Exclude amounts reported in Memorandum items 1.f.(1) through 1.f.(4) when calculating the total in Memorandum item 1.g.

Dollar amounts in thousands	(Column A) Past due 30 through 89 days and still accruing		(Column B) Past due 90 days or more and still accruing		(Column C) Nonaccrual		
2. Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in Schedule RC-N, items 4 and 7, above	RCFD6558	0	RCFD6559	0	RCFD6560	0	M.2.
3. Loans secured by real estate to non-U.S. addressees (domicile) (included in Schedule RC-N, item 1, above)	RCFD1248	0	RCFD1249	0	RCFD1250	0	M.3.
4. Not applicable							M.4.
5. Loans and leases held for sale (included in Schedule RC-N, items 1 through 8, above)	RCFDC240	7,924	RCFDC241	3,001	RCFDC226	92,457	M.5.

Dollar amounts in thousands	(Column A) Past due 30 through 89 days		(Column B) Past due 90 days or more		
6. Derivative contracts: Fair value of amounts carried as assets	RCFD3529	11	RCFD3530	3	M.6.

Dollar amounts in thousands			
Memorandum items 7, 8, 9.a, and 9.b are to be completed semiannually in the June and December reports only. 7. Additions to nonaccrual assets during the previous six months	RCFDC410	NR	M.7.
8. Nonaccrual assets sold during the previous six months	RCFDC411	NR	M.8.

Dollar amounts in thousands	(Column A) Past due 30 through 89 days and still accruing		(Column B) Past due 90 days or more and still accruing		(Column C) Nonaccrual		
9. Purchased credit-impaired loans accounted for in accordance with FASB ASC 310-30 (former AICPA Stament of Position 03-3):[2]							M.9.
a. Outstanding balance	RCFDL183	NR	RCFDL184	NR	RCFDL185	NR	M.9.a.
b. Amount included in Schedule RC-N, items 1 through 7, above	RCFDL186	NR	RCFDL187	NR	RCFDL188	NR	M.9.b.

2. Memorandum items 9.a and 9.b should be completed only by institutions that have not yet adopted ASU 2016-13.

Schedule RC-O - Other Data for Deposit Insurance and FICO Assessments(Form Type - 031)

All FDIC-insured depository institutions must complete items 1 through 9, 10, and 11, Memorandum item 1, and, if applicable, item 9.a, Memorandum items 2, 3, and 6 through 18 each quarter. Unless otherwise indicated, complete items 1 through 11 and Memorandum items 1 through 3 on an "unconsolidated single FDIC certificate number basis" (see instructions) and complete Memorandum items 6 through 18 on a fully consolidated basis.

Dollar amounts in thousands			
1. Total deposit liabilities before exclusions (gross) as defined in Section 3(l) of the Federal Deposit Insurance Act and FDIC regulations	RCFDF236	393,958,150	1.
2. Total allowable exclusions, including interest accrued and unpaid on allowable exclusions (including foreign deposits)	RCFDF237	8,437,035	2.
3. Total foreign deposits, including interest accrued and unpaid thereon (included in item 2 above)	RCFNF234	8,437,035	3.
4. Average consolidated total assets for the calendar quarter	RCFDK652	460,172,293	4.
a. Averaging method used (for daily averaging, enter 1; for weekly averaging, enter 2)	RCFDK653	1	4.a.
5. Average tangible equity for the calendar quarter[1]	RCFDK654	35,493,635	5.
6. Holdings of long-term unsecured debt issued by other FDIC-insured depository institutions	RCFDK655	111,976	6.
7. Unsecured "Other borrowings" with a remaining maturity of (sum of items 7.a through 7.d must be less than or equal to Schedule RC-M, items 5.b.(1)(a)-(d) minus item 10.b):			7.
a. One year or less	RCFDG465	2,350,581	7.a.
b. Over one year through three years	RCFDG466	7,533,943	7.b.
c. Over three years through five years	RCFDG467	2,448,299	7.c.
d. Over five years	RCFDG468	3,264,097	7.d.
8. Subordinated notes and debentures with a remaining maturity of (sum of items 8.a through 8.d must equal Schedule RC, item 19):			8.
a. One year or less	RCFDG469	0	8.a.
b. Over one year through three years	RCFDG470	2,626,828	8.b.
c. Over three years through five years	RCFDG471	525,071	8.c.
d. Over five years	RCFDG472	2,092,544	8.d.
9. Brokered reciprocal deposits (included in Schedule RC-E, Part I, Memorandum item 1.b)	RCONG803	0	9.
Item 9.a is to be completed on a fully consolidated basis by all institutions that own another insured depository institution. a. Fully consolidated brokered reciprocal deposits	RCONL190	NR	9.a.
10. Banker's bank certification: Does the reporting institution meet both the statutory definition of a banker's bank and the business conduct test set forth in FDIC regulations? If the answer to item 10 is "YES," complete items 10.a and 10.b	RCFDK656	No	10.
If the answer to item 10 is "YES," complete items 10.a and 10.b. a. Banker's bank deduction	RCFDK657	NR	10.a.
b. Banker's bank deduction limit	RCFDK658	NR	10.b.
11. Custodial bank certification: Does the reporting institution meet the definition of a custodial bank set forth in FDIC regulations? If the answer to item 11 is "YES," complete items 11.a and 11.b	RCFDK659	Yes	11.
If the answer to item 11 is "YES," complete items 11.a and 11.b. a. Custodial bank deduction	RCFDK660	130,476,830	11.a.
b. Custodial bank deduction limit	RCFDK661	376,315	11.b.
1. Total deposit liabilities of the bank (including related interest accrued and unpaid) less allowable exclusions (including related interest accrued and unpaid) (sum of Memorandum items 1.a.(1), 1.b.(1), 1.c.(1), and 1.d.(1) must equal Schedule RC-O, item 1 less item 2):			M.1.
a. Deposit accounts (excluding retirement accounts) of $250,000 or less:[1]			M.1.a.
1. Amount of deposit accounts (excluding retirement accounts) of $250,000 or less	RCONF049	166,123,828	M.1.a.1.
2. Number of deposit accounts (excluding retirement accounts) of $250,000 or less	RCONF050	18402801	M.1.a.2.
b. Deposit accounts (excluding retirement accounts) of more than $250,000:[1]			M.1.b.
1. Amount of deposit accounts (excluding retirement accounts) of more than $250,000	RCONF051	213,797,806	M.1.b.1.
2. Number of deposit accounts (excluding retirement accounts) of more than $250,000	RCONF052	138958	M.1.b.2.
c. Retirement deposit accounts of $250,000 or less:[1]			M.1.c.
1. Amount of retirement deposit accounts of $250,000 or less	RCONF045	5,189,439	M.1.c.1.
2. Number of retirement deposit accounts of $250,000 or less	RCONF046	244992	M.1.c.2.
d. Retirement deposit accounts of more than $250,000:[1]			M.1.d.

1. See instructions for averaging methods. For deposit insurance assessment purposes, tangible equity is defined as Tier 1 capital as set forth in the banking agencies' regulatory capital standards and reported in Schedule RC-R, Part I, item 26, except as described in the instructions.
1. The dollar amounts used as the basis for reporting in Memorandum items 1.a through 1.d reflect the deposit insurance limits in effect on the report date.

Dollar amounts in thousands			
1. Amount of retirement deposit accounts of more than $250,000	RCONF047	410,042	M.1.d.1.
2. Number of retirement deposit accounts of more than $250,000	RCONF048	535	M.1.d.2.
Memorandum item 2 is to be completed by banks with $1 billion or more in total assets. 2. Estimated amount of uninsured deposits in domestic offices of the bank and in insured branches in Puerto Rico and U.S. territories and possessions, including related interest accrued and unpaid (see instructions)[3]	RCON5597	166,403,471	M.2.
3. Has the reporting institution been consolidated with a parent bank or savings association in that parent bank's or parent savings association's Call Report? If so, report the legal title and FDIC Certificate Number of the parent bank or parent savings association:			M.3.
a. Legal title	TEXTA545	NR	M.3.a.
b. FDIC Certificate Number	RCONA545	0	M.3.b.
4. Dually payable deposits in the reporting institution's foreign branches	RCFNGW43	0	M.4.
5. Not applicable			M.5.
Memorandum items 6 through 12 are to be completed by "large institutions" and "highly complex institutions" as defined in FDIC regulations. 6. Criticized and classified items:			M.6.
a. Special mention	RCFDK663	CONF	M.6.a.
b. Substandard	RCFDK664	CONF	M.6.b.
c. Doubtful	RCFDK665	CONF	M.6.c.
d. Loss	RCFDK666	CONF	M.6.d.
7. "Nontraditional 1-4 family residential mortgage loans" as defined for assessment purposes only in FDIC regulations:			M.7.
a. Nontraditional 1-4 family residential mortgage loans	RCFDN025	CONF	M.7.a.
b. Securitizations of nontraditional 1-4 family residential mortgage loans	RCFDN026	CONF	M.7.b.
8. "Higher-risk consumer loans" as defined for assessment purposes only in FDIC regulations:			M.8.
a. Higher-risk consumer loans	RCFDN027	CONF	M.8.a.
b. Securitizations of higher-risk consumer loans	RCFDN028	CONF	M.8.b.
9. "Higher-risk commercial and industrial loans and securities" as defined for assessment purposes only in FDIC regulations:			M.9.
a. Higher-risk commercial and industrial loans and securities	RCFDN029	CONF	M.9.a.
b. Securitizations of higher-risk commercial and industrial loans and securities	RCFDN030	CONF	M.9.b.
10. Commitments to fund construction, land development, and other land loans secured by real estate for the consolidated bank:			M.10.
a. Total unfunded commitments	RCFDK676	4,206,633	M.10.a.
b. Portion of unfunded commitments guaranteed or insured by the U.S. government (including the FDIC)	RCFDK677	0	M.10.b.
11. Amount of other real estate owned recoverable from the U.S. government under guarantee or insurance provisions (excluding FDIC loss-sharing agreements)	RCFDK669	0	M.11.
12. Nonbrokered time deposits of more than $250,000 in domestic offices (included in Schedule RC-E, Memorandum item 2.d)	RCONK678	1,677,069	M.12.
Memorandum item 13.a is to be completed by "large institutions" and "highly complex institutions" as defined in FDIC regulations. Memorandum items 13.b through 13.h are to be completed by "large institutions" only. 13. Portion of funded loans and securities in domestic and foreign offices guaranteed or insured by the U.S. government (including FDIC loss-sharing agreements):			M.13.
a. Construction, land development, and other land loans secured by real estate	RCFDN177	0	M.13.a.
b. Loans secured by multifamily residential and nonfarm nonresidential properties	RCFDN178	1,284	M.13.b.
c. Closed-end loans secured by first liens on 1-4 family residential properties	RCFDN179	1,021,528	M.13.c.
d. Closed-end loans secured by junior liens on 1-4 family residential properties and revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	RCFDN180	0	M.13.d.
e. Commercial and industrial loans	RCFDN181	175,436	M.13.e.
f. Credit card loans to individuals for household, family, and other personal expenditures	RCFDN182	0	M.13.f.
g. All other loans to individuals for household, family, and other personal expenditures	RCFDN183	1,609,790	M.13.g.
h. Non-agency residential mortgage-backed securities	RCFDM963	0	M.13.h.
Memorandum items 14 and 15 are to be completed by "highly complex institutions" as defined in FDIC regulations. 14. Amount of the institution's largest counterparty exposure	RCFDK673	CONF	M.14.
15. Total amount of the institution's 20 largest counterparty exposures	RCFDK674	CONF	M.15.
Memorandum item 16 is to be completed by “large institutions” and “highly complex institutions” as defined in FDIC regulations. 16. Portion of loans restructured in troubled debt restructurings that are in compliance with their modified terms and are guaranteed or insured by the U.S. government (including the FDIC) (included in Schedule RC-C, part I, Memorandum item 1)	RCFDL189	0	M.16.

3. Uninsured deposits should be estimated based on the deposit insurance limits set forth in Memorandum items 1.a through 1.d.

Dollar amounts in thousands			
Memorandum item 17 is to be completed on a fully consolidated basis by those “large institutions” and “highly complex institutions” as defined in FDIC regulations that own another insured depository institution. 17. Selected fully consolidated data for deposit insurance assessment purposes:			M.17.
a. Total deposit liabilities before exclusions (gross) as defined in Section 3(l) of the Federal Deposit Insurance Act and FDIC regulations	RCFDL194	**NR**	M.17.a.
b. Total allowable exclusions, including interest accrued and unpaid on allowable exclusions (including foreign deposits)	RCFDL195	**NR**	M.17.b.
c. Unsecured "Other borrowings" with a remaining maturity of one year or less	RCFDL196	**NR**	M.17.c.
d. Estimated amount of uninsured deposits in domestic offices of the institution and in insured branches in Puerto Rico and U.S. territories and possessions, including related interest accrued and unpaid	RCONL197	**NR**	M.17.d.

Dollar amounts in thousands	(Column A) Two-Year Probability of Default (PD) <= 1%	(Column B) Two-Year Probability of Default (PD) 1.01–4%	(Column C) Two-Year Probability of Default (PD) 4.01–7%	(Column D) Two-Year Probability of Default (PD) 7.01–10%	(Column E) Two-Year Probability of Default (PD) 10.01–14%	(Column F) Two-Year Probability of Default (PD) 14.01–16%	(Column G) Two-Year Probability of Default (PD) 16.01–18%	(Column H) Two-Year Probability of Default (PD) 18.01–20%	(Column I) Two-Year Probability of Default (PD) 20.01–22%	(Column J) Two-Year Probability of Default (PD) 22.01–26%	(Column K) Two-Year Probability of Default (PD) 26.01–30%	(Column L) Two-Year Probability of Default (PD) > 30%	(Column M) Two-Year Probability of Default (PD) Unscoreable	(Column N) Two-Year Probability of Default (PD) Total	(Column O) PDs Were Derived Using	
18. Outstanding balance of 1-4 family residential mortgage loans, consumer loans, and consumer leases by two-year probability of default:																M18.
a. "Nontraditional 1-4 family residential mortgage loans" as defined for assessment purposes only in FDIC regulations..	RCFDM964 CONF	RCFDM965 CONF	RCFDM966 CONF	RCFDM967 CONF	RCFDM968 CONF	RCFDM969 CONF	RCFDM970 CONF	RCFDM971 CONF	RCFDM972 CONF	RCFDM973 CONF	RCFDM974 CONF	RCFDM975 CONF	RCFDM976 CONF	RCFDM977 CONF	RCFDM978 CONF	M18a
b. Closed-end loans secured by first liens on 1-4 family residential properties........	RCFDM979 CONF	RCFDM980 CONF	RCFDM981 CONF	RCFDM982 CONF	RCFDM983 CONF	RCFDM984 CONF	RCFDM985 CONF	RCFDM986 CONF	RCFDM987 CONF	RCFDM988 CONF	RCFDM989 CONF	RCFDM990 CONF	RCFDM991 CONF	RCFDM992 CONF	RCFDM993 CONF	M18b
c. Closed-end loans secured by junior liens on 1-4 family residential properties..	RCFDM994 CONF	RCFDM995 CONF	RCFDM996 CONF	RCFDM997 CONF	RCFDM998 CONF	RCFDM999 CONF	RCFDN001 CONF	RCFDN002 CONF	RCFDN003 CONF	RCFDN004 CONF	RCFDN005 CONF	RCFDN006 CONF	RCFDN007 CONF	RCFDN008 CONF	RCFDN009 CONF	M18c
d. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit...............	RCFDN010 CONF	RCFDN011 CONF	RCFDN012 CONF	RCFDN013 CONF	RCFDN014 CONF	RCFDN015 CONF	RCFDN016 CONF	RCFDN017 CONF	RCFDN018 CONF	RCFDN019 CONF	RCFDN020 CONF	RCFDN021 CONF	RCFDN022 CONF	RCFDN023 CONF	RCFDN024 CONF	M18d
e. Credit cards.......................................	RCFDN040 CONF	RCFDN041 CONF	RCFDN042 CONF	RCFDN043 CONF	RCFDN044 CONF	RCFDN045 CONF	RCFDN046 CONF	RCFDN047 CONF	RCFDN048 CONF	RCFDN049 CONF	RCFDN050 CONF	RCFDN051 CONF	RCFDN052 CONF	RCFDN053 CONF	RCFDN054 CONF	M18e
f. Automobile loans................................	RCFDN055 CONF	RCFDN056 CONF	RCFDN057 CONF	RCFDN058 CONF	RCFDN059 CONF	RCFDN060 CONF	RCFDN061 CONF	RCFDN062 CONF	RCFDN063 CONF	RCFDN064 CONF	RCFDN065 CONF	RCFDN066 CONF	RCFDN067 CONF	RCFDN068 CONF	RCFDN069 CONF	M18f
g. Student loans.....................................	RCFDN070 CONF	RCFDN071 CONF	RCFDN072 CONF	RCFDN073 CONF	RCFDN074 CONF	RCFDN075 CONF	RCFDN076 CONF	RCFDN077 CONF	RCFDN078 CONF	RCFDN079 CONF	RCFDN080 CONF	RCFDN081 CONF	RCFDN082 CONF	RCFDN083 CONF	RCFDN084 CONF	M18g
h. Other consumer loans and revolving credit plans other than credit cards........	RCFDN085 CONF	RCFDN086 CONF	RCFDN087 CONF	RCFDN088 CONF	RCFDN089 CONF	RCFDN090 CONF	RCFDN091 CONF	RCFDN092 CONF	RCFDN093 CONF	RCFDN094 CONF	RCFDN095 CONF	RCFDN096 CONF	RCFDN097 CONF	RCFDN098 CONF	RCFDN099 CONF	M18h
i. Consumer leases................................	RCFDN100 CONF	RCFDN101 CONF	RCFDN102 CONF	RCFDN103 CONF	RCFDN104 CONF	RCFDN105 CONF	RCFDN106 CONF	RCFDN107 CONF	RCFDN108 CONF	RCFDN109 CONF	RCFDN110 CONF	RCFDN111 CONF	RCFDN112 CONF	RCFDN113 CONF	RCFDN114 CONF	M18i
j. Total...	RCFDN115 CONF	RCFDN116 CONF	RCFDN117 CONF	RCFDN118 CONF	RCFDN119 CONF	RCFDN120 CONF	RCFDN121 CONF	RCFDN122 CONF	RCFDN123 CONF	RCFDN124 CONF	RCFDN125 CONF	RCFDN126 CONF	RCFDN127 CONF	RCFDN128 CONF		M18j

Schedule RC-P - 1-4 Family Residential Mortgage Banking Activities in Domestic Offices(Form Type - 031)

Schedule RC-P is to be completed by banks at which either 1-4 family residential mortgage loan originations and purchases for resale from all sources, loan sales, or quarter-end loans held for sale or trading in domestic offices exceed $10 million for two consecutive quarters.

Dollar amounts in thousands			
1. Retail originations during the quarter of 1-4 family residential mortgage loans for sale[1]	RCONHT81	1,587,203	1.
2. Wholesale originations and purchases during the quarter of 1-4 family residential mortgage loans for sale[2]	RCONHT82	0	2.
3. 1-4 family residential mortgage loans sold during the quarter	RCONFT04	1,238,597	3.
4. 1-4 family residential mortgage loans held for sale or trading at quarter-end (included in Schedule RC, items 4.a and 5)	RCONFT05	1,252,038	4.
5. Noninterest income for the quarter from the sale, securitization, and servicing of 1-4 family residential mortgage loans (included in Schedule RI, items 5.c, 5.f, 5.g, and 5.i)	RIADHT85	61,824	5.
6. Repurchases and indemnifications of 1-4 family residential mortgage loans during the quarter	RCONHT86	21,486	6.
7. Representation and warranty reserves for 1-4 family residential mortgage loans sold:			7.
a. For representations and warranties made to U.S. government agencies and government-sponsored agencies	RCONL191	CONF	7.a.
b. For representations and warranties made to other parties	RCONL192	CONF	7.b.
c. Total representation and warranty reserves (sum of items 7.a and 7.b)	RCONM288	47,539	7.c.

Schedule RC-Q - Assets and Liabilities Measured at Fair Value on a Recurring Basis(Form Type - 031)

Schedule RC-Q is to be completed by banks that:

(1) Have elected to report financial instruments or servicing assets and liabilities at fair value under a fair value option with changes in fair value recognized in earnings, or (2) Are required to complete Schedule RC-D, Trading Assets and Liabilities.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
1. Available-for-sale debt securities and equity securities with readily determinable fair values not held for trading[1]	RCFDJA36 97,400,365	RCFDG474 0	RCFDG475 22,639,333	RCFDG476 73,184,353	RCFDG477 1,576,679	1.
2. Federal funds sold and securities purchased under agreements to resell	RCFDG478 0	RCFDG479 0	RCFDG480 0	RCFDG481 0	RCFDG482 0	2.
3. Loans and leases held for sale	RCFDG483 1,636,248	RCFDG484 0	RCFDG485 0	RCFDG486 1,415,083	RCFDG487 221,165	3.
4. Loans and leases held for investment	RCFDG488 1,441,231	RCFDG489 0	RCFDG490 0	RCFDG491 730,252	RCFDG492 710,979	4.
5. Trading assets:						5.
a. Derivative assets	RCFD3543 4,292,958	RCFDG493 2,996,504	RCFDG494 0	RCFDG495 7,287,154	RCFDG496 2,308	5.a.
b. Other trading assets	RCFDG497 596,770	RCFDG498 0	RCFDG499 554,531	RCFDG500 42,239	RCFDG501 0	5.b.
1. Nontrading securities at fair value with changes in fair value reported in current earnings (included in Schedule RC-Q, item 5.b, above)	RCFDF240 0	RCFDF684 0	RCFDF692 0	RCFDF241 0	RCFDF242 0	5.b.1.
6. All other assets	RCFDG391 3,182,073	RCFDG392 715,993	RCFDG395 25,582	RCFDG396 2,131,250	RCFDG804 1,741,234	6.
7. Total assets measured at fair value on a recurring basis (sum of items 1 through 5.b plus item 6)	RCFDG502 108,549,645	RCFDG503 3,712,497	RCFDG504 23,219,446	RCFDG505 84,790,331	RCFDG506 4,252,365	7.
8. Deposits	RCFDF252 0	RCFDF686 0	RCFDF694 0	RCFDF253 0	RCFDF254 0	8.
9. Federal funds purchased and securities sold under agreements to repurchase	RCFDG507 0	RCFDG508 0	RCFDG509 0	RCFDG510 0	RCFDG511 0	9.
10. Trading liabilities:						10.
a. Derivative liabilities	RCFD3547 2,183,467	RCFDG512 4,865,311	RCFDG513 0	RCFDG514 7,041,091	RCFDG515 7,687	10.a.
b. Other trading liabilities	RCFDG516 617,927	RCFDG517 0	RCFDG518 617,927	RCFDG519 0	RCFDG520 0	10.b.

1. Exclude originations and purchases of 1–4 family residential mortgage loans that are held for investment.
1. The amount reported in item 1, column A, must equal the sum of Schedule RC, items 2.b and 2.c.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
11. Other borrowed money	RCFDG521 27,513	RCFDG522 0	RCFDG523 0	RCFDG524 25,353	RCFDG525 2,160	11.
12. Subordinated notes and debentures	RCFDG526 0	RCFDG527 0	RCFDG528 0	RCFDG529 0	RCFDG530 0	12.
13. All other liabilities	RCFDG805 192,862	RCFDG806 1,294,834	RCFDG807 0	RCFDG808 1,218,342	RCFDG809 269,354	13.
14. Total liabilities measured at fair value on a recurring basis (sum of items 8 through 13)	RCFDG531 3,021,769	RCFDG532 6,160,145	RCFDG533 617,927	RCFDG534 8,284,786	RCFDG535 279,201	14.
1. All other assets (itemize and describe amounts included in Schedule RC-Q, item 6, that are greater than $100,000 and exceed 25% of item 6):						M.1.
a. Mortgage servicing assets	RCFDG536 1,680,392	RCFDG537 0	RCFDG538 0	RCFDG539 0	RCFDG540 1,680,392	M.1.a.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
b. Nontrading derivative assets	RCFDG541 1,342,119	RCFDG542 715,993	RCFDG543 0	RCFDG544 1,997,270	RCFDG545 60,842	M.1.b.

Dollar amounts in thousands			
c. Disclose component and the dollar amount of that component:			M.1.c.
1. Describe component	TEXTG546	NR	M.1.c.1.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCFDG546 0	RCFDG547 0	RCFDG548 0	RCFDG549 0	RCFDG550 0	M.1.c.2.

Dollar amounts in thousands			
d. Disclose component and the dollar amount of that component:			M.1.d.
1. Describe component	TEXTG551	NR	M.1.d.1.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCFDG551 0	RCFDG552 0	RCFDG553 0	RCFDG554 0	RCFDG555 0	M.1.d.2.

Dollar amounts in thousands			
e. Disclose component and the dollar amount of that component:			M.1.e.
1. Describe component	TEXTG556	NR	M.1.e.1.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCFDG556 0	RCFDG557 0	RCFDG558 0	RCFDG559 0	RCFDG560 0	M.1.e.2.

Dollar amounts in thousands			
f. Disclose component and the dollar amount of that component:			M.1.f.
1. Describe component	TEXTG561	NR	M.1.f.1.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCFDG561 0	RCFDG562 0	RCFDG563 0	RCFDG564 0	RCFDG565 0	M.1.f.2.
2. All other liabilities (itemize and describe amounts included in Schedule RC-Q, item 13, that are greater than $100,000 and exceed 25% of item 13):						M.2.
a. Loan commitments (not accounted for as derivatives)	RCFDF261 50,501	RCFDF689 0	RCFDF697 0	RCFDF262 0	RCFDF263 50,501	M.2.a.
b. Nontrading derivative liabilities	RCFDG566 127,205	RCFDG567 1,294,834	RCFDG568 0	RCFDG569 1,203,186	RCFDG570 218,853	M.2.b.

Dollar amounts in thousands			
c. Disclose component and the dollar amount of that component:			M.2.c.
1. Describe component	TEXTG571	NR	M.2.c.1.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCFDG571 0	RCFDG572 0	RCFDG573 0	RCFDG574 0	RCFDG575 0	M.2.c.2.

Dollar amounts in thousands			
d. Disclose component and the dollar amount of that component:			M.2.d.
1. Describe component	TEXTG576	NR	M.2.d.1.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCFDG576 0	RCFDG577 0	RCFDG578 0	RCFDG579 0	RCFDG580 0	M.2.d2.

Dollar amounts in thousands			
e. Disclose component and the dollar amount of that component:			M.2.e.
1. Describe component	TEXTG581	NR	M.2.e.1.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCFDG581 0	RCFDG582 0	RCFDG583 0	RCFDG584 0	RCFDG585 0	M.2.e2.

Dollar amounts in thousands			
f. Disclose component and the dollar amount of that component:			M.2.f.
1. Describe component (TEXTG586) NR			M.2.f.1.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCFDG586 0	RCFDG587 0	RCFDG588 0	RCFDG589 0	RCFDG590 0	M.2.f.2.

Dollar amounts in thousands	Consolidated Bank		
3. Loans measured at fair value (included in Schedule RC-C, Part I, items 1 through 9):			M.3.
a. Loans secured by real estate:			M.3.a.
1. Secured by 1-4 family residential properties	RCFDHT87	2,693,032	M.3.a.1.
2. All other loans secured by real estate	RCFDHT88	384,551	M.3.a.2.
b. Commercial and industrial loans	RCFDF585	0	M.3.b.
c. Loans to individuals for household, family, and other personal expenditures (i.e., consumer loans) (includes purchased paper)	RCFDHT89	0	M.3.c.
d. Other loans	RCFDF589	0	M.3.d.
4. Unpaid principal balance of loans measured at fair value (reported in Schedule RC-Q, Memorandum item 3):			M.4.
a. Loans secured by real estate:			M.4.a.
1. Secured by 1-4 family residential properties	RCFDHT91	2,966,265	M.4.a.1.
2. All other loans secured by real estate	RCFDHT92	401,951	M.4.a.2.
b. Commercial and industrial loans	RCFDF597	0	M.4.b.
c. Loans to individuals for household, family, and other personal expenditures (i.e., consumer loans) (includes purchased paper)	RCFDHT93	0	M.4.c.
d. Other loans	RCFDF601	0	M.4.d.

Schedule RC-R Part I - Regulatory Capital Components and Ratios(Form Type - 031)

Part I is to be completed on a consolidated basis.

Dollar amounts in thousands			
1. Common stock plus related surplus, net of treasury stock and unearned employee stock ownership plan (ESOP) shares	RCFAP742	31,109,125	1.
2. Retained earnings[1]	RCFAKW00	14,050,865	2.
To be completed only by institutions that have adopted ASU 2016-13: a. Does your institution have a CECL transition election in effect as of the quarter-end report date? (enter "0" for No; enter "1" for Yes with a 3-year CECL transition election; enter "2" for Yes with a 5-year 2020 CECL transition election.)	RCOAJJ29	2	2.a.
3. Accumulated other comprehensive income (AOCI)	RCFAB530	1,309,343	3.
a. AOCI opt-out election (enter "1" for Yes; enter "0" for No.) (Advanced approaches institutions must enter "0" for No.)	RCOAP838	1	3.a.
4. Common equity tier 1 minority interest includable in common equity tier 1 capital	RCFAP839	0	4.
5. Common equity tier 1 capital before adjustments and deductions (sum of items 1 through 4)	RCFAP840	46,469,333	5.
6. LESS: Goodwill net of associated deferred tax liabilities (DTLs)	RCFAP841	9,103,934	6.
7. LESS: Intangible assets (other than goodwill and mortgage servicing assets (MSAs)), net of associated DTLs	RCFAP842	184,334	7.
8. LESS: Deferred tax assets (DTAs) that arise from net operating loss and tax credit carryforwards, net of any related valuation allowances and net of DTLs	RCFAP843	0	8.
9. AOCI-related adjustments (items 9.a through 9.e are effective January 1, 2015) (if entered "1" for Yes in item 3.a, complete only items 9.a through 9.e; if entered "0" for No in item 3.a, complete only item 9.f):			9.
a. LESS: Net unrealized gains (losses) on available-for-sale debt securities (if a gain, report as a positive value; if a loss, report as a negative value)	RCFAP844	1,548,431	9.a.
b. Not applicable.			9.b.
c. LESS: Accumulated net gains (losses) on cash flow hedges (if a gain, report as a positive value; if a loss, report as a negative value)	RCFAP846	66,832	9.c.
d. LESS: Amounts recorded in AOCI attributed to defined benefit postretirement plans resulting from the initial and subsequent application of the relevant GAAP standards that pertain to such plans (if a gain, report as a positive value; if a loss, report as a negative value)	RCFAP847	-301,405	9.d.
e. LESS: Net unrealized gains (losses) on held-to-maturity securities that are included in AOCI (if a gain, report as a positive value; if a loss, report as a negative value)	RCFAP848	0	9.e.
f. LESS: Accumulated net gain (loss) on cash flow hedges included in AOCI, net of applicable income taxes, that relate to the hedging of items that are not recognized at fair value on the balance sheet (if a gain, report as a positive value; if a loss, report as a negative value) (To be completed only by institutions that entered "0" for No in item 3.a)	RCFAP849	NR	9.f.
10. Other deductions from (additions to) common equity tier 1 capital before threshold-based deductions:			10.
a. LESS: Unrealized net gain (loss) related to changes in the fair value of liabilities that are due to changes in own credit risk (if a gain, report as a positive value; if a loss, report as a negative value)	RCFAQ258	25,114	10.a.
b. LESS: All other deductions from (additions to) common equity tier 1 capital before threshold-based deductions.	RCFAP850	16,670	10.b.

Dollar amounts in thousands	(Column A) Non-advanced Approaches Institutions		(Column B) Advanced Approaches Institutions		
11. LESS: Non-significant investments in the capital of unconsolidated financial institutions in the form of common stock that exceed the 10 percent threshold for non-significant investments			RCFWP851	NR	11.
12. Subtotal (for column A, item 5 minus items 6 through 10.b; for column B, item 5 minus items 6 through 11)	RCFAP852	35,825,423	RCFWP852	NR	12.
13. Not available					13.
a. LESS: Investments in the capital of unconsolidated financial institutions, net of associated DTLs, that exceed 25 percent of item 12	RCFALB58	0			13.a.
b. LESS: Significant investments in the capital of unconsolidated financial institutions in the form of common stock, net of associated DTLs, that exceed the 10 percent common equity tier 1 capital deduction threshold			RCFWP853	NR	13.b.
14. Not available					14.
a. LESS: MSAs, net of associated DTLs, that exceed 25 percent of item 12	RCFALB59	0			14.a.
b. LESS: MSAs, net of associated DTLs, that exceed the 10 percent common equity tier 1 capital deduction threshold			RCFWP854	NR	14.b.
15. Not available					15.
a. LESS: DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs, that exceed 25 percent of item 12	RCFALB60	0			15.a.
b. LESS: DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs, that exceed the 10 percent common equity tier 1 capital deduction threshold			RCFWP855	NR	15.b.
16. LESS: Amount of significant investments in the capital of unconsolidated financial institutions in the form of common stock, net of associated DTLs; MSAs, net of associated DTLs; and DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs; that exceeds the 15 percent common equity tier 1 capital deduction threshold			RCFWP856	NR	16.
17. LESS: Deductions applied to common equity tier 1 capital due to insufficient amounts of additional tier 1 capital and tier 2 capital to cover deductions	RCFAP857	0	RCFWP857	NR	17.
18. Total adjustments and deductions for common equity tier 1 capital[3]	RCFAP858	0	RCFWP858	NR	18.
19. Common equity tier 1 capital (item 12 minus item 18)	RCFAP859	35,825,423	RCFWP859	NR	19.

Dollar amounts in thousands			
20. Additional tier 1 capital instruments plus related surplus	RCFAP860	0	20.
21. Non-qualifying capital instruments subject to phase out from additional tier 1 capital	RCFAP861	0	21.
22. Tier 1 minority interest not included in common equity tier 1 capital	RCFAP862	0	22.
23. Additional tier 1 capital before deductions (sum of items 20, 21, and 22)	RCFAP863	0	23.
24. LESS: Additional tier 1 capital deductions	RCFAP864	0	24.
25. Additional tier 1 capital (greater of item 23 minus item 24, or zero)	RCFAP865	0	25.
26. Tier 1 capital[1]	RCFA8274	35,825,423	26.
27. Average total consolidated assets[2]	RCFAKW03	461,226,071	27.
28. LESS: Deductions from common equity tier 1 capital and additional tier 1 capital (sum of items 6, 7, 8, 10.b, 13 through 15, 17, and certain elements of item 24 - see instructions)[3]	RCFAP875	9,304,939	28.
29. LESS: Other deductions from (additions to) assets for leverage ratio purposes	RCFAB596	-316,522	29.
30. Total assets for the leverage ratio (item 27 minus items 28 and 29)	RCFAA224	452,237,654	30.
31. Leverage ratio (item 26 divided by 30)	RCFA7204	7.9218%	31.
a. Does your institution have a community bank leverage ratio (CBLR) framework election in effect as of the quarter-end report date? (enter "1" for Yes; enter "0" for No)	RCOALE74	0	31.a.

1. Institutions that have adopted ASU 2016-13 and have elected to apply the 3-year or the 5-year 2020 CECL transition provision should include the applicable portion of the CECL transitional amount or the modified CECL transitional amount, respectively, in this item.

Dollar amounts in thousands	(Column A) Amount		(Column B) Percentage		
32. Total assets*	RCFA2170	NR			32.
33. Trading assets and trading liabilities (Schedule RC, sum of items 5 and 15). Report as a dollar amount in Column A and as a percentage of total assets (5% limit) in Column B	RCFAKX77	NR	RCFAKX78	NR	33.
34. Off-balance sheet exposures:					34.
a. Unused portion of conditionally cancellable commitments	RCFAKX79	NR			34.a.
b. Securities lent and borrowed (Schedule RC-L, sum of items 6.a and 6.b)	RCFAKX80	NR			34.b.
c. Other off-balance sheet exposures	RCFAKX81	NR			34.c.
d. Total off-balance sheet exposures (sum of items 34.a through 34.c). Report as a dollar amount in Column A and as a percentage of total assets (25% limit) in Column B	RCFAKX82	NR	RCFAKX83	NR	34.d.

Dollar amounts in thousands			
35. Unconditionally cancellable commitments	RCFAS540	NR	35.
36. Investments in the tier 2 capital of unconsolidated financial institutions	RCFALB61	NR	36.
37. Allocated transfer risk reserve	RCFA3128	NR	37.
38. Amount of allowances for credit losses on purchased credit-deteriorated assets:			38.
a. Loans and leases held for investment	RCFAJJ30	NR	38.a.
b. Held-to-maturity debt securities	RCFAJJ31	NR	38.b.
c. Other financial assets measured at amortized cost	RCFAJJ32	NR	38.c.
39. Tier 2 capital instruments plus related surplus	RCFAP866	3,050,000	39.
40. Non-qualifying capital instruments subject to phase-out from tier 2 capital	RCFAP867	0	40.
41. Total capital minority interest that is not included in tier 1 capital	RCFAP868	0	41.
42. Allowance for loan and lease losses and eligible credit reserves includable in tier 2 capital			42.
a. Allowance for loan and lease losses includable in tier 2 capital[1]	RCFA5310	3,958,082	42.a.
b. (Advanced approaches institutions that exit parallel run only): Eligible credit reserves includable in tier 2 capital.	RCFW5310	NR	42.b.
43. Not applicable.			43.
44. Tier 2 capital before deductions			44.
a. Tier 2 capital before deductions (sum of items 39 through 42)	RCFAP870	7,008,082	44.a.
b. (Advanced approaches institutions that exit parallel run only): Tier 2 capital before deductions (sum of items 39 through 41, plus item 42.b)	RCFWP870	NR	44.b.
45. LESS: Tier 2 capital deductions	RCFAP872	0	45.
46. Tier 2 capital			46.
a. Tier 2 capital (greater of item 44.a minus item 45, or zero)	RCFA5311	7,008,082	46.a.
b. (Advanced approaches institutions that exit parallel run only): Tier 2 capital (greater of item 44.b minus item 45, or zero)	RCFW5311	NR	46.b.
47. Total capital			47.
a. Total capital (sum of items 26 and 46.a)	RCFA3792	42,833,505	47.a.
b. (Advanced approaches institutions that exit parallel run only): Total capital (sum of items 26 and 46.b)	RCFW3792	NR	47.b.
48. Total risk-weighted assets			48.
a. Total risk-weighted assets (from Schedule RC-R, Part II, item 31)	RCFAA223	317,519,617	48.a.
b. (Advanced approaches institutions that exit parallel run only): Total risk-weighted assets using advanced approaches rule (from FFIEC 101 Schedule A, item 60)	RCFWA223	NR	48.b.

3. Beginning with the June 30, 2020, report date, all non-advanced approaches institutions should report in item 18, column A, the sum of items 13.a, 14.a, 15.a, and 17, column A; all advanced approaches institutions should report in item 18, column B, the sum of items 13.b, 14.b, 15.b, 16, and 17, column B.

1. Beginning with the June 30, 2020, report date, all non-advanced approaches institutions should report the sum of item 19, column A, and item 25 in item 26; all advanced approaches institutions should report the sum of item 19, column B, and item 25 in item 26.

2. Institutions that have adopted ASU 2016-13 and have elected to apply the 3-year or the 5-year 2020 CECL transition provision should include the applicable portion of the CECL transitional amount or the modified CECL transitional amount, respectively, in item 27.

3. Beginning with the June 30, 2020, report date, all non-advanced approaches institutions should report in item 28 the sum of items 6, 7, 8, 10.b, 13.a, 14.a, 15.a, 17 (column A), and certain elements of item 24 - see instructions; all advanced approaches institutions should report in item 28, the sum of items 6, 7, 8, 10.b, 11, 13.b, 14.b, 15.b, 16, 17 (column B), and certain elements of item 24 - see instructions.

Dollar amounts in thousands	(Column A) Percentage		(Column B) Percentage		
49. Common equity tier 1 capital ratio (Column A: item 19, column A or B, as applicable, divided by item 48.a) (Advanced approaches institutions that exit parallel run only: Column B: item 19, column B, divided by item 48.b)	RCFAP793	**11.2829%**	RCFWP793	**NR**	49.
50. Tier 1 capital ratio (Column A: item 26 divided by item 48.a) (Advanced approaches institutions that exit parallel run only: Column B: item 26 divided by item 48.b)	RCFA7206	**11.2829%**	RCFW7206	**NR**	50.
51. Total capital ratio (Column A: item 47.a divided by item 48.a) (Advanced approaches institutions that exit parallel run only: Column B: item 47.b divided by item 48.b)	RCFA7205	**13.4900%**	RCFW7205	**NR**	51.

Dollar amounts in thousands			
52. Institution-specific capital buffer necessary to avoid limitations on distributions and discretionary bonus payments:			52.
a. Capital conservation buffer	RCFAH311	**5.2829%**	52.a.
b. Advanced approaches institutions and institutions subject to Category III capital standards only: Total applicable capital buffer	RCFWH312	**2.5000%**	52.b.
53. Eligible retained income[1]	RCFAH313	**NR**	53.
54. Distributions and discretionary bonus payments during the quarter[2]	RCFAH314	**NR**	54.
55. Advanced approaches institutions and institutions subject to Category III capital standards only: Supplementary leverage ratio information:			55.
a. Total leverage exposure[3]	RCFAH015	**542,698,916**	55.a.
b. Supplementary leverage ratio	RCFAH036	**6.6013%**	55.b.

*. For report dates through December 31, 2021, report the lesser of total assets reported in Schedule RC, item 12, as of December 31, 2019, or the current report date, which must be less than $10 billion.

1. Institutions that have adopted ASU 2016-13 should report the adjusted allowances for credit losses (AACL), as defined in the regulatory capital rule, in item 30.a.

1. Institutions must complete item 53 only if the amount reported in item 52.a above is less than or equal to 2.5000 percent (plus any other applicable buffer if the institution is an advanced approaches institution or a Category III institution).

2. Institutions must complete item 54 only if the amount reported in Schedule RC-R, Part I, item 46.a, in the Call Report for the December 31, 2019, report date was less than or equal to 2.5000 percent (plus any other applicable buffer if the institution is an advanced approaches institution or a Category III institution).

3. Institutions that have adopted ASU 2016-13 and have elected to apply the 3-year or the 5-year 2020 CECL transition provision should include the applicable portion of the CECL transitional amount or the modified CECL transitional amount, respectively, in item 55.a.

Schedule RC-R Part II - Risk-Weighted Assets(Form Type - 031)

Institutions are required to assign a 100 percent risk weight to all assets not specifically assigned a risk weight under Subpart D of the federal banking agencies' regulatory capital rules and not deducted from tier 1 or tier 2 capital.

Dollar amounts in thousands	(Column A) Totals from Schedule RC	(Column B) Adjustments to Totals Reported in Column A	(Column C) Allocation by Risk-Weight Category 0%	(Column D) Allocation by Risk-Weight Category 2%	(Column E) Allocation by Risk-Weight Category 4%	(Column F) Allocation by Risk-Weight Category 10%	(Column G) Allocation by Risk-Weight Category 20%	(Column H) Allocation by Risk-Weight Category 50%	(Column I) Allocation by Risk-Weight Category 100%	(Column J) Allocation by Risk-Weight Category 150%	
1. Cash and balances due from depository institutions..........	RCFDD957 93,579,267	RCFDS396 0	RCFDD958 91,756,107				RCFDD959 1,485,165	RCFDS397 0	RCFDD960 337,995	RCFDS398 0	1.
2. Securities:											2.
a. Held-to-maturity securities[3]..	RCFDD961 1,456,197	RCFDS399 -3,014	RCFDD962 799,665	RCFDHJ74 0	RCFDHJ75 0		RCFDD963 152,061	RCFDD964 297,291	RCFDD965 210,194	RCFDS400 0	2.a.
b. Available-for-sale debt securities and equity securities with readily determinable fair values not held for trading...	RCFDJA21 85,578,587	RCFDS402 1,693,685	RCFDD967 29,067,251	RCFDHJ76 0	RCFDHJ77 0		RCFDD968 50,229,320	RCFDD969 1,631,556	RCFDD970 2,307,997	RCFDS403 0	2.b.
3. Federal funds sold and securities purchased under agreements to resell:											3.
a. Federal funds sold in domestic offices........................	RCOND971 0		RCOND972 0				RCOND973 0	RCONS410 0	RCOND974 0	RCONS411 0	3.a.
b. Securities purchased under agreements to resell.......	RCFDH171 1,461,915	RCFDH172 1,461,915									3.b.
4. Loans and leases held for sale:											4.
a. Residential mortgage exposures................................	RCFDS413 1,250,675	RCFDS414 -11	RCFDH173 0				RCFDS415 48,883	RCFDS416 1,105,265	RCFDS417 96,538		4.a.
b. High volatility commercial real estate exposures.........	RCFDS419 0	RCFDS420 0	RCFDH174 0				RCFDH175 0	RCFDH176 0	RCFDH177 0	RCFDS421 0	4.b.
c. Exposures past due 90 days or more or on nonaccrual[3]..	RCFDS423 46,017	RCFDS424 0	RCFDS425 0	RCFDHJ78 0	RCFDHJ79 0		RCFDS426 0	RCFDS427 0	RCFDS428 0	RCFDS429 46,017	4.c.

Dollar amounts in thousands	(Column K) Allocation by Risk-Weight Category 250%	(Column L) Allocation by Risk-Weight Category 300%	(Column M) Allocation by Risk-Weight Category 400%	(Column N) Allocation by Risk-Weight Category 600%	(Column O) Allocation by Risk-Weight Category 625%	(Column P) Allocation by Risk-Weight Category 937.5%	(Column Q) Allocation by Risk-Weight Category 1,250%	(Column R) Application of Other Risk-Weighting Approaches Exposure Amount	(Column S) Application of Other Risk-Weighting Approaches Risk-Weighted Asset Amount	
1. Cash and balances due from depository institutions										1.
2. Securities:										2.
a. Held-to-maturity securities										2.a.
b. Available-for-sale debt securities and equity securities with readily determinable fair values not held for trading................	RCFDH270 NR	RCFDS405 0		RCFDS406 0				RCFDH271 648,778	RCFDH272 473,629	2.b.
3. Federal funds sold and securities purchased under agreements to resell:										3.
a. Federal funds sold in domestic offices										3.a.

3. Institutions that have adopted ASU 2016-13 should report as a negative number allowances eligible for inclusion in tier 2 capital in Column B, which excludes PCD allowances.
3. For loans and leases held for sale, exclude residential mortgage exposures, high volatility commercial real estate exposures, or sovereign exposures that are past due 90 days or more or on nonaccrual.

Dollar amounts in thousands	(Column K) Allocation by Risk-Weight Category 250%	(Column L) Allocation by Risk-Weight Category 300%	(Column M) Allocation by Risk-Weight Category 400%	(Column N) Allocation by Risk-Weight Category 600%	(Column O) Allocation by Risk-Weight Category 625%	(Column P) Allocation by Risk-Weight Category 937.5%	(Column Q) Allocation by Risk-Weight Category 1,250%	(Column R) Application of Other Risk-Weighting Approaches Exposure Amount	(Column S) Application of Other Risk-Weighting Approaches Risk-Weighted Asset Amount	
b. Securities purchased under agreements to resell										3.b.
4. Loans and leases held for sale:										4.
a. Residential mortgage exposures..								RCFDH273 0	RCFDH274 0	4.a.
b. High volatility commercial real estate exposures................								RCFDH275 0	RCFDH276 0	4.b.

Dollar amounts in thousands	(Column K) Allocation by Risk-Weight Category 250%	(Column L) Allocation by Risk-Weight Category 300%	(Column M) Allocation by Risk-Weight Category 400%	(Column N) Allocation by Risk-Weight Category 600%	(Column O) Allocation by Risk-Weight Category 625%	(Column P) Allocation by Risk-Weight Category 937.5%	(Column Q) Allocation by Risk-Weight Category 1,250%	(Column R) Application of Other Risk-Weighting Approaches Exposure Amount	(Column S) Application of Other Risk-Weighting Approaches Risk-Weighted Asset Amount	
c. Exposures past due 90 days or more or on nonaccrual[6].....								RCFDH277 0	RCFDH278 0	4.c.

Dollar amounts in thousands	(Column A) Totals from Schedule RC	(Column B) Adjustments to Totals Reported in Column A	(Column C) Allocation by Risk-Weight Category 0%	(Column D) Allocation by Risk-Weight Category 2%	(Column E) Allocation by Risk-Weight Category 4%	(Column F) Allocation by Risk-Weight Category 10%	(Column G) Allocation by Risk-Weight Category 20%	(Column H) Allocation by Risk-Weight Category 50%	(Column I) Allocation by Risk-Weight Category 100%	(Column J) Allocation by Risk-Weight Category 150%	
4. Loans and leases held for sale (continued):											4.
d. All other exposures..	RCFDS431 670,796	RCFDS432 -6,922	RCFDS433 0	RCFDHJ80 0	RCFDHJ81 0		RCFDS434 0	RCFDS435 0	RCFDS436 677,718	RCFDS437 0	4.d.
5. Loans and leases held for investment:											5.
a. Residential mortgage exposures................................	RCFDS439 45,717,364	RCFDS440 -53,121	RCFDH178 0				RCFDS441 757,957	RCFDS442 33,281,562	RCFDS443 11,730,966		5.a.
b. High volatility commercial real estate exposures.........	RCFDS445 2,018,156	RCFDS446 0	RCFDH179 0				RCFDH180 0	RCFDH181 0	RCFDH182 0	RCFDS447 2,018,156	5.b.
c. Exposures past due 90 days or more or on nonaccrual[7]..	RCFDS449 899,015	RCFDS450 -1,266	RCFDS451 0	RCFDHJ82 0	RCFDHJ83 0		RCFDS452 75,776	RCFDS453 0	RCFDS454 0	RCFDS455 824,505	5.c.
d. All other exposures..	RCFDS457 170,256,726	RCFDS458 -293,715	RCFDS459 13,968,228	RCFDHJ84 0	RCFDHJ85 0		RCFDS460 4,307,998	RCFDS461 5,606,566	RCFDS462 146,599,929	RCFDS463 0	5.d.
6. LESS: Allowance for loan and lease losses........................	RCFD3123 4,713,900	RCFD3123 4,713,900									6.
7. Trading assets...	RCFDD976 4,858,727	RCFDS466 4,315,320	RCFDD977 515,197	RCFDHJ86 0	RCFDHJ87 0		RCFDD978 28,073	RCFDD979 0	RCFDD980 137	RCFDS467 0	7.
8. All other assets[8]...	RCFDD981 35,701,268	RCFDS469 8,987,487	RCFDD982 1,112,027	RCFDHJ88 0	RCFDHJ89 0		RCFDD983 1,145,444	RCFDD984 153,038	RCFDD985 20,921,934	RCFDH185 5,583	8.
a. Separate account bank-owned life insurance											8.a.
b. Default fund contributions to central counterparties											8.b.

Dollar amounts in thousands	(Column K) Allocation by Risk-Weight Category 250%	(Column L) Allocation by Risk-Weight Category 300%	(Column M) Allocation by Risk-Weight Category 400%	(Column N) Allocation by Risk-Weight Category 600%	(Column O) Allocation by Risk-Weight Category 625%	(Column P) Allocation by Risk-Weight Category 937.5%	(Column Q) Allocation by Risk-Weight Category 1,250%	(Column R) Application of Other Risk-Weighting Approaches Exposure Amount	(Column S) Application of Other Risk-Weighting Approaches Risk-Weighted Asset Amount	
4. Loans and leases held for sale (continued):										4.
d. All other exposures								RCFDH279 0	RCFDH280 0	4.d.
5. Loans and leases held for investment:										5.
a. Residential mortgage exposures								RCFDH281 0	RCFDH282 0	5.a.
b. High volatility commercial real estate exposures								RCFDH283 0	RCFDH284 0	5.b.
c. Exposures past due 90 days or more or on nonaccrual[11]								RCFDH285 0	RCFDH286 0	5.c.
d. All other exposures								RCFDH287 67,720	RCFDH288 67,720	5.d.
6. LESS: Allowance for loan and lease losses										6.
7. Trading assets	RCFDH289 NR	RCFDH186 0	RCFDH290 0	RCFDH187 0				RCFDH291 0	RCFDH292 0	7.
8. All other assets[12]	RCFDH293 1,680,392	RCFDH188 0	RCFDS470 0	RCFDS471 0				RCFDH294 25,558	RCFDH295 31,351	8.
a. Separate account bank-owned life insurance								RCFDH296 1,669,805	RCFDH297 367,856	8.a.
b. Default fund contributions to central counterparties								RCFDH298 0	RCFDH299 0	8.b.

6. For loans and leases held for sale, exclude residential mortgage exposures, high volatility commercial real estate exposures, or sovereign exposures that are past due 90 days or more or on nonaccrual.
7. For loans and leases, net of unearned income, exclude residential mortgage exposures, high volatility commercial real estate exposures, or sovereign exposures that are past due 90 days or more or on nonaccrual.
8. Includes premises and fixed assets; other real estate owned; investments in unconsolidated subsidiaries and associated companies; direct and indirect investments in real estate ventures; intangible assets; and other assets.
11. For loans and leases, net of unearned income, exclude residential mortgage exposures, high volatility commercial real estate exposures, or sovereign exposures that are past due 90 days or more or on nonaccrual.
12. Includes premises and fixed assets; other real estate owned; investments in unconsolidated subsidiaries and associated companies; direct and indirect investments in real estate ventures; intangible assets; and other assets.

Dollar amounts in thousands	(Column A) Totals	(Column B) Adjustments to Totals Reported in Column A	(Column Q) Exposure Amount 1,250%	(Column T) Total Risk-Weighted Asset Amount by Calculation Methodology SSFA	(Column U) Total Risk-Weighted Asset Amount by Calculation Methodology Gross-Up	
9. On-balance sheet securitization exposures:						9.
a. Held-to-maturity securities	RCFDS475 0	RCFDS476 0	RCFDS477 0	RCFDS478 0	RCFDS479 0	9.a.
b. Available-for-sale securities	RCFDS480 11,821,778	RCFDS481 11,821,778	RCFDS482 0	RCFDS483 7,679,537	RCFDS484 0	9.b.
c. Trading assets	RCFDS485 31,001	RCFDS486 31,001	RCFDS487 0	RCFDS488 23,051	RCFDS489 0	9.c.
d. All other on-balance sheet securitization exposures	RCFDS490 18,665,889	RCFDS491 18,664,531	RCFDS492 1,358	RCFDS493 3,922,474	RCFDS494 0	9.d.
10. Off-balance sheet securitization exposures	RCFDS495 11,610,775	RCFDS496 11,610,700	RCFDS497 75	RCFDS498 2,343,617	RCFDS499 0	10.

Dollar amounts in thousands	(Column A) Totals From Schedule RC	(Column B) Adjustments to Totals Reported in Column A	(Column C) Allocation by Risk-Weight Category 0%	(Column D) Allocation by Risk-Weight Category 2%	(Column E) Allocation by Risk-Weight Category 4%	(Column F) Allocation by Risk-Weight Category 10%	(Column G) Allocation by Risk-Weight Category 20%	(Column H) Allocation by Risk-Weight Category 50%	(Column I) Allocation by Risk-Weight Category 100%	(Column J) Allocation by Risk-Weight Category 150%	
11. Total balance sheet assets[14]	RCFD2170 469,299,477	RCFDS500 41,903,768	RCFDD987 137,218,475	RCFDHJ90 0	RCFDHJ91 0		RCFDD988 58,230,677	RCFDD989 42,075,278	RCFDD990 182,883,408	RCFDS503 2,894,261	11.

Dollar amounts in thousands	(Column K) Allocation by Risk-Weight Category 250%	(Column L) Allocation by Risk-Weight Category 300%	(Column M) Allocation by Risk-Weight Category 400%	(Column N) Allocation by Risk-Weight Category 600%	(Column O) Allocation by Risk-Weight Category 625%	(Column P) Allocation by Risk-Weight Category 937.5%	(Column Q) Allocation by Risk-Weight Category 1,250%	(Column R) Application of Other Risk-Weighting Approaches Exposure Amount	
11. Total balance sheet assets[14]	RCFDS504 1,680,392	RCFDS505 0	RCFDS506 0	RCFDS507 0			RCFDS510 1,358	RCFDH300 2,411,861	11.

Dollar amounts in thousands	(Column A) Face, Notional, or Other Amount	(Column B) Credit Equivalent Amount	(Column C) Allocation by Risk-Weight Category 0%	(Column D) Allocation by Risk-Weight Category 2%	(Column E) Allocation by Risk-Weight Category 4%	(Column F) Allocation by Risk-Weight Category 10%	(Column G) Allocation by Risk-Weight Category 20%	(Column H) Allocation by Risk-Weight Category 50%	(Column I) Allocation by Risk-Weight Category 100%	(Column J) Allocation by Risk-Weight Category 150%	
12. Financial standby letters of credit	RCFDD991 7,015,846	RCFDD992 7,015,846	RCFDD993 0	RCFDHJ92 0	RCFDHJ93 0		RCFDD994 240,666	RCFDD995 0	RCFDD996 6,762,251	RCFDS511 12,929	12.
13. Performance standby letters of credit and transaction-related contingent items	RCFDD997 1,443,172	RCFDD998 721,586	RCFDD999 0				RCFDG603 39,889	RCFDG604 0	RCFDG605 674,991	RCFDS512 6,706	13.
14. Commercial and similar letters of credit with an original maturity of one year or less	RCFDG606 253,565	RCFDG607 50,713	RCFDG608 0	RCFDHJ94 0	RCFDHJ95 0		RCFDG609 17,781	RCFDG610 0	RCFDG611 32,932	RCFDS513 0	14.
15. Retained recourse on small business obligations sold with recourse	RCFDG612 0	RCFDG613 0	RCFDG614 0				RCFDG615 0	RCFDG616 0	RCFDG617 0	RCFDS514 0	15.

Dollar amounts in thousands	(Column A) Face, Notional, or Other Amount	(Column B) Credit Equivalent Amount	(Column C) Allocation by Risk-Weight Category 0%	(Column D) Allocation by Risk-Weight Category 2%	(Column E) Allocation by Risk-Weight Category 4%	(Column F) Allocation by Risk-Weight Category 10%	(Column G) Allocation by Risk-Weight Category 20%	(Column H) Allocation by Risk-Weight Category 50%	(Column I) Allocation by Risk-Weight Category 100%	(Column J) Allocation by Risk-Weight Category 150%	
16. Repo-style transactions[21]	RCFDS515 110,810	RCFDS516 110,810	RCFDS517 0	RCFDS518 0	RCFDS519 0		RCFDS520 5,945	RCFDS521 0	RCFDS522 104,865	RCFDS523 0	16.
17. All other off-balance sheet liabilities	RCFDG618 4,691,391	RCFDG619 4,691,391	RCFDG620 0				RCFDG621 0	RCFDG622 3,395,572	RCFDG623 1,295,530	RCFDS524 289	17.
18. Unused commitments:[*]											18.
a. Original maturity of one year or less	RCFDS525 45,088,800	RCFDS526 9,017,760	RCFDS527 0	RCFDHJ96 0	RCFDHJ97 0		RCFDS528 883,735	RCFDS529 643,297	RCFDS530 7,484,473	RCFDS531 6,255	18.a.

14. For each of columns A through R of item 11, report the sum of items 1 through 9. For item 11, the sum of columns B through R must equal column A. Item 11, column A, must equal Schedule RC, item 12.
21. Includes securities purchased under agreements to resell (reverse repos), securities sold under agreements to repurchase (repos), securities borrowed, and securities lent.
*. Excludes unused commitments to asset-backed commercial paper conduits.

Dollar amounts in thousands	(Column A) Face, Notional, or Other Amount	(Column B) Credit Equivalent Amount	(Column C) Allocation by Risk-Weight Category 0%	(Column D) Allocation by Risk-Weight Category 2%	(Column E) Allocation by Risk-Weight Category 4%	(Column F) Allocation by Risk-Weight Category 10%	(Column G) Allocation by Risk-Weight Category 20%	(Column H) Allocation by Risk-Weight Category 50%	(Column I) Allocation by Risk-Weight Category 100%	(Column J) Allocation by Risk-Weight Category 150%	
b. Original maturity exceeding one year	RCFDG624 110,718,294	RCFDG625 55,359,147	RCFDG626 0	RCFDHJ98 0	RCFDHJ99 0		RCFDG627 786,159	RCFDG628 495,867	RCFDG629 53,818,047	RCFDS539 259,074	18.b.
19. Unconditionally cancelable commitments	RCFDS540 49,354,684	RCFDS541 0									19.
20. Over-the-counter derivatives		RCFDS542 4,807,407	RCFDS543 0	RCFDHK00 0	RCFDHK01 0	RCFDS544 0	RCFDS545 603,161	RCFDS546 135	RCFDS547 4,204,111	RCFDS548 0	20.
21. Centrally cleared derivatives		RCFDS549 546,276	RCFDS550 0	RCFDS551 0	RCFDS552 546,276		RCFDS554 0	RCFDS555 0	RCFDS556 0	RCFDS557 0	21.
22. Unsettled transactions (failed trades)[22]	RCFDH191 0		RCFDH193 0				RCFDH194 0	RCFDH195 0	RCFDH196 0	RCFDH197 0	22.

22. For item 22, the sum of columns C through Q must equal column A.

Dollar amounts in thousands	(Column O) Allocation by Risk-Weight Category 625%	(Column P) Allocation by Risk-Weight Category 937.5%	(Column Q) Allocation by Risk-Weight Category 1,250%	(Column R) Application of Other Risk-Weighting Approaches Credit Equivalent Amount	(Column S) Application of Other Risk-Weighting Approaches Risk-Weighted Asset Amount	
16. Repo-style transactions[24]				RCFDH301 0	RCFDH302 0	16.
17. All other off-balance sheet liabilities						17.
18. Unused commitments:[*]						18.
a. Original maturity of one year or less				RCFDH303 0	RCFDH304 0	18.a.
b. Original maturity exceeding one year				RCFDH307 0	RCFDH308 0	18.b.
19. Unconditionally cancelable commitments						19.
20. Over-the-counter derivatives				RCFDH309 0	RCFDH310 0	20.
21. Centrally cleared derivatives						21.
22. Unsettled transactions (failed trades)[25]	RCFDH198 0	RCFDH199 0	RCFDH200 0			22.

24. Includes securities purchased under agreements to resell (reverse repos), securities sold under agreements to repurchase (repos), securities borrowed, and securities lent.
*. Excludes unused commitments to asset-backed commercial paper conduits.
25. For item 22, the sum of columns C through Q must equal column A.

Dollar amounts in thousands	(Column C) Allocation by Risk-Weight Category 0%	(Column D) Allocation by Risk-Weight Category 2%	(Column E) Allocation by Risk-Weight Category 4%	(Column F) Allocation by Risk-Weight Category 10%	(Column G) Allocation by Risk-Weight Category 20%	(Column H) Allocation by Risk-Weight Category 50%	(Column I) Allocation by Risk-Weight Category 100%	(Column J) Allocation by Risk-Weight Category 150%	
23. Total assets, derivatives, off-balance sheet items, and other items subject to risk weighting by risk-weight category (for each of columns C through P, sum of items 11 through 22; for column Q, sum of items 10 through 22)	RCFDG630 137,218,475	RCFDS558 0	RCFDS559 546,276	RCFDS560 0	RCFDG631 60,808,013	RCFDG632 46,610,149	RCFDG633 257,260,608	RCFDS561 3,179,514	23.
24. Risk weight factor									24.
25. Risk-weighted assets by risk-weight category (for each column, item 23 multiplied by item 24)	RCFDG634 0	RCFDS569 0	RCFDS570 21,851	RCFDS571 0	RCFDG635 12,161,603	RCFDG636 23,305,075	RCFDG637 257,260,608	RCFDS572 4,769,271	25.

Dollar amounts in thousands	(Column K) Allocation by Risk-Weight Category 250%	(Column L) Allocation by Risk-Weight Category 300%	(Column M) Allocation by Risk-Weight Category 400%	(Column N) Allocation by Risk-Weight Category 600%	(Column O) Allocation by Risk-Weight Category 625%	(Column P) Allocation by Risk-Weight Category 937.5%	(Column Q) Allocation by Risk-Weight Category 1,250%	
23. Total assets, derivatives, off-balance sheet items, and other items subject to risk weighting by risk-weight category (for each of columns C through P, sum of items 11 through 22; for column Q, sum of items 10 through 22)	RCFDS562 1,680,392	RCFDS563 0	RCFDS564 0	RCFDS565 0	RCFDS566 0	RCFDS567 0	RCFDS568 1,433	23.
24. Risk weight factor								24.
25. Risk-weighted assets by risk-weight category (for each column, item 23 multiplied by item 24)	RCFDS573 4,200,980	RCFDS574 0	RCFDS575 0	RCFDS576 0	RCFDS577 0	RCFDS578 0	RCFDS579 17,913	25.

Dollar amounts in thousands			
26. Risk-weighted assets base for purposes of calculating the allowance for loan and lease losses 1.25 percent threshold	RCFDS580	316,646,537	26.
27. Standardized market-risk weighted assets (applicable only to banks that are covered by the market risk capital rule)	RCFDS581	1,086,461	27.
28. Risk-weighted assets before deductions for excess allowance of loan and lease losses and allocated risk transfer risk reserve[27]	RCFDB704	317,732,997	28.
29. LESS: Excess allowance for loan and lease losses	RCFDA222	213,380	29.
30. LESS: Allocated transfer risk reserve	RCFD3128	0	30.
31. Total risk-weighted assets (item 28 minus items 29 and 30)	RCFDG641	317,519,617	31.
1. Current credit exposure across all derivative contracts covered by the regulatory capital rules	RCFDG642	5,221,237	M.1.

Dollar amounts in thousands	(Column A) With a remaining maturity of One year or less		(Column B) With a remaining maturity of Over one year through five years		(Column C) With a remaining maturity of Over five years		
2. Notional principal amounts of over-the-counter derivative contracts:							M.2.
a. Interest rate	RCFDS582	14,516,167	RCFDS583	59,513,154	RCFDS584	76,849,156	M.2.a.
b. Foreign exchange rate and gold	RCFDS585	16,890,454	RCFDS586	3,333,719	RCFDS587	508,115	M.2.b.
c. Credit (investment grade reference asset)	RCFDS588	0	RCFDS589	0	RCFDS590	0	M.2.c.
d. Credit (non-investment grade reference asset)	RCFDS591	0	RCFDS592	0	RCFDS593	600,000	M.2.d.
e. Equity	RCFDS594	76,460	RCFDS595	7,036,920	RCFDS596	0	M.2.e.
f. Precious metals (except gold)	RCFDS597	0	RCFDS598	0	RCFDS599	0	M.2.f.
g. Other	RCFDS600	707,431	RCFDS601	240,563	RCFDS602	0	M.2.g.
3. Notional principal amounts of centrally cleared derivative contracts:							M.3.
a. Interest rate	RCFDS603	260,304,318	RCFDS604	100,200	RCFDS605	148,100	M.3.a.
b. Foreign exchange rate and gold	RCFDS606	0	RCFDS607	0	RCFDS608	0	M.3.b.
c. Credit (investment grade reference asset)	RCFDS609	0	RCFDS610	0	RCFDS611	0	M.3.c.
d. Credit (non-investment grade reference asset)	RCFDS612	0	RCFDS613	0	RCFDS614	0	M.3.d.
e. Equity	RCFDS615	0	RCFDS616	0	RCFDS617	0	M.3.e.
f. Precious metals (except gold)	RCFDS618	0	RCFDS619	0	RCFDS620	0	M.3.f.
g. Other	RCFDS621	0	RCFDS622	0	RCFDS623	0	M.3.g.

Dollar amounts in thousands			
4. Amount of allowances for credit losses on purchased credit-deteriorated assets:[1]			M.4.
a. Loans and leases held for investment	RCFDJJ30	36,314	M.4.a.
b. Held-to-maturity debt securities	RCFDJJ31	0	M.4.b.
c. Other financial assets measured at amortized cost	RCFDJJ32	0	M.4.c.

27. Sum of items 2.b through 20, column S; items 9.a, 9.b, 9.c, 9.d, and 10, columns T and U; item 25, columns C through Q; and item 27 (if applicable).
1. Memorandum items 4.a through 4.c should be completed only by institutions that have adopted ASU 2016-13.

Schedule RC-S - Servicing Securitization and Asset Sale Activities(Form Type - 031)

Dollar amounts in thousands	(Column A) 1-4 Family Residential Loans	(Column B) Home Equity Lines	(Column C) Credit Card Receivables	(Column D) Auto Loans	(Column E) Other Consumer Loans	(Column F) Commercial and Industrial Loans	(Column G) All Other Loans, All Leases, and All Other Assets	
1. Outstanding principal balance of assets sold and securitized by the reporting bank with servicing retained or with recourse or other seller-provided credit enhancements	RCFDB705 8,079,333	RCFDB706 0	RCFDB707 0	RCFDB708 0	RCFDB709 0	RCFDB710 0	RCFDB711 1,577,788	1.
2. Maximum amount of credit exposure arising from recourse or other seller-provided credit enhancements provided to structures reported in item 1	RCFDHU09 0	RCFDHU10 0	RCFDHU11 0	RCFDHU12 0	RCFDHU13 0	RCFDHU14 0	RCFDHU15 0	2.
Item 3 is to be completed by banks with $100 billion or more in total assets. 3. Reporting bank's unused commitments to provide liquidity to structures reported in item 1[1]	RCFDB726 0	RCFDB727 0	RCFDB728 0	RCFDB729 0	RCFDB730 0	RCFDB731 0	RCFDB732 0	3.
4. Past due loan amounts included in item 1:								4.
a. 30-89 days past due	RCFDB733 185,422	RCFDB734 0	RCFDB735 0	RCFDB736 0	RCFDB737 0	RCFDB738 0	RCFDB739 0	4.a.
b. 90 days or more past due	RCFDB740 21,384	RCFDB741 0	RCFDB742 0	RCFDB743 0	RCFDB744 0	RCFDB745 0	RCFDB746 0	4.b.
5. Charge-offs and recoveries on assets sold and securitized with servicing retained or with recourse or other seller-provided credit enhancements (calendar year-to-date):								5.
a. Charge-offs	RIADB747 0	RIADB748 0	RIADB749 0	RIADB750 0	RIADB751 0	RIADB752 0	RIADB753 0	5.a.
b. Recoveries	RIADB754 0	RIADB755 0	RIADB756 0	RIADB757 0	RIADB758 0	RIADB759 0	RIADB760 0	5.b.
Item 6 is to be completed by banks with $10 billion or more in total assets. 6. Total amount of ownership (or seller's) interest carried as securities or loans[1]		RCFDHU16 0	RCFDHU17 0			RCFDHU18 0		6.
7. Not applicable								7.
8. Not applicable								8.
9. Maximum amount of credit exposure arising from credit enhancements provided by the reporting bank to other institutions' securitization structures in the form of standby letters of credit, purchased subordinated securities, and other enhancements	RCFDB776 10,518			RCFDB779 49,101	RCFDB780 0	RCFDB781 0	RCFDB782 411,026	9.
Item 10 is to be completed by banks with $10 billion or more in total assets. 10. Reporting bank's unused commitments to provide liquidity to other institutions' securitization structures[1]	RCFDB783 0			RCFDB786 0	RCFDB787 0	RCFDB788 0	RCFDB789 0	10.
11. Assets sold with recourse or other seller-provided credit enhancements and not securitized by the reporting bank	RCFDB790 572,041						RCFDB796 16,745,633	11.
12. Maximum amount of credit exposure arising from recourse or other seller-provided credit enhancements provided to assets reported in item 11	RCFDB797 57,390						RCFDB803 4,691,391	12.

1. The $100 billion asset-size test is based on the total assets reported on the June 30, 2018, Report of Condition.
1. The $10 billion asset-size test is based on the total assets reported on the June 30, 2018, Report of Condition.
1. The $10 billion asset-size test is based on the total assets reported on the June 30, 2018, Report of Condition.

Dollar amounts in thousands			
1. Not applicable			M.1.
2. Outstanding principal balance of assets serviced for others (includes participations serviced for others):			M.2.
a. Closed-end 1-4 family residential mortgages serviced with recourse or other servicer-provided credit enhancements	RCFDB804	567,459	M.2.a.
b. Closed-end 1-4 family residential mortgages serviced with no recourse or other servicer-provided credit enhancements	RCFDB805	116,927,552	M.2.b.
c. Other financial assets (includes home equity lines)[1]	RCFDA591	638,065,014	M.2.c.
d. 1-4 family residential mortgages serviced for others that are in process of foreclosure at quarter-end (includes closed-end and open-end loans)	RCFDF699	152,318	M.2.d.
Memorandum item 3 is to be completed by banks with $10 billion or more in total assets. 3. Asset-backed commercial paper conduits: [2]			M.3.
a. Maximum amount of credit exposure arising from credit enhancements provided to conduit structures in the form of standby letters of credit, subordinated securities, and other enhancements:			M.3.a.
1. Conduits sponsored by the bank, a bank affiliate, or the bank's holding company	RCFDB806	0	M.3.a.1.
2. Conduits sponsored by other unrelated institutions	RCFDB807	0	M.3.a.2.
b. Unused commitments to provide liquidity to conduit structures:			M.3.b.
1. Conduits sponsored by the bank, a bank affiliate, or the bank's holding company	RCFDB808	0	M.3.b.1.
2. Conduits sponsored by other unrelated institutions	RCFDB809	0	M.3.b.2.
4. Outstanding credit card fees and finance charges included in Schedule RC-S, item 1, column C[2]	RCFDC407	0	M.4.

Schedule RC-T - Fiduciary and Related Services(Form Type - 031)

Dollar amounts in thousands			
1. Does the institution have fiduciary powers? (If "NO," do not complete Schedule RC-T.)	RCFDA345	Yes	1.
2. Does the institution exercise the fiduciary powers it has been granted?	RCFDA346	Yes	2.
3. Does the institution have any fiduciary or related activity (in the form of assets or accounts) to report in this schedule? (If "NO," do not complete the rest of Schedule RC-T.)	RCFDB867	Yes	3.

Dollar amounts in thousands	(Column A) Managed Assets		(Column B) Non-Managed Assets		(Column C) Number of Managed Accounts		(Column D) Number of Non-Managed Accounts		
4. Personal trust and agency accounts	RCFDB868	41,493,479	RCFDB869	2,965,297	RCFDB870	21181	RCFDB871	661	4.
5. Employee benefit and retirement-related trust and agency accounts:									5.
a. Employee benefit - defined contribution	RCFDB872	2,277,993	RCFDB873	24,994,869	RCFDB874	302	RCFDB875	719	5.a.
b. Employee benefit - defined benefit	RCFDB876	4,416,950	RCFDB877	13,167,935	RCFDB878	272	RCFDB879	138	5.b.
c. Other employee benefit and retirement-related accounts	RCFDB880	16,426,913	RCFDB881	16,337,754	RCFDB882	16559	RCFDB883	285	5.c.
6. Corporate trust and agency accounts	RCFDB884	0	RCFDB885	0	RCFDC001	0	RCFDC002	0	6.
7. Investment management and investment advisory agency accounts	RCFDB886	56,955,756	RCFDJ253	0	RCFDB888	21911	RCFDJ254	0	7.
8. Foundation and endowment trust and agency accounts	RCFDJ255	26,289,216	RCFDJ256	603,096	RCFDJ257	5911	RCFDJ258	380	8.
9. Other fiduciary accounts	RCFDB890	421,553	RCFDB891	4,171,767	RCFDB892	66	RCFDB893	153	9.
10. Total fiduciary accounts (sum of items 4 through 9)	RCFDB894	148,281,860	RCFDB895	62,240,718	RCFDB896	66202	RCFDB897	2336	10.
11. Custody and safekeeping accounts			RCFDB898	113,651,835			RCFDB899	6864	11.
12. Fiduciary accounts held in foreign offices (included in items 10 and 11)	RCFNB900	0	RCFNB901	0	RCFNB902	0	RCFNB903	0	12.
13. Individual Retirement Accounts, Health Savings Accounts, and other similar accounts (included in items 5.c and 11)	RCFDJ259	9,401,167	RCFDJ260	298,227	RCFDJ261	16067	RCFDJ262	238	13.

1. Memorandum item 2.c is to be completed if the principal balance of other financial assets serviced for others is more than $10 million.
2. The $10 billion asset-size test is based on the total assets reported on the June 30, 2018, Report of Condition.
2. Memorandum item 4 is to be completed by banks that (1) together with affiliated institutions, have outstanding credit card receivables (as defined in the instructions) that exceed $500 million as of the report date, or (2) are credit card specialty banks as defined for Uniform Bank Performance Report purposes.

Dollar amounts in thousands			
14. Personal trust and agency accounts	RIADB904	66,708	14.
15. Employee benefit and retirement-related trust and agency accounts:			15.
a. Employee benefit - defined contribution	RIADB905	2,399	15.a.
b. Employee benefit - defined benefit	RIADB906	8,352	15.b.
c. Other employee benefit and retirement-related accounts	RIADB907	21,326	15.c.
16. Corporate trust and agency accounts	RIADA479	0	16.
17. Investment management and investment advisory agency accounts	RIADJ315	97,275	17.
18. Foundation and endowment trust and agency accounts	RIADJ316	25,525	18.
19. Other fiduciary accounts	RIADA480	0	19.
20. Custody and safekeeping accounts	RIADB909	4,673	20.
21. Other fiduciary and related services income	RIADB910	267	21.
22. Total gross fiduciary and related services income (sum of items 14 through 21) (must equal Schedule RI, item 5.a)	RIAD4070	226,526	22.
a. Fiduciary and related services income - foreign offices (included in item 22)	RIADB912	0	22.a.
23. Less: Expenses	RIADC058	NR	23.
24. Less: Net losses from fiduciary and related services	RIADA488	NR	24.
25. Plus: Intracompany income credits for fiduciary and related services	RIADB911	NR	25.
26. Net fiduciary and related services income	RIADA491	NR	26.

Dollar amounts in thousands	(Column A) Personal Trust and Agency and Investment Management Agency Accounts		(Column B) Employee Benefit and Retirement-Related Trust and Agency Accounts		(Column C) All Other Accounts		
1. Managed assets held in fiduciary accounts:							M.1.
a. Noninterest-bearing deposits	RCFDJ263	NR	RCFDJ264	NR	RCFDJ265	NR	M.1.a.
b. Interest-bearing deposits	RCFDJ266	NR	RCFDJ267	NR	RCFDJ268	NR	M.1.b.
c. U.S. Treasury and U.S. Government agency obligations	RCFDJ269	NR	RCFDJ270	NR	RCFDJ271	NR	M.1.c.
d. State, county, and municipal obligations	RCFDJ272	NR	RCFDJ273	NR	RCFDJ274	NR	M.1.d.
e. Money market mutual funds	RCFDJ275	NR	RCFDJ276	NR	RCFDJ277	NR	M.1.e.
f. Equity mutual funds	RCFDJ278	NR	RCFDJ279	NR	RCFDJ280	NR	M.1.f.
g. Other mutual funds	RCFDJ281	NR	RCFDJ282	NR	RCFDJ283	NR	M.1.g.
h. Common trust funds and collective investment funds	RCFDJ284	NR	RCFDJ285	NR	RCFDJ286	NR	M.1.h.
i. Other short-term obligations	RCFDJ287	NR	RCFDJ288	NR	RCFDJ289	NR	M.1.i.
j. Other notes and bonds	RCFDJ290	NR	RCFDJ291	NR	RCFDJ292	NR	M.1.j.
k. Investments in unregistered funds and private equity investments	RCFDJ293	NR	RCFDJ294	NR	RCFDJ295	NR	M.1.k.
l. Other common and preferred stocks	RCFDJ296	NR	RCFDJ297	NR	RCFDJ298	NR	M.1.l.
m. Real estate mortgages	RCFDJ299	NR	RCFDJ300	NR	RCFDJ301	NR	M.1.m.
n. Real estate	RCFDJ302	NR	RCFDJ303	NR	RCFDJ304	NR	M.1.n.
o. Miscellaneous assets	RCFDJ305	NR	RCFDJ306	NR	RCFDJ307	NR	M.1.o.
p. Total managed assets held in fiduciary accounts (for each column, sum of Memorandum items 1.a through 1.o)	RCFDJ308	NR	RCFDJ309	NR	RCFDJ310	NR	M.1.p.

Dollar amounts in thousands	(Column A) Managed Assets		(Column B) Number of Managed Accounts		
q. Investments of managed fiduciary accounts in advised or sponsored mutual funds	RCFDJ311	NR	RCFDJ312	NR	M.1.q.

Dollar amounts in thousands	(Column A) Number of Issues		(Column B) Principal Amount Outstanding		
2. Corporate trust and agency accounts:					M.2.
a. Corporate and municipal trusteeships	RCFDB927	NR	RCFDB928	NR	M.2.a.
1. Issues reported in Memorandum item 2.a that are in default	RCFDJ313	NR	RCFDJ314	NR	M.2.a.1.
b. Transfer agent, registrar, paying agent, and other corporate agency	RCFDB929	NR			M.2.b.

Dollar amounts in thousands	(Column A) Number of Funds		(Column B) Market Value of Fund Assets		
Memoranda items 3.a through 3.g are to be completed by banks with collective investment funds and common trust funds with a total market value of $1 billion or more as of the preceding December 31. 3. Collective investment funds and common trust funds:					M.3.
a. Domestic equity	RCFDB931	0	RCFDB932	0	M.3.a.
b. International/Global equity	RCFDB933	0	RCFDB934	0	M.3.b.
c. Stock/Bond blend	RCFDB935	3	RCFDB936	569,645	M.3.c.
d. Taxable bond	RCFDB937	0	RCFDB938	0	M.3.d.
e. Municipal bond	RCFDB939	0	RCFDB940	0	M.3.e.
f. Short term investments/Money market	RCFDB941	0	RCFDB942	0	M.3.f.
g. Specialty/Other	RCFDB943	2	RCFDB944	5,066,965	M.3.g.
h. Total collective investment funds (sum of Memorandum items 3.a through 3.g)	RCFDB945	5	RCFDB946	5,636,610	M.3.h.

Dollar amounts in thousands	(Column A) Gross Losses Managed Accounts		(Column B) Gross Losses Non-Managed Accounts		(Column C) Recoveries		
4. Fiduciary settlements, surcharges, and other losses:							M.4.
a. Personal trust and agency accounts	RIADB947	0	RIADB948	0	RIADB949	0	M.4.a.
b. Employee benefit and retirement-related trust and agency accounts	RIADB950	0	RIADB951	0	RIADB952	0	M.4.b.
c. Investment management agency accounts	RIADB953	0	RIADB954	0	RIADB955	0	M.4.c.
d. Other fiduciary accounts and related services	RIADB956	0	RIADB957	0	RIADB958	0	M.4.d.
e. Total fiduciary settlements, surcharges, and other losses (sum of Memorandum items 4.a through 4.d) (sum of columns A and B minus column C must equal Schedule RC-T, item 24)	RIADB959	0	RIADB960	0	RIADB961	0	M.4.e.

Schedule RC-V - Variable Interest Entities(Form Type - 031)

Dollar amounts in thousands	(Column A) Securitization Vehicles		(Column B) Other VIEs		
1. Assets of consolidated variable interest entities (VIEs) that can be used only to settle obligations of the consolidated VIEs:					1.
a. Cash and balances due from depository institutions	RCFDJ981	0	RCFDJF84	87	1.a.
b. Securities not held for trading	RCFDHU20	0	RCFDHU21	0	1.b.
c. Loans and leases held for investment, net of allowance, and held for sale	RCFDHU22	0	RCFDHU23	0	1.c.
d. Other real estate owned	RCFDK009	0	RCFDJF89	0	1.d.
e. Other assets	RCFDJF91	0	RCFDJF90	5,523	1.e.
2. Liabilities of consolidated VIEs for which creditors do not have recourse to the general credit of the reporting bank:					2.
a. Other borrowed money	RCFDJF92	0	RCFDJF85	0	2.a.
b. Other liabilities	RCFDJF93	0	RCFDJF86	827	2.b.
3. All other assets of consolidated VIEs (not included in items 1.a. through 1.e above)	RCFDK030	0	RCFDJF87	0	3.
4. All other liabilities of consolidated VIEs (not included in items 2.a through 2.b above)	RCFDK033	0	RCFDJF88	0	4.

Dollar amounts in thousands			
5. Total assets of asset-backed commercial paper (ABCP) conduit VIEs	RCFDJF77	0	5.
6. Total liabilities of ABCP conduit VIEs	RCFDJF78	0	6.

Optional Narrative Statement Concerning the Amounts Reported in the Consolidated Reports of Condition and Income(Form Type - 031)

Dollar amounts in thousands			
1. Comments?	RCON6979	No	1.
2. Bank Management Statement	TEXT6980	NR	2.

Board of Governors of the Federal Reserve System
Federal Deposit Insurance Corporation
Office of the Comptroller of the Currency

Federal Financial Institutions Examination Council

Consolidated Reports of Condition and Income for A Bank With Domestic and Foreign Offices - FFIEC 031

Institution Name	**PNC BANK, NATIONAL ASSOCIATION**
City	**WILMINGTON**
State	**DE**
Zip Code	**19899**
Call Report Report Date	**6/30/2021**
Report Type	**031**
RSSD-ID	**817824**
FDIC Certificate Number	**6384**
OCC Charter Number	**1316**
ABA Routing Number	**43000096**
Last updated on	**7/30/2021**

Federal Financial Institutions Examination Council

Consolidated Reports of Condition and Income for A Bank With Domestic and Foreign Offices - FFIEC 031

Report at the close of business June 30, 2021

(20210630)
(RCON 9999)

This report is required by law: 12 U.S.C. §324 (State member banks); 12 U.S.C. §1817 (State non member banks); 12 U.S.C. §161 (National banks); and 12 U.S.C. §1464 (Savings associations).

Unless the context indicates otherwise, the term "bank" in this report form refers to both banks and savings associations.

This report form is to be filed by (1) banks with branches and consolidated subsidiaries in U.S. territories and possessions, Edge or Agreement subsidiaries, foreign branches, consolidated foreign subsidiaries, or International Banking Facilities, (2) banks with domestic offices only and total consolidated assets of $100 billion or more, and (3) banks that are advanced approaches institutions for regulatory capital purposes.

NOTE: Each bank's board of directors and senior management are responsible for establishing and maintaining an effective system of internal control, including controls over the Reports of Condition and Income. The Reports of Condition and Income are to be prepared in accordance with federal regulatory authority instructions. The Reports of Condition and Income must be signed by the Chief Financial Officer (CFO) of the reporting bank (or by the individual performing an equivalent function) and attested to by not less than two directors (trustees) for state non member banks and three directors for state member banks, national banks, and savings associations.

I, the undersigned CFO (or equivalent) of the named bank, attest that the Reports of Condition and Income (including the supporting schedules) for this report date have been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and are true and correct to the best of my knowledge and belief.

We, the undersigned directors (trustees), attest to the correctness of the Reports of Condition and Income (including the supporting schedules) for this report date and declare that the Reports of Condition and Income have been examined by us and to the best of our knowledge and belief have been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and are true and correct.

Signature of Chief Financial Officer (or Equivalent)

Date of Signature

Director (Trustee)

Director (Trustee)

Director (Trustee)

Submission of Reports

Each bank must file its Reports of Condition and Income (Call Report) data by either:

(a) Using computer software to prepare its Call Report and then submitting the report data directly to the FFIEC's Central Data Repository (CDR), an Internet-based system for datacollection (https://cdr.ffiec.gov/cdr/), or

(b) Completing its Call Report in paper form and arranging with a software vendor or another party to convert the data in to the electronic format that can be processed by the CDR. The software vendor or other party then must electronically submit the bank's data file to the CDR.

For technical assistance with submissions to the CDR, please contact the CDR Help Desk by telephone at (888) CDR-3111, by fax at (703) 774-3946, or by e-mail at CDR.Help@cdr.ffiec.gov.

FDIC Certificate Number **6384** (RSSD 9050)

To fulfill the signature and attestation requirement for the Reports of Condition and Income for this report date, attach your bank's completed signature page (or a photocopy or a computer generated version of this page) to the hard-copy record of the data file submitted to the CDR that your bank must place in its files.

The appearance of your bank's hard-copy record of the submitted data file need not match exactly the appearance of the FFIEC's sample report forms, but should show at least the caption of each Call Report item and the reported amount.

PNC BANK, NATIONAL ASSOCIATION
Legal Title of Bank (RSSD 9017)

WILMINGTON
City (RSSD 9130)

DE State Abbreviation (RSSD 9200)

19899 Zip Code (RSSD 9220)

Legal Entity Identifier (LEI)
AD6GFRVSDT01YPT1CS68 (RCON 9224)

The estimated average burden associated with this information collection is 50.4 hours per respondent and is estimated to vary from 20 to 775 hours per response, depending on individual circumstances. Burden estimates include the time for reviewing instructions, gathering and maintaining data in the required form, and completing the information collection, but exclude the time for compiling and maintaining business records in the normal course of a respondent's activities. A Federal agency may not conduct or sponsor, and an organization (or a person) is not required to respond to a collection of information, unless it displays a currently valid OMB control number. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503, and to one of the following: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551; Legislative and Regulatory Analysis Division, Office of the Comptroller of the Currency, Washington, DC 20219; Assistant Executive Secretary, Federal Deposit Insurance Corporation, Washington, DC 20429.

Consolidated Reports of Condition and Income for A Bank With Domestic and Foreign Offices - FFIEC 031

Table of Contents

For information or assistance, national banks, state nonmember banks, and savings associations should contact the FDIC's Data Collection and Analysis Section, 550 17th Street, NW, Washington, DC 20429, toll free on (800) 688-FDIC(3342), Monday through Friday between 8:00 a.m. and 5:00 p.m., Eastern Time. State member banks should contact their Federal Reserve District Bank.

Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency

Legend: NR - Not Reported, CONF - Confidential

For information or assistance, national banks, state nonmember banks, and savings associations should contact the FDIC's Data Collection and Analysis Section, 550 17th Street, NW, Washington, DC 20429, toll free on (800) 688-FDIC(3342), Monday through Friday between 8:00 a.m. and 5:00 p.m., Eastern Time. State member banks should contact their Federal Reserve District Bank.

Contact Information for the Reports of Condition and Income

To facilitate communication between the Agencies and the bank concerning the Reports of Condition and Income, please provide contact information for (1) the Chief Financial Officer (or equivalent) of the bank signing the reports for this quarter, and (2) the person at the bank—other than the Chief Financial Officer (or equivalent)—to whom questions about the reports should be directed. If the Chief Financial Officer (or equivalent) is the primary contact for questions about the reports, please provide contact information for another person at the bank who will serve as a secondary contact for communications between the Agencies and the bank concerning the Reports of Condition and Income. Enter “none” for the contact’s e-mail address or fax number if not available. Contact information for the Reports of Condition and Income is for the confidential use of the Agencies and will not be released to the public.

Chief Financial Officer (or Equivalent) Signing the Reports

CONF
Name (TEXT C490)

CONF
Title (TEXT C491)

CONF
E-mail Address (TEXT C492)

CONF
Area Code / Phone Number / Extension (TEXT C493)

CONF
Area Code / FAX Number (TEXT C494)

Other Person to Whom Questions about the Reports Should be Directed

CONF
Name (TEXT C495)

CONF
Title (TEXT C496)

CONF
E-mail Address (TEXT 4086)

CONF
Area Code / Phone Number / Extension (TEXT 8902)

CONF
Area Code / FAX Number (TEXT 9116)

Emergency Contact Information

This information is being requested so the Agencies can distribute critical, time-sensitive information to emergency contacts at banks. Please provide primary contact information for a senior official of the bank who has decision-making authority. Also provide information for a secondary contact if available. Enter “none” for the contact’s e-mail address or fax number if not available. Emergency contact information is for the confidential use of the Agencies and will not be released to the public.

Primary Contact

CONF
Name (TEXT C366)

CONF
Title (TEXT C367)

CONF
E-mail Address (TEXT C368)

CONF
Area Code / Phone Number / Extension (TEXT C369)

CONF
Area Code / FAX Number (TEXT C370)

Secondary Contact

CONF
Name (TEXT C371)

CONF
Title (TEXT C372)

CONF
E-mail Address (TEXT C373)

CONF
Area Code / Phone Number / Extension (TEXT C374)

CONF
Area Code / FAX Number (TEXT C375)

USA PATRIOT Act Section 314(a) Anti-Money Laundering

Contact Information

This information is being requested to identify points-of-contact who are in charge of your bank's USA PATRIOT Act Section 314(a) information requests. Bank personnel listed could be contacted by law enforcement officers or the Financial Crimes Enforcement Network (FinCEN) for additional information related to specific Section 314(a) search requests or other anti-terrorist financing and anti- money laundering matters. Communications sent by FinCEN to the bank for purposes other than Section 314(a) notifications will state the intended purpose and should be directed to the appropriate bank personnel for review. Any disclosure of customer records to law enforcement officers or FinCEN must be done in compliance with applicable law, including the Right to Financial Privacy Act (12 U.S.C. 3401 et seq.).

Please provide information for a primary and secondary contact. Information for a third and fourth contact may be provided at the bank's option. Enter "none" for the contact's e-mail address if not available. This contact information is for the confidential use of the Agencies, FinCEN, and law enforcement officers and will not be released to the public.

Primary Contact

CONF
Name (TEXT C437)

CONF
Title (TEXT C438)

CONF
E-mail Address (TEXT C439)

CONF
Area Code / Phone Number / Extension (TEXT C440)

Secondary Contact

CONF
Name (TEXT C442)

CONF
Title (TEXT C443)

CONF
E-mail Address (TEXT C444)

CONF
Area Code / Phone Number / Extension (TEXT 8902)

Third Contact

CONF
Name (TEXT C870)

CONF
Title (TEXT C871)

CONF
E-mail Address (TEXT C368)

CONF
Area Code / Phone Number / Extension (TEXT C873)

Fourth Contact

CONF
Name (TEXT C875)

CONF
Title (TEXT C876)

CONF
E-mail Address (TEXT C877)

CONF
Area Code / Phone Number / Extension (TEXT C878)

Bank Demographic Information(Form Type - 031)

Dollar amounts in thousands

1. Reporting date	RCON9999	**20210630**	1.
2. FDIC certificate number	RSSD9050	**6384**	2.
3. Legal title of bank	RSSD9017	**Click here for value**	3.
4. City	RSSD9130	**Wilmington**	4.
5. State abbreviation	RSSD9200	**DE**	5.
6. Zip code	RSSD9220	**19899**	6.
7. Legal Entity Identifier (LEI) (Report only if your institution already has an LEI.)	RCON9224	**Click here for value**	7.

(RCON9224) AD6GFRVSDT01YPT1CS68

(RSSD9017) PNC Bank, National Association

Contact Information(Form Type - 031)

Dollar amounts in thousands

1. Contact Information for the Reports of Condition and Income			1.
a. Chief Financial Officer (or Equivalent) Signing the Reports			1.a.
1. Name	TEXTC490	**CONF**	1.a.1.
2. Title	TEXTC491	**CONF**	1.a.2.
3. E-mail Address	TEXTC492	**CONF**	1.a.3.
4. Telephone	TEXTC493	**CONF**	1.a.4.
5. FAX	TEXTC494	**CONF**	1.a.5.
b. Other Person to Whom Questions about the Reports Should be Directed			1.b.
1. Name	TEXTC495	**CONF**	1.b.1.
2. Title	TEXTC496	**CONF**	1.b.2.
3. E-mail Address	TEXT4086	**CONF**	1.b.3.
4. Telephone	TEXT8902	**CONF**	1.b.4.
5. FAX	TEXT9116	**CONF**	1.b.5.
2. Person to whom questions about Schedule RC-T - Fiduciary and Related Services should be directed			2.
a. Name and Title	TEXTB962	**CONF**	2.a.
b. E-mail Address	TEXTB926	**CONF**	2.b.
c. Telephone	TEXTB963	**CONF**	2.c.
d. FAX	TEXTB964	**CONF**	2.d.
3. Emergency Contact Information			3.
a. Primary Contact			3.a.
1. Name	TEXTC366	**CONF**	3.a.1.
2. Title	TEXTC367	**CONF**	3.a.2.
3. E-mail Address	TEXTC368	**CONF**	3.a.3.
4. Telephone	TEXTC369	**CONF**	3.a.4.
5. FAX	TEXTC370	**CONF**	3.a.5.
b. Secondary Contact			3.b.
1. Name	TEXTC371	**CONF**	3.b.1.
2. Title	TEXTC372	**CONF**	3.b.2.
3. E-mail Address	TEXTC373	**CONF**	3.b.3.
4. Telephone	TEXTC374	**CONF**	3.b.4.
5. FAX	TEXTC375	**CONF**	3.b.5.
4. USA PATRIOT Act Section 314(a) Anti-Money Laundering Contact Information			4.
a. Primary Contact			4.a.

Dollar amounts in thousands			
1. Name	TEXTC437	CONF	4.a.1.
2. Title	TEXTC438	CONF	4.a.2.
3. E-mail Address	TEXTC439	CONF	4.a.3.
4. Telephone	TEXTC440	CONF	4.a.4.
b. Secondary Contact			4.b.
1. Name	TEXTC442	CONF	4.b.1.
2. Title	TEXTC443	CONF	4.b.2.
3. E-mail Address	TEXTC444	CONF	4.b.3.
4. Telephone	TEXTC445	CONF	4.b.4.
c. Third Contact			4.c.
1. Name	TEXTC870	CONF	4.c.1.
2. Title	TEXTC871	CONF	4.c.2.
3. E-mail Address	TEXTC872	CONF	4.c.3.
4. Telephone	TEXTC873	CONF	4.c.4.
d. Fourth Contact			4.d.
1. Name	TEXTC875	CONF	4.d.1.
2. Title	TEXTC876	CONF	4.d.2.
3. E-mail Address	TEXTC877	CONF	4.d.3.
4. Telephone	TEXTC878	CONF	4.d.4.
5. Chief Executive Officer Contact Information			5.
a. Chief Executive Officer			5.a.
1. Name	TEXTFT42	CONF	5.a.1.
2. E-mail Address	TEXTFT44	CONF	5.a.2.
3. Telephone	TEXTFT43	CONF	5.a.3.
4. FAX	TEXTFT45	CONF	5.a.4.

Schedule RI - Income Statement(Form Type - 031)

All Report of Income schedules are to be reported on a calendar year-to-date basis in thousands of dollars.

Dollar amounts in thousands			
1. Interest income:			1.
a. Interest and fee income on loans:			1.a.
1. In domestic offices:			1.a.1.
a. Loans secured by real estate:			1.a.1.a.
1. Loans secured by 1-4 family residential properties	RIAD4435	**876,711**	1.a.1.a.1.
2. All other loans secured by real estate	RIAD4436	**456,076**	1.a.1.a.2.
b. Loans to finance agricultural production and other loans to farmers	RIAD4024	**2,033**	1.a.1.b.
c. Commercial and industrial loans	RIAD4012	**1,518,894**	1.a.1.c.
d. Loans to individuals for household, family, and other personal expenditures:			1.a.1.d.
1. Credit cards	RIADB485	**302,470**	1.a.1.d.1.
2. Other (includes revolving credit plans other than credit cards, automobile loans, and other consumer loans)	RIADB486	**415,026**	1.a.1.d.2.
e. Loans to foreign governments and official institutions	RIAD4056	**0**	1.a.1.e.
f. All other loans in domestic offices	RIADB487	**229,541**	1.a.1.f.
2. In foreign offices, Edge and Agreement subsidiaries, and IBFs	RIAD4059	**48,595**	1.a.2.
3. Total interest and fee income on loans (sum of items 1.a.(1)(a) through 1.a.(2))	RIAD4010	**3,849,346**	1.a.3.
b. Income from lease financing receivables	RIAD4065	**119,960**	1.b.
c. Interest income on balances due from depository institutions[1]	RIAD4115	**41,475**	1.c.
d. Interest and dividend income on securities:			1.d.
1. U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities)	RIADB488	**206,835**	1.d.1.
2. Mortgage-backed securities	RIADB489	**523,247**	1.d.2.
3. All other securities (includes securities issued by states and political subdivisions in the U.S.)	RIAD4060	**132,045**	1.d.3.
e. Interest income from trading assets	RIAD4069	**3,956**	1.e.
f. Interest income on federal funds sold and securities purchased under agreements to resell	RIAD4020	**975**	1.f.
g. Other interest income	RIAD4518	**13,863**	1.g.
h. Total interest income (sum of items 1.a.(3) through 1.g)	RIAD4107	**4,891,702**	1.h.
2. Interest expense:			2.
a. Interest on deposits:			2.a.
1. Interest on deposits in domestic offices:			2.a.1.
a. Transaction accounts (interest-bearing demand deposits, NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)	RIAD4508	**6,012**	2.a.1.a.
b. Nontransaction accounts:			2.a.1.b.
1. Savings deposits (includes MMDAs)	RIAD0093	**38,116**	2.a.1.b.1.
2. Time deposits of $250,000 or less	RIADHK03	**19,216**	2.a.1.b.2.
3. Time deposits of more than $250,000	RIADHK04	**3,737**	2.a.1.b.3.
2. Interest on deposits in foreign offices, Edge and Agreement subsidiaries, and IBFs	RIAD4172	**1,190**	2.a.2.
b. Expense of federal funds purchased and securities sold under agreements to repurchase	RIAD4180	**-565**	2.b.
c. Interest on trading liabilities and other borrowed money	RIAD4185	**86,174**	2.c.
d. Interest on subordinated notes and debentures	RIAD4200	**35,209**	2.d.
e. Total interest expense (sum of items 2.a through 2.d)	RIAD4073	**189,089**	2.e.
3. Net interest income (item 1.h minus 2.e)	RIAD4074	**4,702,613**	3.
4. Provision for loan and lease losses[1]	RIADJJ33	**-1,198,974**	4.
5. Noninterest income:			5.
a. Income from fiduciary activities[2]	RIAD4070	**461,227**	5.a.
b. Service charges on deposit accounts in domestic offices	RIAD4080	**604,230**	5.b.

1. Includes interest income on time certificates of deposit not held for trading.
1. Institutions that have adopted ASU 2016-13 should report in item 4, the provisions for credit losses for all financial assets and off-balance-sheet credit exposures that fall within the scope of the standard.
2. For banks required to complete Schedule RC-T, items 14 through 22, income from fiduciary activities reported in Schedule RI, item 5.a, must equal the amount reported in Schedule RC-T, item 22.

Dollar amounts in thousands			
c. Trading revenue[3]	RIADA220	**140,977**	5.c.
d. Income from securities-related and insurance activities:			5.d.
1. Fees and commissions from securities brokerage	RIADC886	**166,157**	5.d.1.
2. Investment banking, advisory, and underwriting fees and commissions	RIADC888	**272,838**	5.d.2.
3. Fees and commissions from annuity sales	RIADC887	**46,126**	5.d.3.
4. Underwriting income from insurance and reinsurance activities	RIADC386	**0**	5.d.4.
5. Income from other insurance activities	RIADC387	**3,189**	5.d.5.
e. Venture capital revenue	RIADB491	**2,709**	5.e.
f. Net servicing fees	RIADB492	**172,590**	5.f.
g. Net securitization income	RIADB493	**0**	5.g.
h. Not applicable			5.h.
i. Net gains (losses) on sales of loans and leases	RIAD5416	**139,967**	5.i.
j. Net gains (losses) on sales of other real estate owned	RIAD5415	**-870**	5.j.
k. Net gains (losses) on sales of other assets[4]	RIADB496	**8,997**	5.k.
l. Other noninterest income*	RIADB497	**1,243,879**	5.l.
m. Total noninterest income (sum of items 5.a through 5.l)	RIAD4079	**3,262,016**	5.m.
6. Not available			6.
a. Realized gains (losses) on held-to-maturity securities	RIAD3521	**0**	6.a.
b. Realized gains (losses) on available-for-sale debt securities	RIAD3196	**34,692**	6.b.
7. Noninterest expense:			7.
a. Salaries and employee benefits	RIAD4135	**2,848,190**	7.a.
b. Expenses of premises and fixed assets (net of rental income) (excluding salaries and employee benefits and mortgage interest)	RIAD4217	**642,611**	7.b.
c. Not available			7.c.
1. Goodwill impairment losses	RIADC216	**0**	7.c.1.
2. Amortization expense and impairment losses for other intangible assets	RIADC232	**14,925**	7.c.2.
d. Other noninterest expense*	RIAD4092	**1,646,295**	7.d.
e. Total noninterest expense (sum of items 7.a through 7.d)	RIAD4093	**5,152,021**	7.e.
8. Not available			8.
a. Income (loss) before change in net unrealized holding gains (losses) on equity securities not held for trading, applicable income taxes, and discontinued operations (item 3 plus or minus items 4, 5.m, 6.a, 6.b, and 7.e)	RIADHT69	**4,046,274**	8.a.
b. Change in net unrealized holding gains (losses) on equity securities not held for trading[5]	RIADHT70	**-138**	8.b.
c. Income (loss) before applicable income taxes and discontinued operations (sum of items 8.a and 8.b)	RIAD4301	**4,046,136**	8.c.
9. Applicable income taxes (on item 8.c)	RIAD4302	**794,184**	9.
10. Income (loss) before discontinued operations (item 8.c minus item 9)	RIAD4300	**3,251,952**	10.
11. Discontinued operations, net of applicable income taxes (Describe on Schedule RI-E - Explanations)*	RIADFT28	**0**	11.
12. Net income (loss) attributable to bank and noncontrolling (minority) interests (sum of items 10 and 11)	RIADG104	**3,251,952**	12.
13. LESS: Net income (loss) attributable to noncontrolling (minority) interests (if net income, report as a positive value; if net loss, report as a negative value)	RIADG103	**20,338**	13.
14. Net income (loss) attributable to bank (item 12 minus item 13)	RIAD4340	**3,231,614**	14.
1. Interest expense incurred to carry tax-exempt securities, loans, and leases acquired after August 7, 1986, that is not deductible for federal income tax purposes	RIAD4513	**12**	M.1.
Memorandum item 2 is to be completed by banks with $1 billion or more in total assets 2. Income from the sale and servicing of mutual funds and annuities in domestic offices (included in Schedule RI, item 8)	RIAD8431	**212,285**	M.2.
3. Income on tax-exempt loans and leases to states and political subdivisions in the U.S. (included in Schedule RI, items 1.a and 1.b)	RIAD4313	**71,633**	M.3.
4. Income on tax-exempt securities issued by states and political subdivisions in the U.S. (included in Schedule RI, item 1.d.(3))	RIAD4507	**42,385**	M.4.
5. Number of full-time equivalent employees at end of current period (round to nearest whole number)	RIAD4150	**50995**	M.5.
6. Not applicable			M.6.

3. For banks required to complete Schedule RI, Memorandum item 8, trading revenue reported in Schedule RI, item 5.c, must equal the sum of Memorandum items 8.a through 8.e.
4. Exclude net gains (losses) on sales of trading assets and held-to-maturity and available-for-sale debt securities.
*. Describe on Schedule RI-E—Explanations.
5. Item 8.b is to be completed by all institutions. See the instructions this item and the Glossary entry for "Securities Activities" for further detail on accounting for investments in equity securities.

Dollar amounts in thousands			
7. If the reporting institution has applied pushdown accounting this calendar year, report the date of the institution's acquisition (see instructions)[2]	RIAD9106	0	M.7.
8. Trading revenue (from cash instruments and derivative instruments) (sum of Memorandum items 8.a through 8.e must equal Schedule RI, item 5.c):			M.8.
Memorandum items 8.a through 8.e are to be completed by banks that reported average trading assets (Schedule RC-K, item 7) of $2 million or more for any quarter of the preceding calendar year. a. Interest rate exposures	RIAD8757	76,264	M.8.a.
b. Foreign exchange exposures	RIAD8758	66,293	M.8.b.
c. Equity security and index exposures	RIAD8759	0	M.8.c.
d. Commodity and other exposures	RIAD8760	-70	M.8.d.
e. Credit exposures	RIADF186	-1,510	M.8.e.
Memorandum items 8.f through 8.h are to be completed by banks with $100 billion or more in total assets that are required to complete Schedule RI, Memorandum items 8.a through 8.e, above. f. Impact on trading revenue of changes in the creditworthiness of the bank's derivatives counterparties on the bank's derivative assets (year-to-date changes) (included in Memorandum items 8.a through 8.e above):			M.8.f.
1. Gross credit valuation adjustment (CVA)	RIADFT36	42,774	M.8.f.1.
2. CVA hedge	RIADFT37	-17,371	M.8.f.2.
g. Impact on trading revenue of changes in the creditworthiness of the bank on the bank's derivative liabilities (year-to-date changes) (included in Memorandum items 8.a through 8.e above):			M.8.g.
1. Gross debit valuation adjustment (DVA)	RIADFT38	1,337	M.8.g.1.
2. DVA hedge	RIADFT39	0	M.8.g.2.
h. Gross trading revenue, before including positive or negative net CVA and net DVA	RIADFT40	96,866	M.8.h.
9. Net gains (losses) recognized in earnings on credit derivatives that economically hedge credit exposures held outside the trading account:			M.9.
a. Net gains (losses) on credit derivatives held for trading	RIADC889	0	M.9.a.
b. Net gains (losses) on credit derivatives held for purposes other than trading	RIADC890	-135	M.9.b.
10. Credit losses on derivatives (see instructions)	RIADA251	2,578	M.10.
11. Does the reporting bank have a Subchapter S election in effect for federal income tax purposes for the current tax year?	RIADA530	No	M.11.
Memorandum item 12 is to be completed by banks that are required to complete Schedule RC-C, Part I, Memorandum items 8.b and 8.c and is to be completed semiannually in the June and December reports only. 12. Noncash income from negative amortization on closed-end loans secured by 1-4 family residential properties (included in Schedule RI, item 1.a.(1)(a)(1))	RIADF228	0	M.12.
Memorandum item 13 is to be completed by banks that have elected to account for assets and liabilities under a fair value option. 13. Net gains (losses) recognized in earnings on assets and liabilities that are reported at fair value under a fair value option:			M.13.
a. Net gains (losses) on assets	RIADF551	122,537	M.13.a.
1. Estimated net gains (losses) on loans attributable to changes in instrument-specific credit risk	RIADF552	24,778	M.13.a.1.
b. Net gains (losses) on liabilities	RIADF553	0	M.13.b.
1. Estimated net gains (losses) on liabilities attributable to changes in instrument-specific credit risk	RIADF554	0	M.13.b.1.
14. Other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities[2]	RIADJ321	NR	M.14.
Memorandum item 15 is to be completed by institutions with $1 billion or more in total assets that answered "Yes" to Schedule RC-E, Part I, Memorandum item 5. 15. Components of service charges on deposit accounts in domestic offices (sum of Memorandum items 15.a through 15.d must equal Schedule RI, item 5.b):			M.15.
a. Consumer overdraft-related service charges levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use	RIADH032	121,355	M.15.a.
b. Consumer account periodic maintenance charges levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use	RIADH033	54,768	M.15.b.
c. Consumer customer automated teller machine (ATM) fees levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use	RIADH034	22,360	M.15.c.
d. All other service charges on deposit accounts	RIADH035	405,747	M.15.d.

2. Report the date in YYYYMMDD format. For example, a bank acquired on March 1, 2019, would report 20190301.
2. Memorandum item 14 is to be completed only by institutions that have not adopted ASU 2016-13.

Schedule RI-A - Changes in Bank Equity Capital(Form Type - 031)

Dollar amounts in thousands			
1. Total bank equity capital most recently reported for the December 31, 2020, Reports of Condition and Income (i.e., after adjustments from amended Reports of Income)	RIAD3217	46,007,120	1.
2. Cumulative effect of changes in accounting principles and corrections of material accounting errors*	RIADB507	0	2.
3. Balance end of previous calendar year as restated (sum of items 1 and 2)	RIADB508	46,007,120	3.
4. Net income (loss) attributable to bank (must equal Schedule RI, item 14)	RIAD4340	3,231,614	4.
5. Sale, conversion, acquisition, or retirement of capital stock, net (excluding treasury stock transactions)	RIADB509	0	5.
6. Treasury stock transactions, net	RIADB510	0	6.
7. Changes incident to business combinations, net	RIAD4356	0	7.
8. LESS: Cash dividends declared on preferred stock	RIAD4470	0	8.
9. LESS: Cash dividends declared on common stock	RIAD4460	1,600,000	9.
10. Other comprehensive income[1]	RIADB511	-1,284,415	10.
11. Other transactions with stockholders (including a parent holding company) (not included in items 5, 6, 8, or 9 above)*	RIAD4415	31,279	11.
12. Total bank equity capital end of current period (sum of items 3 through 11) (must equal Schedule RC, item 27.a)	RIAD3210	46,385,598	12.

*. Describe on Schedule RI-E—Explanations

1. Includes, but is not limited to, changes in net unrealized holding gains (losses) on available-for-sale debt securities, changes in accumulated net gains (losses) on cash flow hedges, foreign currency translation adjustments, and pension and other postretirement plan-related changes other than net periodic benefit cost.

Schedule RI-B Part I - Charge-offs and Recoveries on Loans and Leases(Form Type - 031)

Part I includes charge-offs and recoveries through the allocated transfer risk reserve.

Dollar amounts in thousands	(Column A) Charge-offs Calendar year-to-date		(Column B) Recoveries Calendar year-to-date		
1. Loans secured by real estate:					1.
a. Construction, land development, and other land loans in domestic offices:					1.a.
1. 1-4 family residential construction loans	RIADC891	0	RIADC892	9	1.a.1.
2. Other construction loans and all land development and other land loans	RIADC893	5,436	RIADC894	1,808	1.a.2.
b. Secured by farmland in domestic offices	RIAD3584	0	RIAD3585	23	1.b.
c. Secured by 1-4 family residential properties in domestic offices:					1.c.
1. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	RIAD5411	11,256	RIAD5412	27,561	1.c.1.
2. Closed-end loans secured by 1-4 family residential properties:					1.c.2.
a. Secured by first liens	RIADC234	6,842	RIADC217	10,504	1.c.2.a.
b. Secured by junior liens	RIADC235	2,006	RIADC218	10,405	1.c.2.b.
d. Secured by multifamily (5 or more) residential properties in domestic offices	RIAD3588	3	RIAD3589	350	1.d.
e. Secured by nonfarm nonresidential properties in domestic offices:					1.e.
1. Loans secured by owner-occupied nonfarm nonresidential properties	RIADC895	4,263	RIADC896	2,541	1.e.1.
2. Loans secured by other nonfarm nonresidential properties	RIADC897	69	RIADC898	2,353	1.e.2.
f. In foreign offices	RIADB512	0	RIADB513	0	1.f.
2. Not applicable					2.
3. Loans to finance agricultural production and other loans to farmers	RIAD4655	0	RIAD4665	406	3.
4. Commercial and industrial loans:					4.
a. To U.S. addressees (domicile)	RIAD4645	95,903	RIAD4617	36,803	4.a.
b. To non-U.S. addressees (domicile)	RIAD4646	6,389	RIAD4618	13	4.b.
5. Loans to individuals for household, family, and other personal expenditures:					5.
a. Credit cards	RIADB514	113,414	RIADB515	20,791	5.a.
b. Automobile loans	RIADK129	82,894	RIADK133	76,338	5.b.
c. Other (includes revolving credit plans other than credit cards and other consumer loans)	RIADK205	51,676	RIADK206	11,039	5.c.
6. Loans to foreign governments and official institutions	RIAD4643	0	RIAD4627	0	6.
7. All other loans	RIAD4644	30,505	RIAD4628	6,238	7.
8. Lease financing receivables:					8.
a. Leases to individuals for household, family, and other personal expenditures	RIADF185	0	RIADF187	0	8.a.
b. All other leases	RIADC880	6,010	RIADF188	6,268	8.b.
9. Total (sum of items 1 through 8)	RIAD4635	416,666	RIAD4605	213,450	9.
1. Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in Schedule RI-B, part I, items 4 and 7, above	RIAD5409	0	RIAD5410	25	M.1.
2. Loans secured by real estate to non-U.S. addressees (domicile) (included in Schedule RI-B, part I, item 1, above)	RIAD4652	0	RIAD4662	0	M.2.
3. Not applicable					M.3.

Dollar amounts in thousands			
Memorandum item 4 is to be completed by banks that (1) together with affiliated institutions, have outstanding credit card receivables (as defined in the instructions) that exceed $500 million as of the report date, or (2) are credit card specialty banks as defined for Uniform Bank Performance Report purposes. 4. Uncollectible retail credit card fees and finance charges reversed against income (i.e., not included in charge-offs against the allowance for loan and lease losses)[2]	RIADC388	15,851	M.4.

2. Institutions that have adopted ASU 2016-13 should report in Memorandum item 4 uncollectible retail credit card fees and finance charges reversed against income (i.e. not included in charge-offs against the allowance for credit losses on loans and leases).

Schedule RI-B Part II - Changes in Allowances for Credit Losses(Form Type - 031)

Dollar amounts in thousands	(Column A) Loans and Leases Held for Investment		(Column B) Held-to-maturity Debt Securities		(Column C) Available-for-sale Debt Securities		
1. Balance most recently reported for the December 31, 2020, Reports of Condition and Income (i.e., after adjustments from amended Reports of Income)......	RIADB522	5,361,394	RIADJH88	3,450	RIADJH94	78,546	1.
2. Recoveries (column A must equal Part I, item 9, column B, above)......	RIAD4605	213,450	RIADJH89	0	RIADJH95	0	2.
3. LESS: Charge-offs (column A must equal Part I, item 9, column A, above less Schedule RI-B, Part II, item 4, column A)......	RIADC079	395,199	RIADJH92	0	RIADJH98	0	3.
4. LESS: Write-downs arising from transfers of financial assets[3]......	RIAD5523	21,467	RIADJJ00	0	RIADJJ01	0	4.
5. Provisions for credit losses[4]......	RIAD4230	-1,110,623	RIADJH90	-373	RIADJH96	26,462	5.
6. Adjustments* (see instructions for this schedule)[*]......	RIADC233	1,373	RIADJH91	0	RIADJH97	0	6.
7. Balance end of current period (sum of items 1, 2, 5, and 6, less items 3 and 4) (column A must equal Schedule RC, item 4.c)......	RIAD3123	4,048,928	RIADJH93	3,077	RIADJH99	105,008	7.

Dollar amounts in thousands			
1. Allocated transfer risk reserve included in Schedule RI-B, Part II, item 7, column A, above......	RIADC435	0	M.1.
Memorandum items 2 and 3 are to be completed by banks that (1) together with affiliated institutions, have outstanding credit card receivables (as defined in the instructions) that exceed $500 million as of the report date, or (2) are credit card specialty banks as defined for Uniform Bank Performance Report purposes. 2. Separate valuation allowance for uncollectible retail credit card fees and finance charges......	RIADC389	0	M.2.
3. Amount of allowance for loan and lease losses attributable to retail credit card fees and finance charges[1]......	RIADC390	4,323	M.3.
4. Amount of allowance for post-acquisition credit losses on purchased credit-impaired loans accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3) (included in Schedule RI-B, Part II, item 7, column A, above)[2]......	RIADC781	NR	M.4.
5. Provisions for credit losses on other financial assets measured at amortized cost (not included in item 5, above)[3]...	RIADJJ02	686	M.5.
6. Allowance for credit losses on other financial assets measured at amortized cost (not included in item 7, above)[3]...	RCFDJJ03	23,292	M.6.
7. Provisions for credit losses on off-balance-sheet credit exposures[3]......	RIADMG93	-115,126	M.7.
8. Estimated amount of expected recoveries of amounts previously written off included within the allowance for credit losses on loans and leases held for investment (included in item 7, column A, "Balance end of current period," above)[3]......	RIADMG94	88,613	M.8.

3. Institutions that have not yet adopted ASU 2016-13 should report write-downs arising from transfers of loans to a held-for-sale account in item 4, column A.
4. Institutions that have not yet adopted ASU 2016-13 should report the provision for loan and lease losses in item 5, column A and the amount reported must equal Schedule RI, item 4.
*. Describe on Schedule RI-E - Explanations.
1. Institutions that have adopted ASU 2016-13 should report in Memorandum item 3 the amount of allowance for credit losses on loans and leases attributable to retail credit card fees and finance charges.
2. Memorandum item 4 is to be completed only by institutions that have not yet adopted ASU 2016-13.
3. Memorandum items 5, 6, 7, and 8 are to be completed only by institutions that have adopted ASU 2016-13.
3. Memorandum items 5, 6, 7, and 8 are to be completed only by institutions that have adopted ASU 2016-13.
3. Memorandum items 5, 6, 7, and 8 are to be completed only by institutions that have adopted ASU 2016-13.
3. Memorandum items 5, 6, 7, and 8 are to be completed only by institutions that have adopted ASU 2016-13.

Schedule RI-C Part I - Disaggregated Data on the Allowance for Loan and Lease Losses(Form Type - 031)

Schedule RI-C is to be completed by institutions with $1 billion or more in total assets.

Dollar amounts in thousands	(Column A) Recorded Investment: Individually Evaluated for Impairment and Determined to be Impaired (ASC 310-10-35)	(Column B) Allowance Balance: Individually Evaluated for Impairment and Determined to be Impaired (ASC 310-10-35)	(Column C) Recorded Investment: Collectively Evaluated for Impairment (ASC 450-20)	(Column D) Allowance Balance: Collectively Evaluated for Impairment (ASC 450-20)	(Column E) Recorded Investment: Purchased Credit-Impaired Loans (ASC 310-30)	(Column F) Allowance Balance: Purchased Credit-Impaired Loans (ASC 310-30)	
1. Real estate loans:							1.
a. Construction loans	RCFDM708 NR	RCFDM709 NR	RCFDM710 NR	RCFDM711 NR	RCFDM712 NR	RCFDM713 NR	1.a.
b. Commercial real estate loans	RCFDM714 NR	RCFDM715 NR	RCFDM716 NR	RCFDM717 NR	RCFDM719 NR	RCFDM720 NR	1.b.
c. Residential real estate loans	RCFDM721 NR	RCFDM722 NR	RCFDM723 NR	RCFDM724 NR	RCFDM725 NR	RCFDM726 NR	1.c.
2. Commercial loans[3]	RCFDM727 NR	RCFDM728 NR	RCFDM729 NR	RCFDM730 NR	RCFDM731 NR	RCFDM732 NR	2.
3. Credit cards	RCFDM733 NR	RCFDM734 NR	RCFDM735 NR	RCFDM736 NR	RCFDM737 NR	RCFDM738 NR	3.
4. Other consumer loans	RCFDM739 NR	RCFDM740 NR	RCFDM741 NR	RCFDM742 NR	RCFDM743 NR	RCFDM744 NR	4.
5. Unallocated, if any				RCFDM745 NR			5.
6. Total (for each column, sum of items 1.a through 5)[4]	RCFDM746 NR	RCFDM747 NR	RCFDM748 NR	RCFDM749 NR	RCFDM750 NR	RCFDM751 NR	6.

3. Include all loans and leases not reported as real estate loans, credit cards, or other consumer loans in items 1, 3, or 4 of Schedule RI-C.
4. The sum of item 6, columns B, D, and F, must equal Schedule RC, item 4.c. Item 6, column E, must equal Schedule RC-C, Part I, Memorandum item 7.b. Item 6, column F, must equal Schedule RI-B, Part II, Memorandum item 4.

Schedule RI-C Part II - Disaggregated Data on the Allowances for Credit Losses(Form Type - 031)

Dollar amounts in thousands	(Column A) Amortized Cost		(Column B) Allowance Balance		
1. Real estate loans:					1.
a. Construction loans	RCFDJJ04	**10,999,941**	RCFDJJ12	**182,927**	1.a.
b. Commercial real estate loans	RCFDJJ05	**16,800,270**	RCFDJJ13	**835,757**	1.b.
c. Residential real estate loans	RCFDJJ06	**45,154,436**	RCFDJJ14	**135,969**	1.c.
2. Commercial loans[3]	RCFDJJ07	**133,376,184**	RCFDJJ15	**1,726,956**	2.
3. Credit cards	RCFDJJ08	**5,692,966**	RCFDJJ16	**591,383**	3.
4. Other consumer loans	RCFDJJ09	**20,861,045**	RCFDJJ17	**575,936**	4.
5. Unallocated, if any			RCFDJJ18	**0**	5.
6. Total (sum of items 1.a. through 5)[4]	RCFDJJ11	**232,884,842**	RCFDJJ19	**4,048,928**	6.

Dollar amounts in thousands			
7. Securities issued by states and political subdivisions in the U.S.	RCFDJJ20	**0**	7.
8. Mortgage-backed securities (MBS) (including CMOs, REMICs, and stripped MBS)	RCFDJJ21	**0**	8.
9. Asset-backed securities and structured financial products	RCFDJJ23	**0**	9.
10. Other debt securities	RCFDJJ24	**3,077**	10.
11. Total (sum of items 7 through 10)[5]	RCFDJJ25	**3,077**	11.

Schedule RI-D - Income from Foreign Offices(Form Type - 031)

For all banks with foreign offices (including Edge or Agreement subsidiaries and IBFs) and total foreign office assets of $10 billion or more where foreign office revenues, assets, or net income exceed 10 percent of consolidated total revenues, total assets, or net income.

Dollar amounts in thousands			
1. Total interest income in foreign offices	RIADC899	**0**	1.
2. Total interest expense in foreign offices	RIADC900	**0**	2.
3. Provision for loan and lease losses in foreign offices[1]	RIADKW02	**0**	3.
4. Noninterest income in foreign offices:			4.
a. Trading revenue	RIADC902	**0**	4.a.
b. Investment banking, advisory, brokerage, and underwriting fees and commissions	RIADC903	**0**	4.b.
c. Net securitization income	RIADC904	**0**	4.c.
d. Other noninterest income	RIADC905	**0**	4.d.
5. Realized gains (losses) on held-to-maturity and available-for-sale debt securities and change in net unrealized holding gains (losses) on equity securities not held for trading in foreign offices	RIADJA28	**0**	5.
6. Total noninterest expense in foreign offices	RIADC907	**0**	6.
7. Adjustments to pretax income in foreign offices for internal allocations to foreign offices to reflect the effects of equity capital on overall bank funding costs	RIADC908	**0**	7.
8. Applicable income taxes (on items 1 through 7)	RIADC909	**0**	8.
9. Discontinued operations, net of applicable income taxes, in foreign offices	RIADGW64	**0**	9.
10. Net income attributable to foreign offices before internal allocations of income and expense (item 1 plus or minus items 2 through 9)	RIADC911	**0**	10.
11. Not applicable			11.
12. Eliminations arising from the consolidation of foreign offices with domestic offices	RIADC913	**0**	12.
13. Consolidated net income attributable to foreign offices (sum of items 10 and 12)	RIADC914	**0**	13.

3. Include all loans and leases not reported as real estate loans, credit cards, or other consumer loans in item 1, 3, or 4 of Schedule RI-C, Part II.
4. Item 6, column B must equal schedule RC, item 4.c.
5. Item 11 must equal Schedule RI-B, Part II, item 7, column B.
1. Institutions that have adopted ASU 2016-13 should report the provisions for credit losses in foreign offices for all financial assets and off-balance-sheet credit exposures that fall within the scope of the standard in item 3.

Schedule RI-E - Explanations (Form Type - 031)

Schedule RI-E is to be completed each quarter on a calendar year-to-date basis.

Detail all adjustments in Schedule RI-A and RI-B, all extraordinary items and other adjustments in Schedule RI, and all significant items of other noninterest income and other noninterest expense in Schedule RI. (See instructions for details.)

Dollar amounts in thousands			
1. Other noninterest income (from Schedule RI, item 5.l) Itemize and describe amounts greater than $100,000 that exceed 7 percent of Schedule RI, item 5.l:			1.
a. Income and fees from the printing and sale of checks	RIADC013	0	1.a.
b. Earnings on/increase in value of cash surrender value of life insurance	RIADC014	110,766	1.b.
c. Income and fees from automated teller machines (ATMs)	RIADC016	138,197	1.c.
d. Rent and other income from other real estate owned	RIAD4042	0	1.d.
e. Safe deposit box rent	RIADC015	0	1.e.
f. Bank card and credit card interchange fees	RIADF555	571,053	1.f.
g. Income and fees from wire transfers	RIADT047	0	1.g.
h. Disclose component and the dollar amount of that component:			1.h.
1. Describe component	TEXT4461	Click here for value	1.h.1.
2. Amount of component	RIAD4461	-152,898	1.h.2.
i. Disclose component and the dollar amount of that component:			1.i.
1. Describe component	TEXT4462	Click here for value	1.i.1.
2. Amount of component	RIAD4462	115,597	1.i.2.
j. Disclose component and the dollar amount of that component:			1.j.
1. Describe component	TEXT4463	Click here for value	1.j.1.
2. Amount of component	RIAD4463	102,718	1.j.2.
2. Other noninterest expense (from Schedule RI, item 7.d) Itemize and describe amounts greater than $100,000 that exceed 7 percent of Schedule RI, item 7.d:			2.
a. Data processing expenses	RIADC017	467,635	2.a.
b. Advertising and marketing expenses	RIAD0497	0	2.b.
c. Directors' fees	RIAD4136	0	2.c.
d. Printing, stationery, and supplies	RIADC018	0	2.d.
e. Postage	RIAD8403	0	2.e.
f. Legal fees and expenses	RIAD4141	0	2.f.
g. FDIC deposit insurance assessments	RIAD4146	CONF	2.g.
h. Accounting and auditing expenses	RIADF556	0	2.h.
i. Consulting and advisory expenses	RIADF557	0	2.i.
j. Automated teller machine (ATM) and interchange expenses	RIADF558	0	2.j.
k. Telecommunications expenses	RIADF559	0	2.k.
l. Other real estate owned expenses	RIADY923	0	2.l.
m. Insurance expenses (not included in employee expenses, premises and fixed asset expenses, and other real estate owned expenses)	RIADY924	0	2.m.
n. Disclose component and the dollar amount of that component:			2.n.
1. Describe component	TEXT4464	Click here for value	2.n.1.
2. Amount of component	RIAD4464	305,291	2.n.2.
o. Disclose component and the dollar amount of that component:			2.o.
1. Describe component	TEXT4467	NR	2.o.1.
2. Amount of component	RIAD4467	0	2.o.2.
p. Disclose component and the dollar amount of that component:			2.p.
1. Describe component	TEXT4468	NR	2.p.1.
2. Amount of component	RIAD4468	0	2.p.2.
3. Discontinued operations and applicable income tax effect (from Schedule RI, item 11) (itemize and describe each discontinued operation):			3.
a. Disclose component, the gross dollar amount of that component, and its related income tax:			3.a.
1. Describe component	TEXTFT29	NR	3.a.1.
2. Amount of component	RIADFT29	0	3.a.2.

Dollar amounts in thousands			
3. Applicable income tax effect	RIADFT30	0	3.a.3.
b. Disclose component, the gross dollar amount of that component, and its related income tax:			3.b.
1. Describe component	TEXTFT31	NR	3.b.1.
2. Amount of component	RIADFT31	0	3.b.2.
3. Applicable income tax effect	RIADFT32	0	3.b.3.
4. Cumulative effect of changes in accounting principles and corrections of material accounting errors (from Schedule RI-A, item 2) (itemize and describe all such effects):			4.
a. Effect of adoption of Current Expected Credit Losses Methodology - ASU 2016-13[1]	RIADJJ26	NR	4.a.
b. Effect of adoption of lease accounting standard - ASC Topic 842	RIADKW17	NR	4.b.
c. Disclose component and the dollar amount of that component:			4.c.
1. Describe component	TEXTB526	NR	4.c.1.
2. Amount of component	RIADB526	0	4.c.2.
d. Disclose component and the dollar amount of that component:			4.d.
1. Describe component	TEXTB527	NR	4.d.1.
2. Amount of component	RIADB527	0	4.d.2.
5. Other transactions with stockholders (including a parent holding company) (from Schedule RI-A, item 11) (itemize and describe all such transactions):			5.
a. Disclose component and the dollar amount of that component:			5.a.
1. Describe component	TEXT4498	Click here for value	5.a.1.
2. Amount of component	RIAD4498	31,279	5.a.2.
b. Disclose component and the dollar amount of that component:			5.b.
1. Describe component	TEXT4499	NR	5.b.1.
2. Amount of component	RIAD4499	0	5.b.2.
6. Adjustments to allowances for credit losses (from Schedule RI-B, part II, item 6) (itemize and describe all adjustments):[3]			6.
a. Initial allowances for credit losses recognized upon the acquisition of purchased credit-deteriorated assets on or after the effective date of ASU 2016-13[1]	RIADJJ27	NR	6.a.
b. Effect of adoption of current expected credit losses methodology on allowances for credit losses[1]	RIADJJ28	NR	6.b.
c. Disclose component and the dollar amount of that component:			6.c.
1. Describe component	TEXT4521	Click here for value	6.c.1.
2. Amount of component	RIAD4521	1,373	6.c.2.
d. Disclose component and the dollar amount of that component:			6.d.
1. Describe component	TEXT4522	NR	6.d.1.
2. Amount of component	RIAD4522	0	6.d.2.
7. Other explanations (the space below is provided for the bank to briefly describe, at its option, any other significant items affecting the Report of Income):			7.
a. Comments?	RIAD4769	No	7.a.
b. Other explanations	TEXT4769	NR	7.b.

(TEXT4461) Other Service Fees

(TEXT4462) NII Loan Usage Fee

(TEXT4463) Merchant Services

(TEXT4464) Outside Services

(TEXT4498) Capital Surplus

1. Only institutions that have adopted ASU 2016-13 should report amounts in items 4.a, 6.a and 6.b, if applicable.
3. Institutions that have not adopted ASU 2016-13 should report the allowance for loan and lease losses in item 6, where applicable.
1. Only institutions that have adopted ASU 2016-13 should report amounts in items 4.a, 6.a and 6.b, if applicable.
1. Only institutions that have adopted ASU 2016-13 should report amounts in items 4.a, 6.a and 6.b, if applicable.

(TEXT4521) Foreign Exchange Adjustments

Schedule RC - Balance Sheet(Form Type - 031)

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding as of the last business day of the quarter.

Dollar amounts in thousands			
1. Cash and balances due from depository institutions (from Schedule RC-A):			1.
a. Noninterest-bearing balances and currency and coin[1]	RCFD0081	7,802,781	1.a.
b. Interest-bearing balances[2]	RCFD0071	60,405,386	1.b.
2. Securities:			2.
a. Held-to-maturity securities (from Schedule RC-B, column A)[3]	RCFDJJ34	1,485,558	2.a.
b. Available-for-sale debt securities (from Schedule RC-B, column D)	RCFD1773	107,364,022	2.b.
c. Equity securities with readily determinable fair values not held for trading[4]	RCFDJA22	737,105	2.c.
3. Federal funds sold and securities purchased under agreements to resell:			3.
a. Federal funds sold in domestic offices	RCONB987	0	3.a.
b. Securities purchased under agreements to resell[5]	RCFDB989	1,472,380	3.b.
4. Loans and lease financing receivables (from Schedule RC-C):			4.
a. Loans and leases held for sale	RCFD5369	1,778,175	4.a.
b. Loans and leases held for investment	RCFDB528	234,249,898	4.b.
c. LESS: Allowance for loan and lease losses[7]	RCFD3123	4,048,928	4.c.
d. Loans and leases held for investment, net of allowance (item 4.b minus 4.c)	RCFDB529	230,200,970	4.d.
5. Trading assets (from Schedule RC-D)	RCFD3545	5,300,441	5.
6. Premises and fixed assets (including capitalized leases)	RCFD2145	6,358,353	6.
7. Other real estate owned (from Schedule RC-M)	RCFD2150	23,581	7.
8. Investments in unconsolidated subsidiaries and associated companies	RCFD2130	0	8.
9. Direct and indirect investments in real estate ventures	RCFD3656	0	9.
10. Intangible assets (from Schedule RC-M)	RCFD2143	11,268,067	10.
11. Other assets (from Schedule RC-F)[6]	RCFD2160	19,776,786	11.
12. Total assets (sum of items 1 through 11)	RCFD2170	453,973,605	12.
13. Deposits:			13.
a. In domestic offices (sum of totals of columns A and C from Schedule RC-E, part I)	RCON2200	368,578,333	13.a.
1. Noninterest-bearing[8]	RCON6631	128,441,949	13.a.1.
2. Interest-bearing	RCON6636	240,136,384	13.a.2.
b. In foreign offices, Edge and Agreement subsidiaries, and IBFs (from Schedule RC-E, part II)	RCFN2200	6,912,330	13.b.
1. Noninterest-bearing	RCFN6631	218,815	13.b.1.
2. Interest-bearing	RCFN6636	6,693,515	13.b.2.
14. Federal funds purchased and securities sold under agreements to repurchase:			14.
a. Federal funds purchased in domestic offices[9]	RCONB993	1,000	14.a.
b. Securities sold under agreements to repurchase[10]	RCFDB995	596,772	14.b.
15. Trading liabilities (from Schedule RC-D)	RCFD3548	1,710,519	15.
16. Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)	RCFD3190	15,646,964	16.
17. Not applicable			17.
18. Not applicable			18.
19. Subordinated notes and debentures[1]	RCFD3200	5,271,273	19.

1. Includes cash items in process of collection and unposted debits.
2. Includes time certificates of deposit not held for trading.
3. Institutions that have adopted ASU 2016-13 should report in item 2.a, amounts net of any applicable allowance for credit losses, and should equal to Schedule RC-B, item 8, column A less Schedule RI-B, Part II, item 7, column B.
4. Item 2.c is to be completed by all institutions. See the instructions for this item and the Glossary entry for "Securities Activities" for further detail on accounting for investments in equity securities.
5. Includes all securities resale agreements, regardless of maturity.
7. Institutions that have adopted ASU 2016-13 should report in item 4.c the allowance for credit losses on loans and leases.
6. Institutions that have adopted ASU 2016-13 should report in items 3.b and 11 amounts net of any applicable allowance for credit losses.
8. Includes noninterest-bearing demand, time, and savings deposits.
9. Report overnight Federal Home Loan Bank advances in Schedule RC, item 16, "Other borrowed money."
10. Includes all securities repurchase agreements, regardless of maturity.
1. Includes limited-life preferred stock and related surplus.

Dollar amounts in thousands			
20. Other liabilities (from Schedule RC-G)	RCFD2930	8,845,264	20.
21. Total liabilities (sum of items 13 through 20)	RCFD2948	407,562,455	21.
22. Not applicable			22.
23. Perpetual preferred stock and related surplus	RCFD3838	0	23.
24. Common stock	RCFD3230	240,060	24.
25. Surplus (exclude all surplus related to preferred stock)	RCFD3839	30,900,344	25.
26. Not available			26.
a. Retained earnings	RCFD3632	13,740,185	26.a.
b. Accumulated other comprehensive income[2]	RCFDB530	1,505,009	26.b.
c. Other equity capital components[3]	RCFDA130	0	26.c.
27. Not available			27.
a. Total bank equity capital (sum of items 23 through 26.c)	RCFD3210	46,385,598	27.a.
b. Noncontrolling (minority) interests in consolidated subsidiaries	RCFD3000	25,552	27.b.
28. Total equity capital (sum of items 27.a and 27.b)	RCFDG105	46,411,150	28.
29. Total liabilities and equity capital (sum of items 21 and 28)	RCFD3300	453,973,605	29.
1. Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 2020	RCFD6724	NR	M.1.
2. Bank's fiscal year-end date (report the date in MMDD format)	RCON8678	NR	M.2.

Schedule RC-A - Cash and Balances Due From Depository Institutions(Form Type - 031)

Exclude assets held for trading.

Dollar amounts in thousands	(Column A) Consolidated Bank		(Column B) Domestic Offices		
1. Cash items in process of collection, unposted debits, and currency and coin	RCFD0022	7,070,737			1.
a. Cash items in process of collection and unposted debits			RCON0020	1,172,026	1.a.
b. Currency and coin			RCON0080	5,898,711	1.b.
2. Balances due from depository institutions in the U.S.	RCFD0082	212,996	RCON0082	212,996	2.
3. Balances due from banks in foreign countries and foreign central banks	RCFD0070	1,040,769	RCON0070	167,543	3.
4. Balances due from Federal Reserve Banks	RCFD0090	59,883,665	RCON0090	59,883,665	4.
5. Total	RCFD0010	68,208,167	RCON0010	67,334,941	5.

2. Includes, but is not limited to, net unrealized holding gains (losses) on available-for-sale securities, accumulated net gains (losses) on cash flow hedges, cumulative foreign currency translation adjustments, and accumulated defined benefit pension and other postretirement plan adjustments.

3. Includes treasury stock and unearned Employee Stock Ownership Plan shares.

Schedule RC-B - Securities(Form Type - 031)

Exclude assets held for trading.

Dollar amounts in thousands	(Column A) Held-to-maturity Amortized Cost		(Column B) Held-to-maturity Fair Value		(Column C) Available-for-sale Amortized Cost		(Column D) Available-for-sale Fair Value		
1. U.S. Treasury securities	RCFD0211	**804,472**	RCFD0213	**890,553**	RCFD1286	**28,337,877**	RCFD1287	**28,829,980**	1.
2. U.S. Government agency and sponsored agency obligations (exclude mortgage-backed securities)[1]	RCFDHT50	**0**	RCFDHT51	**0**	RCFDHT52	**4,003,312**	RCFDHT53	**3,951,931**	2.
3. Securities issued by states and political subdivisions in the U.S.	RCFD8496	**451,046**	RCFD8497	**484,453**	RCFD8498	**2,072,294**	RCFD8499	**2,198,957**	3.
4. Mortgage-backed securities (MBS):									4.
a. Residential mortgage pass-through securities:									4.a.
1. Guaranteed by GNMA	RCFDG300	**0**	RCFDG301	**0**	RCFDG302	**6,714,395**	RCFDG303	**6,794,460**	4.a.1.
2. Issued by FNMA and FHLMC	RCFDG304	**0**	RCFDG305	**0**	RCFDG306	**47,425,474**	RCFDG307	**48,260,763**	4.a.2.
3. Other pass-through securities	RCFDG308	**0**	RCFDG309	**0**	RCFDG310	**0**	RCFDG311	**0**	4.a.3.
b. Other residential mortgage-backed securities (include CMOs, REMICs, and stripped MBS):									4.b.
1. Issued or guaranteed by U.S. Government agencies or sponsored agencies[1]	RCFDG312	**0**	RCFDG313	**0**	RCFDG314	**1,057,847**	RCFDG315	**1,100,748**	4.b.1.
2. Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies[1]	RCFDG316	**0**	RCFDG317	**0**	RCFDG318	**0**	RCFDG319	**0**	4.b.2.
3. All other residential MBS	RCFDG320	**0**	RCFDG321	**0**	RCFDG322	**1,080,790**	RCFDG323	**1,322,702**	4.b.3.
c. Commercial MBS:									4.c.
1. Commercial mortgage pass-through securities:									4.c.1.
a. Issued or guaranteed by FNMA, FHLMC, or GNMA	RCFDK142	**0**	RCFDK143	**0**	RCFDK144	**1,010,589**	RCFDK145	**1,057,831**	4.c.1.a.
b. Other pass-through securities	RCFDK146	**0**	RCFDK147	**0**	RCFDK148	**0**	RCFDK149	**0**	4.c.1.b.
2. Other commercial MBS:									4.c.2.
a. Issued or guaranteed by U.S. Government agencies or sponsored agencies[1]	RCFDK150	**0**	RCFDK151	**0**	RCFDK152	**980,461**	RCFDK153	**999,979**	4.c.2.a.
b. All other commercial MBS	RCFDK154	**0**	RCFDK155	**0**	RCFDK156	**4,132,769**	RCFDK157	**4,074,008**	4.c.2.b.
5. Asset-backed securities and structured financial products:									5.
a. Asset-backed securities (ABS)	RCFDC026	**0**	RCFDC988	**0**	RCFDC989	**4,706,209**	RCFDC027	**4,778,424**	5.a.
b. Structured financial products	RCFDHT58	**0**	RCFDHT59	**0**	RCFDHT60	**913,354**	RCFDHT61	**954,779**	5.b.
6. Other debt securities:									6.
a. Other domestic debt securities	RCFD1737	**233,117**	RCFD1738	**223,347**	RCFD1739	**2,400,488**	RCFD1741	**2,470,246**	6.a.
b. Other foreign debt securities	RCFD1742	**0**	RCFD1743	**0**	RCFD1744	**565,387**	RCFD1746	**569,214**	6.b.
7. Not applicable.									7.
8. Total (sum of items 1 through 6.b)[2]	RCFD1754	**1,488,635**	RCFD1771	**1,598,353**	RCFD1772	**105,401,246**	RCFD1773	**107,364,022**	8.

Dollar amounts in thousands			
1. Pledged securities[1]	RCFD0416	21,593,427	M.1.
2. Maturity and repricing data for debt securities (excluding those in nonaccrual status):[1]			M.2.
a. Securities issued by the U.S. Treasury, U.S. Government agencies, and states and political subdivisions in the U.S.; other non-mortgage debt securities; and mortgage pass-through securities other than those backed by closed-end first lien 1-4 family residential mortgages with a remaining maturity or next repricing date of:[2]			M.2.a.
1. Three months or less	RCFDA549	3,246,338	M.2.a.1.
2. Over three months through 12 months	RCFDA550	2,714,460	M.2.a.2.
3. Over one year through three years	RCFDA551	10,206,186	M.2.a.3.
4. Over three years through five years	RCFDA552	14,425,074	M.2.a.4.
5. Over five years through 15 years	RCFDA553	12,695,840	M.2.a.5.
6. Over 15 years	RCFDA554	3,012,099	M.2.a.6.
b. Mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages with a remaining maturity or next repricing date of:[2]			M.2.b.
1. Three months or less	RCFDA555	667,557	M.2.b.1.
2. Over three months through 12 months	RCFDA556	1,450	M.2.b.2.
3. Over one year through three years	RCFDA557	20,048	M.2.b.3.
4. Over three years through five years	RCFDA558	51,237	M.2.b.4.
5. Over five years through 15 years	RCFDA559	20,693,686	M.2.b.5.
6. Over 15 years	RCFDA560	33,621,245	M.2.b.6.
c. Other mortgage-backed securities (include CMOs, REMICs, and stripped MBS; exclude mortgage pass-through securities) with an expected average life of:[5]			M.2.c.
1. Three years or less	RCFDA561	4,708,520	M.2.c.1.
2. Over three years	RCFDA562	2,788,917	M.2.c.2.
d. Debt securities with a REMAINING MATURITY of one year or less (included in Memorandum items 2.a through 2.c above)	RCFDA248	3,357,492	M.2.d.
Memorandum item 3 is to be completed semiannually in the June and December reports only. 3. Amortized cost of held-to-maturity securities sold or transferred to available-for-sale or trading securities during the calendar year-to-date (report the amortized cost at date of sale or transfer)	RCFD1778	0	M.3.
4. Structured notes (included in the held-to-maturity and available-for-sale accounts in Schedule RC-B, items 2, 3, 5, and 6):			M.4.
a. Amortized cost	RCFD8782	0	M.4.a.
b. Fair value	RCFD8783	0	M.4.b.

1. Includes Small Business Administration "Guaranteed Loan Pool Certificates"; U.S. Maritime Administration obligations; Export-Import Bank participation certificates; and obligations (other than mortgage-backed securities) issued by the Farm Credit System, the Federal Home Loan Bank System, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Financing Corporation, Resolution Funding Corporation, the Student Loan Marketing Association, and the Tennessee Valley Authority.

1. U.S. Government agencies include, but are not limited to, such agencies as the Government National Mortgage Association (GNMA), the Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Administration (NCUA). U.S. Government-sponsored agencies include, but are not limited to, such agencies as the Federal Home Loan Mortgage Corporation (FHLMC) and the Federal National Mortgage Association (FNMA).

1. U.S. Government agencies include, but are not limited to, such agencies as the Government National Mortgage Association (GNMA), the Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Administration (NCUA). U.S. Government-sponsored agencies include, but are not limited to, such agencies as the Federal Home Loan Mortgage Corporation (FHLMC) and the Federal National Mortgage Association (FNMA).

2. For institutions that have adopted ASU 2016-13, the total reported in column A must equal Schedule RC, item 2.a, plus Schedule RI-B, Part II, item 7, column B. For institutions that have not adopted ASU 2016-13, the total reported in column A must equal Schedule RC, item 2.a. For all institutions, the total reported in column D must equal Schedule RC, item 2.b.

Dollar amounts in thousands	(Column A) Held-to-maturity Amortized Cost		(Column B) Held-to-maturity Fair Value		(Column C) Available-for-sale Amortized Cost		(Column D) Available-for-sale Fair Value		
Memorandum items 5.a through 5.f and 6.a through 6.g are to be completed by banks with $10 billion or more in total assets. 5. Asset-backed securities (ABS) (for each column, sum of Memorandum items 5.a through 5.f must equal Schedule RC-B, item 5.a):[1]									M.5.
a. Credit card receivables	RCFDB838	**0**	RCFDB839	**0**	RCFDB840	**419,803**	RCFDB841	**427,233**	M.5.a.
b. Home equity lines	RCFDB842	**0**	RCFDB843	**0**	RCFDB844	**134,424**	RCFDB845	**175,261**	M.5.b.
c. Automobile loans	RCFDB846	**0**	RCFDB847	**0**	RCFDB848	**1,423,171**	RCFDB849	**1,428,998**	M.5.c.
d. Other consumer loans	RCFDB850	**0**	RCFDB851	**0**	RCFDB852	**1,478,453**	RCFDB853	**1,489,931**	M.5.d.
e. Commercial and industrial loans	RCFDB854	**0**	RCFDB855	**0**	RCFDB856	**765,750**	RCFDB857	**770,694**	M.5.e.
f. Other	RCFDB858	**0**	RCFDB859	**0**	RCFDB860	**484,608**	RCFDB861	**486,307**	M.5.f.
6. Structured financial products by underlying collateral or reference assets (for each column, sum of Memorandum items 6.a through 6.g must equal Schedule RC-B item 5.b):									M.6.
a. Trust preferred securities issued by financial institutions	RCFDG348	**0**	RCFDG349	**0**	RCFDG350	**91**	RCFDG351	**41,904**	M.6.a.
b. Trust preferred securities issued by real estate investment trusts	RCFDG352	**0**	RCFDG353	**0**	RCFDG354	**0**	RCFDG355	**0**	M.6.b.
c. Corporate and similar loans	RCFDG356	**0**	RCFDG357	**0**	RCFDG358	**913,263**	RCFDG359	**912,875**	M.6.c.
d. 1-4 family residential MBS issued or guaranteed by U.S. government-sponsored enterprises (GSEs)	RCFDG360	**0**	RCFDG361	**0**	RCFDG362	**0**	RCFDG363	**0**	M.6.d.
e. 1-4 family residential MBS not issued or guaranteed by GSEs	RCFDG364	**0**	RCFDG365	**0**	RCFDG366	**0**	RCFDG367	**0**	M.6.e.
f. Diversified (mixed) pools of structured financial products	RCFDG368	**0**	RCFDG369	**0**	RCFDG370	**0**	RCFDG371	**0**	M.6.f.
g. Other collateral or reference assets	RCFDG372	**0**	RCFDG373	**0**	RCFDG374	**0**	RCFDG375	**0**	M.6.g.

1. Includes held-to-maturity securities at amortized cost, available-for-sale debt securities at fair value, and equity securities with readily determinable fair values not held for trading (reported in Schedule RC, item 2.c) at fair value.
1. Includes held-to-maturity securities at amortized cost, available-for-sale debt securities at fair value, and equity securities with readily determinable fair values not held for trading (reported in Schedule RC, item 2.c) at fair value.
2. Report fixed-rate debt securities by remaining maturity and floating-rate debt securities by next repricing date.
2. Report fixed-rate debt securities by remaining maturity and floating-rate debt securities by next repricing date.
5. Sum of Memorandum items 2.c.(1) and 2.c.(2) plus any nonaccrual "Other mortgage-backed securities" included in Schedule RC-N, item 10, column C, must equal Schedule RC-B, sum of items 4.b and 4.c.(2), columns A and D.
1. The $10 billion asset size test is based on the total assets reported on the June 30, 2018, Report of Condition.

Schedule RC-C Part I - Loans and Leases(Form Type - 031)

Do not deduct the allowance for loan and lease losses or the allocated transfer risk reserve from amounts reported in this schedule. Report (1) loans and leases held for sale at the lower of cost or fair value, (2) loans and leases held for investment, net of unearned income, and (3) loans and leases accounted for at fair value under a fair value option. Exclude assets held for trading and commercial paper.

Dollar amounts in thousands	(Column A) Consolidated Bank		(Column B) Domestic Offices		
1. Loans secured by real estate[2]	RCFD1410	NR			1.
a. Construction, land development, and other land loans:					1.a.
1. 1-4 family residential construction loans	RCFDF158	5,303	RCONF158	5,303	1.a.1.
2. Other construction loans and all land development and other land loans	RCFDF159	7,224,540	RCONF159	7,224,540	1.a.2.
b. Secured by farmland (including farm residential and other improvements)	RCFD1420	82,025	RCON1420	82,025	1.b.
c. Secured by 1-4 family residential properties:					1.c.
1. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	RCFD1797	12,813,240	RCON1797	12,813,240	1.c.1.
2. Closed-end loans secured by 1-4 family residential properties:					1.c.2.
a. Secured by first liens	RCFD5367	33,490,747	RCON5367	33,490,747	1.c.2.a.
b. Secured by junior liens	RCFD5368	1,582,081	RCON5368	1,582,081	1.c.2.b.
d. Secured by multifamily (5 or more) residential properties	RCFD1460	6,395,051	RCON1460	6,395,051	1.d.
e. Secured by nonfarm nonresidential properties:					1.e.
1. Loans secured by owner-occupied nonfarm nonresidential properties	RCFDF160	6,811,745	RCONF160	6,732,981	1.e.1.
2. Loans secured by other nonfarm nonresidential properties	RCFDF161	14,806,267	RCONF161	14,780,284	1.e.2.
2. Loans to depository institutions and acceptances of other banks:					2.
a. To commercial banks in the U.S.			RCONB531	17,637	2.a.
1. To U.S. branches and agencies of foreign banks	RCFDB532	0			2.a.1.
2. To other commercial banks in the U.S.	RCFDB533	17,637			2.a.2.
b. To other depository institutions in the U.S.	RCFDB534	1	RCONB534	1	2.b.
c. To banks in foreign countries			RCONB535	9,907	2.c.
1. To foreign branches of other U.S. banks	RCFDB536	0			2.c.1.
2. To other banks in foreign countries	RCFDB537	9,907			2.c.2.
3. Loans to finance agricultural production and other loans to farmers	RCFD1590	184,620	RCON1590	184,620	3.
4. Commercial and industrial loans:					4.
a. To U.S. addressees (domicile)	RCFD1763	85,491,290	RCON1763	85,472,470	4.a.
b. To non-U.S. addressees (domicile)	RCFD1764	7,811,500	RCON1764	5,389,790	4.b.
5. Not applicable					5.
6. Loans to individuals for household, family, and other personal expenditures (i.e., consumer loans) (includes purchased paper):					6.
a. Credit cards	RCFDB538	4,909,106	RCONB538	4,909,106	6.a.
b. Other revolving credit plans	RCFDB539	415,261	RCONB539	415,261	6.b.
c. Automobile loans	RCFDK137	13,636,680	RCONK137	13,636,680	6.c.
d. Other consumer loans (includes single payment and installment loans other than automobile loans, and all student loans)	RCFDK207	6,680,073	RCONK207	6,680,073	6.d.
7. Loans to foreign governments and official institutions (including foreign central banks)	RCFD2081	0	RCON2081	0	7.
8. Obligations (other than securities and leases) of states and political subdivisions in the U.S.	RCFD2107	9,566,407	RCON2107	9,566,407	8.
9. Loans to nondepository financial institutions and other loans	RCFD1563	17,738,016			9.
a. Loans to nondepository financial institutions			RCONJ454	13,812,391	9.a.
b. Other loans:					9.b.
1. Loans for purchasing or carrying securities (secured and unsecured)			RCON1545	162,276	9.b.1.
2. All other loans (exclude consumer loans)			RCONJ451	3,537,425	9.b.2.
10. Lease financing receivables (net of unearned income)			RCON2165	5,425,128	10.
a. Leases to individuals for household, family, and other personal expenditures (i.e., consumer leases)	RCFDF162	0			10.a.
b. All other leases	RCFDF163	6,356,576			10.b.
11. LESS: Any unearned income on loans reflected in items 1-9 above	RCFD2123	0	RCON2123	0	11.
12. Total loans and leases held for investment and held for sale (item 12, column A must equal Schedule RC, sum of items 4.a and 4.b)	RCFD2122	236,028,073	RCON2122	232,325,424	12.

2. When reporting "Loans secured by real estate," "large institutions" and "highly complex institutions," as defined for deposit insurance assessment purposes in FDIC regulations, should complete items 1.a.(1) through 1.e.(2) in columns A and B (but not item 1 in column A); all other institutions should complete item 1 in column A and items 1.a.(1) through 1.e.(2) in column B (but not items 1.a.(1) through 1.e.(2) in column A).

Dollar amounts in thousands			
1. Loans restructured in troubled debt restructurings that are in compliance with their modified terms (included in Schedule RC-C, part 1, and not reported as past due or nonaccrual in Schedule RC-N, Memorandum item 1):			M.1.
a. Construction, land development, and other land loans in domestic offices:			M.1.a.
1. 1-4 family residential construction loans	RCONK158	0	M.1.a.1.
2. Other construction loans and all land development and other land loans	RCONK159	4,107	M.1.a.2.
b. Loans secured by 1-4 family residential properties in domestic offices	RCONF576	426,979	M.1.b.
c. Secured by multifamily (5 or more) residential properties in domestic offices	RCONK160	0	M.1.c.
d. Secured by nonfarm nonresidential properties in domestic offices:			M.1.d.
1. Loans secured by owner-occupied nonfarm nonresidential properties	RCONK161	6,720	M.1.d.1.
2. Loans secured by other nonfarm nonresidential properties	RCONK162	6,096	M.1.d.2.
e. Commercial and industrial loans:			M.1.e.
1. To U.S. addressees (domicile)	RCFDK163	172,927	M.1.e.1.
2. To non-U.S. addressees (domicile)	RCFDK164	23,438	M.1.e.2.
f. All other loans (include loans to individuals for household, family, and other personal expenditures)	RCFDK165	66,328	M.1.f.
Itemize loan categories included in Memorandum item 1.f, above that exceed 10 percent of total loans restructured in troubled debt restructurings that are in compliance with their modified terms (sum of Memorandum items 1.a through 1.f): 1. Loans secured by farmland in domestic offices	RCONK166	0	M.1.f.1.
2. Not applicable			M.1.f.2.
3. Loans to finance agricultural production and other loans to farmers	RCFDK168	0	M.1.f.3.
4. Loans to individuals for household, family, and other personal expenditures:			M.1.f.4.
a. Credit cards	RCFDK098	0	M.1.f.4.a.
b. Automobile loans	RCFDK203	0	M.1.f.4.b.
c. Other (includes revolving credit plans other than credit cards and other consumer loans)	RCFDK204	0	M.1.f.4.c.
g. Total loans restructured in troubled debt restructurings that are in compliance with their modified terms (sum of Memorandum items 1.a.(1) through 1.f)	RCFDHK25	706,595	M.1.g.
2. Maturity and repricing data for loans and leases (excluding those in nonaccrual status):			M.2.
a. Closed-end loans secured by first liens on 1-4 family residential properties in domestic offices (reported in Schedule RC-C, part I, item 1.c.(2)(a), column B) with a remaining maturity or next repricing date of:			M.2.a.
1. Three months or less	RCONA564	1,458,053	M.2.a.1.
2. Over three months through 12 months	RCONA565	516,772	M.2.a.2.
3. Over one year through three years	RCONA566	706,527	M.2.a.3.
4. Over three years through five years	RCONA567	1,186,436	M.2.a.4.
5. Over five years through 15 years	RCONA568	10,505,334	M.2.a.5.
6. Over 15 years	RCONA569	17,933,791	M.2.a.6.
b. All loans and leases (reported in Schedule RC-C, part I, items 1 through 10, column A) EXCLUDING closed-end loans secured by first liens on 1-4 family residential properties in domestic offices (reported in Schedule RC-C, part I, item 1.c.(2)(a), column B) with a remaining maturity or next repricing date of:			M.2.b.
1. Three months or less	RCFDA570	109,698,080	M.2.b.1.
2. Over three months through 12 months	RCFDA571	17,746,100	M.2.b.2.
3. Over one year through three years	RCFDA572	26,071,571	M.2.b.3.
4. Over three years through five years	RCFDA573	26,379,894	M.2.b.4.
5. Over five years through 15 years	RCFDA574	18,181,645	M.2.b.5.
6. Over 15 years	RCFDA575	3,074,503	M.2.b.6.
c. Loans and leases (reported in Schedule RC-C, part I, items 1 through 10, column A) with a REMAINING MATURITY of one year or less (excluding those in nonaccrual status)	RCFDA247	40,101,977	M.2.c.
3. Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in Schedule RC-C, part I, items 4 and 9, column A[4]	RCFD2746	9,327,401	M.3.
4. Adjustable rate closed-end loans secured by first liens on 1-4 family residential properties in domestic offices (included in Schedule RC-C, part I, item 1.c.(2)(a), column B)	RCON5370	2,284,421	M.4.
5. Loans secured by real estate to non-U.S. addressees (domicile) (included in Schedule RC-C, Part I, item 1, column A, or Schedule RC-C, Part I, items 1.a.(1) through 1.e.(2), column A, as appropriate)	RCFDB837	104,836	M.5.
Memorandum item 6 is to be completed by banks that (1) together with affiliated institutions, have outstanding credit card receivables (as defined in the instructions) that exceed $500 million as of the report date, or (2) are credit card specialty banks as defined for Uniform Bank Performance Report purposes. 6. Outstanding credit card fees and finance charges included in Schedule RC-C, part I, item 6.a, column A	RCFDC391	39,664	M.6.

4. Exclude loans secured by real estate that are included in Schedule RC-C, Part I, item 1, column A.

Dollar amounts in thousands			
Memorandum items 7.a and 7.b are to be completed by all banks semiannually in the June and December reports only. 7. Purchased credit-impaired loans held for investment accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3) (exclude loans held for sale):[5]			M.7.
a. Outstanding balance	RCFDC779	NR	M.7.a.
b. Amount included in Schedule RC-C, part I, items 1 through 9	RCFDC780	NR	M.7.b.
Memorandum items 8.a, 8.b, and 8.c are to be completed semiannually in the June and December reports only. 8. Closed-end loans with negative amortization features secured by 1-4 family residential properties in domestic offices:			M.8.
a. Total amount of closed-end loans with negative amortization features secured by 1-4 family residential properties (included in Schedule RC-C, part I, items 1.c.(2)(a) and 1.c.(2)(b))	RCONF230	304	M.8.a.
Memorandum items 8.b and 8.c are to be completed semiannually in the June and December reports only by banks that had closed-end loans with negative amortization features secured by 1–4 family residential properties (as reported in Schedule RC-C, Part I, Memorandum item 8.a) as of December 31, 2019, that exceeded the lesser of $100 million or 5 percent of total loans and leases held for investment and held for sale in domestic offices (as reported in Schedule RC-C, Part I, item 12, column B). b. Total maximum remaining amount of negative amortization contractually permitted on closed-end loans secured by 1-4 family residential properties	RCONF231	0	M.8.b.
c. Total amount of negative amortization on closed-end loans secured by 1-4 family residential properties included in the amount reported in Memorandum item 8.a above	RCONF232	0	M.8.c.

5. Memorandum item 7 is to be completed only by institutions that have not yet adopted ASU 2016-13.

Dollar amounts in thousands			
9. Loans secured by 1-4 family residential properties in domestic offices in process of foreclosure (included in Schedule RC-C, part I, items 1.c.(1), 1.c.(2)(a), and 1.c.(2)(b))	RCONF577	201,494	M.9.

Dollar amounts in thousands			
10. Not applicable			M.10.
11. Not applicable			M.11.

Dollar amounts in thousands	(Column A) Fair value of acquired loans and leases at acquisition date		(Column B) Gross contractual amounts receivable at acquisition date		(Column C) Best estimate at acquisition date of contractual cash flows not expected to be collected		
Memorandum items 12.a, 12.b, 12.c, and 12.d are to be completed semiannually in the June and December reports only. 12. Loans (not subject to the requirements of FASB ASC 310-30 (former AICPA Statement of Position 03-3)) and leases held for investment that were acquired in business combinations with acquisition dates in the current calendar year:[1]							M.12.
a. Loans secured by real estate	RCFDG091	0	RCFDG092	0	RCFDG093	0	M.12.a.
b. Commercial and industrial loans	RCFDG094	0	RCFDG095	0	RCFDG096	0	M.12.b.
c. Loans to individuals for household, family, and other personal expenditures	RCFDG097	0	RCFDG098	0	RCFDG099	0	M.12.c.
d. All other loans and all leases	RCFDG100	0	RCFDG101	0	RCFDG102	0	M.12.d.

Dollar amounts in thousands			
Memoranda item 13 is to be completed by banks that had construction, land development, and other land loans in domestic offices (as reported in Schedule RC-C, Part I, item 1.a., column B) that exceeded 100 percent of the sum of tier 1 capital (as reported in Schedule RC-R, Part I, item 26) plus the allowance for loan and lease losses or the allowance for credit losses on loans and leases, as applicable (as reported in Schedule RC, item 4.c) as of December 31, 2020. 13. Construction, land development, and other land loans in domestic offices with interest reserves:			M.13.
a. Amount of loans that provide for the use of interest reserves (included in Schedule RC-C, part I, item 1.a, column B)	RCONG376	0	M.13.a.
b. Amount of interest capitalized from interest reserves on construction, land development, and other land loans that is included in interest and fee income on loans during the quarter (included in Schedule RI, item 1.a.(1)(a)(2)).	RIADG377	0	M.13.b.
Memorandum item 14 is to be completed by all banks. 14. Pledged loans and leases	RCFDG378	91,192,087	M.14.
Memorandum item 15 is to be completed for the December report only. 15. Reverse mortgages in domestic offices:			M.15.
a. Reverse mortgages outstanding that are held for investment (included in Schedule RC-C, item 1.c, above):			M.15.a.
1. Home Equity Conversion Mortgage (HECM) reverse mortgages	RCONJ466	NR	M.15.a.1.
2. Proprietary reverse mortgages	RCONJ467	NR	M.15.a.2.
b. Estimated number of reverse mortgage loan referrals to other lenders during the year from whom compensation has been received for services performed in connection with the origination of the reverse mortgages:			M.15.b.
1. Home Equity Conversion Mortgage (HECM) reverse mortgages	RCONJ468	NR	M.15.b.1.
2. Proprietary reverse mortgages	RCONJ469	NR	M.15.b.2.
c. Principal amount of reverse mortgage originations that have been sold during the year:			M.15.c.
1. Home Equity Conversion Mortgage (HECM) reverse mortgages	RCONJ470	NR	M.15.c.1.
2. Proprietary reverse mortgages	RCONJ471	NR	M.15.c.2.
Memorandum item 16 is to be completed by all banks. 16. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit in domestic offices that have converted to non-revolving closed-end status (included in item 1.c.(1) above)	RCONLE75	2,760,836	M.16.
Amounts reported in Memorandum items 17.a and 17.b will not be made available to the public on an individual institution basis. 17. Eligible loan modifications under Section 4013, Temporary Relief from Troubled Debt Restructurings, of the 2020 Coronavirus Aid, Relief, and Economic Security Act:			M.17.
a. Number of Section 4013 loans outstanding	RCONLG24	CONF	M.17.a.
b. Outstanding balance of Section 4013 loans	RCONLG25	CONF	M.17.b.

1. Institutions that have adopted ASU 2016-13 should report only loans held for investment not considered purchased credit-deteriorated in Memorandum item 12.

Schedule RC-C Part II - Loans to Small Businesses and Small Farms(Form Type - 031)

Report the number and amount currently outstanding as of the report date of business loans with "original amounts" of $1,000,000 or less and farm loans with "original amounts" of $500,000 or less. The following guidelines should be used to determine the "original amount" of a loan:
(1) For loans drawn down under lines of credit or loan commitments, the "original amount" of the loan is the size of the line of credit or loan commitment when the line of credit or loan commitment was most recently approved, extended, or renewed prior to the report date. However, if the amount currently outstanding as of the report date exceeds this size, the "original amount" is the amount currently outstanding on the report date. (2) For loan participations and syndications, the "original amount" of the loan participation or syndication is the entire amount of the credit originated by the lead lender. (3) For all other loans, the "original amount" is the total amount of the loan at origination or the amount currently outstanding as of the report date, whichever is larger.

Dollar amounts in thousands			
1. Not applicable			1.
2. Not applicable			2.

Dollar amounts in thousands	(Column A) Number of Loans		(Column B) Amount Currently Outstanding		
3. Number and amount currently outstanding of "Loans secured by nonfarm nonresidential properties" in domestic offices reported in Schedule RC-C, part I, items 1.e.(1) and 1.e.(2), column B:					3.
a. With original amounts of $100,000 or less	RCON5564	1225	RCON5565	47,475	3.a.
b. With original amounts of more than $100,000 through $250,000	RCON5566	2897	RCON5567	340,412	3.b.
c. With original amounts of more than $250,000 through $1,000,000	RCON5568	4444	RCON5569	1,676,356	3.c.
4. Number and amount currently outstanding of "Commercial and industrial loans to U.S. addressees" in domestic offices reported in Schedule RC-C, part I, item 4.a, column B:					4.
a. With original amounts of $100,000 or less	RCON5570	314608	RCON5571	3,419,544	4.a.
b. With original amounts of more than $100,000 through $250,000	RCON5572	13999	RCON5573	1,790,215	4.b.
c. With original amounts of more than $250,000 through $1,000,000	RCON5574	9167	RCON5575	3,262,487	4.c.

Dollar amounts in thousands			
5. Not applicable			5.
6. Not applicable			6.

Dollar amounts in thousands	(Column A) Number of Loans		(Column B) Amount Currently Outstanding		
7. Number and amount currently outstanding of "Loans secured by farmland (including farm residential and other improvements)" in domestic offices reported in Schedule RC-C, part I, item 1.b, column B:					7.
a. With original amounts of $100,000 or less	RCON5578	51	RCON5579	2,247	7.a.
b. With original amounts of more than $100,000 through $250,000	RCON5580	96	RCON5581	11,180	7.b.
c. With original amounts of more than $250,000 through $500,000	RCON5582	98	RCON5583	27,399	7.c.
8. Number and amount currently outstanding of "Loans to finance agricultural production and other loans to farmers" in domestic offices reported in Schedule RC-C, part I, item 3, column B:					8.
a. With original amounts of $100,000 or less	RCON5584	854	RCON5585	22,664	8.a.
b. With original amounts of more than $100,000 through $250,000	RCON5586	117	RCON5587	15,621	8.b.
c. With original amounts of more than $250,000 through $500,000	RCON5588	44	RCON5589	11,632	8.c.

Schedule RC-D - Trading Assets and Liabilities(Form Type - 031)

Schedule RC-D is to be completed by banks that reported total trading assets of $10 million or more in any of the four preceding calendar quarters, and all banks meeting the FDIC's definition of a large or highly complex institution for deposit insurance assessment purposes.

Dollar amounts in thousands	Consolidated Bank		
1. U.S. Treasury securities	RCFD3531	576,754	1.
2. U.S. Government agency obligations (exclude mortgage-backed securities)	RCFD3532	0	2.
3. Securities issued by states and political subdivisions in the U.S.	RCFD3533	0	3.
4. Mortgage-backed securities (MBS):			4.
a. Residential mortgage pass-through securities issued or guaranteed by FNMA, FHLMC, or GNMA	RCFDG379	25,576	4.a.
b. Other residential MBS issued or guaranteed by U.S. Government agencies or sponsored agencies (include CMOs, REMICs, and stripped MBS)[1]	RCFDG380	0	4.b.
c. All other residential MBS	RCFDG381	0	4.c.
d. Commercial MBS issued or guaranteed by U.S. Government agencies or sponsored agencies[1]	RCFDK197	0	4.d.
e. All other commercial MBS	RCFDK198	0	4.e.
5. Other debt securities:			5.
a. Structured financial products	RCFDHT62	0	5.a.
b. All other debt securities	RCFDG386	0	5.b.
6. Loans:			6.
a. Loans secured by real estate			6.a.
1. Loans secured by 1-4 family residential properties	RCFDHT63	0	6.a.1.
2. All other loans secured by real estate	RCFDHT64	0	6.a.2.
b. Commercial and industrial loans	RCFDF614	12,097	6.b.
c. Loans to individuals for household, family, and other personal expenditures (i.e., consumer loans) (includes purchased paper)	RCFDHT65	0	6.c.
d. Other loans	RCFDF618	0	6.d.
7. Not appliable			7.
8. Not applicable			8.
9. Other trading assets	RCFD3541	180	9.
10. Not applicable			10.
11. Derivatives with a positive fair value	RCFD3543	4,685,834	11.
12. Total trading assets (sum of items 1 through 11) (total of column A must equal Schedule RC, item 5)	RCFD3545	5,300,441	12.
13. Not available			13.
a. Liability for short positions	RCFD3546	634,617	13.a.
b. Other trading liabilities	RCFDF624	0	13.b.
14. Derivatives with a negative fair value	RCFD3547	1,075,902	14.
15. Total trading liabilities (sum of items 13.a through 14) (total of column A must equal Schedule RC, item 15)	RCFD3548	1,710,519	15.
1. Unpaid principal balance of loans measured at fair value (reported in Schedule RC-D, items 6.a through 6.d):			M.1.
a. Loans secured by real estate			M.1.a.
1. Loans secured by 1-4 family residential properties	RCFDHT66	0	M.1.a.1.
2. All other loans secured by real estate	RCFDHT67	0	M.1.a.2.
b. Commercial and industrial loans	RCFDF632	12,133	M.1.b.
c. Loans to individuals for household, family, and other personal expenditures (i.e., consumer loans) (includes purchased paper)	RCFDHT68	0	M.1.c.
d. Other loans	RCFDF636	0	M.1.d.
Memorandum items 2 through 10 are to be completed by banks with $10 billion or more in total trading assets. 2. Loans measured at fair value that are past due 90 days or more:[1]			M.2.
a. Fair value	RCFDF639	NR	M.2.a.
b. Unpaid principal balance	RCFDF640	NR	M.2.b.

1. U.S. Government agencies include, but are not limited to, such agencies as the Government National Mortgage Association (GNMA), the Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Administration (NCUA). U.S. Government-sponsored agencies include, but are not limited to, such agencies as the Federal Home Loan Mortgage Corporation (FHLMC) and the Federal National Mortgage Association (FNMA).
1. The $10 billion trading asset-size test is based on total trading assets reported on the June 30, 2018, Report of Condition.

Dollar amounts in thousands	Consolidated Bank		
Memorandum items 3 through 10 are to be completed by banks with $10 billion or more in total trading assets. 3. Structured financial products by underlying collateral or reference assets (for each column, sum of Memorandum items 3.a through 3.g must equal Schedule RC-D, sum of items 5.a.(1) through (3)):			M.3.
a. Trust preferred securities issued by financial institutions	RCFDG299	NR	M.3.a.
b. Trust preferred securities issued by real estate investment trusts	RCFDG332	NR	M.3.b.
c. Corporate and similar loans	RCFDG333	NR	M.3.c.
d. 1-4 family residential MBS issued or guaranteed by U.S. government-sponsored enterprises (GSEs)	RCFDG334	NR	M.3.d.
e. 1-4 family residential MBS not issued or guaranteed by GSEs	RCFDG335	NR	M.3.e.
f. Diversified (mixed) pools of structured financial products	RCFDG651	NR	M.3.f.
g. Other collateral or reference assets	RCFDG652	NR	M.3.g.
4. Pledged trading assets:			M.4.
a. Pledged securities	RCFDG387	NR	M.4.a.
b. Pledged loans	RCFDG388	NR	M.4.b.

Dollar amounts in thousands			
5. Asset-backed securities:			M.5.
a. Credit card receivables	RCFDF643	NR	M.5.a.
b. Home equity lines	RCFDF644	NR	M.5.b.
c. Automobile loans	RCFDF645	NR	M.5.c.
d. Other consumer loans	RCFDF646	NR	M.5.d.
e. Commercial and industrial loans	RCFDF647	NR	M.5.e.
f. Other	RCFDF648	NR	M.5.f.
6. Retained beneficial interests in securitizations (first-loss or equity tranches)			M.6.
7. Equity securities (included in Schedule RC-D, item 9, above):			M.7.
a. Readily determinable fair values	RCFDF652	NR	M.7.a.
b. Other	RCFDF653	NR	M.7.b.
8. Loans pending securitization	RCFDF654	NR	M.8.
9. Other trading assets (itemize and describe amounts included in Schedule RC-D, item 9, that are greater than $1,000,000 and exceed 25% of the item):[1]			M.9.
a. Disclose component and the dollar amount of that component:			M.9.a.
1. Describe component	TEXTF655	NR	M.9.a.1.
2. Amount of component	RCFDF655	0	M.9.a.2.
b. Disclose component and the dollar amount of that component:			M.9.b.
(TEXTF656) NR	RCFDF656	0	M.9.b.1.
c. Disclose component and the dollar amount of that component:			M.9.c.
(TEXTF657) NR	RCFDF657	0	M.9.c.1.
10. Other trading liabilities (itemize and describe amounts included in Schedule RC-D, item 13.b, that are greater than $1,000,000 and exceed 25% of the item):			M.10.
a. Disclose component and the dollar amount of that component:			M.10.a.
1. Describe component	TEXTF658	NR	M.10.a.1.
2. Amount of component	RCFDF658	0	M.10.a.2.
b. Disclose component and the dollar amount of that component:			M.10.b.
(TEXTF659) NR	RCFDF659	0	M.10.b.1.
c. Disclose component and the dollar amount of that component:			M.10.c.
(TEXTF660) NR	RCFDF660	0	M.10.c.1.

1. Exclude equity securities.

Schedule RC-E Part I - Deposits in Domestic Offices(Form Type - 031)

Dollar amounts in thousands	(Column A) Transaction Accounts Total Transaction accounts (including total demand deposits)		(Column B) Transaction Accounts Memo: Total demand deposits (included in column A)		(Column C) Nontransaction Accounts Total nontransaction accounts (including MMDAs)		
Deposits of:							
1. Individuals, partnerships, and corporations (include all certified and official checks)	RCONB549	73,289,192			RCONB550	282,693,459	1.
2. U.S. Government	RCON2202	61,182			RCON2520	7,773	2.
3. States and political subdivisions in the U.S.	RCON2203	7,941,989			RCON2530	3,918,450	3.
4. Commercial banks and other depository institutions in the U.S.	RCONB551	625,391			RCONB552	9,600	4.
5. Banks in foreign countries	RCON2213	30,975			RCON2236	76	5.
6. Foreign governments and official institutions (including foreign central banks)	RCON2216	181			RCON2377	65	6.
7. Total (sum of items 1 through 6) (sum of columns A and C must equal Schedule RC, item 13.a)	RCON2215	81,948,910	RCON2210	76,949,679	RCON2385	286,629,423	7.

Dollar amounts in thousands			
1. Selected components of total deposits (i.e., sum of item 7, columns A and C):			M.1.
a. Total Individual Retirement Accounts (IRAs) and Keogh Plan accounts	RCON6835	5,240,490	M.1.a.
b. Total brokered deposits	RCON2365	3,379,487	M.1.b.
c. Brokered deposits of $250,000 or less (fully insured brokered deposits)[2]	RCONHK05	3,323,259	M.1.c.
d. Maturity data for brokered deposits:			M.1.d.
1. Brokered deposits of $250,000 or less with a remaining maturity of one year or less (included in Memorandum item 1.c above)	RCONHK06	3,323,259	M.1.d.1.
2. Not applicable			M.1.d.2.
3. Brokered deposits of more than $250,000 with a remaining maturity of one year or less (included in Memorandum item 1.b above)	RCONK220	56,228	M.1.d.3.
e. Preferred deposits (uninsured deposits of states and political subdivisions in the U.S. reported in item 3 above which are secured or collateralized as required under state law) (to be completed for the December report only).	RCON5590	NR	M.1.e.
f. Estimated amount of deposits obtained through the use of deposit listing services that are not brokered deposits	RCONK223	0	M.1.f.
g. Total reciprocal deposits (as of the report date)	RCONJH83	0	M.1.g.
2. Components of total nontransaction accounts (sum of Memorandum items 2.a through 2.d must equal item 7, column C above):			M.2.
a. Savings deposits:			M.2.a.
1. Money market deposit accounts (MMDAs)	RCON6810	190,179,871	M.2.a.1.
2. Other savings deposits (excludes MMDAs)	RCON0352	87,246,047	M.2.a.2.
b. Total time deposits of less than $100,000	RCON6648	5,608,413	M.2.b.
c. Total time deposits of $100,000 through $250,000	RCONJ473	2,137,733	M.2.c.
d. Total time deposits of more than $250,000	RCONJ474	1,457,359	M.2.d.
e. Individual Retirement Accounts (IRAs) and Keogh Plan accounts of $100,000 or more included in Memorandum items 2.c and 2.d above	RCONF233	623,839	M.2.e.
3. Maturity and repricing data for time deposits of $250,000 or less:			M.3.
a. Time deposits of $250,000 or less with a remaining maturity or next repricing date of:			M.3.a.
1. Three months or less	RCONHK07	2,085,389	M.3.a.1.
2. Over three months through 12 months	RCONHK08	4,053,261	M.3.a.2.
3. Over one year through three years	RCONHK09	1,015,738	M.3.a.3.
4. Over three years	RCONHK10	591,757	M.3.a.4.
b. Time deposits of $250,000 or less with a REMAINING MATURITY of one year or less (included in Memorandum items 3.a.(1) and 3.a.(2) above)[3]	RCONHK11	6,138,650	M.3.b.
4. Maturity and repricing data for time deposits of more than $250,000:			M.4.
a. Time deposits of more than $250,000 with a remaining maturity or next repricing date of:			M.4.a.
1. Three months or less	RCONHK12	487,004	M.4.a.1.
2. Over three months through 12 months	RCONHK13	818,740	M.4.a.2.
3. Over one year through three years	RCONHK14	117,954	M.4.a.3.
4. Over three years	RCONHK15	33,660	M.4.a.4.
b. Time deposits of more than $250,000 with a REMAINING MATURITY of one year or less (included in Memorandum items 4.a.(1) and 4.a.(2) above)[3]	RCONK222	1,305,744	M.4.b.
5. Does your institution offer one or more consumer deposit account products, i.e., transaction account or nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use?	RCONP752	Yes	M.5.
Memorandum items 6 and 7 are to be completed by institutions with $1 billion or more in total assets that answered "Yes" to Memorandum item 5 above. 6. Components of total transaction account deposits of individuals, partnerships, and corporations (sum of Memorandum items 6.a and 6.b must be less than or equal to item 1, column A, above):[5]			M.6.
a. Total deposits in those noninterest-bearing transaction account deposit products intended primarily for individuals for personal, household, or family use	RCONP753	1,338,955	M.6.a.
b. Total deposits in those interest-bearing transaction account deposit products intended primarily for individuals for personal, household, or family use	RCONP754	4,161,707	M.6.b.
7. Components of total nontransaction account deposits of individuals, partnerships, and corporations (sum of Memorandum items 7.a.(1), 7.a.(2), 7.b.(1), and 7.b.(2) plus all time deposits of individuals, partnerships, and corporations must equal item 1, column C, above):			M.7.

2. The dollar amount used as the basis for reporting in Memorandum item 1.c reflects the deposit insurance limit in effect on the report date.

3. Report both fixed- and floating-rate time deposits by remaining maturity. Exclude floating rate time deposits with a next repricing date of one year or less that have a remaining maturity of over one year.

5. The $1 billion asset size test is based on the total assets reported on the June 30, 2018, Report of Condition.

Dollar amounts in thousands			
a. Money market deposit accounts (MMDAs) of individuals, partnerships, and corporations (sum of Memorandum items 7.a.(1) and 7.a.(2) must be less than or equal to Memorandum item 2.a.(1) above):			M.7.a.
1. Total deposits in those MMDA deposit products intended primarily for individuals for personal, household, or family use	RCONP756	83,669,512	M.7.a.1.
2. Deposits in all other MMDAs of individuals, partnerships, and corporations	RCONP757	102,574,394	M.7.a.2.
b. Other savings deposit accounts of individuals, partnerships, and corporations (sum of Memorandum items 7.b.(1) and 7.b.(2) must be less than or equal to Memorandum item 2.a.(2) above):			M.7.b.
1. Total deposits in those other savings deposit account deposit products intended primarily for individuals for personal, household, or family use	RCONP758	87,206,063	M.7.b.1.
2. Deposits in all other savings deposit accounts of individuals, partnerships, and corporations	RCONP759	39,983	M.7.b.2.

Schedule RC-E Part II - Deposits in Foreign Offices including Edge and Agreement subsidiaries and IBFs(Form Type - 031)

Dollar amounts in thousands			
Deposits of:			
1. Individuals, partnerships, and corporations (include all certified and official checks)	RCFNB553	6,912,330	1.
2. U.S. banks (including IBFs and foreign branches of U.S. banks) and other U.S. depository institutions	RCFNB554	0	2.
3. Foreign banks (including U.S. branches and agencies of foreign banks, including their IBFs)	RCFN2625	0	3.
4. Foreign governments and official institutions (including foreign central banks)	RCFN2650	0	4.
5. U.S. Government and states and political subdivisions in the U.S.	RCFNB555	0	5.
6. Total	RCFN2200	6,912,330	6.
1. Time deposits with a remaining maturity of one year or less (included in Schedule RC, item 13.b)	RCFNA245	6,545,245	M.1.

Schedule RC-F - Other Assets(Form Type - 031)

Dollar amounts in thousands			
1. Accrued interest receivable[2]	RCFDB556	895,621	1.
2. Net deferred tax assets[3]	RCFD2148	12,239	2.
3. Interest-only strips receivable (not in the form of a security)[4]	RCFDHT80	0	3.
4. Equity investments without readily determinable fair values[5]	RCFD1752	982,526	4.
5. Life insurance assets:			5.
a. General account life insurance assets	RCFDK201	5,692,611	5.a.
b. Separate account life insurance assets	RCFDK202	1,675,240	5.b.
c. Hybrid account life insurance assets	RCFDK270	1,343,379	5.c.
6. All other assets (itemize and describe amounts greater than $100,000 that exceed 25% of this item)	RCFD2168	9,175,170	6.
a. Prepaid expenses	RCFD2166	0	6.a.
b. Repossessed personal property (including vehicles)	RCFD1578	0	6.b.
c. Derivatives with a positive fair value held for purposes other than trading	RCFDC010	0	6.c.
d. FDIC loss-sharing indemnification assets	RCFDJ448	0	6.d.
e. Computer software	RCFDFT33	0	6.e.
f. Accounts receivable	RCFDFT34	0	6.f.
g. Receivables from foreclosed government-guaranteed mortgage loans	RCFDFT35	0	6.g.
h. Disclose component and the dollar amount of that component:			6.h.
1. Describe component	TEXT3549	Click here for value	6.h.1.
2. Amount of component	RCFD3549	2,877,364	6.h.2.
i. Disclose component and the dollar amount of that component:			6.i.
1. Describe component	TEXT3550	NR	6.i.1.
2. Amount of component	RCFD3550	0	6.i.2.
j. Disclose component and the dollar amount of that component:			6.j.
1. Describe component	TEXT3551	NR	6.j.1.
2. Amount of component	RCFD3551	0	6.j.2.
7. Total (sum of items 1 through 6) (must equal Schedule RC, item 11)	RCFD2160	19,776,786	7.

(TEXT3549) Tax Credit Investments

2. Include accrued interest receivable on loans, leases, debt securities, and other interest-bearing assets. Exclude accrued interest receivables on financial assets that are reported elsewhere on the balance sheet.
3. See discussion of deferred income taxes in Glossary entry on "income taxes."
4. Report interest-only strips receivable in the form of a security as available-for-sale securities in Schedule RC, item 2.b, or as trading assets in Schedule RC, item 5, as appropriate.
5. Include Federal Reserve stock, Federal Home Loan Bank stock, and bankers' bank stock.

Schedule RC-G - Other Liabilities(Form Type - 031)

Dollar amounts in thousands			
1. Not available			1.
a. Interest accrued and unpaid on deposits in domestic offices[6]	RCON3645	4,967	1.a.
b. Other expenses accrued and unpaid (includes accrued income taxes payable)	RCFD3646	1,939,068	1.b.
2. Net deferred tax liabilities[2]	RCFD3049	973,239	2.
3. Allowance for credit losses on off-balance sheet credit exposures[7]	RCFDB557	468,697	3.
4. All other liabilities (itemize and describe amounts greater than $100,000 that exceed 25 percent of this item)	RCFD2938	5,459,293	4.
a. Accounts payable	RCFD3066	0	4.a.
b. Deferred compensation liabilities	RCFDC011	0	4.b.
c. Dividends declared but not yet payable	RCFD2932	0	4.c.
d. Derivatives with a negative fair value held for purposes other than trading	RCFDC012	0	4.d.
e. Operating lease liabilities	RCFDLB56	2,024,302	4.e.
f. Disclose component and the dollar amount of that component:			4.f.
1. Describe component	TEXT3552	NR	4.f.1.
2. Amount of component	RCFD3552	0	4.f.2.
g. Disclose component and the dollar amount of that component:			4.g.
1. Describe component	TEXT3553	Click here for value	4.g.1.
2. Amount of component	RCFD3553	1,318,891	4.g.2.
h. Disclose component and the dollar amount of that component:			4.h.
1. Describe component	TEXT3554	NR	4.h.1.
2. Amount of component	RCFD3554	0	4.h.2.
5. Total	RCFD2930	8,845,264	5.

(TEXT3553) Tax Credit Investments

6. For savings banks, include "dividends" accrued and unpaid on deposits.
2. See discussion of deferred income taxes in Glossary entry on "income taxes."
7. Institutions that have adopted ASU 2016-13 should report in Schedule RC-G, item 3 the allowance for credit losses on those off-balance sheet credit exposures that are not unconditionally cancelable.

Schedule RC-H - Selected Balance Sheet Items for Domestic Offices(Form Type - 031)

To be completed only by banks with foreign offices.

Dollar amounts in thousands			
1. Not applicable			1.
2. Not applicable			2.
3. Securities purchased under agreements to resell	RCONB989	1,472,380	3.
4. Securities sold under agreements to repurchase	RCONB995	596,772	4.
5. Other borrowed money	RCON3190	15,525,677	5.
EITHER 6. Net due from own foreign offices, Edge and Agreement subsidiaries, and IBFs	RCON2163	0	6.
OR 7. Net due to own foreign offices, Edge and Agreement subsidiaries, and IBFs	RCON2941	4,504,951	7.
8. Total assets (excludes net due from foreign offices, Edge and Agreement subsidiaries, and IBFs)	RCON2192	449,100,588	8.
9. Total liabilities (excludes net due to foreign offices, Edge and Agreement subsidiaries, and IBFs)	RCON3129	398,184,487	9.

Dollar amounts in thousands	(Column A) Amortized Cost of Held-to-Maturity Securities		(Column B) Fair Value of Available-for-Sale Securities		
10. U.S. Treasury securities	RCON0211	804,472	RCON1287	28,829,980	10.
11. U.S. Government agency obligations (exclude mortgage-backed securities)	RCON8492	0	RCON8495	3,951,931	11.
12. Securities issued by states and political subdivisions in the U.S.	RCON8496	451,046	RCON8499	2,198,957	12.
13. Mortgage-backed securities (MBS):					13.
a. Mortgage pass-through securities:					13.a.
1. Issued or guaranteed by FNMA, FHLMC, or GNMA	RCONG389	0	RCONG390	56,113,054	13.a.1.
2. Other mortgage pass-through securities	RCON1709	0	RCON1713	0	13.a.2.
b. Other mortgage-backed securities (include CMOs, REMICs, and stripped MBS):					13.b.
1. Issued or guaranteed by U.S. Government agencies or sponsored agencies[1]	RCONG393	0	RCONG394	2,100,727	13.b.1.
2. All other mortgage-backed securities	RCON1733	0	RCON1736	5,396,710	13.b.2.
14. Other domestic debt securities (include domestic structured financial products and domestic asset-backed securities)	RCONG397	233,117	RCONG398	8,203,449	14.
15. Other foreign debt securities (include foreign structured financial products and foreign asset-backed securities)	RCONG399	0	RCONG400	569,214	15.
16. Not applicable.					16.
17. Total held-to-maturity and available-for-sale debt securities (sum of items 10 through 15)	RCON1754	1,488,635	RCON1773	107,364,022	17.

Dollar amounts in thousands			
18. Equity investments not held for trading:			18.
a. Equity securities with readily determinable fair values[4]	RCONJA22	737,105	18.a.
b. Equity investments without readily determinable fair values	RCON1752	982,526	18.b.
Items 19, 20 and 21 are to be completed by banks that reported total trading assets of $10 million or more in any of the four preceding calendar quarters and all banks meeting the FDIC's definition of a large or highly complex institution for deposit insurance assessment purposes. 19. Total trading assets	RCON3545	5,300,441	19.
20. Total trading liabilities	RCON3548	1,710,519	20.
21. Total loans held for trading	RCONHT71	12,097	21.
tem 22 is to be completed by banks that: (1) have elected to report financial instruments or servicing assets and liabilities at fair value under a fair value option with changes in fair value recognized in earnings, or (2) are required to complete Schedule RC-D, Trading Assets and Liabilities. 22. Total amount of fair value option loans held for investment and held for sale	RCONJF75	2,875,930	22.

1. U.S. Government agencies include, but are not limited to, such agencies as the Government National Mortgage Association (GNMA), the Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Administration (NCUA). U.S. Government-sponsored agencies include, but are not limited to, such agencies as the Federal Home Loan Mortgage Corporation (FHLMC) and the Federal National Mortgage Association (FNMA).
4. Item 18.a is to be completed by all institutions. See the instructions for this item and the Glossary entry for "Securities Activities" for further detail on accounting for investments in equity securities.

Schedule RC-I - Assets and Liabilities of IBFs(Form Type - 031)

To be completed only by banks with IBFs and other "foreign" offices.

Dollar amounts in thousands			
1. Total IBF assets of the consolidated bank (component of Schedule RC, item 12)	RCFN2133	0	1.
2. Total IBF liabilities (component of Schedule RC, item 21)	RCFN2898	0	2.

Schedule RC-K - Quarterly Averages(Form Type - 031)

Dollar amounts in thousands			
1. Interest-bearing balances due from depository institutions	RCFD3381	74,352,408	1.
2. U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities)[2]	RCFDB558	31,288,012	2.
3. Mortgage-backed securities[2]	RCFDB559	61,038,617	3.
4. All other debt securities and equity securities with readily determinable fair values not held for trading[2]	RCFDB560	12,449,171	4.
5. Federal funds sold and securities purchased under agreements to resell	RCFD3365	1,594,106	5.
6. Loans:			6.
a. Loans in domestic offices:			6.a.
1. Total loans	RCON3360	228,189,662	6.a.1.
2. Loans secured by real estate:			6.a.2.
a. Loans secured by 1-4 family residential properties	RCON3465	47,352,405	6.a.2.a.
b. All other loans secured by real estate	RCON3466	35,306,166	6.a.2.b.
3. Loans to finance agricultural production and other loans to farmers	RCON3386	172,001	6.a.3.
4. Commercial and industrial loans	RCON3387	93,455,008	6.a.4.
5. Loans to individuals for household, family, and other personal expenditures:			6.a.5.
a. Credit cards	RCONB561	4,859,784	6.a.5.a.
b. Other (includes revolving credit plans other than credit cards, automobile loans, and other consumer loans)	RCONB562	20,765,790	6.a.5.b.
b. Total loans in foreign offices, Edge and Agreement subsidiaries, and IBFs	RCFN3360	2,679,914	6.b.
Item 7 is to be completed by banks with total trading assets of $10 million or more in any of the four preceding calendar quarters and all banks meeting the FDIC's definition of a large or highly complex institution for deposit insurance assessment purposes. 7. Trading assets	RCFD3401	5,671,246	7.
8. Lease financing receivables (net of unearned income)	RCFD3484	6,320,514	8.
9. Total assets[4]	RCFD3368	463,258,735	9.
10. Interest-bearing transaction accounts in domestic offices (interest-bearing demand deposits, NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)	RCON3485	13,626,531	10.
11. Nontransaction accounts in domestic offices:			11.
a. Savings deposits (includes MMDAs)	RCONB563	317,215,923	11.a.
b. Time deposits of $250,000 or less	RCONHK16	7,957,178	11.b.
c. Time deposits of more than $250,000	RCONHK17	1,516,693	11.c.
12. Interest-bearing deposits in foreign offices, EDGE and Agreement subsidiaries, and IBFs	RCFN3404	6,669,543	12.
13. Federal funds purchased and securities sold under agreements to repurchase	RCFD3353	1,991,035	13.
14. Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases)	RCFD3355	15,987,559	14.

2. Quarterly averages for all debt securities should be based on amortized cost.
2. Quarterly averages for all debt securities should be based on amortized cost.
4. The quarterly average for total assets should reflect securities not held for trading as follows: a) Debt securities at amortized cost, b) Equity securities with readily determinable fair values at fair value, c) Equity investments without readily determinable fair values, their balance sheet carrying values (i.e., fair value or, if elected, cost minus impairment, if any, plus or minus changes resulting from observable price changes).

Schedule RC-L - Derivatives and Off-Balance Sheet Items(Form Type - 031)

Please read carefully the instructions for the preparation of Schedule RC-L. Some of the amounts reported in Schedule RC-L are regarded as volume indicators and not necessarily as measures of risk.

Dollar amounts in thousands			
1. Unused commitments:			1.
a. Revolving, open-end lines secured by 1-4 family residential properties, i.e., home equity lines	RCFD3814	16,460,285	1.a.
Item 1.a.(1) is to be completed for the December report only. 1. Unused commitments for reverse mortgages outstanding that are held for investment in domestic offices	RCONHT72	NR	1.a.1.
b. Credit card lines (Sum of items 1.b.(1) and 1.b.(2) must equal item 1.b)	RCFD3815	30,465,538	1.b.
Items 1.b.(1) and 1.b.(2) are to be completed by banks with either $300 million or more in total assets or $300 million or more in credit card lines. (Sum of items 1.b.(1) and 1.b.(2) must equal item 1.b) Items 1.b.(1) and 1.b.(2) are to be completed semiannually in the June and December reports only. 1. Unused consumer credit card lines	RCFDJ455	26,979,919	1.b.1.
2. Other unused credit card lines	RCFDJ456	3,485,619	1.b.2.
c. Commitments to fund commercial real estate, construction, and land development loans:			1.c.
1. Secured by real estate:			1.c.1.
a. 1-4 family residential construction loan commitments	RCFDF164	4,916	1.c.1.a.
b. Commercial real estate, other construction loan, and land development loan commitments	RCFDF165	4,557,323	1.c.1.b.
2. Not secured by real estate	RCFD6550	12,381,859	1.c.2.
d. Securities underwriting	RCFD3817	0	1.d.
e. Other unused commitments:			1.e.
1. Commercial and industrial loans	RCFDJ457	105,528,966	1.e.1.
2. Loans to financial institutions	RCFDJ458	11,235,284	1.e.2.
3. All other unused commitments	RCFDJ459	34,192,999	1.e.3.
2. Financial standby letters of credit and foreign office guarantees	RCFD3819	9,287,265	2.
Item 2.a is to be completed by banks with $1 billion or more in total assets. a. Amount of financial standby letters of credit conveyed to others[1]	RCFD3820	1,689,213	2.a.
3. Performance standby letters of credit and foreign office guarantees	RCFD3821	1,996,831	3.
Item 3.a is to be completed by banks with $1 billion or more in total assets. a. Amount of performance standby letters of credit conveyed to others[1]	RCFD3822	514,972	3.a.
4. Commercial and similar letters of credit	RCFD3411	235,326	4.
5. Not applicable			5.
6. Securities lent and borrowed:			6.
a. Securities lent (including customers' securities lent where the customer is indemnified against loss by the reporting bank)	RCFD3433	0	6.a.
b. Securities borrowed	RCFD3432	0	6.b.

Dollar amounts in thousands	(Column A) Sold Protection		(Column B) Purchased Protection		
7. Credit derivatives:					7.
a. Notional amounts:					7.a.
1. Credit default swaps	RCFDC968	0	RCFDC969	615,000	7.a.1.
2. Total return swaps	RCFDC970	0	RCFDC971	0	7.a.2.
3. Credit options	RCFDC972	0	RCFDC973	0	7.a.3.
4. Other credit derivatives	RCFDC974	7,039,153	RCFDC975	3,916,536	7.a.4.
b. Gross fair values:					7.b.
1. Gross positive fair value	RCFDC219	0	RCFDC221	2,539	7.b.1.
2. Gross negative fair value	RCFDC220	8,845	RCFDC222	0	7.b.2.

Dollar amounts in thousands			
c. Notional amounts by regulatory capital treatment:[1]			7.c.
1. Positions covered under the Market Risk Rule:			7.c.1.
a. Sold protection	RCFDG401	0	7.c.1.a.
b. Purchased protection	RCFDG402	0	7.c.1.b.
2. All other positions:			7.c.2.
a. Sold protection	RCFDG403	7,039,153	7.c.2.a.
b. Purchased protection that is recognized as a guarantee for regulatory capital purposes	RCFDG404	0	7.c.2.b.
c. Purchased protection that is not recognized as a guarantee for regulatory capital purposes	RCFDG405	4,531,536	7.c.2.c.

Dollar amounts in thousands	(Column A) Remaining Maturity of One Year or Less		(Column B) Remaining Maturity of Over One Year Through Five Years		(Column C) Remaining Maturity of Over Five Years		
d. Notional amounts by remaining maturity:							7.d.
1. Sold credit protection:[2]							7.d.1.
a. Investment grade	RCFDG406	303,348	RCFDG407	1,787,582	RCFDG408	1,994,647	7.d.1.a.
b. Subinvestment grade	RCFDG409	355,436	RCFDG410	2,282,289	RCFDG411	315,851	7.d.1.b.
2. Purchased credit protection:[3]							7.d.2.
a. Investment grade	RCFDG412	297,513	RCFDG413	1,202,012	RCFDG414	779,407	7.d.2.a.
b. Subinvestment grade	RCFDG415	173,766	RCFDG416	1,658,344	RCFDG417	420,494	7.d.2.b.

1. The asset-size tests and the $300 million credit card lines test are based on the total assets and credit card lines reported in the June 30, 2018, Report of Condition.

1. The asset-size tests and the $300 million credit card lines test are based on the total assets and credit card lines reported in the June 30, 2018, Report of Condition.

Dollar amounts in thousands

8. Spot foreign exchange contracts	RCFD8765	1,053,090	8.
9. All other off-balance sheet liabilities (exclude derivatives) (itemize and describe each component of this item over 25% of Schedule RC, item 27.a, "Total bank equity capital")	RCFD3430	0	9.
a. Not applicable			9.a.
b. Commitments to purchase when-issued securities	RCFD3434	0	9.b.
c. Standby letters of credit issued by another party (e.g., a Federal Home Loan Bank) on the bank's behalf	RCFDC978	0	9.c.
d. Disclose component and the dollar amount of that component:			9.d.
1. Describe component	TEXT3555	NR	9.d.1.
2. Amount of component	RCFD3555	0	9.d.2.
e. Disclose component and the dollar amount of that component:			9.e.
1. Describe component	TEXT3556	NR	9.e.1.
2. Amount of component	RCFD3556	0	9.e.2.
f. Disclose component and the dollar amount of that component:			9.f.
(TEXT3557) NR	RCFD3557	0	9.f.1.
10. All other off-balance sheet assets (exclude derivatives) (itemize and describe each component of this item over 25% of Schedule RC, item 27.a, "Total bank equity capital")	RCFD5591	0	10.
a. Commitments to sell when-issued securities	RCFD3435	0	10.a.
b. Disclose component and the dollar amount of that component:			10.b.
1. Describe component	TEXT5592	NR	10.b.1.
2. Amount of component	RCFD5592	0	10.b.2.
c. Disclose component and the dollar amount of that component:			10.c.
1. Describe component	TEXT5593	NR	10.c.1.
2. Amount of component	RCFD5593	0	10.c.2.
d. Disclose component and the dollar amount of that component:			10.d.
1. Describe component	TEXT5594	NR	10.d.1.
2. Amount of component	RCFD5594	0	10.d.2.
e. Disclose component and the dollar amount of that component:			10.e.
1. Describe component	TEXT5595	NR	10.e.1.
2. Amount of component	RCFD5595	0	10.e.2.
Items 11.a and 11.b are to be completed semiannually in the June and December reports only. 11. Year-to-date merchant credit card sales volume:			11.
a. Sales for which the reporting bank is the acquiring bank	RCFDC223	29,053,088	11.a.
b. Sales for which the reporting bank is the agent bank with risk	RCFDC224	0	11.b.

1. Sum of items 7.c.(1)(a) and 7.c.(2)(a), must equal sum of items 7.a.(1) through (4), column A. Sum of items 7.c.(1)(b), 7.c.(2)(b), and 7.c.(2)(c) must equal sum of items 7.a.(1) through (4), column B.
2. Sum of items 7.d.(1)(a) and (b), columns A through C, must equal sum of items 7.a.(1) through (4), column A.
3. Sum of items 7.d.(2)(a) and (b), columns A through C, must equal sum of items 7.a.(1) through (4), column B.

Dollar amounts in thousands	(Column A) Interest Rate Contracts		(Column B) Foreign Exchange Contracts		(Column C) Equity Derivative Contracts		(Column D) Commodity and Other Contracts		
12. Gross amounts (e.g., notional amounts):									12.
a. Futures contracts	RCFD8693	4,795,300	RCFD8694	0	RCFD8695	0	RCFD8696	0	12.a.
b. Forward contracts	RCFD8697	10,476,694	RCFD8698	16,159,461	RCFD8699	0	RCFD8700	0	12.b.
c. Exchange-traded option contracts:									12.c.
1. Written options	RCFD8701	0	RCFD8702	0	RCFD8703	0	RCFD8704	0	12c1.
2. Purchased options	RCFD8705	2,003,000	RCFD8706	0	RCFD8707	0	RCFD8708	0	12c2.
d. Over-the-counter option contracts:									12.d.
1. Written options	RCFD8709	14,522,247	RCFD8710	451,764	RCFD8711	0	RCFD8712	1,717,633	12d1.
2. Purchased options	RCFD8713	24,179,990	RCFD8714	389,402	RCFD8715	0	RCFD8716	1,717,633	12d2.
e. Swaps	RCFD3450	371,998,107	RCFD3826	2,119,244	RCFD8719	7,773,682	RCFD8720	8,534,998	12.e.
13. Total gross notional amount of derivative contracts held for trading	RCFDA126	297,507,195	RCFDA127	13,309,258	RCFD8723	0	RCFD8724	11,970,264	13.
14. Total gross notional amount of derivative contracts held for purposes other than trading	RCFD8725	130,468,142	RCFD8726	5,810,613	RCFD8727	7,773,682	RCFD8728	0	14.
a. Interest rate swaps where the bank has agreed to pay a fixed rate	RCFDA589	24,328,230							14.a.
15. Gross fair values of derivative contracts:									15.
a. Contracts held for trading:									15.a.
1. Gross positive fair value	RCFD8733	4,105,187	RCFD8734	158,802	RCFD8735	0	RCFD8736	1,469,003	15a1.
2. Gross negative fair value	RCFD8737	1,569,931	RCFD8738	150,419	RCFD8739	0	RCFD8740	1,485,424	15a2.
b. Contracts held for purposes other than trading:									15.b.
1. Gross positive fair value	RCFD8741	172,176	RCFD8742	51,396	RCFD8743	0	RCFD8744	0	15b1.
2. Gross negative fair value	RCFD8745	97,283	RCFD8746	80,776	RCFD8747	175,873	RCFD8748	0	15b2.

Dollar amounts in thousands	(Column A) Banks and Securities Firms	(Column B)	(Column C) Hedge Funds	(Column D) Sovereign Governments	(Column E) Corporations and All Other Counterparties	
Item 16 is to be completed only by banks with total assets of $10 billion or more. 16. Over-the counter derivatives:[1]						16.
a. Net current credit exposure	RCFDG418 1,140,699		RCFDG420 0	RCFDG421 0	RCFDG422 3,787,351	16.a.
b. Fair value of collateral:						16.b.
1. Cash - U.S. dollar	RCFDG423 1,501,864		RCFDG425 0	RCFDG426 0	RCFDG427 65,063	16.b.1.
2. Cash - Other currencies	RCFDG428 0		RCFDG430 0	RCFDG431 0	RCFDG432 0	16.b.2.
3. U.S. Treasury securities	RCFDG433 7,539		RCFDG435 0	RCFDG436 0	RCFDG437 29,102	16.b.3.
4. U.S. Government agency and U.S. Government-sponsored agency debt securities	RCFDG438 379,511		RCFDG440 0	RCFDG441 0	RCFDG442 0	16.b.4.
5. Corporate bonds	RCFDG443 0		RCFDG445 0	RCFDG446 0	RCFDG447 0	16.b.5.
6. Equity securities	RCFDG448 0		RCFDG450 0	RCFDG451 0	RCFDG452 0	16.b.6.
7. All other collateral	RCFDG453 98,978		RCFDG455 0	RCFDG456 0	RCFDG457 0	16.b.7.
8. Total fair value of collateral (sum of items 16.b.(1) through (7))	RCFDG458 1,987,892		RCFDG460 0	RCFDG461 0	RCFDG462 94,165	16.b.8.

1. The $10 billion asset-size test is based on the total assets reported on the June 30, 2018, Report of Condition.

Schedule RC-M - Memoranda(Form Type - 031)

Dollar amounts in thousands			
1. Extensions of credit by the reporting bank to its executive officers, directors, principal shareholders, and their related interests as of the report date:			1.
a. Aggregate amount of all extensions of credit to all executive officers, directors, principal shareholders, and their related interests	RCFD6164	236,457	1.a.
b. Number of executive officers, directors, and principal shareholders to whom the amount of all extensions of credit by the reporting bank (including extensions of credit to related interests) equals or exceeds the lesser of $500,000 or 5 percent of total capital as defined for this purpose in agency regulations	RCFD6165	5	1.b.
2. Intangible assets:			2.
a. Mortgage servicing assets	RCFD3164	1,759,899	2.a.
1. Estimated fair value of mortgage servicing assets	RCFDA590	1,759,899	2.a.1.
b. Goodwill	RCFD3163	9,311,665	2.b.
c. All other intangible assets	RCFDJF76	196,503	2.c.
d. Total (sum of items 2.a, 2.b, and 2.c) (must equal Schedule RC, item 10)	RCFD2143	11,268,067	2.d.
3. Other real estate owned:			3.
a. Construction, land development, and other land in domestic offices	RCON5508	5,599	3.a.
b. Farmland in domestic offices	RCON5509	0	3.b.
c. 1-4 family residential properties in domestic offices	RCON5510	17,002	3.c.
d. Multifamily (5 or more) residential properties in domestic offices	RCON5511	768	3.d.
e. Nonfarm nonresidential properties in domestic offices	RCON5512	212	3.e.
f. In foreign offices	RCFN5513	0	3.f.
g. Total (sum of items 3.a through 3.g) (must equal Schedule RC, item 7)	RCFD2150	23,581	3.g.
4. Cost of equity securities with readily determinable fair values not held for trading (the fair value of which is reported in Schedule RC, item 2.c)[1]	RCFDJA29	0	4.
5. Other borrowed money:			5.
a. Federal Home Loan Bank advances:			5.a.
1. Advances with a remaining maturity or next repricing date of:[1]			5.a.1.
a. One year or less	RCFDF055	30	5.a.1.a.
b. Over one year through three years	RCFDF056	67	5.a.1.b.
c. Over three years through five years	RCFDF057	0	5.a.1.c.
d. Over five years	RCFDF058	61	5.a.1.d.
2. Advances with a remaining maturity of one year or less (included in item 5.a.(1)(a) above)[2]	RCFD2651	30	5.a.2.
3. Structured advances (included in items 5.a.(1)(a) - (d) above)	RCFDF059	0	5.a.3.
b. Other borrowings:			5.b.
1. Other borrowings with a remaining maturity or next repricing date of:[3]			5.b.1.
a. One year or less	RCFDF060	7,789,260	5.b.1.a.
b. Over one year through three years	RCFDF061	1,782,632	5.b.1.b.
c. Over three years through five years	RCFDF062	2,625,230	5.b.1.c.
d. Over five years	RCFDF063	3,449,684	5.b.1.d.
2. Other borrowings with a remaining maturity of one year or less (included in item 5.b.(1)(a) above)[4]	RCFDB571	2,365,955	5.b.2.
c. Total (sum of items 5.a.(1)(a)-(d) and items 5.b.(1)(a)-(d)) (must equal Schedule RC, item 16)	RCFD3190	15,646,964	5.c.
6. Does the reporting bank sell private label or third party mutual funds and annuities?	RCFDB569	Yes	6.
7. Assets under the reporting bank's management in proprietary mutual funds and annuities	RCFDB570	0	7.
8. Internet Web site addresses and physical office trade names:			8.
a. Uniform Resource Locator (URL) of the reporting institution's primary Internet Web site (home page), if any (Example: www.examplebank.com):	TEXT4087	Click here for value	8.a.

1. Item 4 is to be completed only by insured state banks that have been approved by the FDIC to hold grandfathered equity investments. See instructions for this item and the Glossary entry for "Securities Activities" for further detail on accounting for investments in equity securities.
1. Report fixed-rate advances by remaining maturity and floating-rate advances by next repricing date.
2. Report both fixed- and floating-rate advances by remaining maturity. Exclude floating-rate advances with a next repricing date of one year or less that have a remaining maturity of over one year.
3. Report fixed-rate other borrowings by remaining maturity and floating-rate other borrowings by next repricing date.
4. Report both fixed- and floating-rate other borrowings by remaining maturity. Exclude floating rate other borrowings with a next repricing date of one year or less that have a remaining maturity of over one year.

Dollar amounts in thousands

b. URLs of all other public-facing Internet Web sites that the reporting institution uses to accept or solicit deposits from the public, if any (Example: www.examplebank.biz):[1]			8.b.
1. URL 1	TE01N528	Click here for value	8.b.1.
2. URL 2	TE02N528	NR	8.b.2.
3. URL 3	TE03N528	NR	8.b.3.
4. URL 4	TE04N528	NR	8.b.4.
5. URL 5	TE05N528	NR	8.b.5.
6. URL 6	TE06N528	NR	8.b.6.
7. URL 7	TE07N528	NR	8.b.7.
8. URL 8	TE08N528	NR	8.b.8.
9. URL 9	TE09N528	NR	8.b.9.
10. URL 10	TE10N528	NR	8.b.10.
c. Trade names other than the reporting institution's legal title used to identify one or more of the institution's physical offices at which deposits are accepted or solicited from the public, if any:			8.c.
1. Trade name 1	TE01N529	NR	8.c.1.
2. Trade name 2	TE02N529	NR	8.c.2.
3. Trade name 3	TE03N529	NR	8.c.3.
4. Trade name 4	TE04N529	NR	8.c.4.
5. Trade name 5	TE05N529	NR	8.c.5.
6. Trade name 6	TE06N529	NR	8.c.6.
Item 9 is to be completed annually in the December report only. 9. Do any of the bank's Internet Web sites have transactional capability, i.e., allow the bank's customers to execute transactions on their accounts through the Web site?	RCFD4088	NR	9.
10. Secured liabilities:			10.
a. Amount of "Federal funds purchased in domestic offices" that are secured (included in Schedule RC, item 14.a)	RCONF064	0	10.a.
b. Amount of "Other borrowings" that are secured (included in Schedule RC-M, items 5.b.(1)(a) - (d))	RCFDF065	215,107	10.b.
11. Does the bank act as trustee or custodian for Individual Retirement Accounts, Health Savings Accounts, and other similar accounts?	RCONG463	Yes	11.
12. Does the bank provide custody, safekeeping, or other services involving the acceptance of orders for the sale or purchase of securities?	RCONG464	Yes	12.
13. Assets covered by loss-sharing agreements with the FDIC:			13.
a. Loans and leases (included in Schedule RC, items 4.a and 4.b):			13.a.
1. Loans secured by real estate in domestic offices:			13.a.1.
a. Construction, land development, and other land loans:			13.a.1.a.
1. 1-4 family residential construction loans	RCONK169	0	13.a.1.a.1.
2. Other construction loans and all land development and other land loans	RCONK170	0	13.a.1.a.2.
b. Secured by farmland	RCONK171	0	13.a.1.b.
c. Secured by 1-4 family residential properties:			13.a.1.c.
1. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	RCONK172	0	13.a.1.c.1.
2. Closed-end loans secured by 1-4 family residential properties:			13.a.1.c.2.
a. Secured by first liens	RCONK173	0	13.a.1.c.2.a.
b. Secured by junior liens	RCONK174	0	13.a.1.c.2.b.
d. Secured by multifamily (5 or more) residential properties	RCONK175	0	13.a.1.d.
e. Secured by nonfarm nonresidential properties:			13.a.1.e.
1. Loans secured by owner-occupied nonfarm nonresidential properties	RCONK176	0	13.a.1.e.1.
2. Loans secured by other nonfarm nonresidential properties	RCONK177	0	13.a.1.e.2.
2. Not applicable			13.a.2.
3. Not applicable			13.a.3.
4. Not applicable			13.a.4.
5. All other loans and all leases	RCFDK183	0	13.a.5.

1. Report only highest level URLs (for example, report www.examplebank.biz, but do not also report www.examplebank.biz/checking). Report each top level domain name used (for example, report both www.examplebank.biz and www.examplebank.net).

Dollar amounts in thousands			
b. Other real estate owned (included in Schedule RC, item 7):			13.b.
1. Construction, land development, and other land in domestic offices	RCONK187	0	13.b.1.
2. Farmland in domestic offices	RCONK188	0	13.b.2.
3. 1-4 family residential properties in domestic offices	RCONK189	0	13.b.3.
4. Multifamily (5 or more) residential properties in domestic offices	RCONK190	0	13.b.4.
5. Nonfarm nonresidential properties in domestic offices	RCONK191	0	13.b.5.
6. In foreign offices	RCFNK260	0	13.b.6.
7. Portion of covered other real estate owned included in items 13.b.(1) through (6) above that is protected by FDIC loss-sharing agreements	RCFDK192	0	13.b.7.
c. Debt securities (included in Schedule RC, items 2.a and 2.b)	RCFDJ461	0	13.c.
d. Other assets (exclude FDIC loss-sharing indemnification assets)	RCFDJ462	0	13.d.
Items 14.a and 14.b are to be completed annually in the December report only. 14. Captive insurance and reinsurance subsidiaries:			14.
a. Total assets of captive insurance subsidiaries[2]	RCFDK193	NR	14.a.
b. Total assets of captive reinsurance subsidiaries[2]	RCFDK194	NR	14.b.
Item 15 is to be completed by institutions that are required or have elected to be treated as a Qualified Thrift Lender. 15. Qualified Thrift Lender (QTL) test:			15.
a. Does the institution use the Home Owners' Loan Act (HOLA) QTL test or the Internal Revenue Service Domestic Building and Loan Association (IRS DBLA) test to determine its QTL compliance? (for the HOLA QTL test, enter 1; for the IRS DBLA test, enter 2)	RCONL133	NR	15.a.
b. Has the institution been in compliance with the HOLA QTL test as of each month end during the quarter or the IRS DBLA test for its most recent taxable year, as applicable?	RCONL135	NR	15.b.
Item 16.a and, if appropriate, items 16.b.(1) through 16.b.(3) are to be completed annually in the December report only. 16. International remittance transfers offered to consumers:[1]			16.
a. Estimated number of international remittance transfers provided by your institution during the calendar year ending on the report date	RCONN523	NR	16.a.
Items 16.b.(1) through 16.b.(3) are to be completed by institutions that reported 501 or more international remittance transfers in item 16.a in either or both of the current report or the most recent prior report in which item 16.a was required to be completed. b. Estimated dollar value of remittance transfers provided by your institution and usage of regulatory exceptions during the calendar year ending on the report date:			16.b.
1. Estimated dollar value of international remittance transfers	RCONN524	NR	16.b.1.
2. Estimated number of international remittance transfers for which your institution applied the permanent exchange rate exception	RCONMM07	NR	16.b.2.
3. Estimated number of international remittance transfers for which your institution applied the permanent covered third-party fee exception	RCONMQ52	NR	16.b.3.
17. U.S. Small Business Administration Paycheck Protection Program (PPP) loans and the Federal Reserve PPP Liquidity Facility (PPPLF):[3]			17.
a. Number of PPP loans outstanding	RCONLG26	79479	17.a.
b. Outstanding balance of PPP loans	RCONLG27	9,501,237	17.b.
c. Outstanding balance of PPP loans pledged to the PPPLF	RCONLG28	0	17.c.
d. Outstanding balance of borrowings from Federal Reserve Banks under the PPPLF with a remaining maturity of:			17.d.
1. One year or less	RCONLL59	0	17.d.1.
2. More than one year	RCONLL60	0	17.d.2.
e. Quarterly average amount of PPP loans pledged to the PPPLF and excluded from "Total assets for the leverage ratio" reported in Schedule RC-R, Part I, item 30	RCONLL57	0	17.e.
18. Money Market Mutual Fund Liquidity Facility (MMLF):			18.
a. Outstanding balance of assets purchased under the MMLF	RCONLL61	0	18.a.
b. Quarterly average amount of assets purchased under the MMLF and excluded from "Total assets for the leverage ratio" reported in Schedule RC-R, Part I, item 30	RCONLL58	0	18.b.

2. Report total assets before eliminating intercompany transactions between the consolidated insurance or reinsurance subsidiary and other offices or consolidated subsidiaries of the reporting bank.

1. Report information about international electronic transfers of funds offered to consumers in the United States that: (a) are "remittance transfers" as defined by subpart B of Regulation E (12 CFR § 1005.30(e)), or (b) would qualify as "remittance transfers" under subpart B of Regulation E (12 CFR § 1005.30(e)) but are excluded from that definition only because the provider is not providing those transfers in the normal course of its business. See 12 CFR § 1005.30(f). For purposes of this item 16, such trans

3. Paycheck Protection Program (PPP) covered loans as defined in sections 7(a)(36) and 7(a)(37) of the Small Business Act (15 U.S.C. 636(a)(36) and (37)). The PPP was established by Section 1102 of the 2020 Coronavirus Aid, Relief, and Economic Security Act.

(TEXT4087) www.pnc.com

Schedule RC-N - Past Due and Nonaccrual Loans Leases and Other Assets(Form Type - 031)

Dollar amounts in thousands	(Column A) Past due 30 through 89 days and still accruing		(Column B) Past due 90 days or more and still accruing		(Column C) Nonaccrual		
1. Loans secured by real estate:							1.
a. Construction, land development, and other land loans in domestic offices:							1.a.
1. 1-4 family residential construction loans	RCONF172	0	RCONF174	0	RCONF176	501	1.a.1.
2. Other construction loans and all land development and other land loans	RCONF173	560	RCONF175	22	RCONF177	15,023	1.a.2.
b. Secured by farmland in domestic offices	RCON3493	0	RCON3494	0	RCON3495	13,176	1.b.
c. Secured by 1-4 family residential properties in domestic offices:							1.c.
1. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	RCON5398	32,499	RCON5399	0	RCON5400	482,219	1.c.1.
2. Closed-end loans secured by 1-4 family residential properties:							1.c.2.
a. Secured by first liens	RCONC236	244,754	RCONC237	280,244	RCONC229	1,183,835	1.c.2.a.
b. Secured by junior liens	RCONC238	5,225	RCONC239	117	RCONC230	63,749	1.c.2.b.
d. Secured by multifamily (5 or more) residential properties in domestic offices	RCON3499	1,227	RCON3500	0	RCON3501	74,018	1.d.
e. Secured by nonfarm nonresidential properties in domestic offices:							1.e.
1. Loans secured by owner-occupied nonfarm nonresidential properties	RCONF178	4,018	RCONF180	0	RCONF182	81,629	1.e.1.
2. Loans secured by other nonfarm nonresidential properties	RCONF179	2,396	RCONF181	0	RCONF183	189,248	1.e.2.
f. In foreign offices	RCFNB572	0	RCFNB573	0	RCFNB574	0	1.f.
2. Loans to depository institutions and acceptances of other banks:							2.
a. To U.S. banks and other U.S. depository institutions	RCFD5377	0	RCFD5378	0	RCFD5379	0	2.a.
b. To foreign banks	RCFD5380	0	RCFD5381	0	RCFD5382	0	2.b.
3. Loans to finance agricultural production and other loans to farmers	RCFD1594	2,039	RCFD1597	0	RCFD1583	6,703	3.
4. Commercial and industrial loans:							4.
a. To U.S. addressees (domicile)	RCFD1251	44,547	RCFD1252	34,235	RCFD1253	197,143	4.a.
b. To non-U.S. addressees (domicile)	RCFD1254	2,332	RCFD1255	0	RCFD1256	21,660	4.b.
5. Loans to individuals for household, family, and other personal expenditures:							5.
a. Credit cards	RCFDB575	44,735	RCFDB576	40,972	RCFDB577	27	5.a.
b. Automobile loans	RCFDK213	84,295	RCFDK214	3,384	RCFDK215	171,593	5.b.
c. Other (includes revolving credit plans other than credit cards and other consumer loans)	RCFDK216	84,951	RCFDK217	72,690	RCFDK218	5,486	5.c.
6. Loans to foreign governments and official institutions	RCFD5389	0	RCFD5390	0	RCFD5391	0	6.
7. All other loans	RCFD5459	13,454	RCFD5460	4,640	RCFD5461	48,998	7.
8. Lease financing receivables:							8.
a. Leases to individuals for household, family, and other personal expenditures	RCFDF166	0	RCFDF167	0	RCFDF168	0	8.a.
b. All other leases	RCFDF169	6,222	RCFDF170	0	RCFDF171	14,361	8.b.
9. Total loans and leases (sum of items 1 through 8.b)	RCFD1406	573,254	RCFD1407	436,304	RCFD1403	2,569,369	9.
10. Debt securities and other assets (exclude other real estate owned and other repossessed assets)	RCFD3505	18	RCFD3506	1	RCFD3507	0	10.
11. Loans and leases reported in items 1 through 8 above that are wholly or partially guaranteed by the U.S. Government, excluding loans and leases covered by loss-sharing agreements with the FDIC:	RCFDK036	201,524	RCFDK037	326,345	RCFDK038	148,647	11.
a. Guaranteed portion of loans and leases included in item 11 above, excluding rebooked "GNMA loans"	RCFDK039	59,812	RCFDK040	64,055	RCFDK041	596	11.a.
b. Rebooked "GNMA loans" that have been repurchased or are eligible for repurchase included in item 11 above	RCFDK042	140,506	RCFDK043	260,310	RCFDK044	148,051	11.b.
12. Loans and leases reported in items 1 through 8 above that are covered by loss-sharing agreements with the FDIC:							12.
a. Loans secured by real estate in domestic offices:							12.a.
1. Construction, land development, and other land loans:							12.a.1.
a. 1-4 family residential construction loans	RCONK045	0	RCONK046	0	RCONK047	0	12.a.1.a.

Dollar amounts in thousands	(Column A) Past due 30 through 89 days and still accruing		(Column B) Past due 90 days or more and still accruing		(Column C) Nonaccrual		
b. Other construction loans and all land development and other land loans	RCONK048	0	RCONK049	0	RCONK050	0	12.a.1.b.
2. Secured by farmland	RCONK051	0	RCONK052	0	RCONK053	0	12.a.2.
3. Secured by 1-4 family residential properties:							12.a.3.
a. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	RCONK054	0	RCONK055	0	RCONK056	0	12.a.3.a.
b. Closed-end loans secured by 1-4 family residential properties:							12.a.3.b.
1. Secured by first liens	RCONK057	0	RCONK058	0	RCONK059	0	12.a.3.b.1.
2. Secured by junior liens	RCONK060	0	RCONK061	0	RCONK062	0	12.a.3.b.2.
4. Secured by multifamily (5 or more) residential properties	RCONK063	0	RCONK064	0	RCONK065	0	12.a.4.
5. Secured by nonfarm nonresidential properties:							12.a.5.
a. Loans secured by owner-occupied nonfarm nonresidential properties	RCONK066	0	RCONK067	0	RCONK068	0	12.a.5.a.
b. Loans secured by other nonfarm nonresidential properties	RCONK069	0	RCONK070	0	RCONK071	0	12.a.5.b.
b. Not applicable							12.b.
c. Not applicable							12.c.
d. Not applicable							12.d.
e. All other loans and all leases	RCFDK087	0	RCFDK088	0	RCFDK089	0	12.e.
f. Portion of covered loans and leases included in items 12.a through 12.e above that is protected by FDIC loss-sharing agreements	RCFDK102	0	RCFDK103	0	RCFDK104	0	12.f.
1. Loans restructured in troubled debt restructurings included in Schedule RC-N, items 1 through 7, above (and not reported in Schedule RC-C, Part 1, Memorandum item 1):							M.1.
a. Construction, land development, and other land loans in domestic offices:							M.1.a.
1. 1-4 family residential construction loans	RCONK105	0	RCONK106	0	RCONK107	0	M.1.a.1.
2. Other construction loans and all land development and other land loans	RCONK108	0	RCONK109	0	RCONK110	4,778	M.1.a.2.
b. Loans secured by 1-4 family residential properties in domestic offices	RCONF661	5,822	RCONF662	758	RCONF663	473,605	M.1.b.
c. Secured by multifamily (5 or more) residential properties in domestic offices	RCONK111	0	RCONK112	0	RCONK113	315	M.1.c.
d. Secured by nonfarm nonresidential properties in domestic offices:							M.1.d.
1. Loans secured by owner-occupied nonfarm nonresidential properties	RCONK114	34	RCONK115	0	RCONK116	36,470	M.1.d.1.
2. Loans secured by other nonfarm nonresidential properties	RCONK117	0	RCONK118	0	RCONK119	10,263	M.1.d.2.
e. Commercial and industrial loans:							M.1.e.
1. To U.S. addressees (domicile)	RCFDK120	1,709	RCFDK121	900	RCFDK122	115,184	M.1.e.1.
2. To non-U.S. addressees (domicile)	RCFDK123	0	RCFDK124	0	RCFDK125	21,660	M.1.e.2.
f. All other loans (include loans to individuals for household, family, and other personal expenditures)	RCFDK126	4,645	RCFDK127	2,415	RCFDK128	53,953	M.1.f.
Itemize loan categories included in Memorandum item 1.f, above that exceed 10 percent of total loans restructured in troubled debt restructurings that are past due 30 days or more or in nonaccrual status (sum of Memorandum items 1.a through 1.f, columns A through C): 1. Loans secured by farmland in domestic offices	RCONK130	0	RCONK131	0	RCONK132	0	M.1.f.1.
2. Not applicable							M.1.f.2.
3. Loans to finance agricultural production and other loans to farmers	RCFDK138	0	RCFDK139	0	RCFDK140	0	M.1.f.3.
4. Loans to individuals for household, family, and other personal expenditures:							M.1.f.4.
a. Credit cards	RCFDK274	4,295	RCFDK275	2,383	RCFDK276	0	M.1.f.4.a.
b. Automobile loans	RCFDK277	0	RCFDK278	0	RCFDK279	0	M.1.f.4.b.
c. Other (includes revolving credit plans other than credit cards and other consumer loans)	RCFDK280	0	RCFDK281	0	RCFDK282	0	M.1.f.4.c.
g. Total loans restructured in troubled debt restructurings included in Schedule RC-N, items 1 through 7, above and not reported in Schedule RC-C, Part I, Memorandum item 1 (sum of items Memorandum item 1.a.(1) through Memorandum item 1.f)[1]	RCFDHK26	12,210	RCFDHK27	4,073	RCFDHK28	716,228	M.1.g.

1. Exclude amounts reported in Memorandum items 1.f.(1) through 1.f.(4) when calculating the total in Memorandum item 1.g.

Dollar amounts in thousands	(Column A) Past due 30 through 89 days and still accruing		(Column B) Past due 90 days or more and still accruing		(Column C) Nonaccrual		
2. Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in Schedule RC-N, items 4 and 7, above	RCFD6558	0	RCFD6559	0	RCFD6560	0	M.2.
3. Loans secured by real estate to non-U.S. addressees (domicile) (included in Schedule RC-N, item 1, above)	RCFD1248	0	RCFD1249	0	RCFD1250	0	M.3.
4. Not applicable							M.4.
5. Loans and leases held for sale (included in Schedule RC-N, items 1 through 8, above)	RCFDC240	6,626	RCFDC241	3,489	RCFDC226	114,910	M.5.

Dollar amounts in thousands	(Column A) Past due 30 through 89 days		(Column B) Past due 90 days or more		
6. Derivative contracts: Fair value of amounts carried as assets	RCFD3529	18	RCFD3530	1	M.6.

Dollar amounts in thousands			
Memorandum items 7, 8, 9.a, and 9.b are to be completed semiannually in the June and December reports only. 7. Additions to nonaccrual assets during the previous six months	RCFDC410	494,898	M.7.
8. Nonaccrual assets sold during the previous six months	RCFDC411	20,779	M.8.

Dollar amounts in thousands	(Column A) Past due 30 through 89 days and still accruing		(Column B) Past due 90 days or more and still accruing		(Column C) Nonaccrual		
9. Purchased credit-impaired loans accounted for in accordance with FASB ASC 310-30 (former AICPA Stament of Position 03-3):[2]							M.9.
a. Outstanding balance	RCFDL183	NR	RCFDL184	NR	RCFDL185	NR	M.9.a.
b. Amount included in Schedule RC-N, items 1 through 7, above	RCFDL186	NR	RCFDL187	NR	RCFDL188	NR	M.9.b.

2. Memorandum items 9.a and 9.b should be completed only by institutions that have not yet adopted ASU 2016-13.

Schedule RC-O - Other Data for Deposit Insurance and FICO Assessments(Form Type - 031)

All FDIC-insured depository institutions must complete items 1 through 9, 10, and 11, Memorandum item 1, and, if applicable, item 9.a, Memorandum items 2, 3, and 6 through 18 each quarter. Unless otherwise indicated, complete items 1 through 11 and Memorandum items 1 through 3 on an "unconsolidated single FDIC certificate number basis" (see instructions) and complete Memorandum items 6 through 18 on a fully consolidated basis.

Dollar amounts in thousands			
1. Total deposit liabilities before exclusions (gross) as defined in Section 3(l) of the Federal Deposit Insurance Act and FDIC regulations	RCFDF236	**380,484,729**	1.
2. Total allowable exclusions, including interest accrued and unpaid on allowable exclusions (including foreign deposits)	RCFDF237	**6,912,329**	2.
3. Total foreign deposits, including interest accrued and unpaid thereon (included in item 2 above)	RCFNF234	**6,912,329**	3.
4. Average consolidated total assets for the calendar quarter	RCFDK652	**463,258,735**	4.
a. Averaging method used (for daily averaging, enter 1; for weekly averaging, enter 2)	RCFDK653	**1**	4.a.
5. Average tangible equity for the calendar quarter[1]	RCFDK654	**36,341,552**	5.
6. Holdings of long-term unsecured debt issued by other FDIC-insured depository institutions	RCFDK655	**61,980**	6.
7. Unsecured "Other borrowings" with a remaining maturity of (sum of items 7.a through 7.d must be less than or equal to Schedule RC-M, items 5.b.(1)(a)-(d) minus item 10.b):			7.
a. One year or less	RCFDG465	**2,209,839**	7.a.
b. Over one year through three years	RCFDG466	**7,529,365**	7.b.
c. Over three years through five years	RCFDG467	**2,450,796**	7.c.
d. Over five years	RCFDG468	**3,241,699**	7.d.
8. Subordinated notes and debentures with a remaining maturity of (sum of items 8.a through 8.d must equal Schedule RC, item 19):			8.
a. One year or less	RCFDG469	**0**	8.a.
b. Over one year through three years	RCFDG470	**2,640,292**	8.b.
c. Over three years through five years	RCFDG471	**527,726**	8.c.
d. Over five years	RCFDG472	**2,103,255**	8.d.
9. Brokered reciprocal deposits (included in Schedule RC-E, Part I, Memorandum item 1.b)	RCONG803	**0**	9.
Item 9.a is to be completed on a fully consolidated basis by all institutions that own another insured depository institution. a. Fully consolidated brokered reciprocal deposits	RCONL190	**NR**	9.a.
10. Banker's bank certification: Does the reporting institution meet both the statutory definition of a banker's bank and the business conduct test set forth in FDIC regulations? If the answer to item 10 is "YES," complete items 10.a and 10.b	RCFDK656	**No**	10.
If the answer to item 10 is "YES," complete items 10.a and 10.b. a. Banker's bank deduction	RCFDK657	**NR**	10.a.
b. Banker's bank deduction limit	RCFDK658	**NR**	10.b.
11. Custodial bank certification: Does the reporting institution meet the definition of a custodial bank set forth in FDIC regulations? If the answer to item 11 is "YES," complete items 11.a and 11.b	RCFDK659	**Yes**	11.
If the answer to item 11 is "YES," complete items 11.a and 11.b. a. Custodial bank deduction	RCFDK660	**135,887,065**	11.a.
b. Custodial bank deduction limit	RCFDK661	**317,290**	11.b.
1. Total deposit liabilities of the bank (including related interest accrued and unpaid) less allowable exclusions (including related interest accrued and unpaid) (sum of Memorandum items 1.a.(1), 1.b.(1), 1.c.(1), and 1.d.(1) must equal Schedule RC-O, item 1 less item 2):			M.1.
a. Deposit accounts (excluding retirement accounts) of $250,000 or less:[1]			M.1.a.
1. Amount of deposit accounts (excluding retirement accounts) of $250,000 or less	RCONF049	**164,185,691**	M.1.a.1.
2. Number of deposit accounts (excluding retirement accounts) of $250,000 or less	RCONF050	**18531434**	M.1.a.2.
b. Deposit accounts (excluding retirement accounts) of more than $250,000:[1]			M.1.b.
1. Amount of deposit accounts (excluding retirement accounts) of more than $250,000	RCONF051	**204,145,263**	M.1.b.1.
2. Number of deposit accounts (excluding retirement accounts) of more than $250,000	RCONF052	**142510**	M.1.b.2.
c. Retirement deposit accounts of $250,000 or less:[1]			M.1.c.
1. Amount of retirement deposit accounts of $250,000 or less	RCONF045	**4,847,540**	M.1.c.1.
2. Number of retirement deposit accounts of $250,000 or less	RCONF046	**242011**	M.1.c.2.
d. Retirement deposit accounts of more than $250,000:[1]			M.1.d.

1. See instructions for averaging methods. For deposit insurance assessment purposes, tangible equity is defined as Tier 1 capital as set forth in the banking agencies' regulatory capital standards and reported in Schedule RC-R, Part I, item 26, except as described in the instructions.

1. The dollar amounts used as the basis for reporting in Memorandum items 1.a through 1.d reflect the deposit insurance limits in effect on the report date.

Dollar amounts in thousands			
1. Amount of retirement deposit accounts of more than $250,000	RCONF047	393,906	M.1.d.1.
2. Number of retirement deposit accounts of more than $250,000	RCONF048	514	M.1.d.2.
Memorandum item 2 is to be completed by banks with $1 billion or more in total assets. 2. Estimated amount of uninsured deposits in domestic offices of the bank and in insured branches in Puerto Rico and U.S. territories and possessions, including related interest accrued and unpaid (see instructions)[3]	RCON5597	155,815,202	M.2.
3. Has the reporting institution been consolidated with a parent bank or savings association in that parent bank's or parent savings association's Call Report? If so, report the legal title and FDIC Certificate Number of the parent bank or parent savings association:			M.3.
a. Legal title	TEXTA545	NR	M.3.a.
b. FDIC Certificate Number	RCONA545	0	M.3.b.
4. Dually payable deposits in the reporting institution's foreign branches	RCFNGW43	0	M.4.
Memorandum items 5 through 12 are to be completed by "large institutions" and "highly complex institutions" as defined in FDIC regulations. 5. Applicable portion of the CECL transitional amount or modified CECL transitional amount that has been added to retained earnings for regulatory capital purposes as of the current report date and is attributable to loans and leases held for investment	RCFDMW53	877,283	M.5.
6. Criticized and classified items:			M.6.
a. Special mention	RCFDK663	CONF	M.6.a.
b. Substandard	RCFDK664	CONF	M.6.b.
c. Doubtful	RCFDK665	CONF	M.6.c.
d. Loss	RCFDK666	CONF	M.6.d.
7. "Nontraditional 1-4 family residential mortgage loans" as defined for assessment purposes only in FDIC regulations:			M.7.
a. Nontraditional 1-4 family residential mortgage loans	RCFDN025	CONF	M.7.a.
b. Securitizations of nontraditional 1-4 family residential mortgage loans	RCFDN026	CONF	M.7.b.
8. "Higher-risk consumer loans" as defined for assessment purposes only in FDIC regulations:			M.8.
a. Higher-risk consumer loans	RCFDN027	CONF	M.8.a.
b. Securitizations of higher-risk consumer loans	RCFDN028	CONF	M.8.b.
9. "Higher-risk commercial and industrial loans and securities" as defined for assessment purposes only in FDIC regulations:			M.9.
a. Higher-risk commercial and industrial loans and securities	RCFDN029	CONF	M.9.a.
b. Securitizations of higher-risk commercial and industrial loans and securities	RCFDN030	CONF	M.9.b.
10. Commitments to fund construction, land development, and other land loans secured by real estate for the consolidated bank:			M.10.
a. Total unfunded commitments	RCFDK676	3,529,921	M.10.a.
b. Portion of unfunded commitments guaranteed or insured by the U.S. government (including the FDIC)	RCFDK677	0	M.10.b.
11. Amount of other real estate owned recoverable from the U.S. government under guarantee or insurance provisions (excluding FDIC loss-sharing agreements)	RCFDK669	0	M.11.
12. Nonbrokered time deposits of more than $250,000 in domestic offices (included in Schedule RC-E, Memorandum item 2.d)	RCONK678	1,457,359	M.12.
Memorandum item 13.a is to be completed by "large institutions" and "highly complex institutions" as defined in FDIC regulations. Memorandum items 13.b through 13.h are to be completed by "large institutions" only. 13. Portion of funded loans and securities in domestic and foreign offices guaranteed or insured by the U.S. government (including FDIC loss-sharing agreements):			M.13.
a. Construction, land development, and other land loans secured by real estate	RCFDN177	0	M.13.a.
b. Loans secured by multifamily residential and nonfarm nonresidential properties	RCFDN178	64,807	M.13.b.
c. Closed-end loans secured by first liens on 1-4 family residential properties	RCFDN179	966,213	M.13.c.
d. Closed-end loans secured by junior liens on 1-4 family residential properties and revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	RCFDN180	0	M.13.d.
e. Commercial and industrial loans	RCFDN181	170,097	M.13.e.
f. Credit card loans to individuals for household, family, and other personal expenditures	RCFDN182	0	M.13.f.
g. All other loans to individuals for household, family, and other personal expenditures	RCFDN183	1,544,720	M.13.g.
h. Non-agency residential mortgage-backed securities	RCFDM963	0	M.13.h.
Memorandum items 14 and 15 are to be completed by "highly complex institutions" as defined in FDIC regulations. 14. Amount of the institution's largest counterparty exposure	RCFDK673	CONF	M.14.
15. Total amount of the institution's 20 largest counterparty exposures	RCFDK674	CONF	M.15.

3. Uninsured deposits should be estimated based on the deposit insurance limits set forth in Memorandum items 1.a through 1.d.

Dollar amounts in thousands			
Memorandum item 16 is to be completed by “large institutions” and “highly complex institutions” as defined in FDIC regulations. 16. Portion of loans restructured in troubled debt restructurings that are in compliance with their modified terms and are guaranteed or insured by the U.S. government (including the FDIC) (included in Schedule RC-C, part I, Memorandum item 1)	RCFDL189	**0**	M.16.
Memorandum item 17 is to be completed on a fully consolidated basis by those “large institutions” and “highly complex institutions” as defined in FDIC regulations that own another insured depository institution. 17. Selected fully consolidated data for deposit insurance assessment purposes:			M.17.
a. Total deposit liabilities before exclusions (gross) as defined in Section 3(l) of the Federal Deposit Insurance Act and FDIC regulations	RCFDL194	**NR**	M.17.a.
b. Total allowable exclusions, including interest accrued and unpaid on allowable exclusions (including foreign deposits)	RCFDL195	**NR**	M.17.b.
c. Unsecured "Other borrowings" with a remaining maturity of one year or less	RCFDL196	**NR**	M.17.c.
d. Estimated amount of uninsured deposits in domestic offices of the institution and in insured branches in Puerto Rico and U.S. territories and possessions, including related interest accrued and unpaid	RCONL197	**NR**	M.17.d.

Dollar amounts in thousands	(Column A) Two-Year Probability of Default (PD) <= 1%	(Column B) Two-Year Probability of Default (PD) 1.01–4%	(Column C) Two-Year Probability of Default (PD) 4.01–7%	(Column D) Two-Year Probability of Default (PD) 7.01–10%	(Column E) Two-Year Probability of Default (PD) 10.01–14%	(Column F) Two-Year Probability of Default (PD) 14.01–16%	(Column G) Two-Year Probability of Default (PD) 16.01–18%	(Column H) Two-Year Probability of Default (PD) 18.01–20%	(Column I) Two-Year Probability of Default (PD) 20.01–22%	(Column J) Two-Year Probability of Default (PD) 22.01–26%	(Column K) Two-Year Probability of Default (PD) 26.01–30%	(Column L) Two-Year Probability of Default (PD) > 30%	(Column M) Two-Year Probability of Default (PD) Unscoreable	(Column N) Two-Year Probability of Default (PD) Total	(Column O) PDs Were Derived Using	
18. Outstanding balance of 1-4 family residential mortgage loans, consumer loans, and consumer leases by two-year probability of default:																M18.
a. "Nontraditional 1-4 family residential mortgage loans" as defined for assessment purposes only in FDIC regulations	RCFDM964 CONF	RCFDM965 CONF	RCFDM966 CONF	RCFDM967 CONF	RCFDM968 CONF	RCFDM969 CONF	RCFDM970 CONF	RCFDM971 CONF	RCFDM972 CONF	RCFDM973 CONF	RCFDM974 CONF	RCFDM975 CONF	RCFDM976 CONF	RCFDM977 CONF	RCFDM978 CONF	M18.a
b. Closed-end loans secured by first liens on 1-4 family residential properties	RCFDM979 CONF	RCFDM980 CONF	RCFDM981 CONF	RCFDM982 CONF	RCFDM983 CONF	RCFDM984 CONF	RCFDM985 CONF	RCFDM986 CONF	RCFDM987 CONF	RCFDM988 CONF	RCFDM989 CONF	RCFDM990 CONF	RCFDM991 CONF	RCFDM992 CONF	RCFDM993 CONF	M18.b
c. Closed-end loans secured by junior liens on 1-4 family residential properties	RCFDM994 CONF	RCFDM995 CONF	RCFDM996 CONF	RCFDM997 CONF	RCFDM998 CONF	RCFDM999 CONF	RCFDN001 CONF	RCFDN002 CONF	RCFDN003 CONF	RCFDN004 CONF	RCFDN005 CONF	RCFDN006 CONF	RCFDN007 CONF	RCFDN008 CONF	RCFDN009 CONF	M18.c
d. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	RCFDN010 CONF	RCFDN011 CONF	RCFDN012 CONF	RCFDN013 CONF	RCFDN014 CONF	RCFDN015 CONF	RCFDN016 CONF	RCFDN017 CONF	RCFDN018 CONF	RCFDN019 CONF	RCFDN020 CONF	RCFDN021 CONF	RCFDN022 CONF	RCFDN023 CONF	RCFDN024 CONF	M18.d
e. Credit cards	RCFDN040 CONF	RCFDN041 CONF	RCFDN042 CONF	RCFDN043 CONF	RCFDN044 CONF	RCFDN045 CONF	RCFDN046 CONF	RCFDN047 CONF	RCFDN048 CONF	RCFDN049 CONF	RCFDN050 CONF	RCFDN051 CONF	RCFDN052 CONF	RCFDN053 CONF	RCFDN054 CONF	M18.e
f. Automobile loans	RCFDN055 CONF	RCFDN056 CONF	RCFDN057 CONF	RCFDN058 CONF	RCFDN059 CONF	RCFDN060 CONF	RCFDN061 CONF	RCFDN062 CONF	RCFDN063 CONF	RCFDN064 CONF	RCFDN065 CONF	RCFDN066 CONF	RCFDN067 CONF	RCFDN068 CONF	RCFDN069 CONF	M18.f
g. Student loans	RCFDN070 CONF	RCFDN071 CONF	RCFDN072 CONF	RCFDN073 CONF	RCFDN074 CONF	RCFDN075 CONF	RCFDN076 CONF	RCFDN077 CONF	RCFDN078 CONF	RCFDN079 CONF	RCFDN080 CONF	RCFDN081 CONF	RCFDN082 CONF	RCFDN083 CONF	RCFDN084 CONF	M18.g
h. Other consumer loans and revolving credit plans other than credit cards	RCFDN085 CONF	RCFDN086 CONF	RCFDN087 CONF	RCFDN088 CONF	RCFDN089 CONF	RCFDN090 CONF	RCFDN091 CONF	RCFDN092 CONF	RCFDN093 CONF	RCFDN094 CONF	RCFDN095 CONF	RCFDN096 CONF	RCFDN097 CONF	RCFDN098 CONF	RCFDN099 CONF	M18.h
i. Consumer leases	RCFDN100 CONF	RCFDN101 CONF	RCFDN102 CONF	RCFDN103 CONF	RCFDN104 CONF	RCFDN105 CONF	RCFDN106 CONF	RCFDN107 CONF	RCFDN108 CONF	RCFDN109 CONF	RCFDN110 CONF	RCFDN111 CONF	RCFDN112 CONF	RCFDN113 CONF	RCFDN114 CONF	M18.i
j. Total	RCFDN115 CONF	RCFDN116 CONF	RCFDN117 CONF	RCFDN118 CONF	RCFDN119 CONF	RCFDN120 CONF	RCFDN121 CONF	RCFDN122 CONF	RCFDN123 CONF	RCFDN124 CONF	RCFDN125 CONF	RCFDN126 CONF	RCFDN127 CONF	RCFDN128 CONF		M18.j

Schedule RC-P - 1-4 Family Residential Mortgage Banking Activities in Domestic Offices(Form Type - 031)

Schedule RC-P is to be completed by banks at which either 1-4 family residential mortgage loan originations and purchases for resale from all sources, loan sales, or quarter-end loans held for sale or trading in domestic offices exceed $10 million for two consecutive quarters.

Dollar amounts in thousands			
1. Retail originations during the quarter of 1-4 family residential mortgage loans for sale[1]	RCONHT81	2,165,570	1.
2. Wholesale originations and purchases during the quarter of 1-4 family residential mortgage loans for sale[2]	RCONHT82	0	2.
3. 1-4 family residential mortgage loans sold during the quarter	RCONFT04	2,187,475	3.
4. 1-4 family residential mortgage loans held for sale or trading at quarter-end (included in Schedule RC, items 4.a and 5)	RCONFT05	1,294,170	4.
5. Noninterest income for the quarter from the sale, securitization, and servicing of 1-4 family residential mortgage loans (included in Schedule RI, items 5.c, 5.f, 5.g, and 5.i)	RIADHT85	45,394	5.
6. Repurchases and indemnifications of 1-4 family residential mortgage loans during the quarter	RCONHT86	47,932	6.
7. Representation and warranty reserves for 1-4 family residential mortgage loans sold:			7.
a. For representations and warranties made to U.S. government agencies and government-sponsored agencies	RCONL191	CONF	7.a.
b. For representations and warranties made to other parties	RCONL192	CONF	7.b.
c. Total representation and warranty reserves (sum of items 7.a and 7.b)	RCONM288	45,965	7.c.

Schedule RC-Q - Assets and Liabilities Measured at Fair Value on a Recurring Basis(Form Type - 031)

Schedule RC-Q is to be completed by banks that:

(1) Have elected to report financial instruments or servicing assets and liabilities at fair value under a fair value option with changes in fair value recognized in earnings, or (2) Are required to complete Schedule RC-D, Trading Assets and Liabilities.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
1. Available-for-sale debt securities and equity securities with readily determinable fair values not held for trading[1]	RCFDJA36 108,101,127	RCFDG474 0	RCFDG475 29,567,084	RCFDG476 77,054,457	RCFDG477 1,479,586	1.
2. Federal funds sold and securities purchased under agreements to resell	RCFDG478 0	RCFDG479 0	RCFDG480 0	RCFDG481 0	RCFDG482 0	2.
3. Loans and leases held for sale	RCFDG483 1,510,875	RCFDG484 0	RCFDG485 0	RCFDG486 1,340,759	RCFDG487 170,116	3.
4. Loans and leases held for investment	RCFDG488 1,365,056	RCFDG489 0	RCFDG490 0	RCFDG491 677,751	RCFDG492 687,305	4.
5. Trading assets:						5.
a. Derivative assets	RCFD3543 4,685,834	RCFDG493 3,547,685	RCFDG494 0	RCFDG495 8,230,980	RCFDG496 2,539	5.a.
b. Other trading assets	RCFDG497 614,607	RCFDG498 0	RCFDG499 576,934	RCFDG500 37,673	RCFDG501 0	5.b.
1. Nontrading securities at fair value with changes in fair value reported in current earnings (included in Schedule RC-Q, item 5.b, above)	RCFDF240 0	RCFDF684 0	RCFDF692 0	RCFDF241 0	RCFDF242 0	5.b.1.
6. All other assets	RCFDG391 4,149,358	RCFDG392 52,831	RCFDG395 28,174	RCFDG396 2,335,638	RCFDG804 1,838,377	6.
7. Total assets measured at fair value on a recurring basis (sum of items 1 through 5.b plus item 6)	RCFDG502 120,426,857	RCFDG503 3,600,516	RCFDG504 30,172,192	RCFDG505 89,677,258	RCFDG506 4,177,923	7.
8. Deposits	RCFDF252 0	RCFDF686 0	RCFDF694 0	RCFDF253 0	RCFDF254 0	8.
9. Federal funds purchased and securities sold under agreements to repurchase	RCFDG507 0	RCFDG508 0	RCFDG509 0	RCFDG510 0	RCFDG511 0	9.
10. Trading liabilities:						10.
a. Derivative liabilities	RCFD3547 1,075,902	RCFDG512 6,880,220	RCFDG513 0	RCFDG514 7,947,277	RCFDG515 8,845	10.a.
b. Other trading liabilities	RCFDG516 634,617	RCFDG517 0	RCFDG518 634,617	RCFDG519 0	RCFDG520 0	10.b.

1. Exclude originations and purchases of 1–4 family residential mortgage loans that are held for investment.
1. The amount reported in item 1, column A, must equal the sum of Schedule RC, items 2.b and 2.c.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
11. Other borrowed money	RCFDG521 25,671	RCFDG522 0	RCFDG523 0	RCFDG524 24,113	RCFDG525 1,558	11.
12. Subordinated notes and debentures	RCFDG526 0	RCFDG527 0	RCFDG528 0	RCFDG529 0	RCFDG530 0	12.
13. All other liabilities	RCFDG805 1,122,788	RCFDG806 124,187	RCFDG807 0	RCFDG808 986,701	RCFDG809 260,274	13.
14. Total liabilities measured at fair value on a recurring basis (sum of items 8 through 13)	RCFDG531 2,858,978	RCFDG532 7,004,407	RCFDG533 634,617	RCFDG534 8,958,091	RCFDG535 270,677	14.
1. All other assets (itemize and describe amounts included in Schedule RC-Q, item 6, that are greater than $100,000 and exceed 25% of item 6):						M.1.
a. Mortgage servicing assets	RCFDG536 1,759,899	RCFDG537 0	RCFDG538 0	RCFDG539 0	RCFDG540 1,759,899	M.1.a.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
b. Nontrading derivative assets	RCFDG541 2,206,353	RCFDG542 52,831	RCFDG543 2,500	RCFDG544 2,178,207	RCFDG545 78,477	M.1.b.

Dollar amounts in thousands			
c. Disclose component and the dollar amount of that component:			M.1.c.
1. Describe component	TEXTG546	NR	M.1.c.1.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCFDG546 0	RCFDG547 0	RCFDG548 0	RCFDG549 0	RCFDG550 0	M.1.c.2.

Dollar amounts in thousands			
d. Disclose component and the dollar amount of that component:			M.1.d.
1. Describe component	TEXTG551	NR	M.1.d.1.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCFDG551 0	RCFDG552 0	RCFDG553 0	RCFDG554 0	RCFDG555 0	M.1.d.2.

Dollar amounts in thousands			
e. Disclose component and the dollar amount of that component:			M.1.e.
1. Describe component	TEXTG556	NR	M.1.e.1.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCFDG556 0	RCFDG557 0	RCFDG558 0	RCFDG559 0	RCFDG560 0	M.1.e.2.

Dollar amounts in thousands			
f. Disclose component and the dollar amount of that component:			M.1.f.
1. Describe component	TEXTG561	NR	M.1.f.1.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCFDG561 0	RCFDG562 0	RCFDG563 0	RCFDG564 0	RCFDG565 0	M.1.f.2.
2. All other liabilities (itemize and describe amounts included in Schedule RC-Q, item 13, that are greater than $100,000 and exceed 25% of item 13):						M.2.
a. Loan commitments (not accounted for as derivatives)	RCFDF261 74,781	RCFDF689 0	RCFDF697 0	RCFDF262 0	RCFDF263 74,781	M.2.a.
b. Nontrading derivative liabilities	RCFDG566 1,035,843	RCFDG567 124,187	RCFDG568 0	RCFDG569 974,538	RCFDG570 185,492	M.2.b.

Dollar amounts in thousands			
c. Disclose component and the dollar amount of that component:			M.2.c.
1. Describe component	TEXTG571	NR	M.2.c.1.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCFDG571 0	RCFDG572 0	RCFDG573 0	RCFDG574 0	RCFDG575 0	M.2.c.2.

Dollar amounts in thousands			
d. Disclose component and the dollar amount of that component:			M.2.d.
1. Describe component	TEXTG576	NR	M.2.d.1.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCFDG576 0	RCFDG577 0	RCFDG578 0	RCFDG579 0	RCFDG580 0	M.2.d.2.

Dollar amounts in thousands			
e. Disclose component and the dollar amount of that component:			M.2.e.
1. Describe component	TEXTG581	NR	M.2.e.1.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCFDG581 0	RCFDG582 0	RCFDG583 0	RCFDG584 0	RCFDG585 0	M.2.e.2.

Dollar amounts in thousands			
f. Disclose component and the dollar amount of that component:			M.2.f.
1. Describe component (TEXTG586) NR			M.2.f.1.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCFDG586 0	RCFDG587 0	RCFDG588 0	RCFDG589 0	RCFDG590 0	M.2.f.2.

Dollar amounts in thousands	Consolidated Bank		
3. Loans measured at fair value (included in Schedule RC-C, Part I, items 1 through 9):			M.3.
a. Loans secured by real estate:			M.3.a.
1. Secured by 1-4 family residential properties	RCFDHT87	2,658,876	M.3.a.1.
2. All other loans secured by real estate	RCFDHT88	217,202	M.3.a.2.
b. Commercial and industrial loans	RCFDF585	0	M.3.b.
c. Loans to individuals for household, family, and other personal expenditures (i.e., consumer loans) (includes purchased paper)	RCFDHT89	0	M.3.c.
d. Other loans	RCFDF589	0	M.3.d.
4. Unpaid principal balance of loans measured at fair value (reported in Schedule RC-Q, Memorandum item 3):			M.4.
a. Loans secured by real estate:			M.4.a.
1. Secured by 1-4 family residential properties	RCFDHT91	2,910,386	M.4.a.1.
2. All other loans secured by real estate	RCFDHT92	233,742	M.4.a.2.
b. Commercial and industrial loans	RCFDF597	0	M.4.b.
c. Loans to individuals for household, family, and other personal expenditures (i.e., consumer loans) (includes purchased paper)	RCFDHT93	0	M.4.c.
d. Other loans	RCFDF601	0	M.4.d.

Schedule RC-R Part I - Regulatory Capital Components and Ratios(Form Type - 031)

Part I is to be completed on a consolidated basis.

Dollar amounts in thousands			
1. Common stock plus related surplus, net of treasury stock and unearned employee stock ownership plan (ESOP) shares	RCFAP742	31,140,404	1.
2. Retained earnings[1]	RCFAKW00	14,617,468	2.
To be completed only by institutions that have adopted ASU 2016-13: a. Does your institution have a CECL transition election in effect as of the quarter-end report date? (enter "0" for No; enter "1" for Yes with a 3-year CECL transition election; enter "2" for Yes with a 5-year 2020 CECL transition election.)	RCOAJJ29	2	2.a.
3. Accumulated other comprehensive income (AOCI)	RCFAB530	1,505,009	3.
a. AOCI opt-out election (enter "1" for Yes; enter "0" for No.) (Advanced approaches institutions must enter "0" for No.)	RCOAP838	1	3.a.
4. Common equity tier 1 minority interest includable in common equity tier 1 capital	RCFAP839	0	4.
5. Common equity tier 1 capital before adjustments and deductions (sum of items 1 through 4)	RCFAP840	47,262,881	5.
6. LESS: Goodwill net of associated deferred tax liabilities (DTLs)	RCFAP841	9,108,085	6.
7. LESS: Intangible assets (other than goodwill and mortgage servicing assets (MSAs)), net of associated DTLs	RCFAP842	215,764	7.
8. LESS: Deferred tax assets (DTAs) that arise from net operating loss and tax credit carryforwards, net of any related valuation allowances and net of DTLs	RCFAP843	0	8.
9. AOCI-related adjustments (items 9.a through 9.e are effective January 1, 2015) (if entered "1" for Yes in item 3.a, complete only items 9.a through 9.e; if entered "0" for No in item 3.a, complete only item 9.f):			9.
a. LESS: Net unrealized gains (losses) on available-for-sale debt securities (if a gain, report as a positive value; if a loss, report as a negative value)	RCFAP844	1,606,110	9.a.
b. Not applicable.			9.b.
c. LESS: Accumulated net gains (losses) on cash flow hedges (if a gain, report as a positive value; if a loss, report as a negative value)	RCFAP846	236,283	9.c.
d. LESS: Amounts recorded in AOCI attributed to defined benefit postretirement plans resulting from the initial and subsequent application of the relevant GAAP standards that pertain to such plans (if a gain, report as a positive value; if a loss, report as a negative value)	RCFAP847	-334,079	9.d.
e. LESS: Net unrealized gains (losses) on held-to-maturity securities that are included in AOCI (if a gain, report as a positive value; if a loss, report as a negative value)	RCFAP848	0	9.e.
f. LESS: Accumulated net gain (loss) on cash flow hedges included in AOCI, net of applicable income taxes, that relate to the hedging of items that are not recognized at fair value on the balance sheet (if a gain, report as a positive value; if a loss, report as a negative value) (To be completed only by institutions that entered "0" for No in item 3.a)	RCFAP849	NR	9.f.
10. Other deductions from (additions to) common equity tier 1 capital before threshold-based deductions:			10.
a. LESS: Unrealized net gain (loss) related to changes in the fair value of liabilities that are due to changes in own credit risk (if a gain, report as a positive value; if a loss, report as a negative value)	RCFAQ258	18,230	10.a.
b. LESS: All other deductions from (additions to) common equity tier 1 capital before threshold-based deductions.	RCFAP850	17,362	10.b.

Dollar amounts in thousands	(Column A) Non-advanced Approaches Institutions		(Column B) Advanced Approaches Institutions		
11. LESS: Non-significant investments in the capital of unconsolidated financial institutions in the form of common stock that exceed the 10 percent threshold for non-significant investments			RCFWP851	NR	11.
12. Subtotal (for column A, item 5 minus items 6 through 10.b; for column B, item 5 minus items 6 through 11)	RCFAP852	36,395,126	RCFWP852	NR	12.
13. Not available					13.
a. LESS: Investments in the capital of unconsolidated financial institutions, net of associated DTLs, that exceed 25 percent of item 12	RCFALB58	0			13.a.
b. LESS: Significant investments in the capital of unconsolidated financial institutions in the form of common stock, net of associated DTLs, that exceed the 10 percent common equity tier 1 capital deduction threshold			RCFWP853	NR	13.b.
14. Not available					14.
a. LESS: MSAs, net of associated DTLs, that exceed 25 percent of item 12	RCFALB59	0			14.a.
b. LESS: MSAs, net of associated DTLs, that exceed the 10 percent common equity tier 1 capital deduction threshold			RCFWP854	NR	14.b.
15. Not available					15.
a. LESS: DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs, that exceed 25 percent of item 12	RCFALB60	0			15.a.
b. LESS: DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs, that exceed the 10 percent common equity tier 1 capital deduction threshold			RCFWP855	NR	15.b.
16. LESS: Amount of significant investments in the capital of unconsolidated financial institutions in the form of common stock, net of associated DTLs; MSAs, net of associated DTLs; and DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs; that exceeds the 15 percent common equity tier 1 capital deduction threshold			RCFWP856	NR	16.
17. LESS: Deductions applied to common equity tier 1 capital due to insufficient amounts of additional tier 1 capital and tier 2 capital to cover deductions	RCFAP857	0	RCFWP857	NR	17.
18. Total adjustments and deductions for common equity tier 1 capital[3]	RCFAP858	0	RCFWP858	NR	18.
19. Common equity tier 1 capital (item 12 minus item 18)	RCFAP859	36,395,126	RCFWP859	NR	19.

Dollar amounts in thousands			
20. Additional tier 1 capital instruments plus related surplus	RCFAP860	0	20.
21. Non-qualifying capital instruments subject to phase out from additional tier 1 capital	RCFAP861	0	21.
22. Tier 1 minority interest not included in common equity tier 1 capital	RCFAP862	0	22.
23. Additional tier 1 capital before deductions (sum of items 20, 21, and 22)	RCFAP863	0	23.
24. LESS: Additional tier 1 capital deductions	RCFAP864	0	24.
25. Additional tier 1 capital (greater of item 23 minus item 24, or zero)	RCFAP865	0	25.
26. Tier 1 capital[1]	RCFA8274	36,395,126	26.
27. Average total consolidated assets[2]	RCFAKW03	464,136,018	27.
28. LESS: Deductions from common equity tier 1 capital and additional tier 1 capital (sum of items 6, 7, 8, 10.b, 13 through 15, 17, and certain elements of item 24 - see instructions)[3]	RCFAP875	9,341,211	28.
29. LESS: Other deductions from (additions to) assets for leverage ratio purposes	RCFAB596	-356,148	29.
30. Total assets for the leverage ratio (item 27 minus items 28 and 29)	RCFAA224	455,150,955	30.
31. Leverage ratio (item 26 divided by 30)	RCFA7204	7.9963%	31.
a. Does your institution have a community bank leverage ratio (CBLR) framework election in effect as of the quarter-end report date? (enter "1" for Yes; enter "0" for No)	RCOALE74	0	31.a.

1. Institutions that have adopted ASU 2016-13 and have elected to apply the 3-year or the 5-year 2020 CECL transition provision should include the applicable portion of the CECL transitional amount or the modified CECL transitional amount, respectively, in this item.

Dollar amounts in thousands	(Column A) Amount		(Column B) Percentage		
32. Total assets*	RCFA2170	NR			32.
33. Trading assets and trading liabilities (Schedule RC, sum of items 5 and 15). Report as a dollar amount in Column A and as a percentage of total assets (5% limit) in Column B	RCFAKX77	NR	RCFAKX78	NR	33.
34. Off-balance sheet exposures:					34.
a. Unused portion of conditionally cancellable commitments	RCFAKX79	NR			34.a.
b. Securities lent and borrowed (Schedule RC-L, sum of items 6.a and 6.b)	RCFAKX80	NR			34.b.
c. Other off-balance sheet exposures	RCFAKX81	NR			34.c.
d. Total off-balance sheet exposures (sum of items 34.a through 34.c). Report as a dollar amount in Column A and as a percentage of total assets (25% limit) in Column B	RCFAKX82	NR	RCFAKX83	NR	34.d.

Dollar amounts in thousands			
35. Unconditionally cancellable commitments	RCFAS540	NR	35.
36. Investments in the tier 2 capital of unconsolidated financial institutions	RCFALB61	NR	36.
37. Allocated transfer risk reserve	RCFA3128	NR	37.
38. Amount of allowances for credit losses on purchased credit-deteriorated assets:			38.
a. Loans and leases held for investment	RCFAJJ30	NR	38.a.
b. Held-to-maturity debt securities	RCFAJJ31	NR	38.b.
c. Other financial assets measured at amortized cost	RCFAJJ32	NR	38.c.
39. Tier 2 capital instruments plus related surplus	RCFAP866	3,050,000	39.
40. Non-qualifying capital instruments subject to phase-out from tier 2 capital	RCFAP867	0	40.
41. Total capital minority interest that is not included in tier 1 capital	RCFAP868	0	41.
42. Allowance for loan and lease losses and eligible credit reserves includable in tier 2 capital			42.
a. Allowance for loan and lease losses includable in tier 2 capital[1]	RCFA5310	3,654,985	42.a.
b. (Advanced approaches institutions that exit parallel run only): Eligible credit reserves includable in tier 2 capital.	RCFW5310	NR	42.b.
43. Not applicable.			43.
44. Tier 2 capital before deductions			44.
a. Tier 2 capital before deductions (sum of items 39 through 42)	RCFAP870	6,704,985	44.a.
b. (Advanced approaches institutions that exit parallel run only): Tier 2 capital before deductions (sum of items 39 through 41, plus item 42.b)	RCFWP870	NR	44.b.
45. LESS: Tier 2 capital deductions	RCFAP872	0	45.
46. Tier 2 capital			46.
a. Tier 2 capital (greater of item 44.a minus item 45, or zero)	RCFA5311	6,704,985	46.a.
b. (Advanced approaches institutions that exit parallel run only): Tier 2 capital (greater of item 44.b minus item 45, or zero)	RCFW5311	NR	46.b.
47. Total capital			47.
a. Total capital (sum of items 26 and 46.a)	RCFA3792	43,100,111	47.a.
b. (Advanced approaches institutions that exit parallel run only): Total capital (sum of items 26 and 46.b)	RCFW3792	NR	47.b.
48. Total risk-weighted assets			48.
a. Total risk-weighted assets (from Schedule RC-R, Part II, item 31)	RCFAA223	320,696,509	48.a.
b. (Advanced approaches institutions that exit parallel run only): Total risk-weighted assets using advanced approaches rule (from FFIEC 101 Schedule A, item 60)	RCFWA223	NR	48.b.

3. Beginning with the June 30, 2020, report date, all non-advanced approaches institutions should report in item 18, column A, the sum of items 13.a, 14.a, 15.a, and 17, column A; all advanced approaches institutions should report in item 18, column B, the sum of items 13.b, 14.b, 15.b, 16, and 17, column B.

1. Beginning with the June 30, 2020, report date, all non-advanced approaches institutions should report the sum of item 19, column A, and item 25 in item 26; all advanced approaches institutions should report the sum of item 19, column B, and item 25 in item 26.

2. Institutions that have adopted ASU 2016-13 and have elected to apply the 3-year or the 5-year 2020 CECL transition provision should include the applicable portion of the CECL transitional amount or the modified CECL transitional amount, respectively, in item 27.

3. Beginning with the June 30, 2020, report date, all non-advanced approaches institutions should report in item 28 the sum of items 6, 7, 8, 10.b, 13.a, 14.a, 15.a, 17 (column A), and certain elements of item 24 - see instructions; all advanced approaches institutions should report in item 28, the sum of items 6, 7, 8, 10.b, 11, 13.b, 14.b, 15.b, 16, 17 (column B), and certain elements of item 24 - see instructions.

Dollar amounts in thousands	(Column A) Percentage		(Column B) Percentage		
49. Common equity tier 1 capital ratio (Column A: item 19, column A or B, as applicable, divided by item 48.a) (Advanced approaches institutions that exit parallel run only: Column B: item 19, column B, divided by item 48.b)	RCFAP793	**11.3488%**	RCFWP793	**NR**	49.
50. Tier 1 capital ratio (Column A: item 26 divided by item 48.a) (Advanced approaches institutions that exit parallel run only: Column B: item 26 divided by item 48.b)	RCFA7206	**11.3488%**	RCFW7206	**NR**	50.
51. Total capital ratio (Column A: item 47.a divided by item 48.a) (Advanced approaches institutions that exit parallel run only: Column B: item 47.b divided by item 48.b)	RCFA7205	**13.4395%**	RCFW7205	**NR**	51.

Dollar amounts in thousands			
52. Institution-specific capital buffer necessary to avoid limitations on distributions and discretionary bonus payments:			52.
a. Capital conservation buffer	RCFAH311	**5.3488%**	52.a.
b. Advanced approaches institutions and institutions subject to Category III capital standards only: Total applicable capital buffer	RCFWH312	**2.5000%**	52.b.
53. Eligible retained income[1]	RCFAH313	**NR**	53.
54. Distributions and discretionary bonus payments during the quarter[2]	RCFAH314	**NR**	54.
55. Advanced approaches institutions and institutions subject to Category III capital standards only: Supplementary leverage ratio information:			55.
a. Total leverage exposure[3]	RCFAH015	**547,657,219**	55.a.
b. Supplementary leverage ratio	RCFAH036	**6.6456%**	55.b.

*. For report dates through December 31, 2021, report the lesser of total assets reported in Schedule RC, item 12, as of December 31, 2019, or the current report date, which must be less than $10 billion.

1. Institutions that have adopted ASU 2016-13 should report the adjusted allowances for credit losses (AACL), as defined in the regulatory capital rule, in item 30.a.

1. Institutions must complete item 53 only if the amount reported in item 52.a above is less than or equal to 2.5000 percent (plus any other applicable buffer if the institution is an advanced approaches institution or a Category III institution).

2. Institutions must complete item 54 only if the amount reported in Schedule RC-R, Part I, item 46.a, in the Call Report for the December 31, 2019, report date was less than or equal to 2.5000 percent (plus any other applicable buffer if the institution is an advanced approaches institution or a Category III institution).

3. Institutions that have adopted ASU 2016-13 and have elected to apply the 3-year or the 5-year 2020 CECL transition provision should include the applicable portion of the CECL transitional amount or the modified CECL transitional amount, respectively, in item 55.a.

Schedule RC-R Part II - Risk-Weighted Assets(Form Type - 031)

Institutions are required to assign a 100 percent risk weight to all assets not specifically assigned a risk weight under Subpart D of the federal banking agencies' regulatory capital rules and not deducted from tier 1 or tier 2 capital.

Dollar amounts in thousands	(Column A) Totals from Schedule RC	(Column B) Adjustments to Totals Reported in Column A	(Column C) Allocation by Risk-Weight Category 0%	(Column D) Allocation by Risk-Weight Category 2%	(Column E) Allocation by Risk-Weight Category 4%	(Column F) Allocation by Risk-Weight Category 10%	(Column G) Allocation by Risk-Weight Category 20%	(Column H) Allocation by Risk-Weight Category 50%	(Column I) Allocation by Risk-Weight Category 100%	(Column J) Allocation by Risk-Weight Category 150%	
1. Cash and balances due from depository institutions..........	RCFDD957 68,208,167	RCFDS396 -1	RCFDD958 66,132,255				RCFDD959 1,667,307	RCFDS397 0	RCFDD960 408,606	RCFDS398 0	1.
2. Securities:											2.
a. Held-to-maturity securities[3]..	RCFDD961 1,485,558	RCFDS399 -3,077	RCFDD962 804,472	RCFDHJ74 0	RCFDHJ75 0		RCFDD963 152,337	RCFDD964 298,709	RCFDD965 233,117	RCFDS400 0	2.a.
b. Available-for-sale debt securities and equity securities with readily determinable fair values not held for trading...	RCFDJA21 96,888,405	RCFDS402 1,765,519	RCFDD967 36,515,654	RCFDHJ76 0	RCFDHJ77 0		RCFDD968 54,104,299	RCFDD969 1,367,858	RCFDD970 2,397,970	RCFDS403 0	2.b.
3. Federal funds sold and securities purchased under agreements to resell:											3.
a. Federal funds sold in domestic offices........................	RCOND971 0		RCOND972 0				RCOND973 0	RCONS410 0	RCOND974 0	RCONS411 0	3.a.
b. Securities purchased under agreements to resell........	RCFDH171 1,472,380	RCFDH172 1,472,380									3.b.
4. Loans and leases held for sale:											4.
a. Residential mortgage exposures................................	RCFDS413 1,293,049	RCFDS414 -17	RCFDH173 0				RCFDS415 67,825	RCFDS416 1,118,310	RCFDS417 106,931		4.a.
b. High volatility commercial real estate exposures.........	RCFDS419 0	RCFDS420 0	RCFDH174 0				RCFDH175 0	RCFDH176 0	RCFDH177 0	RCFDS421 0	4.b.
c. Exposures past due 90 days or more or on nonaccrual[3]..	RCFDS423 805	RCFDS424 0	RCFDS425 0	RCFDHJ78 0	RCFDHJ79 0		RCFDS426 0	RCFDS427 0	RCFDS428 0	RCFDS429 805	4.c.

Dollar amounts in thousands	(Column K) Allocation by Risk-Weight Category 250%	(Column L) Allocation by Risk-Weight Category 300%	(Column M) Allocation by Risk-Weight Category 400%	(Column N) Allocation by Risk-Weight Category 600%	(Column O) Allocation by Risk-Weight Category 625%	(Column P) Allocation by Risk-Weight Category 937.5%	(Column Q) Allocation by Risk-Weight Category 1,250%	(Column R) Application of Other Risk-Weighting Approaches Exposure Amount	(Column S) Application of Other Risk-Weighting Approaches Risk-Weighted Asset Amount	
1. Cash and balances due from depository institutions										1.
2. Securities:										2.
a. Held-to-maturity securities										2.a.
b. Available-for-sale debt securities and equity securities with readily determinable fair values not held for trading................	RCFDH270 NR	RCFDS405 0		RCFDS406 0				RCFDH271 737,105	RCFDH272 492,309	2.b.
3. Federal funds sold and securities purchased under agreements to resell:										3.
a. Federal funds sold in domestic offices										3.a.

3. Institutions that have adopted ASU 2016-13 should report as a negative number allowances eligible for inclusion in tier 2 capital in Column B, which excludes PCD allowances.

3. For loans and leases held for sale, exclude residential mortgage exposures, high volatility commercial real estate exposures, or sovereign exposures that are past due 90 days or more or on nonaccrual.

Dollar amounts in thousands	(Column K) Allocation by Risk-Weight Category 250%	(Column L) Allocation by Risk-Weight Category 300%	(Column M) Allocation by Risk-Weight Category 400%	(Column N) Allocation by Risk-Weight Category 600%	(Column O) Allocation by Risk-Weight Category 625%	(Column P) Allocation by Risk-Weight Category 937.5%	(Column Q) Allocation by Risk-Weight Category 1,250%	(Column R) Application of Other Risk-Weighting Approaches Exposure Amount	(Column S) Application of Other Risk-Weighting Approaches Risk-Weighted Asset Amount	
b. Securities purchased under agreements to resell										3.b.
4. Loans and leases held for sale:										4.
a. Residential mortgage exposures..								RCFDH273 0	RCFDH274 0	4.a.
b. High volatility commercial real estate exposures................								RCFDH275 0	RCFDH276 0	4.b.

Dollar amounts in thousands	(Column K) Allocation by Risk-Weight Category 250%	(Column L) Allocation by Risk-Weight Category 300%	(Column M) Allocation by Risk-Weight Category 400%	(Column N) Allocation by Risk-Weight Category 600%	(Column O) Allocation by Risk-Weight Category 625%	(Column P) Allocation by Risk-Weight Category 937.5%	(Column Q) Allocation by Risk-Weight Category 1,250%	(Column R) Application of Other Risk-Weighting Approaches Exposure Amount	(Column S) Application of Other Risk-Weighting Approaches Risk-Weighted Asset Amount	
c. Exposures past due 90 days or more or on nonaccrual[6].....								RCFDH277 0	RCFDH278 0	4.c.

Dollar amounts in thousands	(Column A) Totals from Schedule RC	(Column B) Adjustments to Totals Reported in Column A	(Column C) Allocation by Risk-Weight Category 0%	(Column D) Allocation by Risk-Weight Category 2%	(Column E) Allocation by Risk-Weight Category 4%	(Column F) Allocation by Risk-Weight Category 10%	(Column G) Allocation by Risk-Weight Category 20%	(Column H) Allocation by Risk-Weight Category 50%	(Column I) Allocation by Risk-Weight Category 100%	(Column J) Allocation by Risk-Weight Category 150%	
4. Loans and leases held for sale (continued):											4.
d. All other exposures...	RCFDS431 484,321	RCFDS432 -2,539	RCFDS433 0	RCFDHJ80 0	RCFDHJ81 0		RCFDS434 0	RCFDS435 0	RCFDS436 486,860	RCFDS437 0	4.d.
5. Loans and leases held for investment:											5.
a. Residential mortgage exposures................................	RCFDS439 46,365,373	RCFDS440 -55,491	RCFDH178 0				RCFDS441 706,278	RCFDS442 34,565,228	RCFDS443 11,149,358		5.a.
b. High volatility commercial real estate exposures.........	RCFDS445 1,943,709	RCFDS446 0	RCFDH179 0				RCFDH180 0	RCFDH181 0	RCFDH182 0	RCFDS447 1,943,709	5.b.
c. Exposures past due 90 days or more or on nonaccrual[7]..	RCFDS449 708,016	RCFDS450 -4,638	RCFDS451 0	RCFDHJ82 0	RCFDHJ83 0		RCFDS452 68,816	RCFDS453 0	RCFDS454 0	RCFDS455 643,838	5.c.
d. All other exposures...	RCFDS457 164,802,842	RCFDS458 -208,805	RCFDS459 9,501,237	RCFDHJ84 0	RCFDHJ85 0		RCFDS460 3,750,962	RCFDS461 5,144,030	RCFDS462 146,538,781	RCFDS463 0	5.d.
6. LESS: Allowance for loan and lease losses.......................	RCFD3123 4,048,928	RCFD3123 4,048,928									6.
7. Trading assets..	RCFDD976 5,262,134	RCFDS466 4,715,887	RCFDD977 520,363	RCFDHJ86 0	RCFDHJ87 0		RCFDD978 25,576	RCFDD979 0	RCFDD980 308	RCFDS467 0	7.
8. All other assets[8]...	RCFDD981 36,874,833	RCFDS469 9,862,351	RCFDD982 1,114,915	RCFDHJ88 0	RCFDHJ89 0		RCFDD983 889,111	RCFDD984 285,561	RCFDD985 21,264,869	RCFDH185 4,740	8.
a. Separate account bank-owned life insurance											8.a.
b. Default fund contributions to central counterparties											8.b.

Dollar amounts in thousands	(Column K) Allocation by Risk-Weight Category 250%	(Column L) Allocation by Risk-Weight Category 300%	(Column M) Allocation by Risk-Weight Category 400%	(Column N) Allocation by Risk-Weight Category 600%	(Column O) Allocation by Risk-Weight Category 625%	(Column P) Allocation by Risk-Weight Category 937.5%	(Column Q) Allocation by Risk-Weight Category 1,250%	(Column R) Application of Other Risk-Weighting Approaches Exposure Amount	(Column S) Application of Other Risk-Weighting Approaches Risk-Weighted Asset Amount	
4. Loans and leases held for sale (continued):										4.
d. All other exposures								RCFDH279 0	RCFDH280 0	4.d.
5. Loans and leases held for investment:										5.
a. Residential mortgage exposures								RCFDH281 0	RCFDH282 0	5.a.
b. High volatility commercial real estate exposures								RCFDH283 0	RCFDH284 0	5.b.
c. Exposures past due 90 days or more or on nonaccrual[11]								RCFDH285 0	RCFDH286 0	5.c.
d. All other exposures								RCFDH287 76,637	RCFDH288 76,637	5.d.
6. LESS: Allowance for loan and lease losses										6.
7. Trading assets	RCFDH289 NR	RCFDH186 0	RCFDH290 0	RCFDH187 0				RCFDH291 0	RCFDH292 0	7.
8. All other assets[12]	RCFDH293 1,759,899	RCFDH188 0	RCFDS470 0	RCFDS471 0				RCFDH294 25,640	RCFDH295 31,701	8.
a. Separate account bank-owned life insurance								RCFDH296 1,667,747	RCFDH297 367,141	8.a.
b. Default fund contributions to central counterparties								RCFDH298 0	RCFDH299 0	8.b.

6. For loans and leases held for sale, exclude residential mortgage exposures, high volatility commercial real estate exposures, or sovereign exposures that are past due 90 days or more or on nonaccrual.
7. For loans and leases, net of unearned income, exclude residential mortgage exposures, high volatility commercial real estate exposures, or sovereign exposures that are past due 90 days or more or on nonaccrual.
8. Includes premises and fixed assets; other real estate owned; investments in unconsolidated subsidiaries and associated companies; direct and indirect investments in real estate ventures; intangible assets; and other assets.
11. For loans and leases, net of unearned income, exclude residential mortgage exposures, high volatility commercial real estate exposures, or sovereign exposures that are past due 90 days or more or on nonaccrual.
12. Includes premises and fixed assets; other real estate owned; investments in unconsolidated subsidiaries and associated companies; direct and indirect investments in real estate ventures; intangible assets; and other assets.

Dollar amounts in thousands	(Column A) Totals	(Column B) Adjustments to Totals Reported in Column A	(Column Q) Exposure Amount 1,250%	(Column T) Total Risk-Weighted Asset Amount by Calculation Methodology SSFA	(Column U) Total Risk-Weighted Asset Amount by Calculation Methodology Gross-Up	
9. On-balance sheet securitization exposures:						9.
a. Held-to-maturity securities	RCFDS475 0	RCFDS476 0	RCFDS477 0	RCFDS478 0	RCFDS479 0	9.a.
b. Available-for-sale securities	RCFDS480 11,212,722	RCFDS481 11,212,618	RCFDS482 104	RCFDS483 6,864,407	RCFDS484 0	9.b.
c. Trading assets	RCFDS485 38,307	RCFDS486 38,307	RCFDS487 0	RCFDS488 34,344	RCFDS489 0	9.c.
d. All other on-balance sheet securitization exposures	RCFDS490 20,981,912	RCFDS491 20,980,844	RCFDS492 1,068	RCFDS493 4,469,732	RCFDS494 0	9.d.
10. Off-balance sheet securitization exposures	RCFDS495 10,921,436	RCFDS496 10,901,424	RCFDS497 20,012	RCFDS498 2,213,815	RCFDS499 0	10.

Dollar amounts in thousands	(Column A) Totals From Schedule RC	(Column B) Adjustments to Totals Reported in Column A	(Column C) Allocation by Risk-Weight Category 0%	(Column D) Allocation by Risk-Weight Category 2%	(Column E) Allocation by Risk-Weight Category 4%	(Column F) Allocation by Risk-Weight Category 10%	(Column G) Allocation by Risk-Weight Category 20%	(Column H) Allocation by Risk-Weight Category 50%	(Column I) Allocation by Risk-Weight Category 100%	(Column J) Allocation by Risk-Weight Category 150%	
11. Total balance sheet assets[14]	RCFD2170 453,973,605	RCFDS500 45,724,410	RCFDD987 114,588,896	RCFDHJ90 0	RCFDHJ91 0		RCFDD988 61,432,511	RCFDD989 42,779,696	RCFDD990 182,586,800	RCFDS503 2,593,092	11.

Dollar amounts in thousands	(Column K) Allocation by Risk-Weight Category 250%	(Column L) Allocation by Risk-Weight Category 300%	(Column M) Allocation by Risk-Weight Category 400%	(Column N) Allocation by Risk-Weight Category 600%	(Column O) Allocation by Risk-Weight Category 625%	(Column P) Allocation by Risk-Weight Category 937.5%	(Column Q) Allocation by Risk-Weight Category 1,250%	(Column R) Application of Other Risk-Weighting Approaches Exposure Amount	
11. Total balance sheet assets[14]	RCFDS504 1,759,899	RCFDS505 0	RCFDS506 0	RCFDS507 0			RCFDS510 1,172	RCFDH300 2,507,129	11.

Dollar amounts in thousands	(Column A) Face, Notional, or Other Amount	(Column B) Credit Equivalent Amount	(Column C) Allocation by Risk-Weight Category 0%	(Column D) Allocation by Risk-Weight Category 2%	(Column E) Allocation by Risk-Weight Category 4%	(Column F) Allocation by Risk-Weight Category 10%	(Column G) Allocation by Risk-Weight Category 20%	(Column H) Allocation by Risk-Weight Category 50%	(Column I) Allocation by Risk-Weight Category 100%	(Column J) Allocation by Risk-Weight Category 150%	
12. Financial standby letters of credit	RCFDD991 7,039,587	RCFDD992 7,039,587	RCFDD993 0	RCFDHJ92 0	RCFDHJ93 0		RCFDD994 299,282	RCFDD995 0	RCFDD996 6,721,644	RCFDS511 18,661	12.
13. Performance standby letters of credit and transaction-related contingent items	RCFDD997 1,418,564	RCFDD998 709,282	RCFDD999 0				RCFDG603 41,348	RCFDG604 0	RCFDG605 667,064	RCFDS512 870	13.
14. Commercial and similar letters of credit with an original maturity of one year or less	RCFDG606 215,700	RCFDG607 43,140	RCFDG608 0	RCFDHJ94 0	RCFDHJ95 0		RCFDG609 3,337	RCFDG610 0	RCFDG611 39,803	RCFDS513 0	14.
15. Retained recourse on small business obligations sold with recourse	RCFDG612 0	RCFDG613 0	RCFDG614 0				RCFDG615 0	RCFDG616 0	RCFDG617 0	RCFDS514 0	15.

Dollar amounts in thousands	(Column A) Face, Notional, or Other Amount	(Column B) Credit Equivalent Amount	(Column C) Allocation by Risk-Weight Category 0%	(Column D) Allocation by Risk-Weight Category 2%	(Column E) Allocation by Risk-Weight Category 4%	(Column F) Allocation by Risk-Weight Category 10%	(Column G) Allocation by Risk-Weight Category 20%	(Column H) Allocation by Risk-Weight Category 50%	(Column I) Allocation by Risk-Weight Category 100%	(Column J) Allocation by Risk-Weight Category 150%	
16. Repo-style transactions[21]	RCFDS515 88,626	RCFDS516 88,626	RCFDS517 0	RCFDS518 0	RCFDS519 0		RCFDS520 8,783	RCFDS521 0	RCFDS522 79,843	RCFDS523 0	16.
17. All other off-balance sheet liabilities	RCFDG618 4,716,444	RCFDG619 4,716,444	RCFDG620 0				RCFDG621 0	RCFDG622 3,468,121	RCFDG623 1,248,037	RCFDS524 286	17.
18. Unused commitments:*											18.
a. Original maturity of one year or less	RCFDS525 46,020,100	RCFDS526 9,204,020	RCFDS527 0	RCFDHJ96 0	RCFDHJ97 0		RCFDS528 853,673	RCFDS529 665,141	RCFDS530 7,681,372	RCFDS531 3,834	18.a.

14. For each of columns A through R of item 11, report the sum of items 1 through 9. For item 11, the sum of columns B through R must equal column A. Item 11, column A, must equal Schedule RC, item 12.
21. Includes securities purchased under agreements to resell (reverse repos), securities sold under agreements to repurchase (repos), securities borrowed, and securities lent.
*. Excludes unused commitments to asset-backed commercial paper conduits.

Dollar amounts in thousands	(Column A) Face, Notional, or Other Amount	(Column B) Credit Equivalent Amount	(Column C) Allocation by Risk-Weight Category 0%	(Column D) Allocation by Risk-Weight Category 2%	(Column E) Allocation by Risk-Weight Category 4%	(Column F) Allocation by Risk-Weight Category 10%	(Column G) Allocation by Risk-Weight Category 20%	(Column H) Allocation by Risk-Weight Category 50%	(Column I) Allocation by Risk-Weight Category 100%	(Column J) Allocation by Risk-Weight Category 150%	
b. Original maturity exceeding one year	RCFDG624 113,203,506	RCFDG625 56,601,753	RCFDG626 0	RCFDHJ98 0	RCFDHJ99 0		RCFDG627 621,302	RCFDG628 391,586	RCFDG629 55,406,673	RCFDS539 182,192	18.b.
19. Unconditionally cancelable commitments	RCFDS540 49,037,106	RCFDS541 0									19.
20. Over-the-counter derivatives		RCFDS542 6,013,143	RCFDS543 0	RCFDHK00 0	RCFDHK01 0	RCFDS544 0	RCFDS545 720,882	RCFDS546 235	RCFDS547 5,292,026	RCFDS548 0	20.
21. Centrally cleared derivatives		RCFDS549 403,515	RCFDS550 0	RCFDS551 0	RCFDS552 403,515		RCFDS554 0	RCFDS555 0	RCFDS556 0	RCFDS557 0	21.
22. Unsettled transactions (failed trades)[22]	RCFDH191 0		RCFDH193 0				RCFDH194 0	RCFDH195 0	RCFDH196 0	RCFDH197 0	22.

22. For item 22, the sum of columns C through Q must equal column A.

Dollar amounts in thousands	(Column O) Allocation by Risk-Weight Category 625%	(Column P) Allocation by Risk-Weight Category 937.5%	(Column Q) Allocation by Risk-Weight Category 1,250%	(Column R) Application of Other Risk-Weighting Approaches Credit Equivalent Amount	(Column S) Application of Other Risk-Weighting Approaches Risk-Weighted Asset Amount	
16. Repo-style transactions[24]				RCFDH301 0	RCFDH302 0	16.
17. All other off-balance sheet liabilities						17.
18. Unused commitments:[*]						18.
a. Original maturity of one year or less				RCFDH303 0	RCFDH304 0	18.a.
b. Original maturity exceeding one year				RCFDH307 0	RCFDH308 0	18.b.
19. Unconditionally cancelable commitments						19.
20. Over-the-counter derivatives				RCFDH309 0	RCFDH310 0	20.
21. Centrally cleared derivatives						21.
22. Unsettled transactions (failed trades)[25]	RCFDH198 0	RCFDH199 0	RCFDH200 0			22.

24. Includes securities purchased under agreements to resell (reverse repos), securities sold under agreements to repurchase (repos), securities borrowed, and securities lent.
*. Excludes unused commitments to asset-backed commercial paper conduits.
25. For item 22, the sum of columns C through Q must equal column A.

Dollar amounts in thousands	(Column C) Allocation by Risk-Weight Category 0%	(Column D) Allocation by Risk-Weight Category 2%	(Column E) Allocation by Risk-Weight Category 4%	(Column F) Allocation by Risk-Weight Category 10%	(Column G) Allocation by Risk-Weight Category 20%	(Column H) Allocation by Risk-Weight Category 50%	(Column I) Allocation by Risk-Weight Category 100%	(Column J) Allocation by Risk-Weight Category 150%	
23. Total assets, derivatives, off-balance sheet items, and other items subject to risk weighting by risk-weight category (for each of columns C through P, sum of items 11 through 22; for column Q, sum of items 10 through 22)	RCFDG630 114,588,896	RCFDS558 0	RCFDS559 403,515	RCFDS560 0	RCFDG631 63,981,118	RCFDG632 47,304,779	RCFDG633 259,723,262	RCFDS561 2,798,935	23.
24. Risk weight factor									24.
25. Risk-weighted assets by risk-weight category (for each column, item 23 multiplied by item 24)	RCFDG634 0	RCFDS569 0	RCFDS570 16,141	RCFDS571 0	RCFDG635 12,796,224	RCFDG636 23,652,390	RCFDG637 259,723,262	RCFDS572 4,198,403	25.

Dollar amounts in thousands	(Column K) Allocation by Risk-Weight Category 250%	(Column L) Allocation by Risk-Weight Category 300%	(Column M) Allocation by Risk-Weight Category 400%	(Column N) Allocation by Risk-Weight Category 600%	(Column O) Allocation by Risk-Weight Category 625%	(Column P) Allocation by Risk-Weight Category 937.5%	(Column Q) Allocation by Risk-Weight Category 1,250%	
23. Total assets, derivatives, off-balance sheet items, and other items subject to risk weighting by risk-weight category (for each of columns C through P, sum of items 11 through 22; for column Q, sum of items 10 through 22)	RCFDS562 1,759,899	RCFDS563 0	RCFDS564 0	RCFDS565 0	RCFDS566 0	RCFDS567 0	RCFDS568 21,184	23.
24. Risk weight factor								24.
25. Risk-weighted assets by risk-weight category (for each column, item 23 multiplied by item 24)	RCFDS573 4,399,748	RCFDS574 0	RCFDS575 0	RCFDS576 0	RCFDS577 0	RCFDS578 0	RCFDS579 264,800	25.

Dollar amounts in thousands			
26. Risk-weighted assets base for purposes of calculating the allowance for loan and lease losses 1.25 percent threshold	RCFDS580	319,601,055	26.
27. Standardized market-risk weighted assets (applicable only to banks that are covered by the market risk capital rule)	RCFDS581	1,095,455	27.
28. Risk-weighted assets before deductions for excess allowance of loan and lease losses and allocated risk transfer risk reserve[27]	RCFDB704	320,696,509	28.
29. LESS: Excess allowance for loan and lease losses	RCFDA222	0	29.
30. LESS: Allocated transfer risk reserve	RCFD3128	0	30.
31. Total risk-weighted assets (item 28 minus items 29 and 30)	RCFDG641	320,696,509	31.
1. Current credit exposure across all derivative contracts covered by the regulatory capital rules	RCFDG642	6,329,922	M.1.

Dollar amounts in thousands	(Column A) With a remaining maturity of One year or less		(Column B) With a remaining maturity of Over one year through five years		(Column C) With a remaining maturity of Over five years		
2. Notional principal amounts of over-the-counter derivative contracts:							M.2.
a. Interest rate	RCFDS582	13,996,658	RCFDS583	64,789,067	RCFDS584	67,997,614	M.2.a.
b. Foreign exchange rate and gold	RCFDS585	16,761,402	RCFDS586	3,352,364	RCFDS587	717,910	M.2.b.
c. Credit (investment grade reference asset)	RCFDS588	0	RCFDS589	0	RCFDS590	0	M.2.c.
d. Credit (non-investment grade reference asset)	RCFDS591	0	RCFDS592	600,000	RCFDS593	0	M.2.d.
e. Equity	RCFDS594	7,863,246	RCFDS595	0	RCFDS596	0	M.2.e.
f. Precious metals (except gold)	RCFDS597	0	RCFDS598	0	RCFDS599	0	M.2.f.
g. Other	RCFDS600	860,584	RCFDS601	379,671	RCFDS602	201	M.2.g.
3. Notional principal amounts of centrally cleared derivative contracts:							M.3.
a. Interest rate	RCFDS603	272,037,472	RCFDS604	71,300	RCFDS605	229,000	M.3.a.
b. Foreign exchange rate and gold	RCFDS606	0	RCFDS607	0	RCFDS608	0	M.3.b.
c. Credit (investment grade reference asset)	RCFDS609	0	RCFDS610	0	RCFDS611	0	M.3.c.
d. Credit (non-investment grade reference asset)	RCFDS612	0	RCFDS613	0	RCFDS614	0	M.3.d.
e. Equity	RCFDS615	0	RCFDS616	0	RCFDS617	0	M.3.e.
f. Precious metals (except gold)	RCFDS618	0	RCFDS619	0	RCFDS620	0	M.3.f.
g. Other	RCFDS621	0	RCFDS622	0	RCFDS623	0	M.3.g.

Dollar amounts in thousands			
4. Amount of allowances for credit losses on purchased credit-deteriorated assets:[1]			M.4.
a. Loans and leases held for investment	RCFDJJ30	23,307	M.4.a.
b. Held-to-maturity debt securities	RCFDJJ31	0	M.4.b.
c. Other financial assets measured at amortized cost	RCFDJJ32	0	M.4.c.

27. Sum of items 2.b through 20, column S; items 9.a, 9.b, 9.c, 9.d, and 10, columns T and U; item 25, columns C through Q; and item 27 (if applicable).
1. Memorandum items 4.a through 4.c should be completed only by institutions that have adopted ASU 2016-13.

Schedule RC-S - Servicing Securitization and Asset Sale Activities(Form Type - 031)

Dollar amounts in thousands	(Column A) 1-4 Family Residential Loans	(Column B) Home Equity Lines	(Column C) Credit Card Receivables	(Column D) Auto Loans	(Column E) Other Consumer Loans	(Column F) Commercial and Industrial Loans	(Column G) All Other Loans, All Leases, and All Other Assets	
1. Outstanding principal balance of assets sold and securitized by the reporting bank with servicing retained or with recourse or other seller-provided credit enhancements	RCFDB705 7,635,916	RCFDB706 0	RCFDB707 0	RCFDB708 0	RCFDB709 0	RCFDB710 0	RCFDB711 1,566,611	1.
2. Maximum amount of credit exposure arising from recourse or other seller-provided credit enhancements provided to structures reported in item 1	RCFDHU09 0	RCFDHU10 0	RCFDHU11 0	RCFDHU12 0	RCFDHU13 0	RCFDHU14 0	RCFDHU15 0	2.
Item 3 is to be completed by banks with $100 billion or more in total assets. 3. Reporting bank's unused commitments to provide liquidity to structures reported in item 1[1]	RCFDB726 0	RCFDB727 0	RCFDB728 0	RCFDB729 0	RCFDB730 0	RCFDB731 0	RCFDB732 0	3.
4. Past due loan amounts included in item 1:								4.
a. 30-89 days past due	RCFDB733 239,864	RCFDB734 0	RCFDB735 0	RCFDB736 0	RCFDB737 0	RCFDB738 0	RCFDB739 0	4.a.
b. 90 days or more past due	RCFDB740 43,297	RCFDB741 0	RCFDB742 0	RCFDB743 0	RCFDB744 0	RCFDB745 0	RCFDB746 0	4.b.
5. Charge-offs and recoveries on assets sold and securitized with servicing retained or with recourse or other seller-provided credit enhancements (calendar year-to-date):								5.
a. Charge-offs	RIADB747 0	RIADB748 0	RIADB749 0	RIADB750 0	RIADB751 0	RIADB752 0	RIADB753 0	5.a.
b. Recoveries	RIADB754 0	RIADB755 0	RIADB756 0	RIADB757 0	RIADB758 0	RIADB759 0	RIADB760 0	5.b.
Item 6 is to be completed by banks with $10 billion or more in total assets. 6. Total amount of ownership (or seller's) interest carried as securities or loans[1]		RCFDHU16 0	RCFDHU17 0			RCFDHU18 0		6.
7. Not applicable								7.
8. Not applicable								8.
9. Maximum amount of credit exposure arising from credit enhancements provided by the reporting bank to other institutions' securitization structures in the form of standby letters of credit, purchased subordinated securities, and other enhancements	RCFDB776 10,136			RCFDB779 48,906	RCFDB780 0	RCFDB781 0	RCFDB782 400,329	9.
Item 10 is to be completed by banks with $10 billion or more in total assets. 10. Reporting bank's unused commitments to provide liquidity to other institutions' securitization structures[1]	RCFDB783 0			RCFDB786 0	RCFDB787 0	RCFDB788 0	RCFDB789 0	10.
11. Assets sold with recourse or other seller-provided credit enhancements and not securitized by the reporting bank	RCFDB790 532,962						RCFDB796 16,786,675	11.
12. Maximum amount of credit exposure arising from recourse or other seller-provided credit enhancements provided to assets reported in item 11	RCFDB797 53,296						RCFDB803 4,716,444	12.

1. The $100 billion asset-size test is based on the total assets reported on the June 30, 2018, Report of Condition.
1. The $10 billion asset-size test is based on the total assets reported on the June 30, 2018, Report of Condition.
1. The $10 billion asset-size test is based on the total assets reported on the June 30, 2018, Report of Condition.

Dollar amounts in thousands			
1. Not applicable			M.1.
2. Outstanding principal balance of assets serviced for others (includes participations serviced for others):			M.2.
a. Closed-end 1-4 family residential mortgages serviced with recourse or other servicer-provided credit enhancements	RCFDB804	528,894	M.2.a.
b. Closed-end 1-4 family residential mortgages serviced with no recourse or other servicer-provided credit enhancements	RCFDB805	109,416,465	M.2.b.
c. Other financial assets (includes home equity lines)[1]	RCFDA591	647,220,095	M.2.c.
d. 1-4 family residential mortgages serviced for others that are in process of foreclosure at quarter-end (includes closed-end and open-end loans)	RCFDF699	141,640	M.2.d.
Memorandum item 3 is to be completed by banks with $10 billion or more in total assets. 3. Asset-backed commercial paper conduits: [2]			M.3.
a. Maximum amount of credit exposure arising from credit enhancements provided to conduit structures in the form of standby letters of credit, subordinated securities, and other enhancements:			M.3.a.
1. Conduits sponsored by the bank, a bank affiliate, or the bank's holding company	RCFDB806	0	M.3.a.1.
2. Conduits sponsored by other unrelated institutions	RCFDB807	0	M.3.a.2.
b. Unused commitments to provide liquidity to conduit structures:			M.3.b.
1. Conduits sponsored by the bank, a bank affiliate, or the bank's holding company	RCFDB808	0	M.3.b.1.
2. Conduits sponsored by other unrelated institutions	RCFDB809	0	M.3.b.2.
4. Outstanding credit card fees and finance charges included in Schedule RC-S, item 1, column C[2]	RCFDC407	0	M.4.

Schedule RC-T - Fiduciary and Related Services(Form Type - 031)

Dollar amounts in thousands			
1. Does the institution have fiduciary powers? (If "NO," do not complete Schedule RC-T.)	RCFDA345	Yes	1.
2. Does the institution exercise the fiduciary powers it has been granted?	RCFDA346	Yes	2.
3. Does the institution have any fiduciary or related activity (in the form of assets or accounts) to report in this schedule? (If "NO," do not complete the rest of Schedule RC-T.)	RCFDB867	Yes	3.

Dollar amounts in thousands	(Column A) Managed Assets		(Column B) Non-Managed Assets		(Column C) Number of Managed Accounts		(Column D) Number of Non-Managed Accounts		
4. Personal trust and agency accounts	RCFDB868	42,395,159	RCFDB869	2,980,726	RCFDB870	21153	RCFDB871	656	4.
5. Employee benefit and retirement-related trust and agency accounts:									5.
a. Employee benefit - defined contribution	RCFDB872	2,423,664	RCFDB873	25,018,988	RCFDB874	305	RCFDB875	707	5.a.
b. Employee benefit - defined benefit	RCFDB876	4,707,854	RCFDB877	12,986,112	RCFDB878	271	RCFDB879	137	5.b.
c. Other employee benefit and retirement-related accounts	RCFDB880	17,007,379	RCFDB881	19,236,812	RCFDB882	16834	RCFDB883	284	5.c.
6. Corporate trust and agency accounts	RCFDB884	0	RCFDB885	0	RCFDC001	0	RCFDC002	0	6.
7. Investment management and investment advisory agency accounts	RCFDB886	59,575,997	RCFDJ253	0	RCFDB888	22233	RCFDJ254	0	7.
8. Foundation and endowment trust and agency accounts	RCFDJ255	27,363,628	RCFDJ256	801,824	RCFDJ257	5962	RCFDJ258	383	8.
9. Other fiduciary accounts	RCFDB890	426,101	RCFDB891	4,176,422	RCFDB892	66	RCFDB893	149	9.
10. Total fiduciary accounts (sum of items 4 through 9)	RCFDB894	153,899,782	RCFDB895	65,200,884	RCFDB896	66824	RCFDB897	2316	10.
11. Custody and safekeeping accounts			RCFDB898	116,562,505			RCFDB899	6906	11.
12. Fiduciary accounts held in foreign offices (included in items 10 and 11)	RCFNB900	0	RCFNB901	0	RCFNB902	0	RCFNB903	0	12.
13. Individual Retirement Accounts, Health Savings Accounts, and other similar accounts (included in items 5.c and 11)	RCFDJ259	9,982,197	RCFDJ260	305,756	RCFDJ261	16341	RCFDJ262	235	13.

1. Memorandum item 2.c is to be completed if the principal balance of other financial assets serviced for others is more than $10 million.
2. The $10 billion asset-size test is based on the total assets reported on the June 30, 2018, Report of Condition.
2. Memorandum item 4 is to be completed by banks that (1) together with affiliated institutions, have outstanding credit card receivables (as defined in the instructions) that exceed $500 million as of the report date, or (2) are credit card specialty banks as defined for Uniform Bank Performance Report purposes.

Dollar amounts in thousands			
14. Personal trust and agency accounts	RIADB904	138,251	14.
15. Employee benefit and retirement-related trust and agency accounts:			15.
a. Employee benefit - defined contribution	RIADB905	4,867	15.a.
b. Employee benefit - defined benefit	RIADB906	16,618	15.b.
c. Other employee benefit and retirement-related accounts	RIADB907	44,281	15.c.
16. Corporate trust and agency accounts	RIADA479	0	16.
17. Investment management and investment advisory agency accounts	RIADJ315	196,007	17.
18. Foundation and endowment trust and agency accounts	RIADJ316	51,087	18.
19. Other fiduciary accounts	RIADA480	0	19.
20. Custody and safekeeping accounts	RIADB909	9,777	20.
21. Other fiduciary and related services income	RIADB910	339	21.
22. Total gross fiduciary and related services income (sum of items 14 through 21) (must equal Schedule RI, item 5.a)	RIAD4070	461,227	22.
a. Fiduciary and related services income - foreign offices (included in item 22)	RIADB912	0	22.a.
23. Less: Expenses	RIADC058	NR	23.
24. Less: Net losses from fiduciary and related services	RIADA488	NR	24.
25. Plus: Intracompany income credits for fiduciary and related services	RIADB911	NR	25.
26. Net fiduciary and related services income	RIADA491	NR	26.

Dollar amounts in thousands	(Column A) Personal Trust and Agency and Investment Management Agency Accounts		(Column B) Employee Benefit and Retirement-Related Trust and Agency Accounts		(Column C) All Other Accounts		
1. Managed assets held in fiduciary accounts:							M.1.
a. Noninterest-bearing deposits	RCFDJ263	NR	RCFDJ264	NR	RCFDJ265	NR	M.1.a.
b. Interest-bearing deposits	RCFDJ266	NR	RCFDJ267	NR	RCFDJ268	NR	M.1.b.
c. U.S. Treasury and U.S. Government agency obligations	RCFDJ269	NR	RCFDJ270	NR	RCFDJ271	NR	M.1.c.
d. State, county, and municipal obligations	RCFDJ272	NR	RCFDJ273	NR	RCFDJ274	NR	M.1.d.
e. Money market mutual funds	RCFDJ275	NR	RCFDJ276	NR	RCFDJ277	NR	M.1.e.
f. Equity mutual funds	RCFDJ278	NR	RCFDJ279	NR	RCFDJ280	NR	M.1.f.
g. Other mutual funds	RCFDJ281	NR	RCFDJ282	NR	RCFDJ283	NR	M.1.g.
h. Common trust funds and collective investment funds	RCFDJ284	NR	RCFDJ285	NR	RCFDJ286	NR	M.1.h.
i. Other short-term obligations	RCFDJ287	NR	RCFDJ288	NR	RCFDJ289	NR	M.1.i.
j. Other notes and bonds	RCFDJ290	NR	RCFDJ291	NR	RCFDJ292	NR	M.1.j.
k. Investments in unregistered funds and private equity investments	RCFDJ293	NR	RCFDJ294	NR	RCFDJ295	NR	M.1.k.
l. Other common and preferred stocks	RCFDJ296	NR	RCFDJ297	NR	RCFDJ298	NR	M.1.l.
m. Real estate mortgages	RCFDJ299	NR	RCFDJ300	NR	RCFDJ301	NR	M.1.m.
n. Real estate	RCFDJ302	NR	RCFDJ303	NR	RCFDJ304	NR	M.1.n.
o. Miscellaneous assets	RCFDJ305	NR	RCFDJ306	NR	RCFDJ307	NR	M.1.o.
p. Total managed assets held in fiduciary accounts (for each column, sum of Memorandum items 1.a through 1.o)	RCFDJ308	NR	RCFDJ309	NR	RCFDJ310	NR	M.1.p.

Dollar amounts in thousands	(Column A) Managed Assets		(Column B) Number of Managed Accounts		
q. Investments of managed fiduciary accounts in advised or sponsored mutual funds	RCFDJ311	NR	RCFDJ312	NR	M.1.q.

Dollar amounts in thousands	(Column A) Number of Issues		(Column B) Principal Amount Outstanding		
2. Corporate trust and agency accounts:					M.2.
a. Corporate and municipal trusteeships	RCFDB927	NR	RCFDB928	NR	M.2.a.
1. Issues reported in Memorandum item 2.a that are in default	RCFDJ313	NR	RCFDJ314	NR	M.2.a.1.
b. Transfer agent, registrar, paying agent, and other corporate agency	RCFDB929	NR			M.2.b.

Dollar amounts in thousands	(Column A) Number of Funds		(Column B) Market Value of Fund Assets		
Memoranda items 3.a through 3.g are to be completed by banks with collective investment funds and common trust funds with a total market value of $1 billion or more as of the preceding December 31. 3. Collective investment funds and common trust funds:					M.3.
a. Domestic equity	RCFDB931	0	RCFDB932	0	M.3.a.
b. International/Global equity	RCFDB933	0	RCFDB934	0	M.3.b.
c. Stock/Bond blend	RCFDB935	3	RCFDB936	592,415	M.3.c.
d. Taxable bond	RCFDB937	0	RCFDB938	0	M.3.d.
e. Municipal bond	RCFDB939	0	RCFDB940	0	M.3.e.
f. Short term investments/Money market	RCFDB941	0	RCFDB942	0	M.3.f.
g. Specialty/Other	RCFDB943	2	RCFDB944	5,039,339	M.3.g.
h. Total collective investment funds (sum of Memorandum items 3.a through 3.g)	RCFDB945	5	RCFDB946	5,631,754	M.3.h.

Dollar amounts in thousands	(Column A) Gross Losses Managed Accounts		(Column B) Gross Losses Non-Managed Accounts		(Column C) Recoveries		
4. Fiduciary settlements, surcharges, and other losses:							M.4.
a. Personal trust and agency accounts	RIADB947	0	RIADB948	0	RIADB949	0	M.4.a.
b. Employee benefit and retirement-related trust and agency accounts	RIADB950	0	RIADB951	0	RIADB952	0	M.4.b.
c. Investment management agency accounts	RIADB953	0	RIADB954	0	RIADB955	0	M.4.c.
d. Other fiduciary accounts and related services	RIADB956	0	RIADB957	0	RIADB958	0	M.4.d.
e. Total fiduciary settlements, surcharges, and other losses (sum of Memorandum items 4.a through 4.d) (sum of columns A and B minus column C must equal Schedule RC-T, item 24)	RIADB959	0	RIADB960	0	RIADB961	0	M.4.e.

Schedule RC-V - Variable Interest Entities(Form Type - 031)

Dollar amounts in thousands	(Column A) Securitization Vehicles		(Column B) Other VIEs		
1. Assets of consolidated variable interest entities (VIEs) that can be used only to settle obligations of the consolidated VIEs:					1.
a. Cash and balances due from depository institutions	RCFDJ981	0	RCFDJF84	87	1.a.
b. Securities not held for trading	RCFDHU20	0	RCFDHU21	0	1.b.
c. Loans and leases held for investment, net of allowance, and held for sale	RCFDHU22	0	RCFDHU23	0	1.c.
d. Other real estate owned	RCFDK009	0	RCFDJF89	0	1.d.
e. Other assets	RCFDJF91	0	RCFDJF90	5,576	1.e.
2. Liabilities of consolidated VIEs for which creditors do not have recourse to the general credit of the reporting bank:					2.
a. Other borrowed money	RCFDJF92	0	RCFDJF85	0	2.a.
b. Other liabilities	RCFDJF93	0	RCFDJF86	827	2.b.
3. All other assets of consolidated VIEs (not included in items 1.a. through 1.e above)	RCFDK030	0	RCFDJF87	0	3.
4. All other liabilities of consolidated VIEs (not included in items 2.a through 2.b above)	RCFDK033	0	RCFDJF88	0	4.

Dollar amounts in thousands			
5. Total assets of asset-backed commercial paper (ABCP) conduit VIEs	RCFDJF77	0	5.
6. Total liabilities of ABCP conduit VIEs	RCFDJF78	0	6.

Optional Narrative Statement Concerning the Amounts Reported in the Consolidated Reports of Condition and Income(Form Type - 031)

Dollar amounts in thousands			
1. Comments?	RCON6979	**No**	1.
2. Bank Management Statement	TEXT6980	**NR**	2.

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.

PNC Bank-Statement of Community Involvement

Since entering the Chicago market in 2010, PNC bank has actively supported vital community organizations and civic institutions, aggressively promoted economic growth and housing stabilization, partnered with the City to address critical issues ranging from gun violence to financial literacy, and led initiatives to enhance the educational opportunities afforded to Chicago's youngest learners. Included here is a summary of PNC's involvement in the Chicago community in the areas of lending, investment, partnerships, programming, and volunteerism.

Earlier this year, through our Community Benefits Plan, PNC has committed to provide $88 billion in loans, investments, and other financial support to bolster economic opportunity for low-and moderate-income individuals and communities over a four-year period, beginning January 1, 2022. These funds include $47 billion in home lending, $26.5 billion in small business lending, and $14.5 billion in community development financing.

Community Lending and Investment

Lending and Investment in LMI Neighborhoods continue to be of importance to the bank.

As a Main Street banking institution, it is our explicit aim to offer products, services and support for all communities and all income groups in our footprint. PNC has historically achieved and was last rated "outstanding" on its CRA examination. An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet this credit needs of its entire delineated community, including low- and moderate- income neighborhoods, in a manner consistent with its resources and capabilities.

PNC remains active in making investments and loans into the infrastructure and businesses located in historically disinvested, underserved communities, with more than $60 million invested across Chicago in 2020. Examples include Ogden Commons, a public/private community development with the City of Chicago and the Chicago Housing Authority which expands affordable health care options and facilitated the opening of two African American owned restaurants in Lawndale, and Whole Foods development in Englewood along with a local Market development at Jeffery Plaza in South Shore, both of which brought full-service grocery stores to areas identified as "food deserts". Most recently, in September 2021, PNC provided a $1.5 million grant to support the launch of the Community Micro Equity Fund, a program intended to accelerate access to capital for Black and other underserved diverse business owners and entrepreneurs in Chicago's South and West Sides by providing equity to leverage debt or to offer equity when debt is not a viable option.

On the housing front, we continue to actively support multiple workforce and affordable housing developments. In October 2020, PNC joined Mayor Lightfoot and Commissioner Novara in announcing Community Investment Corp's $330 million Affordable Housing facility. PNC holds a $30 million investment in that facility and is one of the organization's largest investors. In partnership with Chicago Metropolitan Housing Development Corp, PNC has provided low-cost long-term financing form more than 100 workforce housing units across Chicago. And most recently, POAH's Levy House, an affordable housing complex for seniors, ensuring that our most vulnerable citizens have access to adequate housing, care, and support.

PNC also recognizes the unevenness of this economic recovery and has deployed additional resources to underserved communities. Recent examples include approval of $10 million for a local CDFI to make loans aimed at addressing neighborhoods that have suffered from systemic racism and renewal of a $30 million commitment to support Community Investment Corporation's lending for small real estate investors.

We continue to sit among the largest investors to the Chicago Public School system (CPS), Chicago Community Loan Fund (CCLF), Community Investment Corporation (CIC), Mercy Housing Lakefront, and Illinois Facilities Fund (IFF) to preserve capital availability for affordable housing and small businesses. Each investment was explicitly made to fuel low to moderate income strategies and to compliment the municipal strategies.

Additionally, through our Public Finance business, PNC has become a leading lender and financial partner for non-profit organizations throughout the City, as well as the City and its sister agencies. PNC has consistently been one of the largest lenders to the City of Chicago and Chicago Public Schools, providing particularly valuable operating loans to CPS during its recent period of financial distress. PNC also maintains lending relationships with the Chicago Park District and Chicago Transit Authority, deploying our relationship banking platform to provide these organizations with the capital needed to optimize efficiencies to execute on their missions.

Lending to Support the Impacts of the Pandemic

At PNC, we understand the impact the coronavirus pandemic is having on many of our customers and the communities we serve. We continue to work with customers impacted, providing a variety of solutions that make the most sense for meeting their particular needs.

In 2020, PNC was the 3rd largest PPP loan originator in the country, disbursing more than $170 million in Chicago proper, positively impacting 853 distinct Chicago businesses. In order to broaden approach and reach, specifically for micro-businesses across in Chicagoland, PNC provided $25,000,000 in liquidity facilities to local CDFIs to empower them to make smaller PPP loans in underserved communities.

Additional pandemic support is provided through forbearance relief in the form of interest reduction, payment deferral, and payment forgiveness, under SBA CARES provisions. Through PNC Foundation, we provided more than $30 million in philanthropic support – with more than $1 million disbursed in Chicago.

Community Partnership and Programming

PNC has invested more than $16 million in early childhood education in Chicago through the PNC Grow Up Great© initiative.

Grow Up Great is PNC's signature philanthropic initiative, a corporate-wide effort to promote and enhance early childhood education. Launched in 2004, Grow Up Great has distributed more than $90 million in grants, established innovative community partnerships, developed rich educational resources for caregivers and educators, and reached 2.3 million children throughout 19 states and the District of Columbia.

In Chicago alone, PNC has invested more than $16 million in Grow Up Great programming, activities, and community partnerships, with much of the investment being made through two unique local initiatives, the STEM-based Museum Program and the Words to Grow On Chicago Vocabulary Program.

- **STEM-based Museum Program:** PNC has implemented a 5-year program leveraging the experience of the Adler Planetarium, The Field Museum, Museum of Science and Industry, and

Shedd Aquarium to enhance science education for underserved students in preschool programs operated by Chicago Public Schools (CPS) and Big Shoulders Fund (BSF). Over1,000 children and 40 CPS and BSF classrooms were targeted to provide professional development for preschool teachers, parental engagement through participation in classroom activities, and family visits to the museums and classrooms coaches in the schools.

Based on preliminary results, teachers reported an increased comfort level teaching inquiry-based science and reported a high degree of satisfaction with the coaching component. Results also show a positive change in family attendance at museums and community-based events while families felt confident supporting their children as science learners.

- **For me, For you, For Later**: Through a partnership with the Chicago Public Library, PNC has broadly engaged 6,000 families in a structured financial education program focused on children across 9 library branches, focusing on the importance of spending, sharing and saving.

- **Words to Grow On Chicago- Vocabulary Program**: A three-year collaboration with Chicago Public Libraries, Metropolitan Family Services, and El Valor to strengthen at–home vocabulary engagement. The Vocabulary Program was developed based on the notion that the average at-risk child has heard 30 million fewer vocabulary words by the time they reach age 4. This program focuses on the engagement in the home by parents and caregivers surrounding the importance of vocabulary development for preschoolers.

- **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 campaign will 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 will become available in early 2020 and will eventually include access to an interactive web-based 3Ts app and Spanish-language versions of the entire campaign.

PNC continues to identify key partnerships with leading institutions in the Chicago community PNC has also partnered with the following organization to enhance service offering and support cultural activities throughout the City.

- Cook County's Economic Development Advisory Committee
- Cook County Land Bank, Adler Planetarium
- After School Matters
- Lincoln Park Zoo
- United Way
- Chicagoland Chamber of Commerce
- DePaul University
- Chicago United
- Swedish Covenant Hospital

- Chicago Foundation for Women
- Lurie Children's Hospital
- Metropolitan Planning Committee
- Chicago Symphony Orchestra
- LaRabida Hospital
- El Valor
- Metropolitan Family Services
- Hispanic Housing
- Centro de Informacion
- Chicago Urban League

PNC also aggressively encourages employee volunteerism by supporting up to 40 hours per year for each employee to volunteer in the community and making matching grants available for organizations where employees dedicate their time. This commitment to volunteerism has generated more than 45,000 volunteer hours from PNC’s 2,600 employees in Chicago.

Office of the
Comptroller of the Currency
Washington, DC 20219

LARGE BANK

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.

Home Purchase

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.

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 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.

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 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.

<u>Home Purchase</u>

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.

<u>Home Improvement</u>

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.

<u>Home Refinance</u>

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.

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 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.

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 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.

<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 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.

<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 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.

---

[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.

Home Purchase

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.

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 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.

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- and moderate-income borrowers was below 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 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 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.

<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 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.

<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 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.

<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 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.

Home Purchase

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.

Home Improvement

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.

<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 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.

<u>Multifamily Loans</u>

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.

<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 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.

Home Purchase

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.

Home Improvement

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.

<u>Home Refinance</u>

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.

Home Purchase

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.

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 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 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.

<u>Multifamily</u>

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

[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.

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 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.

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 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 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.

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 below, 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 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.

Home Purchase

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.

Home Improvement

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.

Home Refinance

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.

<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 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.

<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 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.

<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 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.

<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.

<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 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.

<u>Home Refinance</u>

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.

<u>Peoria, IL MSA</u>

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.

<u>Springfield, IL MSA</u>

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.

<u>Peoria, IL MSA</u>

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.

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 low-income geographies was below, and in moderate-income geographies 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 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.

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 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.

<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 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.

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 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.

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 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 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.

Pittsburgh, PA MSA

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).

Scranton-Wilkes Barre-Hazleton, PA MSA

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 12th 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.

<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 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.

<u>Pittsburgh, PA MSA</u>

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.

<u>Scranton-Wilkes Barre-Hazleton, PA MSA</u>

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.

<u>Pittsburgh, PA MSA</u>

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.

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 low-income geographies was significantly below, and in moderate-income geographies was below, 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 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.

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 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.

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 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.

Home Improvement

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.

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 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 Monroe, MI MSA Muskegon, MI MSA Saginaw, MI MSA Michigan Non-Metro	Limited Limited Limited Limited Limited	Clinton, Eaton, Ingham Midland Monroe Muskegon 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 Atlantic City-Hammonton, NJ MSA Ocean City NJ, MSA Vineland-Bridgeton, NJ MSA	 Full Limited Limited Limited	 Mercer Atlantic Cape May Cumberland
State of North Carolina – Raleigh, NC MSA Asheville, NC MSA Burlington, NC MSA Durham-Chapel Hill, NC MSA Fayetteville, NC MSA Goldsboro, NC MSA Greensboro-High Point, NC MSA Greenville, NC MSA Hickory-Lenoir-Morganton, NC MSA Jackson, NC MSA New Bern, NC MSA Rocky Mount, NC MSA Wilmington, NC MSA Winston-Salem, NC MSA North Carolina Non-Metro	 Full Limited Limited Limited Limited Limited Limited Limited Limited Limited Limited Limited Limited Limited Limited	 Johnston, Wake Buncombe, Henderson, Madison Alamance Chatham, Durham, Orange Cumberland, Hoke Wayne Guilford, Randolph Pitt Caldwell, Catawba Onslow Craven Edgecombe, Nash New Hanover, Pender 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 Columbus, OH MSA Dayton, OH MSA	 Full Full Full	 Cuyahoga, Geauga, Lake, Lorain, Medina

List of Assessment Areas and Type of Examination

Assessment Area	**Review Type**	**Other Information**
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 Ohio Non-Metro	Limited Limited Limited Limited Limited Limited Limited Limited	Delaware, Fairfield, Franklin, Hocking, Licking, Madison, Perry, Pickaway, Union Greene, Miami, Montgomery Portage, Summit Carroll, Stark Richland 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 Scranton-Wilkes Barre-Hazleton, PA MSA 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 Pennsylvania Non-Metro	 Full Full Limited Limited Limited Limited Limited Limited Limited Limited Limited Limited Limited Limited Limited	 Allegheny, Beaver, Butler, Fayette, Washington, Westmoreland Lackawanna, Luzerne Blair Columbia Monroe Erie Adams Cumberland, Dauphin, Perry Lancaster Lebanon Berks Centre Lycoming York Clarion, Clearfield, Crawford, Elk, Greene, Huntingdon, Indiana, Jefferson, Lawrence, McKean, Somerset, Venango, Warren, Wayne
State of South Carolina – Charleston-North Charleston, SC MSA Columbia, SC MSA Florence, SC MSA Greenville-Anderson-Mauldin SC MSA Hilton Head Island-Bluffton-Beaufort, SC MSA South Carolina Non-Metro	 Full Limited Limited Limited Limited Limited	 Charleston Richland Florence Greenville, Pickens Beaufort 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 FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$67,485 $69,400 9%	Median Housing Value Unemployment Rate		$189,000 to $318,700 4.4%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The 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-Towson, 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 FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$60,009 $59,500 14%	Median Housing Value Unemployment Rate			$122,900 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 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 FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$56,045 $60,400 13%	Median Housing Value Unemployment Rate		$123,500 to $147,100 5.4%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

The 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 FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		$56,147 $64,600 23%	Median Housing Value Unemployment Rate			$170,700 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 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

* 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			
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:																	
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			
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:																	
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		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	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	
	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:																	
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

* 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-K

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

For the fiscal year ended December 31, 2020
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
Depositary Shares Each Representing a 1/4,000 Interest in a Share of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series P	PNC P	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. ☒

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, 2020, determined using the per share closing price on that date on the New York Stock Exchange of $105.21, was approximately $44.5 billion. There is no non-voting common equity of the registrant outstanding.

Number of shares of registrant's common stock outstanding at February 5, 2021: 424,020,492

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 2021 annual meeting of shareholders (Proxy Statement) are incorporated by reference into Part III of this Form 10-K.

THE PNC FINANCIAL SERVICES GROUP, INC.
Cross-Reference Index to 2020 Form 10-K

TABLE OF CONTENTS

TABLE OF CONTENTS (Continued)

MD&A TABLE REFERENCE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS TABLE REFERENCE

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 earnings, revenues, expenses, 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. 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 the Notes To Consolidated Financial Statements included in Item 8 of this Report. 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 196 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 services companies 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 primarily in markets across the Mid-Atlantic, Midwest and Southeast. We also have strategic international offices in four countries outside the U.S. At December 31, 2020, our consolidated total assets, total deposits and total shareholders' equity were $466.7 billion, $365.3 billion and $54.0 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.

Pending Acquisition of BBVA USA Bancshares, Inc.

On November 16, 2020, PNC announced a definitive agreement with BBVA, S.A. to acquire BBVA, a U.S. financial holding company conducting its business operations primarily through its U.S. banking subsidiary, BBVA USA, for a fixed purchase price of $11.6 billion in cash. BBVA USA has over 600 branches in Texas, Alabama, Arizona, California, Florida, Colorado and New Mexico. The transaction is expected to add approximately $102 billion in total assets, $86 billion of deposits and $66 billion of loans to PNC's Consolidated Balance Sheet and to close in mid-2021, subject to customary closing conditions, including receipt of regulatory approvals. Note 2 Acquisition and Divestiture Activity in the Notes to Consolidated Financial Statements in Item 8 of this Report and our Current Reports on Form 8-K dated November 16, 2020 and November 19, 2020 contain additional information regarding this pending acquisition.

Second Quarter Sale of Equity Investment in BlackRock, Inc.

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. The after-tax gain on the sale of $4.3 billion, and donation expense and BlackRock's historical results for all periods presented, are reported as discontinued operations. For additional details on the divestiture of our equity investment in BlackRock, see Note 2 Acquisition and Divestiture Activity in the Notes to Consolidated Financial Statements in Item 8 of this Report.

Coronavirus (COVID-19) Pandemic

The COVID-19 pandemic and public health response to contain it led to a severe recession in the first half of 2020, after the U.S. economy reached a peak in economic activity in February 2020. There is still a great deal of uncertainty about the length and severity of the pandemic and the strength or reversal of the economic rebound, including whether there will be additional fiscal stimulus from the federal government and, if so, its size, scope and effectiveness.

PNC is committed to putting our resources to work to support our customers, communities and the broader financial system. PNC participated in funding PPP loans under the CARES Act and, at December 31, 2020, had $12.0 billion of PPP loans outstanding, down from the $13.7 billion funded during the second quarter of 2020 as a result of loan forgiveness and repayments. PNC also is participating in funding new and second draw PPP loans in 2021 under the Consolidated Appropriations Act. PNC continues to grant loan modifications for customers in need through various hardship relief programs. We analyze and make decisions on these modifications based on each individual borrower's situation. PNC is also assisting customers with the PPP loan forgiveness process. See the Troubled Debt Restructurings and Loan Modifications in the Credit Risk Management portion of the Risk Management section of Item 7 for details on our commercial and consumer loan modifications.

Our retail branches have largely reopened as we continue to prioritize the safety and well-being of our customers and employees, while complying with all state and local health mandates and managing in accordance with Center for Disease Control guidelines. As of February 16, 2021, approximately 98% of PNC branch lobbies were fully opened.

Our technology infrastructure and systems are designed for business resiliency and security. We have leveraged these capabilities and our business continuity plans to execute a work-from-home strategy, which has resulted in many of our employees working from home during 2020 and into 2021. PNC has also implemented various strategies that are designed to promote the health and safety of our employees who need to be on-site to execute their job responsibilities.

See the Supervision and Regulation section of this Item 1 for additional detail on the CARES Act and other governmental responses to the pandemic and its economic and financial impacts. Also see Risk Factors in Item 1A of this Report for a description of the associated risks related to the COVID-19 pandemic.

Subsidiaries

Our corporate legal structure at December 31, 2020 consisted of one domestic subsidiary bank, including its subsidiaries, and 51 active non-bank subsidiaries, in addition to various affordable housing investments and historic rehabilitation investments. Our bank subsidiary is PNC Bank, a national bank headquartered in Pittsburgh, Pennsylvania. 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	189
Analysis Of Year-To-Year Changes In Net Interest Income	190
Book Values Of Securities	50 and 118-121
Maturities And Weighted-Average Yield Of Securities	50 and 121
Loan Types	49, 64, 123-124 and 191
Selected Loan Maturities And Interest Sensitivity	192
Nonaccrual, Past Due And Restructured Loans And Other Nonperforming Assets	64-76, 104-111, 122-132 and 191
Potential Problem Loans	64-76 and 126
Summary Of Loan Loss Experience	73-76, 131-132 and 193
Allocation Of Allowance For Loan And Lease Losses	73-76 and 193
Average Amount And Average Rate Paid On Deposits	189
Time Deposits Of $100,000 Or More	194
Selected Consolidated Financial Data	39-41
Short-term Borrowings – not included as average balances during 2020, 2019 and 2018 were less than 30% of total shareholders' equity at the end of each period.	

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.

We are subject to numerous governmental regulations, some of which are highlighted below. See Note 20 Regulatory Matters in the Notes To Consolidated Financial Statements in Item 8 of this Report 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.

In addition, we are subject to comprehensive supervision and periodic 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 management of risks associated with the COVID-19 pandemic, the protection of confidential customer information, cyber security, 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, and protections for military service members and individuals in bankruptcy.

New legislation, changes in rules promulgated by federal financial regulators, other federal and state regulatory authorities and self-regulatory organizations, or changes in the interpretation or enforcement of existing laws and rules, may directly affect the operations and profitability of our businesses. We anticipate new legislative and regulatory initiatives over the next several years, focused specifically on banking and other financial services in which we are engaged. Legislative and regulatory developments to date, as well as those that come in the future, have had and are likely to continue to have an impact on the conduct of our business. The more detailed description of the significant regulations to which we are subject included in this Report is based on current laws and regulations and is subject to potentially material change. See also 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.

The profitability of our businesses could also be affected by rules and regulations that impact the business and financial sectors in general, including changes to the 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) and the financial markets and financial system in general.

COVID-19 Relief
Since the outbreak of COVID-19, the U.S. Government has taken a wide variety of actions in order to aid businesses and consumers financially impacted by COVID-19, facilitate the orderly functioning of financial markets, and assist banking organizations in being able to meet the credit and other banking needs of their customers and communities.

The CARES Act, as subsequently amended by the PPP and Health Care Enhancement Act and the Consolidated Appropriations Act, authorizes the SBA and the Treasury Department to expend up to $943 billion to support the issuance by SBA-approved lenders of first-draw loans of up to $10 million and second-draw loans of up to $2 million to small and medium-sized businesses that meet certain size and other eligibility requirements under the PPP. Borrowers may use the proceeds of a PPP loan only for specified purposes (such as meeting payroll) and borrowers can have the loan partially or fully forgiven (and repaid by the SBA) to the extent the borrower expends funds during a limited period following receipt of the loan proceeds for payroll costs or other specified expenses. Eligible businesses may apply for a first-or second-draw PPP loan until March 31, 2021. Borrowers and lenders are required to provide certain certifications and documentation, and conduct certain reviews, in connection with PPP loan applications as specified in the PPP rules and associated guidance, which are subject to change and further clarification by the SBA and Treasury. PNC Bank is participating in the PPP.

The CARES Act also permits residential and multifamily mortgage borrowers with federally backed mortgages to request payment forbearance for up to six months or 30 days, respectively, under a streamlined process if the borrower is experiencing a financial hardship due to the COVID-19 national emergency. The borrower may request an extension of these forbearance periods, for up to an additional six months for residential borrowers and 60 days for multifamily borrowers. Residential mortgage borrowers with federally backed mortgages, and tenants of multifamily borrowers that receive forbearance under these provisions, also benefit from certain foreclosure and eviction protections. For these purposes, federally backed mortgages include those guaranteed or insured by the FNMA, FHLMC, FHA or VA. Under revised Federal Housing Finance Agency policies, servicers of FNMA and FHLMC-guaranteed residential mortgages, such as PNC Bank, will no longer have an obligation to advance scheduled payments on a mortgage loan that is in a mortgage-backed security once the servicer has advanced four months of missed payments on the loan. Various states and municipalities also have imposed new foreclosure and eviction limitations of varying scope and degree in response to the COVID-19 pandemic. The CARES Act also provides consumers certain temporary protections up to 120 days after the termination of the COVID-19 national emergency against the reporting of negative credit information to a credit reporting agency as a result of loan accommodations provided.

The CARES Act, as modified by the Consolidated Appropriations Act, permits financial institutions to temporarily suspend the requirements under GAAP to categorize loan modifications related to the COVID-19 pandemic as a TDR through the earlier of 60 days after the national emergency termination or January 2, 2022, and the determination of such a loan modification as being a TDR. The federal banking agencies, along with the CFPB and the National Credit Union Administration, and separately the FFIEC, released statements that, among other things, clarify the agencies' and FFIEC's views on TDRs, including the interaction between agency guidance on TDRs and the CARES Act, and prudent risk management and consumer protection principles. We are following the provisions within the CARES Act, as amended, and the agencies' and FFIEC's statements when evaluating our COVID-19 related loan modification requests.

Federal Reserve Liquidity Facilities. To help promote the flow of credit and the orderly functioning of financial markets, the Federal Reserve in 2020 established a number of new lending or liquidity facilities using its emergency lending authority under section 13(3) of the Federal Reserve Act. Many of these facilities are or were supported by funding provided by the Treasury Department, either from the Emergency Stabilization Fund or under the CARES Act. Certain of these facilities (the Primary Market Corporate Credit Facility, Secondary Market Corporate Credit Facility, Municipal Liquidity Facility, Term Asset-Backed Securities Loan Facility and Main Street Lending Facility) have ceased making or purchasing new extensions of credit. The following emergency facilities continue to make or purchase new extensions of credit:

- Commercial Paper Funding Facility, which purchases highly rated unsecured and asset-backed commercial paper issued by eligible U.S. issuers;
- Paycheck Protection Program Lending Facility, which provides lenders funding secured by SBA-guaranteed loans made under the PPP described above;
- Primary Dealer Credit Facility, which provides secured funding to broker-dealers that are registered as primary dealers with the Federal Reserve in exchange for a broad range of collateral; and
- Money Market Mutual Fund Liquidity Facility, which provides liquidity to money market mutual funds by lending to U.S. banking entities in exchange for highly-rated collateral acquired from money market mutual funds.

In October 2020, the Federal banking agencies finalized rules to encourage banking organizations to use the Money Market Mutual Fund Liquidity Facility and Paycheck Protection Program Liquidity Facility. Under the rules, banking organizations may exclude from leverage and risk-based capital requirements any eligible assets sold or pledged to the Federal Reserve on a non-recourse basis as part of these programs, and they are required to neutralize the effect under the LCR of participating in these programs. The banking agencies also clarified that, consistent with the CARES Act, covered loans originated by a banking organization under the PPP will receive a zero percent risk weight for regulatory capital purposes, even if not pledged to the Federal Reserve.

In addition, in March 2020, the Federal Reserve announced changes to its discount window lending for insured depository institutions, such as PNC Bank. These changes permit insured depository institutions to borrow from the discount window, on a fully collateralized basis, for periods of up to 90 days, with such loans being prepayable and renewable by the borrowing institution on a daily basis. These changes, which will remain in effect until the Federal Reserve announces otherwise, provide insured depository institutions additional tools for managing their liquidity profile, including for purposes of the LCR. The Federal Reserve must publicly disclose the details (including the name of the borrower or counterparty) of discount window transactions and transactions conducted by facilities established by the Federal Reserve on a delayed basis.

The Federal banking agencies, CFPB, SEC, and CFTC have issued other rules, guidance, statements, orders or other actions to, among other things, facilitate the continued provision of financial services, encourage financial institutions to work with customers affected by the pandemic, and reduce operational or regulatory challenges resulting from the pandemic and the private-sector and governmental actions designed to mitigate its effects. These actions and statements, among others, clarified when appraisals or evaluations are required for real estate-secured transactions and allowed required appraisals and evaluations to be deferred in certain circumstances, encouraged banking organizations to use their capital and liquidity buffers to continue to provide credit to customers and support the smooth functioning of markets, and encouraged financial institutions to make available small-dollar loans to consumers and small businesses affected by COVID-19.

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 the Dodd-Frank Act.

In 2019, the federal banking agencies adopted rules 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 (the "2019 Tailoring Rules"). 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), 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, 2020, PNC had cross-jurisdictional activities for these purposes of $13.3 billion. PNC does not expect the pending acquisition of BBVA, if consummated, would affect its classification as a Category III institution.

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 interest less required deductions. Prior to January 1, 2020, CET1 capital for PNC and PNC Bank also included AOCI related to both available for sale securities and pension and other post-retirement plans. Effective January 1, 2020, and as permitted by the 2019 Tailoring Rules, PNC and PNC Bank elected to exclude AOCI related to these items 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, less the deductions required from Total capital.

Under the regulatory capital rules effective as of January 1, 2020, 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 items individually exceed 25% of the institution's adjusted CET1 capital. As of December 31, 2020, 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 FASB'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. See Note 1 Accounting Policies in the Notes to Consolidated Financial Statements in Item 8 of this Report for more detail on the CECL standard. Separately, the Federal banking agencies adopted a rule that permits banking organizations that are 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 is added to CET1 through December 31, 2021, then phased-out over the following three years. PNC and PNC Bank have elected this five-year transition period effective March 31, 2020, which impacts regulatory capital ratios disclosed in this Report.

PNC and PNC Bank are required to use the standardized approach for determining a banking organization's 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, securitization 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 value-at-risk), 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 2020, PNC's SCB for the period from the fourth quarter of 2020 through the third quarter of 2021 was set at 2.5%. 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, PNC 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% to avoid limitations on capital distributions and certain discretionary incentive compensation payments. Because PNC's SCB is established as part of the CCAR process, and is based on PNC's projected performance (as determined by the Federal Reserve) under the relevant Supervisory Severely Adverse scenario (which can change, potentially materially, from stress test to stress test), PNC's SCB may vary, potentially materially, over time and, thus, PNC may be required to maintain capital above these levels to avoid limitations on capital distributions and certain discretionary incentive compensation payments. In addition, while a firm's SCB is typically determined as part of the Federal Reserve's annual CCAR process, the Federal Reserve has reserved 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. However, in light of ongoing economic uncertainty related to the COVID-19 pandemic, the Federal Reserve has imposed special limitations on dividends and share repurchases by CCAR-participating BHCs during the first quarter of 2021 and these restrictions may be continued in future quarters, potentially in modified form.

For Category III banking organizations (such as PNC and PNC Bank), these higher SCB or capital conservation buffer levels above the regulatory minimums could be supplemented by a countercyclical capital buffer of up to an additional 2.5% of risk-weighted assets. This buffer 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 determines to establish an earlier effective date. If the full countercyclical buffer amount is implemented, PNC and PNC Bank would be required to maintain a CET1 capital ratio of at least 9.5%, a Tier 1 capital ratio of at least 11%, and a Total capital ratio of at least 13% to avoid limitations on capital distributions and certain discretionary incentive compensation payments.

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 SLR. 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 SLR of 3.0%. As of December 31, 2020, the leverage and SLR 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 TLAC, or enhanced SLR requirements that apply to U.S. GSIBs.

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 SLR (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, as a financial holding company, PNC and PNC Bank must remain “well capitalized.”

At December 31, 2020, 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 Item 7 of this Report and Note 20 Regulatory Matters in the Notes To Consolidated Financial Statements in Item 8 of this Report.

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 the nine quarter review period, as well as the results of stress tests conducted by both the company and the Federal Reserve under different hypothetical macro-economic 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 light of the economic uncertainty presented by the COVID-19 pandemic, the Federal Reserve required large BHCs like PNC to resubmit their capital plans and additional stress test results in December 2020. The Federal Reserve has indicated that it expects to complete the review of these resubmitted capital plans in early 2021.

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, are comprehensively 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 2021 CCAR exercise, we must file our capital plan and stress testing results using financial data as of December 31, 2020, with the Federal Reserve by April 6, 2021. We expect to receive the Federal Reserve's response to the capital plan submitted as part of the 2021 CCAR, as well as PNC's preliminary SCB for the period from the fourth quarter of 2021 through the third quarter of 2022, in June 2021. The Federal Reserve must provide firms their final SCB for this period by August 31, 2021, which would reflect any changes made to the firm's planned common stock dividends to remain in compliance with the firm's SCB.

As part of the annual CCAR and DFAST processes, the Federal Reserve releases certain revenue, loss and capital results for each participating firm from its supervisory stress testing exercises. 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 macro-economic scenario and applying the agencies' DFAST capital action assumptions.

Regulatory Liquidity Standards and Liquidity Risk Management Requirements. The Basel Committee's Basel III framework also includes short-term liquidity standards (LCR) and long-term funding standards (NSFR).

The U.S. banking agencies' LCR rules are designed to ensure that covered banking organizations maintain an adequate level of cash and HQLA 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 HQLA, as calculated in accordance with the haircuts and limitations in the rule, divided by its net cash outflows, with the quotient expressed as a percentage. 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. At December 31, 2020, the LCR for PNC and PNC Bank exceeded the required minimum levels.

The NSFR is designed to promote a stable maturity structure of assets and liabilities of banking organizations over a one-year time horizon. In 2020, the federal banking agencies finalized rules that would implement the NSFR in the U.S., which become effective July 1, 2021. The rules require a covered BHC to calculate its NSFR as the ratio of its ASF to its RSF amount 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. We expect PNC and PNC Bank to be in compliance with the NSFR when it becomes effective.

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 RSF (as calculated under the rules) reduced by 15%, thereby reducing the amount of HQLA or ASF each institution must hold to meet the LCR and NSFR minimum requirements, respectively. As of December 31, 2020, PNC had weighted short-term wholesale funding for these purposes of $31.4 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.*, HQLA, cash outflows and inflows for the LCR, and ASF and RSF 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 HQLA and ASF, and concentration of funding sources.

As a Category III institution, PNC also is subject to Federal Reserve rules that require PNC to, 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 Item 7 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 is also subject to federal laws limiting extensions of credit to its parent holding company and non-bank affiliates as discussed in Note 20 Regulatory Matters in the

Notes To Consolidated Financial Statements in Item 8 of this Report. 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 Item 7 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, 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 the 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 is required to impose a maximum 15-to-1 debt to equity ratio on a BHC if the federal agencies that comprise the FSOC determine that the company poses a grave threat to the financial stability of the U.S. and that the imposition of such a debt-to-equity requirement would mitigate such risk. The Federal Reserve also is required to establish early remediation requirements for BHCs with more than $250 billion in total assets and continues to work towards finalizing these requirements.

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, 2020, PNC Bank had an Outstanding rating with respect to CRA.

In 2020, the OCC finalized rules to modernize its regulations implementing the CRA. The rules significantly alter what activities by a bank qualify for CRA credit, where such activities must be conducted to receive credit, how the agencies measure a bank's CRA performance, and how a bank must document and report its CRA qualifying activities. The new rules would go into effect for PNC Bank on January 1, 2023.

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. As a result of rule changes adopted in 2019, 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.

To date, the prohibitions under the final Volcker Rule regulations have not had a material effect on our businesses or revenue; however it is possible that the regulations may be modified in the future. Moreover, the conditions for engaging in exempted trading activities and having permissible relationships with a private fund under the regulations could, depending on the agencies' approach to interpreting them, cause us to forego engaging in hedging or other transactions that we would otherwise undertake in the ordinary course of business and, thus, to some extent, may limit our ability to most effectively hedge our risks, manage our balance sheet or provide products or services to our customers. We also have divested prohibited investments in covered funds and received extensions allowing an extended conformance period for our remaining $0.1 billion interests in illiquid covered funds.

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 agencies determine 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, 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 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 nonbank 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. 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 January 1, 2022.

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. The BHC Act and other federal law enumerates the factors the Federal Reserve must consider when reviewing the merger of BHCs, the acquisition of banks or the acquisition of voting securities of a bank or BHC. These factors include the competitive effects of the proposal in the relevant geographic markets; the financial and managerial resources and future prospects of the companies and banks involved in the transaction; the effect of the transaction on the financial stability of the U.S.; the organizations' compliance with anti-money laundering laws and regulations; the convenience and needs of the communities to be served; and the records of performance under the CRA of the insured depository institutions involved in the transaction.

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 nonbank entity into PNC Bank. PNC and PNC Bank have requested the prior approval of the Federal Reserve and the OCC, respectively, to acquire BBVA and BBVA USA, and to merge BBVA with and into PNC and BBVA USA with and into PNC Bank.

In 2020, the Federal Reserve finalized 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. 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. These requirements became effective on April 1, 2020. Banks may request an extension of this compliance date in certain circumstances for up to one year.

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. In December 2020, the FDIC finalized rules that establish a new framework 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.

PNC's next resolution plan is scheduled to be a targeted plan and is due to be filed by December 17, 2021. 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.

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, but it is unclear at this time when PNC Bank's next resolution plan will be due. Depending on how the agencies conduct their review of the resolution plans submitted by PNC and PNC Bank, these requirements could affect the ways in which PNC structures and conducts its business and result in higher compliance and operating costs.

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-dealer 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.

PNC Bank is provisionally registered as 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 comprehensive and significant 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, have and will continue to 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 and certain of our student lending and servicing activities are subject to regulation by the Department of Education.

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.

PNC Bank competes 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, and
- Issuers of commercial paper and other securities, including mutual funds.

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

Employees totaled 51,257 at December 31, 2020. This total included 49,549 full-time and 1,708 part-time employees, of which 27,621 full-time and 1,611 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 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 acquisition 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 62% 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. We measure representation of LGBTQ+, people with disabilities, veterans, women and across all races and certain ethnicities as self-disclosed by our employees. As of December 31, 2020, approximately 59% of PNC's workforce and 50% of PNC's employees in managerial roles were women. People of color represented approximately 29% of PNC's workforce, including 22% of our employees in managerial roles, as of December 31, 2020.
- *Total rewards*. 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 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, educational assistance and on-site health care and child care services, 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.

PNC continues to recognize the impacts that the COVID-19 pandemic has had and will likely continue to have on our Human Capital. For more information on COVID-19 related impacts to our Human Capital, see the "Coronavirus (COVID-19) Pandemic" section of this Item 1.

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 Shareholder Services at 800-982-7652 or via the online contact form at www.computershare.com/contactus 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 corporate 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, Personnel and Compensation, or Risk Committees (all of which are posted on our corporate website at www.pnc.com/corporategovernance) may do so by sending their requests to our Corporate Secretary at corporate headquarters 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 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 included in Item 7 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 disclosure in this Item 1A:

- The COVID-19 pandemic has had and is likely to continue to have an adverse effect, possibly materially, on our overall business and financial performance.
- 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.
- The likely discontinuance of the submission of 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.
- Societal responses to climate change 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 the 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, by market interest rates and movements in those rates and changes in the values of financial assets.
- We are subject to risks related to inaccurate estimates and assumptions, such as those used in our asset and liability valuations and the determination of the amount of loss allowances and impairments, 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 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 in part by acquiring other financial services business from time to time as these acquisitions, including the pending acquisition of BBVA, 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 COVID-19 Pandemic

The COVID-19 pandemic has had and is likely to continue to have an adverse effect, possibly materially, on our overall business and financial performance.

Starting in early 2020 and continuing into 2021, federal, state and local governments have responded to the COVID-19 pandemic by enacting a variety of measures to manage the related public health effects, including restricting travel, limiting the conduct of businesses and controlling individual interactions such as through required social distancing measures. Collectively, these measures, together with voluntary changes in behavior, led to a substantial decrease in economic activity and a dramatic increase in unemployment in the second quarter of 2020. Governmental bodies also enacted laws designed to stabilize the economy and provide relief to businesses and individuals to mitigate the consequences of COVID-19 and the policies restricting the operation of businesses and the movement of individuals.

While economic conditions have improved, economic activity remains below its pre-pandemic level, with the partial recovery inconsistent across different geographic regions, sectors, companies and individuals and subject to setbacks as conditions related to the pandemic fluctuate. If efforts to contain COVID-19 are unsuccessful and restrictions on businesses and activities continue in place for extended periods or are increased, the recovery would likely be much weaker and the economy could fall back into recession. While several vaccines have been approved for use and others remain in development or clinical trials, significant uncertainty remains regarding the speed with which effective vaccines can be manufactured and widely distributed and the willingness of individuals to get vaccinated. As a result, there is still a great deal of uncertainty about the length and severity of the pandemic and the strength or reversal of the economic rebound, including whether there will be additional fiscal stimulus from the federal government and, if so, its size, scope and effectiveness. Accordingly, the outbreak and its consequences, including responsive measures to manage it, had and are likely to continue to have an adverse effect, possibly materially, on our overall business and financial performance. The longer the public health crisis lasts and the greater its severity, the greater the likely adverse impact on the economy, our customers and our business and financial performance. The following are examples of the most likely impacts on PNC:

- The deterioration of national and global economic conditions and elevated levels of unemployment have negatively affected and are likely to continue to negatively affect, possibly materially, our financial performance and operations. The following are the key factors contributing to this risk:
    - There is a greater likelihood that more of our commercial and consumer customers or counterparties will become delinquent on their loans or other obligations to us, which, in turn, will result in a higher level of non-performing loans and net charge-offs, particularly in the sectors most adversely impacted by the pandemic. Even if a loan returns to full performing status, it may be on modified terms that result in, for example, a term extension, interest rate reduction or principal deferral or forgiveness. Increases in loan delinquencies or modifications will also result in increased administrative costs. In addition, given the uncertainty about the length and severity of the pandemic and the strength or reversal of the economic rebound, our provision for credit losses may be more volatile period-to-period with a corresponding increase in period-to-period volatility in our net income.
    - There has been and there is likely to continue to be a decrease in the demand for certain of our products and services which could be further exacerbated if customers lose confidence due to concerns regarding the economy. We have also waived certain fees associated with our products and services for customers affected by the pandemic and may continue to do so. In addition, while customer deposits have grown aiding our liquidity, future changes in behavior resulting in declining deposit balances would likely increase our funding costs and reduce our net interest income and liquidity resources.
    - These rapidly changing and unprecedented market conditions have impacted and may continue to impact the valuation of assets as reported within our consolidated financial statements, as well as causing substantial reductions

in the value of our assets under management, all with the possible effects described in the Risk Factor headed "Our business and financial performance are vulnerable to the impact of changes in the values of financial assets."
    - Although PNC's capital levels continue to be strong, the degradation in economic conditions also has and is likely to continue to negatively affect our capital position, possibly materially, which is critical to our ability to operate and grow our business. In addition, continued or accelerated disruption and volatility in the financial markets or long-lasting or deeper recessionary conditions may diminish our access to the capital markets or result in or contribute to downgrades of our credit ratings. We have suspended our discretionary common share repurchase program and may take further actions that would limit a return of capital to shareholders, including potentially a reduction or suspension of the dividend payable to common shareholders, as a result of these conditions and their effect on our financial performance and position or as a result of regulatory guidance.
- Some of the legislation responsive to the outbreak, including the CARES Act and the Consolidated Appropriations Act, provides for certain commercial and consumer protections which have altered and may continue to alter the profitability of the transactions in which we engage, such as by allowing borrowers to delay payments on loans or other obligations and imposing other costs on us. These laws have also delayed and restricted and may continue to delay or restrict our ability to realize the value of collateral by, for example, providing temporary foreclosure protection and eviction protection even when customers are in breach of their obligations to us. These laws may be extended or increased in scope, and other laws may be enacted in response to the pandemic that have similar or broader effects on us. We may also be limited in our ability to realize the value of collateral as a result of court closures and related delays. Moreover, collateral may be liquidated at prices insufficient to recover the full amount of exposure to us as a result of deteriorating economic conditions and volatile markets. See Supervision and Regulation in Item 1 of this Report for more information on PNC's implementation of these programs.
- Other laws related to employee benefits and the treatment of employees have negatively impacted and may continue to negatively impact us by increasing administrative, compensation and benefits costs by, for example, mandating coverage of certain COVID-19 related testing and treatment or mandating additional paid or unpaid leave. Further governmental action that is taken to mitigate the economic effects of the pandemic, as well as additional compensation or benefit actions taken by PNC, could adversely affect our financial condition and results of operations, possibly materially, in other ways that are not known now.
- In response to the outbreak and its economic consequences, the Federal Reserve lowered its target for the federal funds rate to a range of 0% to 0.25% and has signaled that it expects to keep interest rates at a low level for through at least 2023. As a result of the high percentage of our assets and liabilities that are in the form of interest-bearing or interest-related instruments, this change in interest rates has had and likely will continue to have a negative impact on our net interest income and net interest margin, which could be material and which could materially adversely affect our profitability. The effects of a low interest rate environment are further described in the Risk Factor headed "Our business and financial performance are impacted significantly by market interest rates and movements in those rates."
- To protect our employees, customers and the communities in which we operate, we modified the operations of many of our retail branches, including temporarily closing some branches, limiting operations to drive-through only in other locations, and otherwise implemented work-from-home policies for a significant portion of our workforce. While our retail operations have largely re-opened, we cannot guarantee that our branches will continue to remain open if the outbreak worsens or there is an increase in governmental restrictions. Our non-branch based workforce continues to work primarily remotely. We believe we are capable of substantially meeting the needs of our customers despite these modifications. However, these efforts may result in the loss of customers, impede our ability to perform certain transactions, and impair our ability to effectively identify, manage and control risk. For example, customers may be unwilling or unable to conduct transactions with us via online channels or through a local branch that is operating only in a drive-through mode. Another example is the infrastructure needed to provide products and services via online channels or to work effectively in a work-from-home environment, such as internet, telecommunications and internal information technology systems, may fail to perform as anticipated, resulting in our inability to deliver products or services or effectively manage the risks arising from our businesses. In addition, we rely on our employees, third party vendors and service providers and other counterparties, both domestically and abroad, to support many aspects of our business. Reduced workforces which may be caused by, but not limited to, illness, quarantine, stay at home or other government mandates, or difficulties transitioning back to an in office environment, could result in an adverse impact to our operations and financial performance. Redeployment of employees from current positions and of technology from current uses to support products and services responsive to the outbreak may further adversely impact our operations. Further, third party vendors, service providers and other counterparties, both domestically and abroad, face access, connectivity or other challenges operating within a work-from-home virtual environment.
- In support of our employees, customers and communities, we may take steps beyond or in addition to those required by governmental or regulatory minimums which may further adversely impact our profitability. For example, we have provided and may continue to provide additional relief or forbearance to customers, health and wellness benefits to employees (including significant company approved leave) or financial support for community initiatives to assist those in need as a result of the outbreak. The actual or perceived failure to provide sufficient services, support or relief to those businesses or individuals in need or properly implement legislation responsive to the outbreak or our voluntary commitments could negatively impact our reputation with adverse consequences to our business. In addition, such actual or perceived failure, or

operational and other issues that arise in connection with the implementation of government-mandated or other financial assistance or relief programs present elevated levels of legal and reputational risk, including governmental and regulatory inquiries, investigations and enforcement actions, as well as private lawsuits. Participation by PNC in governmental programs designed to provide liquidity to the financial system or impacted businesses, such as borrowing through the Federal Reserve discount window or borrowing from, or selling financial assets to, facilities established by the Federal Reserve or participation in programs under the CARES Act and the Consolidated Appropriations Act, such as the PPP, also have exposed and may continue to expose us to governmental investigation and action or public scrutiny and criticism, either at the time we participate in the program or subsequently.

Refer to our other Risk Factors in this Item 1A for information regarding other factors that have and are likely to continue to affect our business and financial performance as a result of the pandemic.

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 unemployment. Such economic conditions also may 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 financial institutions such as PNC, 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, dislocations in international trade, such as increased tariffs and interruptions in international supply chains likely adversely affect companies that are relatively dependent on imports or exports, impacting prices and demand for goods or services. Affected companies may experience lower levels of business and possible declining creditworthiness as compared to companies less dependent on international trade.

Given the geographic scope of our business and operations, we are most exposed to issues within the U.S. economy and financial markets. Within the U.S., we are currently most exposed to issues primarily within markets located in the Mid-Atlantic, Midwest and Southeast. Following the proposed acquisition of BBVA, including its U.S. banking subsidiary, BBVA USA, this footprint will expand particularly to include a larger presence in the Southwest and West Coast, thereby increasing our exposure to regional economic issues in those areas.

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 performance from economic conditions outside the U.S. is not likely to be significant, although the impact would increase if we expand our foreign business more than nominally. We are, however, susceptible to the risk that such 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. In particular, the COVID-19 pandemic has led to economic issues of the types described here and presents the risk of further such impacts. See the immediately preceding Risk Factor for a discussion of risks associated with the COVID-19 pandemic.

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 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. The recent election of a new U.S. President, together with some changes in the membership of Congress, including change in control of the Senate, will likely lead to changes in law or policy, including the level of regulation of financial institutions and the enforcement environment. Moreover, a change in regulatory practices that increases the time frames to obtain regulatory approvals for acquisitions and other activities or makes them more difficult to obtain could affect our ability to make acquisitions or introduce new products and services.

Concern regarding the ability of Congress and the President, which increases to the extent government is divided, 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.

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 have a significant impact on interest rates and overall financial market performance. 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. We cannot 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.

In addition, monetary policy actions by governmental authorities in the European Union or other countries could have an impact on 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 one or more of the potential effects on us 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.” The Federal Reserve has lowered its benchmark rates to historically low levels as a result of the COVID-19 pandemic. See the Risk Factor headed “The COVID-19 pandemic has had and is likely to continue to have an adverse effect, possibly materially, on our overall business and financial performance.”

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 manner in which 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 involving both our business and organization, with multiple regulators or agencies having supervisory or enforcement oversight over aspects of our business. 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, and consumer and investor protection and prevent money laundering and terrorist financing. 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.

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.

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. These activities also could result in significant fines, penalties, or required corrective actions, some of which could be expensive and difficult to implement. As we expand our product and service offerings into additional states or countries, either through organic growth or acquisition, we will 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.

See the immediately following Risk Factor for a discussion of risks associated with capital and liquidity regulation. Also see Supervision and Regulation in Item 1 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 in the Notes To Consolidated Financial Statements in Item 8 of this Report also discusses some of the regulation 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 have the ability to apply stricter capital and liquidity standards than those developed by 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 also has imposed additional limitations on capital distributions through the first quarter of 2021 by CCAR participating BHCs (including PNC) and may extend these limitations, potentially in modified form. In addition, capital and liquidity requirements may 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 engage in capital- and liquidity-related initiatives. For example, the Basel Committee in 2017 finalized additional, significant changes to the international capital framework for banking organizations. See the Supervision and Regulation section included in Item 1 of this Report. As it is unclear, at this time, 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.

In 2020, the regulatory agencies issued a rule permitting banks to delay the estimated impact on regulatory capital stemming from implementing the CECL accounting standard. PNC elected to adopt this optional transition provision effective March 31, 2020. As a result, our regulatory capital does not currently reflect the full impact of CECL.

Regulatory capital and liquidity requirements are subject to regular review and revision by the Basel Committee and the U.S. banking agencies. Future changes to the capital and liquidity rules may require PNC or PNC Bank to maintain more or higher quality capital or greater liquidity, which would 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 are discussed in the Supervision and Regulation section included in Item 1 of this Report and the Liquidity and Capital Management portion of the Risk Management section of Item 7 of this Report.

The likely discontinuance of the submission of 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.

As a large financial institution, a significant portion of our transactions involve variable or adjusting interest rates that are calculated by adding a contractually defined credit spread to a base or reference rate. For many years, LIBOR has been used as a reference rate for a substantial majority of our transactions involving variable or adjustable interest, 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 financial instruments entered into by others that use LIBOR as the reference rate.

LIBOR is derived from the rates at which LIBOR panel banks borrow from other global banks. LIBOR is accordingly viewed as a "credit-sensitive" rate as the rates submitted by panel banks on which LIBOR is based reflect the credit risk associated with the submitting banks.

We currently anticipate that non-USD LIBOR will cease to be available after year end 2021 and that the most widely used USD LIBOR tenor settings will cease after June 30, 2023. The Federal Reserve and other official sector representatives have also communicated guidance that supervised institutions should stop entering into new USD LIBOR contracts no later than year end 2021. Accordingly, we are preparing for the likelihood of LIBOR cessation.

At present, SOFR is expected to be the alternative reference rate that will replace LIBOR for most types of transactions.

SOFR is viewed as a "riskless rate" as it is derived from rates on overnight U.S. Treasury repurchase transactions, which are essentially overnight loans secured by U.S. Treasury securities, which are largely viewed as not presenting credit risk. Because SOFR is an overnight rate derived from observations of actual transactions, the rate can be volatile, especially if there are disruptions in the underlying repurchase market, but any daily volatility historically does not create volatility when rates are cumulatively measured over customary LIBOR terms (e.g., one month or three months).

Changing to SOFR or another riskless rate could result in a value transfer between contracting parties to instruments originally based on LIBOR. Historically, in periods of economic or financial industry stress, riskless rates that are analogous to SOFR have been relatively stable. In contrast, LIBOR, which is designed to reflect the credit risk of banks, has widened relative to riskless rates, reflecting increased uncertainty regarding the credit-worthiness of banks. Accordingly, assuming that SOFR will behave like its historical analogs, an instrument that transitions from LIBOR to SOFR may not yield identical economic outcomes for each contracting party to an instrument had the instrument continued to reference LIBOR. Similarly, SOFR, because it is riskless, tends to be a lower rate than LIBOR. To address these differences between LIBOR and SOFR, certain industry recommended LIBOR fallback provisions include a concept of an adjustment spread that is applied when a LIBOR-based contract falls back to SOFR and that is calculated based on a five-year median look-back of the historical spot difference between the applicable LIBOR tenor and the applicable SOFR tenor. However, because any such adjustment spread will be based on a historical median, it is likely that the adjustment spread may not reflect the spot difference between LIBOR and SOFR at certain points in time and there may be a value transfer between the contracting parties over the life of the instrument because the all-in rate applied to a contract, even taking into account the spread adjustment, might have behaved differently over the life of the instrument in the absence of LIBOR cessation.

Any value transfer could be financially adverse or beneficial to us or to our other contracting parties to that instrument (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, in turn could lead to litigation, potentially as class actions, or other adverse consequences, including dissatisfied customers or impaired relationships with financial institution counterparties resulting in loss of business. As a result, over the life of a transaction that transitions from LIBOR to a new reference rate, our monetary obligations to our counterparty (or their 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 effected. For some instruments, the method of transitioning to a new reference rate may be challenging, especially where the contract does not provide for a transition upon LIBOR cessation or the relevant contractual language relating to a potential transition is ambiguous or inadequate under the circumstances.

For example, the vast majority of LIBOR-based interest rate derivative contracts executed prior to January 25, 2021, do not include adequate fallbacks for LIBOR cessation. In response, the industry trade group for derivatives (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 fallback provisions into legacy derivatives contracts. Although we have adhered to the ISDA protocol, it is possible that many "end users" of swaps, i.e., our borrowers who have hedged their interest rate payment obligations, may not adhere. In addition, there are differences between the new ISDA fallback provisions and the fallback provisions that have been proposed for loans, which differences could result in a mismatch between the reference rate or other economics in our borrowers' legacy derivatives contracts and their loans for which such derivatives contracts are intended as a hedge. For these end-user counterparties, one-on-one negotiation with each counterparty will be necessary in order to amend legacy swaps to adequately address LIBOR cessation. If we are unable to agree to appropriate LIBOR cessation provisions with these swaps counterparties, there will be uncertainty as to how to value and effect our rights and obligations under our legacy swap contracts. Although legislative solutions to address LIBOR cessation in derivative contracts have been proposed, there is no assurance such solutions will be implemented, and we may seek to negotiate with impacted counterparties or, if not possible, effect reference rate transition through other means. Addressing transition under these circumstances may be challenging or ineffective, could result in litigation, and in some cases may involve concession on our part that has the effect of reducing the value of the instrument to us.

We have other contracts that do contemplate LIBOR cessation but do so in a manner 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) or that gives us or another party absolute discretion to select a rate. Some provide for determination of a reference rate without providing for adjustment of the credit spread. In these types of cases, there will likely be uncertainty surrounding transition, with all of the risks described in this Risk Factor.

Transitioning from LIBOR to alternative 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 and the diversity of potential approaches to transition and given the possibility that the period during which the transition will need to take place may have a short duration.

Similarly, our failure to successfully implement transition from LIBOR to alternative rates could result in 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.

In order to address LIBOR cessation and the associated risks, we have established an enterprise LIBOR transition program, described in the Market Risk Management portion of the Risk Management section in Item 7 of this Report. 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 could magnify the risks previously outlined.

New customer privacy initiatives will impose additional operational burdens on PNC, may limit our ability to pursue desirable business initiatives and increase the risks associated with any future use of customer data.

Recently there has been an increase in legislative and regulatory efforts to protect the privacy of consumer data. Significant examples include the General Data Protection Regulation of the European Union and the California Consumer Privacy Act. These initiatives, among other things, limit how companies can use customer 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 customer data. These types of initiatives increase compliance complexity and related costs, result in significant financial penalties for compliance failures, and limit our ability to develop new products or respond to technological changes. Such legal requirements also could heighten the reputational impact of perceived misuses of customer data by us, our vendors, or others who gain unauthorized access to our customer 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.

Societal responses to climate change could adversely affect our business and performance, including indirectly through impacts on our customers.

Concerns over the long-term impacts of climate change have led and will continue to lead to governmental efforts around the world to mitigate those impacts. Consumers and businesses also are changing their behavior as a result of these concerns. PNC and its customers will need to respond to new laws and regulations as well as consumer and business preferences resulting from climate change concerns. We and our customers may face cost increases, asset value reductions, operating process changes, and the like as a result of 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 as well as their exposure to the effects of climate change. Among the impacts to PNC could be a drop in demand for our products and services, particularly in certain sectors. In addition, we could face reductions in creditworthiness on the part of some customers or in the value of assets securing loans, pressure from individuals or groups to cease doing business with certain companies or sectors, or additional regulatory restrictions or costs associated with providing products or services to certain companies or sectors. The Risk Factor headed “We are at risk for an adverse impact on our business due to damage to our reputation” has further discussion of risks associated with activist pressure. Our efforts to take these risks into account in making lending and other decisions, including by increasing our business with climate-friendly companies, 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.

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 and monitor 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, and data protection enhancements, as well as increased online and mobile device interaction with customers. We expect these trends to continue for the foreseeable future. Change is coming both from traditional banking companies and non-bank financial technology companies offering financial products and services, particularly payment services and lending. Our ability to succeed is dependent on the technologies we employ and offer our customers and the extent to which we at least keep pace with, if not exceed, our competitors' progress and our customers' needs and expectations.

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 or 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 the 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 it 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 a period of time. In such a circumstance, 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 fully any losses. Over time, there have been 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. 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 design or performance issues. In addition, our ability to use our technology effectively could be impacted due to 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 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 (apps) 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 apps often ask users to provide their secure banking log-in information and credentials (username and password) so the apps can link to users' accounts at financial institutions. Companies offering these apps frequently use third-party data aggregators – behind-the-scenes technology companies that serve as a data-gathering service provider – to deliver customer financial data that is used by the financial apps. To do this, data aggregators are provided with customers' log-in information and credentials, which allows the aggregators to access the customers' online account 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. In fact, the Director of the FinCEN has stated that FinCEN has seen high incidences of fraud, including ACH 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 apps and data aggregators. Even where PNC does not have responsibility for fraud losses associated with these apps 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 include disruptions to 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, would likely 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, bordering on 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. Most corporate and commercial transactions are now handled electronically, and our retail customers increasingly use online access and mobile devices 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 apps, on behalf of our customers.

In the ordinary course, 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. The 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 the third party, including those offering financial apps. Although we take steps to provide safety and security for our customers' transactions with us and their customer information to the extent they are utilizing their own devices or providing third parties access to their accounts, our ability to assure such safety and security is necessarily limited.

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 the business. If the 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, but to date such losses have not been material to us. 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. Over the last few years, several large companies disclosed that they had suffered substantial data security breaches compromising millions of user accounts and credentials. To date, our losses and costs related to these types of breaches, including those where some of the accounts affected were with PNC, have not been material. Other similar events in the future could be more significant to us. 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. 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. To date, our losses and costs related to these types of attacks have not been material, but ransomware attacks have increased in recent years and there is no guarantee that future attacks will not be successful.

A number of companies have fallen victim to BEC scams in recent years. BEC 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. While we have not experienced material losses from BEC scams to date, some of our commercial customers have been victimized. 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 DDoS 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.

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.

To date, none of these types of attacks have had a material impact on us. Nonetheless, we cannot entirely block efforts by bad actors to harm us. And our efforts to prevent significant harm from attacks may be insufficient. 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 cyber security 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 towards 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 particular future situation, nor the effectiveness of our oversight of risk at third parties. 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 can 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.

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 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 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.

In the ordinary course of business, we often have heightened credit exposure to a particular industry, region 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 or business borrower, we may have outsized exposure to a particular borrower experiencing financial distress. Events adversely affecting specific customers or counterparties, industries, regions or financial markets, including a decline in their creditworthiness or a worsening overall risk profile, could materially and adversely affect us. Declining economic conditions also may impact commercial borrowers more than consumer borrowers, or vice versa. Thus, the concentration and mix of our loan portfolio may affect the severity of the impact of a recession on us.

Our credit risk may be exacerbated when collateral held by us to secure obligations to us cannot be realized upon, including as a result 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 us.

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 could 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 are reflected in net income through provision for credit losses. An increase in credit risk would likely lead to an increase in provision for credit losses with a resulting reduction in our net income and would increase our allowance. An improvement of economic conditions or our economic outlook, particularly following a period of poor economic conditions, has and could continue to 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.

The COVID-19 pandemic has adversely impacted both commercial borrowers and consumers. In addition, the declines in GDP and increases in unemployment associated with the pandemic, and responsive measures to manage it, have significantly impacted the economic and qualitative factors used for purposes of our estimation of credit losses under CECL. For a discussion of the increased credit risk arising from the pandemic and its impact to our estimation of credit losses, see the Risk Factor headed “The COVID-19 pandemic has had and is likely to continue to have an adverse effect, possibly materially, on our overall business and financial performance.”

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 and the interest that we pay on liabilities, 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 mortgage 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.

We may also experience spread compression by offering higher than expected deposit rates in order to attract and maintain deposits as a result of increased competition.

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.

While in general higher interest rates 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 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. The current very low interest rate environment increases the potential for negative interest rates to occur.

We discuss the impact of governmental monetary policy on interest rates in the Risk Factors 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” and “The COVID-19 pandemic has had and is likely to continue to have an adverse effect, possibly materially, on our overall 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. Credit-based assets and liabilities will fluctuate in value due to changes in the perceived creditworthiness of borrowers or other counterparties and also due to changes in market interest rates.

Changes in loan prepayment speeds, which often occur when interest rates change, impact the value of our mortgage servicing rights, possibly adversely. Also, 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.

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, 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. Other 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.

For a discussion of the risks presented by the COVID-19 pandemic to the values of financial assets, see the Risk Factor headed "The COVID-19 pandemic has had and is likely to continue to have an adverse effect, possibly materially, on our overall business and financial performance."

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. Inaccurate estimates could materially impact our results of operations or financial position.

We must use estimates, assumptions and judgments when assets and liabilities are measured and reported at fair value. 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 in any particular market 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 quantitative models to measure risks and to estimate many financial values. We use models throughout much of our business, relying on them for much of our decision making. Examples of areas we use models include determining the pricing of various products, grading loans and extending credit, measuring interest rate and other market risks, predicting or estimating losses, assessing capital adequacy, and calculating economic and regulatory capital levels. We also use models to estimate the value of financial instruments and balance sheet items. In particular, we depend significantly on complex models for credit loss accounting under CECL, many of which have only been in use for a relatively short period of time.

Models generally evaluate the performance of various factors under anticipated future conditions, relying on historical data to help build the model and in part on assumptions as to the future, often with respect to macro-economic conditions, in order to generate the output. Poorly designed or implemented models, including in the choice of relevant historical data or future-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. Also, information we provide to the public or to our regulators based on poorly designed or implemented models could be inaccurate or misleading. Some of the decisions that our regulators make, including those related to capital distributions to our shareholders, would likely be affected adversely if they perceive that the quality of the relevant models used is insufficient.

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. For a discussion of the risks related to declines in demand for our products and services as a result of the COVID-19 pandemic, see the Risk Factor headed “The COVID-19 pandemic has had and is likely to continue to have an adverse effect, possibly materially, on our overall business and financial performance.”

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. We may also 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. This is particularly true to the extent that our competitors are better able to do so.

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 customers could remove money from checking, savings or other types of deposit accounts with us in favor of other banks or other types of investment products. Deposits are a low cost source of funds for us. Therefore, losing deposits could increase our funding costs and reduce our net interest income.

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 for higher returns elsewhere. 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. 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 and employees. 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 but not involving misconduct, including negative perceptions regarding our ability to maintain the security of our technology systems and protect client data. The reputational impact is likely greater to the extent that the bad conduct, error or failure 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 conduct of others in the industry even where we have not engaged in the 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 from social and environmental activists, with accompanying reputational risk. Activists target companies in our industry, including PNC, 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 environment, consumer health and safety, or society at large. In addition, other activists target companies in our industry, including PNC, seeking increased transparency and action with respect to diversity and inclusion (including pay equity) and political activities. Activist criticism has come in many forms, including protests at PNC facilities. PNC, together with 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. Many of these issues are divisive without broad agreement as to the appropriate steps a company such as PNC should take and often with strong feelings on both sides. 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 activist concerns or by others as having inappropriately yielded to activist pressures. Activist pressure can also be a factor in decisions as to which business opportunities and customers we pursue, potentially resulting in foregone profit opportunities. The OCC has requested comment on a proposed rule that would prohibit large national banks, such as PNC Bank, from declining to provide credit or other products or services to customers engaged in lawful activities except for documented, pre-approved risk-related reasons. The rule, if adopted, could cause some customers to switch their business to other banks that are not subject to these restrictions or have other negative consequences on PNC's businesses, operations and risk management activities.

The speed with which information now moves through social media and non-mainstream 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. Once information has gone viral, it can be hard 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 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, as well as the labor markets where we compete for talented employees.

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 without being subject to the same types of regulation, supervision and restrictions as are applicable to banks. 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.

Another increasingly competitive factor in the financial services industry is the ability to attract and retain talented and diverse employees across many of our businesses and support areas. This factor presents greater risk when we are expanding into new markets, developing new product lines, or significantly enhancing staffing in certain areas, particularly technology. This competition leads to increased expenses in affected business areas. In addition, the transition to increased work-from-home, which is likely to survive the COVID-19 pandemic for many companies, may exacerbate the challenges of attracting and retaining talented and diverse employees as job markets may be less constrained by physical geography. Limitations on the manner in which 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.

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.

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, or implement new technologies, as we may fail to adequately identify or manage operational risks resulting from such changes.

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 could result in significant harm to PNC. This 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. These 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. Risks can arise through greater complexity and inadequate performance by the third party, specifically where that performance could affect us or our customers. 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, where 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 in the Notes To Consolidated Financial Statements in Item 8 of this Report.

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 related deposits and other liabilities present risks and uncertainties to us in addition to those presented by the nature of the business acquired. These risks and uncertainties are found in the pending acquisition of BBVA, including its U.S. banking subsidiary, BBVA USA, and its integration into PNC following closing.

Acquisitions may be substantially more expensive or take longer to complete than anticipated. This risk includes unanticipated costs incurred in connection with the integration of the acquired business. 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. In some cases, it may prove impossible to realize them in their entirety. 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, if being retained, the quality of leadership of the acquired company.

Specific factors that can affect the ultimate results from acquisitions include, depending on the nature of the business acquired, the following:

- 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 a significant aspect of the value of an acquired business is intellectual property, the extent to which the intellectual property may be protected and commercialized by PNC following 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 as a result 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 be filed or commenced thereafter, as a result 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 for a period of time post-closing prior to integrating the acquired company's data into PNC's models. The acquired company's 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 for a period of time.

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. An acquired company's financial and business information and data may not be maintained at the level of detail or comprehensiveness to meet all of our post-acquisition needs.

Prospective acquisition targets are also subject to their own risks that we cannot manage or control prior to closing and that may impact their business, financial condition, results of operations and cash flows. 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.

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 they) 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 negatively impacted as well by changes in leadership at 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."

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 disasters (whether caused naturally or by human conduct), pandemics, terrorist activities, international hostilities and domestic civil unrest 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 disasters, pandemics, terrorist activities, international hostilities or domestic civil unrest could result from impacts to the financial markets, the economy in general or in any particular 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 our 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. To the extent that climate change increases the frequency or severity of adverse weather conditions, the impact from these types of natural disasters on us or our customers would be worse. The specific risks associated with the COVID-19 pandemic are discussed in the Risk Factor headed “The COVID-19 pandemic has had and is likely to continue to have an adverse effect, possibly materially, on our overall business and financial performance.”

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 disasters, pandemics, terrorist activities, international hostilities or domestic civil unrest 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 in the Notes To Consolidated Financial Statements in Item 8 of this Report.

ITEM 3 – LEGAL PROCEEDINGS

See the information set forth in Note 21 Legal Proceedings in the Notes To Consolidated Financial Statements in Item 8 of this Report, 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 19, 2021 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	56	Executive Vice President and Head of Asset Management Group	2019
Richard K. Bynum	50	Executive Vice President and Chief Corporate Responsibility Officer	2005
William S. Demchak	58	Chairman, President and Chief Executive Officer (b)	2002
Kieran J. Fallon	54	Executive Vice President and Chief Risk Officer	2011
Deborah Guild	52	Executive Vice President and Head of Enterprise Technology	2013
Michael J. Hannon	64	Executive Vice President and Chief Credit Officer	1982
Vicki C. Henn	52	Executive Vice President and Chief Human Resources Officer	1994
Gregory B. Jordan	61	Executive Vice President, General Counsel, Chief Administrative Officer and Head of Regulatory and Government Affairs	2013
Stacy M. Juchno	45	Executive Vice President and General Auditor	2009
Ganesh Krishnan	45	Executive Vice President and Enterprise Chief Information Officer	2008
Karen L. Larrimer	58	Executive Vice President, Chief Customer Officer and Head of Retail Banking	1995
Michael P. Lyons	50	Executive Vice President and Head of Corporate & Institutional Banking	2011
E William Parsley, III	55	Executive Vice President and Chief Operating Officer	2003
Robert Q. Reilly	56	Executive Vice President and Chief Financial Officer	1987
Gregory H. Kozich	57	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 for the 2021 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 one of the leading municipal finance investment bankers in the country.

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 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.

Deborah Guild was appointed Executive Vice President and Head of Enterprise Technology in November 2020. Prior to her appointment, she was PNC’s chief security officer. Previously, she 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 was 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.

Karen L. Larrimer was appointed Executive Vice President in 2013 and became head of Retail Banking in 2016. She has also served as Chief Customer Officer since April 2014, prior to which she served as Chief Marketing Officer.

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.

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 12, 2021, there were 49,295 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. The Federal Reserve also has imposed additional limitations on capital distributions through the first quarter of 2021 by CCAR participating bank holding companies (including PNC) and may extend these limitations, potentially in modified form. PNC announced on March 16, 2020 a temporary suspension of our common stock repurchase program in conjunction with the Federal Reserve's effort to support the U.S. economy during the pandemic and we continued the suspension through the fourth quarter of 2020, with the exception of employee benefit-related purchases in the third quarter. In 2021, our plan is to refrain from share repurchases, excluding employee benefit-related purchases, during the period leading up to our pending BBVA transaction close date.

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, 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 in the Notes To Consolidated Financial Statements in Item 8 of this Report, 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, 2020 in the table (with introductory paragraph and notes) in Item 12 of this Report.

Our stock transfer agent and registrar is:
Computershare
462 South 4th Street, Suite 1600
Louisville, KY 40202
800-982-7652
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 2020 are included in the following table:

In thousands, except per share data

2020 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	9	$ 111.63		75,109
November 1 – 30				75,109
December 1 – 31				75,109
Total	9	$ 111.63		

(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 in the Notes To Consolidated Financial Statements in Item 8 of this Report include additional information regarding our employee benefit and equity compensation plans that use PNC common stock.

(b) On April 4, 2019, our Board of Directors approved the establishment of a new stock repurchase program authorization in the amount of 100 million shares of PNC common stock, effective July 1, 2019. Under this authorization, repurchases may be made in open market or privately negotiated transactions, with the timing and exact amount of common stock repurchases depending on a number of factors including, among others, market and general economic conditions, regulatory capital considerations, alternative uses of capital, the potential impact on our credit ratings, and contractual and regulatory limitations, including the results of the supervisory assessment of capital adequacy and capital planning processes undertaken by the Federal Reserve as part of the CCAR process. In June 2019, we announced share repurchase programs of up to $4.3 billion for the four quarter period beginning with the third quarter of 2019, in accordance with PNC's 2019 capital plan. In January 2020, we announced an increase to these programs to repurchase up to an additional $1.0 billion in common shares through the end of the second quarter of 2020. PNC announced on March 16, 2020 a temporary suspension of our common stock repurchase program in conjunction with the Federal Reserve's effort to support the U.S. economy during the pandemic. We continued the suspension through the fourth quarter of 2020, with the exception of employee benefit-related purchases in the third quarter, consistent with the extension of the Federal Reserve's special capital distribution restrictions. Under these programs we repurchased 11.0 million shares in 2020 and 25.9 million shares in 2019. A maximum amount of 75.1 million shares remained available for repurchase under the new stock program authorization at December 31, 2020. In 2021, our plan is to refrain from share repurchases, excluding employee benefit-related purchases, during the period leading up to our pending BBVA transaction close date.

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, 2020, as compared with: (1) a selected peer group as set forth below and referred to as the "Peer Group;" (2) an overall stock market index, the S&P 500 Index; and (3) 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 on January 1, 2016 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, 2015 Total Return = Price change plus reinvestment of dividends					5-Year Compound Growth Rate
	Dec. 2015	Dec. 2016	Dec. 2017	Dec. 2018	Dec. 2019	Dec. 2020	
PNC	$ 100	$ 125.78	$ 158.43	$ 131.53	$ 185.32	$ 180.26	12.51 %
S&P 500 Index	$ 100	$ 111.95	$ 136.38	$ 130.39	$ 171.44	$ 202.96	15.21 %
S&P 500 Banks	$ 100	$ 124.31	$ 152.34	$ 127.30	$ 179.03	$ 154.41	9.08 %
Peer Group	$ 100	$ 132.72	$ 158.48	$ 125.50	$ 170.99	$ 154.90	9.15 %

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 2015 to December 2018. Historical data for SunTrust Banks, Inc. is not included as a part of Truist Financial Corporation in the preceding chart and table. This Peer Group was approved for 2020 by the Board of Directors' Personnel and Compensation Committee, and the Committee has approved the same peer group for 2021.

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, 2015 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 – SELECTED FINANCIAL DATA

This Selected Financial Data 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.

	Year ended December 31				
Dollars in millions, except per share data	2020	2019	2018	2017	2016
Summary of Operations					
Interest income	$ 11,307	$ 13,762	$ 12,582	$ 10,814	$ 9,652
Interest expense	1,361	3,797	2,861	1,706	1,261
Net interest income	9,946	9,965	9,721	9,108	8,391
Noninterest income	6,955	6,874	6,469	6,144	6,089
Total revenue	16,901	16,839	16,190	15,252	14,480
Provision for credit losses	3,175	773	408	441	433
Noninterest expense	10,297	10,574	10,296	10,398	9,476
Income from continuing operations before income taxes and noncontrolling interests	3,429	5,492	5,486	4,413	4,571
Income taxes from continuing operations	426	901	928	(185)	1,115
Net income from continuing operations	3,003	4,591	4,558	4,598	3,456
Income from discontinued operations before taxes	5,777	988	942	1,077	682
Income taxes from discontinued operations	1,222	161	154	287	153
Net income from discontinued operations	4,555	827	788	790	529
Net income	7,558	5,418	5,346	5,388	3,985
Less: Net income attributable to noncontrolling interests	41	49	45	50	82
Preferred stock dividends	229	236	236	236	209
Preferred stock discount accretion and redemptions	4	4	4	26	6
Net income attributable to common shareholders	$ 7,284	$ 5,129	$ 5,061	$ 5,076	$ 3,688
Per Common Share					
Basic earnings from continuing operations	$ 6.37	$ 9.59	$ 9.11	$ 8.87	$ 6.35
Basic earnings from discontinued operations	$ 10.62	$ 1.84	$ 1.68	$ 1.62	$ 1.07
Total basic earnings	$ 16.99	$ 11.43	$ 10.79	$ 10.49	$ 7.42
Diluted earnings from continuing operations	$ 6.36	$ 9.57	$ 9.06	$ 8.79	$ 6.27
Diluted earnings from discontinued operations	$ 10.60	$ 1.82	$ 1.65	$ 1.57	$ 1.03
Total diluted earnings	$ 16.96	$ 11.39	$ 10.71	$ 10.36	$ 7.30
Book value	$ 119.11	$ 104.59	$ 95.72	$ 91.94	$ 85.94
Cash dividends declared	$ 4.60	$ 4.20	$ 3.40	$ 2.60	$ 2.12
Effective tax rate from continuing operations (a)	12.4 %	16.4 %	16.9 %	(4.2)%	24.4 %
Performance Ratios from Continuing Operations					
Net interest margin (b)	2.53 %	2.89 %	2.97 %	2.87 %	2.73 %
Noninterest income to total revenue	41 %	41 %	40 %	40 %	42 %
Efficiency	61 %	63 %	64 %	68 %	65 %
Return on:					
Average common shareholders' equity	15.21 %	11.50 %	11.83 %	12.09 %	8.85 %
Average assets	1.68 %	1.35 %	1.41 %	1.45 %	1.10 %

(a) The effective tax rates are generally lower than the statutory rate due to the relationship of pretax income to tax credits and earnings that are not subject to tax.
(b) Net interest margin is the total yield on interest-earning assets minus the total rate on interest-bearing liabilities and includes the benefit from use of noninterest-bearing sources. To provide more meaningful comparisons of net interest margins, we use net interest income on a taxable-equivalent basis in calculating average yields used in the calculation of 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 in the Consolidated Income Statement. For additional information, see Reconciliation of Taxable-Equivalent Net Interest Income (Non-GAAP) Statistical Information (Unaudited) section in Item 8 of this Report.

Dollars in millions, except as noted	Year ended December 31 2020	2019	2018	2017	2016
Balance Sheet Highlights					
Assets	$ 466,679	$ 410,295	$ 382,315	$ 380,768	$ 366,380
Loans	$ 241,928	$ 239,843	$ 226,245	$ 220,458	$ 210,833
Allowance for loan and lease losses (a)	$ 5,361	$ 2,742	$ 2,629	$ 2,611	$ 2,589
Interest-earning deposits with banks (b)	$ 85,173	$ 23,413	$ 10,893	$ 28,595	$ 25,711
Investment securities	$ 88,799	$ 86,824	$ 82,701	$ 76,131	$ 75,947
Loans held for sale	$ 1,597	$ 1,083	$ 994	$ 2,655	$ 2,504
Equity investments	$ 6,052	$ 5,176	$ 4,878	$ 3,816	$ 3,842
Asset held for sale (c)		$ 8,558	$ 8,016	$ 7,576	$ 6,886
Mortgage servicing rights	$ 1,242	$ 1,644	$ 1,983	$ 1,832	$ 1,758
Goodwill	$ 9,233	$ 9,233	$ 9,218	$ 9,173	$ 9,103
Other assets	$ 30,999	$ 32,202	$ 34,408	$ 27,894	$ 27,506
Noninterest-bearing deposits	$ 112,637	$ 72,779	$ 73,960	$ 79,864	$ 80,230
Interest-bearing deposits	$ 252,708	$ 215,761	$ 193,879	$ 185,189	$ 176,934
Total deposits	$ 365,345	$ 288,540	$ 267,839	$ 265,053	$ 257,164
Borrowed funds (d)	$ 37,195	$ 60,263	$ 57,419	$ 59,088	$ 52,706
Allowance for unfunded lending related commitments (a)	$ 584	$ 318	$ 285	$ 297	$ 301
Total shareholders’ equity	$ 54,010	$ 49,314	$ 47,728	$ 47,513	$ 45,699
Common shareholders’ equity	$ 50,493	$ 45,321	$ 43,742	$ 43,530	$ 41,723
Accumulated other comprehensive income (loss)	$ 2,770	$ 799	$ (725)	$ (148)	$ (265)
Period-end common shares outstanding (millions)	424	433	457	473	485
Loans to deposits	66 %	83 %	84 %	83 %	82 %
Client Assets (billions)					
Discretionary client assets under management	$ 170	$ 154	$ 148	$ 151	$ 137
Nondiscretionary client assets under administration	154	143	124	131	120
Total client assets under administration	324	297	272	282	257
Brokerage account client assets	59	54	47	49	44
Total	$ 383	$ 351	$ 319	$ 331	$ 301
Capital Ratios (e) (f)					
Basel III					
Common equity Tier 1	12.2 %	9.5 %	9.6 %	9.8 %	10.0 %
Common equity Tier 1 fully implemented (g)	11.8 %	N/A	N/A	N/A	N/A
Tier 1 risk-based	13.2 %	10.7 %	10.8 %	N/A	N/A
Total capital risk-based (h)	15.6 %	12.7 %	13.0 %	N/A	N/A
Leverage	9.5 %	9.1 %	9.4 %	9.6 %	9.8 %
Supplementary leverage	9.9 %	7.6 %	7.8 %	8.0 %	8.3 %
Other Selected Ratios					
Dividend payout	27.2 %	36.7 %	31.5 %	24.7 %	29.0 %
Common shareholders’ equity to total assets	10.8 %	11.0 %	11.4 %	11.4 %	11.4 %
Average common shareholders’ equity to average assets	10.7 %	11.1 %	11.3 %	11.3 %	11.5 %
Selected Statistics					
Employees	51,257	51,918	53,063	52,906	52,006
Retail Banking branches	2,162	2,296	2,372	2,459	2,520
ATMs	8,900	9,091	9,162	9,051	9,024

(a) Amounts at December 31, 2020 reflect the impact of adopting ASU 2016-13, Financial Instruments - *Credit Losses*, which is commonly referred to as the CECL standard and our transition from an incurred loss methodology for these reserves to an expected credit loss methodology. Refer to Note 1 Accounting Policies in the Notes To Consolidated Financial Statements in Item 8 of this Report for additional detail on the adoption of this standard.
(b) Includes balances held with the Federal Reserve Bank of Cleveland of $84.9 billion, $23.2 billion, $10.5 billion, $28.3 billion and $25.1 billion as of December 31, 2020, 2019, 2018, 2017 and 2016, respectively.
(c) Represents our held for sale investment in BlackRock. In the second quarter of 2020, PNC divested its entire investment in BlackRock. Prior period BlackRock investment balances have been reclassified to the Asset held for sale line in accordance with ASC 205-20, Presentation of Financial Statements - Discontinued Operations. Refer to Note 1 Accounting Policies and Note 2 Acquisition and Divestiture Activity in the Notes To Consolidated Financial Statements in Item 8 of this Report for additional details.
(d) Includes long-term borrowings of $29.3 billion, $33.2 billion, $37.4 billion, $43.1 billion and $38.3 billion for 2020, 2019, 2018, 2017 and 2016, respectively. Borrowings which mature more than one year after December 31, 2020 are considered to be long-term.
(e) See capital ratios discussion in the Supervision and Regulation section of Item 1 and in the Liquidity and Capital Management portion of the Risk Management section in Item 7 of this Report for additional discussion of these capital ratios.
(f) All ratios are calculated using the regulatory capital methodology applicable to PNC during each period presented, except for the 2016 and 2017 Basel III Common equity Tier 1 ratios, which are fully phased-in Basel III ratios and are presented as pro forma estimates. Ratios for all periods were calculated based on the standardized approach. Additional information on

the 2016 and 2017 fully phased-in ratios is included in the Transitional Basel III and Fully Phased-In Basel III Common Equity Tier 1 Capital Ratios (Non-GAAP) Statistical Information (Unaudited) section in Item 8 of this Report.
(g) The 2020 fully implemented CET1 ratio is calculated to reflect the full impact of CECL and excludes the benefits of the five-year transition provision.
(h) The 2020, 2019 and 2018 Basel III Total capital risk-based ratios include nonqualifying trust preferred capital securities of $40 million, $60 million, and $80 million, respectively, that are subject to a phase-out period that runs through 2021.

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 putting customers' needs first. 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 innovate and enhance products, services, security and processes.

Our capital priorities are to support customers and business investment, maintain appropriate capital in light of economic conditions, the Basel III framework and other regulatory expectations, and return excess capital to shareholders. 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 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 reserves needed for critical accounting estimates and related contingencies, and
- The closing of the pending BBVA acquisition and integration of its business into PNC after closing.

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 pandemic,
- The actions by the Federal Reserve, U.S. Treasury and other government agencies, including those that impact money supply and market interest rates,
- 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 and regulatory landscape,
- The impact of the results of the recent U.S. elections on the regulatory landscape, capital markets, and the response to and management of the pandemic,
- 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 the Cautionary Statement Regarding Forward-Looking Information section in this Item 7 and Item 1A Risk Factors in this Report.

Second Quarter Sale of Equity Investment in BlackRock, Inc.

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. The after-tax gain on the sale of $4.3 billion, and donation expense and BlackRock's historical results for all periods presented, are reported as discontinued operations. For additional details on the divestiture of our equity investment in BlackRock, see Note 2 Acquisition and Divestiture Activity in the Notes to Consolidated Financial Statements in Item 8 of this Report.

Pending Acquisition of BBVA USA Bancshares, Inc.

On November 16, 2020 PNC announced a definitive agreement to acquire BBVA, including its U.S. banking subsidiary BBVA USA, from the Spanish financial group BBVA, S.A for a fixed purchase price of $11.6 billion in cash. BBVA USA operates over 600 branches in Texas, Alabama, Arizona, California, Florida, Colorado and New Mexico. The transaction is expected to close in mid-2021 and add approximately $102 billion in total assets, $86 billion of deposits and $66 billion of loans, creating the fifth largest bank by assets and a PNC presence in 29 of the 30 largest markets in the U.S. See Note 2 Acquisition and Divestiture Activity in the Notes to Consolidated Financial Statements in Item 8 of this Report for details on the pending acquisition.

Income Statement Highlights

Net income from continuing operations for 2020 was $3.0 billion, or $6.36 per diluted common share, a decrease of 35% compared to net income from continuing operations of $4.6 billion, or $9.57 per diluted common share, for 2019.

- Total revenue increased $62 million to $16.9 billion.
    - Net interest income decreased $19 million to $9.9 billion.
        - Net interest margin decreased to 2.53% for 2020 compared to 2.89% for 2019.
    - Noninterest income increased $81 million, or 1%, to $7.0 billion.
- Provision for credit losses of $3.2 billion in 2020, calculated under the CECL accounting standard adopted January 1, 2020, increased $2.4 billion compared to $0.8 billion for 2019, reflecting changes due to the adoption of CECL, together with the significantly adverse economic impacts of the pandemic and its resulting effects on loan portfolio credit quality and loan growth.
- Noninterest expense decreased $277 million, or 3%, to $10.3 billion.
- We generated positive operating leverage in 2020 of 3%.

For additional detail, see the Consolidated Income Statement Review section of this Item 7.

Balance Sheet Highlights

Our balance sheet was strong and well positioned at December 31, 2020 and 2019. In comparison to December 31, 2019:

- Total assets increased $56.4 billion, or 14%, to $466.7 billion.
- Total loans increased $2.1 billion, or 1%, to $241.9 billion.
    - Total commercial loans grew $6.6 billion, or 4%, to $167.2 billion.
    - Total consumer loans decreased $4.5 billion, or 6%, to $74.7 billion.
- Investment securities increased $2.0 billion, or 2%, to $88.8 billion.
- Interest earning deposits with banks, primarily with the Federal Reserve Bank, increased $61.8 billion to $85.2 billion due to higher liquidity from deposit growth and proceeds from the sale of our equity investment in BlackRock.
- Total deposits increased $76.8 billion, or 27%, to $365.3 billion, due to growth in commercial deposits reflecting pandemic-related accumulation of liquidity by customers and higher consumer deposits driven by government stimulus payments and lower consumer spending.
- Borrowed funds of $37.2 billion decreased $23.1 billion, or 38%, reflecting use of liquidity from deposit growth and proceeds from the sale of our equity investment in BlackRock.

For additional detail, see the Consolidated Balance Sheet Review section of this Item 7.

Credit Quality Highlights

Credit quality metrics in 2020 reflected a challenging economic environment.

- At December 31, 2020 compared to December 31, 2019:
  - Nonperforming assets of $2.3 billion increased $585 million, or 33%, primarily due to the significantly adverse economic impacts of the pandemic.
  - Overall loan delinquencies of $1.4 billion decreased $141 million, or 9%, reflecting CARES Act and other forbearance and extension treatments.
- Net charge-offs of $832 million, or 0.33% of average loans, in 2020 increased 30% compared to net charge-offs of $642 million, or 0.27% of average loans, for 2019. Commercial loan net charge-offs increased $175 million, primarily in industries adversely impacted by the pandemic, and consumer loan net charge-offs increased $15 million compared to 2019.
- The ACL related to loans increased to $5.9 billion, or 2.46% of total loans, at December 31, 2020, calculated under the CECL accounting standard adopted January 1, 2020, compared to $3.1 billion, or 1.28% of total loans, at December 31, 2019. The increase was due to the transition impact from the adoption of the CECL standard along with the significantly adverse economic impacts of the pandemic and its resulting effects on loan portfolio credit quality and loan growth.

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 2020.

- The Basel III CET1 capital ratio was 12.2% at December 31, 2020 compared with 9.5% at December 31, 2019.
  - The December 31, 2020 ratio reflects higher capital due in part to the gain from the sale of our equity investment in BlackRock and changes under the Tailoring Rules, effective January 1, 2020 for PNC, partially offset by the impact of the CECL accounting standard.
  - Additionally, capital benefited from our election of a five-year transition period for CECL's estimated impact on CET1 capital. 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 compared to CECL ACL at transition. The estimated CECL impact is added to CET1 capital through December 31, 2021, then phased-out over the following three years.
- Common shareholder's equity increased 11% to $50.5 billion at December 31, 2020, compared to $45.3 billion at December 31, 2019.
- On January 5, 2021, the PNC board of directors declared a quarterly cash dividend on common stock of $1.15 per share payable on February 5, 2021.
- PNC announced on March 16, 2020 a temporary suspension of our common stock repurchase program in conjunction with the Federal Reserve's effort to support the U.S. economy during the pandemic, and continued the suspension through the fourth quarter of 2020, consistent with the extension of the Federal Reserve's special capital distribution restrictions. We repurchased $99 million of common shares in the third quarter to offset the effects of employee benefit plan-related issuances in 2020 as permitted by guidance from the Federal Reserve. In 2021, our plan is to refrain from share repurchases, excluding employee benefit-related purchases, during the period leading up to our pending BBVA transaction close date.

PNC's ability to take certain capital actions, including returning capital to shareholders, is subject to PNC meeting or exceeding a stress capital buffer established by the Federal Reserve Board in connection with the Federal Reserve Board's CCAR process. The Federal Reserve also has imposed additional limitations on capital distributions through the first quarter of 2021 by CCAR-participating bank holding companies and may extend these limitations, potentially in modified form. 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 2020 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 view that:

- The U.S. economy is in an economic recovery, following a very severe but very short economic contraction in the first half of 2020 due to the COVID-19 pandemic and public health measures to contain it.

- Despite the improvement in the economy since the spring of 2020, economic activity remains far below its prepandemic level and unemployment remains elevated.
- Growth will be much weaker in early 2021 because of record COVID-19 cases and continued government restrictions of economic activity. Growth should then pick up in the spring of 2021 as vaccines are more widely available and the federal government provides aid to households and small and medium-sized businesses. PNC does not expect real GDP to return to its pre-pandemic level until late 2021, and does not expect employment to return to its pre-pandemic level until at least 2023.
- PNC expects the FOMC to keep the fed funds rate in its current range of 0.00% to 0.25% through at least mid-2024.

See the Cautionary Statement Regarding Forward-Looking Information section in this Item 7 and Item 1A Risk Factors in this Report for other factors that could cause future events to differ, perhaps materially, from those anticipated in these forward-looking statements.

For information on financial results for the fourth quarter of 2020, see the Selected Quarterly Financial Data section in the Statistical Information (Unaudited) section of Item 8 of this Report.

For the PNC standalone full year 2021, excluding one-time costs related to the BBVA transaction, compared to full year 2020 where appropriate, we expect:

- Average loan growth to be down in the low-single digits range, and spot loan growth to be up in the low single-digits range, on a percentage basis,
- Revenue growth to be stable, which includes net interest income down modestly,
- Noninterest expense to remain stable, and
- The effective tax rate to be approximately 17%.

Assuming a mid-2021 close date and excluding one-time integration costs, we expect the pending BBVA acquisition to be approximately $600 million accretive to PNC’s 2021 pre-provision net revenue.

For the first quarter of 2021, compared to the fourth quarter of 2020 where appropriate, we expect:

- Average loans to be stable to down modestly, with PPP loans to be up approximately $2 billion,
- Net interest income to decline approximately 1%, which includes the impact of two fewer days in the quarter,
  - Excluding the impact of PPP, net interest income to decline approximately 3%.
- Noninterest income to decline mid-single digits, on a percentage basis, with other noninterest income to be between $275 million and $325 million,
- Noninterest expense to be down in the mid-single digit range, on a percentage basis, and
- Net loan charge-offs to be between $200 million and $250 million.

CONSOLIDATED INCOME STATEMENT REVIEW

Our Consolidated Income Statement is presented in Item 8 of this Report. For the comparison of 2019 over 2018, see the Consolidated Income Statement Review section in our 2019 Form 10-K.

Net income from continuing operations for 2020 was $3.0 billion, or $6.36 per diluted common share, a decrease of $1.6 billion compared with net income from continuing operations of $4.6 billion, or $9.57 per diluted common share, for 2019. The decrease was primarily driven by a $2.4 billion increase in the provision for credit losses reflecting changes due to the adoption of CECL, together with the significantly adverse economic impacts of the pandemic and its resulting effects on loan portfolio credit quality and loan growth, partially offset by lower noninterest expense.

Net Interest Income

Table 1: Summarized Average Balances and Net Interest Income (a)

Year ended December 31 Dollars in millions	2020 Average Balances	Average Yields/ Rates	Interest Income/ Expense	2019 Average Balances	Average Yields/ Rates	Interest Income/ Expense
Assets						
Interest-earning assets						
Investment securities	$ 87,279	2.36 %	$ 2,064	$ 83,666	2.93 %	$ 2,450
Loans	252,633	3.55 %	8,979	235,016	4.51 %	10,604
Interest-earning deposits with banks	47,333	0.21 %	100	16,878	2.09 %	353
Other	9,553	2.50 %	239	12,425	3.69 %	458
Total interest-earning assets/interest income	$ 396,798	2.87 %	11,382	$ 347,985	3.98 %	13,865
Liabilities						
Interest-bearing liabilities						
Interest-bearing deposits	$ 238,771	0.27 %	643	$ 204,588	0.97 %	1,986
Borrowed funds	47,938	1.50 %	718	61,528	2.94 %	1,811
Total interest-bearing liabilities/interest expense	$ 286,709	0.47 %	1,361	$ 266,116	1.43 %	3,797
Net interest margin/income (Non-GAAP)		2.53 %	10,021		2.89 %	10,068
Taxable-equivalent adjustments			(75)			(103)
Net interest income (GAAP)			$ 9,946			$ 9,965

(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 decreased $19 million in 2020 compared with 2019. The decrease was driven by lower yields on interest-earning assets, partially offset by lower rates on deposits, higher interest earning asset balances, and lower borrowing rates and balances. Net interest margin decreased 36 basis points reflecting the impact of the 1.5% reduction in the federal funds rate by the Federal Reserve in March 2020 and related changes in other short-term rates.

Average investment securities increased $3.6 billion, or 4%, primarily due to an increase in residential mortgage-backed securities. Average investment securities represented 22% of average interest-earning assets in 2020, compared to 24% in 2019.

Average loans grew $17.6 billion, or 8%, driven by commercial and consumer loan growth. Average commercial loans increased by $15.5 billion, or 10%, reflecting new production, including PPP lending under the CARES Act, and higher multifamily agency warehouse lending, partially offset by lower average utilization of loan commitments.

Average consumer loans increased $2.1 billion, or 3%, to $77.8 billion as growth in residential mortgage, auto, unsecured installment and credit card loans was partially offset by declines in education loans due to runoff in the guaranteed government loan portfolio and home equity loan paydowns and payoffs that exceeded new origination volumes.

Average loans represented 64% of average interest-earning assets in 2020 compared to 68% in 2019.

Average interest-earning deposits grew $30.5 billion as average balances held with the Federal Reserve Bank increased due to higher liquidity from deposit growth and proceeds from the sale of our equity investment in BlackRock.

Average interest-bearing deposits grew $34.2 billion, or 17%, as growth in commercial and consumer deposits reflected pandemic-related accumulation of customer liquidity. In total, average interest-bearing deposits represented 83% of average interest-bearing liabilities in 2020 compared to 77% in 2019.

Further details regarding average loans and deposits are included in the Business Segments Review section of this Item 7.

Average borrowed funds decreased $13.6 billion, or 22%, primarily due to a decline in FHLB borrowings and federal funds purchased reflecting use of liquidity from deposit growth and proceeds from the sale of our equity investment in BlackRock.

Noninterest Income

Table 2: Noninterest Income

Year ended December 31 Dollars in millions	2020	2019	Change $	Change %
Noninterest income				
Asset management	$ 836	$ 862	$ (26)	(3)%
Consumer services	1,484	1,555	(71)	(5)%
Corporate services	2,167	1,914	253	13 %
Residential mortgage	604	368	236	64 %
Service charges on deposits	500	702	(202)	(29)%
Other	1,364	1,473	(109)	(7)%
Total noninterest income	$ 6,955	$ 6,874	$ 81	1 %

Noninterest income as a percentage of total revenue was 41% for both 2020 and 2019.

Asset management revenue declined due to the impact of PNC's divestiture activity in 2019 of the retirement recordkeeping business and PNC's proprietary mutual funds, partially offset by the impact of higher average equity markets. PNC's discretionary client assets under management increased to $170 billion at December 31, 2020 compared with $154 billion at December 31, 2019, primarily attributable to higher equity markets.

Consumer services revenue declined as a result of lower transaction volumes and activities, reflecting lower consumer spending.

Broad-based growth in corporate services revenue was driven by higher capital markets-related revenue, primarily from increased equity capital markets advisory fees and asset-backed financing fees, higher revenue from commercial mortgage banking activities and higher treasury management product revenue.

Residential mortgage revenue increased due to higher loan sales revenue driven by increased loan volume and favorable gain on sale margins and revenue from RMSR valuation, net of economic hedge, partially offset by lower servicing fees due to increased payoff volumes.

Service charges on deposits decreased due to lower transaction volumes, fees waived for customers experiencing pandemic-related hardships and the elimination of certain checking product fees.

Other noninterest income decreased due to lower revenue from private equity investments reflecting the significantly adverse economic impacts of the pandemic, lower gains on asset sales including the 2019 divestitures of PNC's retirement recordkeeping business and proprietary mutual funds and higher negative Visa Class B derivative fair value adjustments, primarily related to the extension of anticipated litigation resolution timing, partially offset by higher net securities gains and capital markets-related revenue.

Other noninterest income typically fluctuates from period to period depending on the nature and magnitude of transactions completed. 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 3: Noninterest Expense

Year ended December 31 Dollars in millions	2020	2019	Change $	Change %
Noninterest expense				
Personnel	$ 5,673	$ 5,647	$ 26	—
Occupancy	826	834	(8)	(1)%
Equipment	1,176	1,210	(34)	(3)%
Marketing	236	301	(65)	(22)%
Other	2,386	2,582	(196)	(8)%
Total noninterest expense	$ 10,297	$ 10,574	$ (277)	(3)%

The decrease in noninterest expense reflected lower business activity related to the significantly adverse economic impacts of the pandemic, including lower costs associated with business travel, marketing expense and lower equipment expense primarily due to technology-related write-offs in 2019, partially offset by higher personnel expense reflecting continued investment in our employees.

We achieved our 2020 continuous improvement program savings goal of $300 million. In 2021, our goal will once again be $300 million in cost savings, without regard to cost saves related to BBVA, which we expect to contribute to the funding of our business and technology investments.

Effective Income Tax Rate

The effective income tax rate from continuing operations was 12.4% for 2020 compared with 16.4% for 2019. The decrease was primarily due to tax credit benefits and the favorable resolution of certain tax matters in the third quarter of 2020.

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 in Item 8 of this Report.

Provision for Credit Losses

Table 4: Provision for Credit Losses

Year ended December 31 Dollars in millions	2020	2019
Provision for credit losses		
Loans and leases	$ 2,985	$ 773
Unfunded lending related commitments (a)	87	
Investment securities	80	
Other financial assets	23	
Total provision for credit losses	$ 3,175	$ 773

(a) For the year ended December 31, 2019, the provision for unfunded lending related commitments was included in the provision for loans and leases.

The provision for credit losses was $3.2 billion in 2020 compared to $0.8 billion in 2019. The provision in 2020 was calculated under the CECL accounting standard adopted January 1, 2020. The increase reflected changes due to the adoption of CECL, together with the significantly adverse economic impacts of the pandemic and its resulting effects on loan portfolio credit quality and loan growth.

Net interest income less the provision for credit losses was $6.8 billion, $9.2 billion and $9.3 billion for 2020, 2019 and 2018, respectively.

The Credit Risk Management portion of the Risk Management section of this Item 7 includes additional information regarding factors impacting the provision for credit losses.

Net Income from Discontinued Operations

The following table summarizes net income from our investment in BlackRock, which is now reported as discontinued operations as a result of the second quarter 2020 divestiture.

Table 5: Discontinued Operations

Year ended December 31 Dollars in millions	2020	2019
Net income from discontinued operations	$ 4,555	$ 827

For additional details on the divestiture of our equity investment in BlackRock, see Note 2 Acquisition and Divestiture Activity in the Notes to Consolidated Financial Statements in Item 8 of this Report.

CONSOLIDATED BALANCE SHEET REVIEW

The summarized balance sheet data in Table 6 is based upon our Consolidated Balance Sheet in Item 8 of this Report. For additional detail of the comparison of 2019 over 2018, see the Consolidated Balance Sheet Review section in our 2019 Form 10-K.

Table 6: Summarized Balance Sheet Data

Dollars in millions	December 31 2020	December 31 2019	Change $	Change %
Assets				
Interest-earning deposits with banks	$ 85,173	$ 23,413	$ 61,760	264 %
Loans held for sale	1,597	1,083	514	47 %
Asset held for sale (a)		8,558	(8,558)	(100)%
Investment securities	88,799	86,824	1,975	2 %
Loans	241,928	239,843	2,085	1 %
Allowance for loan and lease losses (b)	(5,361)	(2,742)	(2,619)	(96)%
Mortgage servicing rights	1,242	1,644	(402)	(24)%
Goodwill	9,233	9,233		
Other, net	44,068	42,439	1,629	4 %
Total assets	$ 466,679	$ 410,295	$ 56,384	14 %
Liabilities				
Deposits	$ 365,345	$ 288,540	$ 76,805	27 %
Borrowed funds	37,195	60,263	(23,068)	(38)%
Allowance for unfunded lending related commitments (b)	584	318	266	84 %
Other	9,514	11,831	(2,317)	(20)%
Total liabilities	412,638	360,952	51,686	14 %
Equity				
Total shareholders' equity	54,010	49,314	4,696	10 %
Noncontrolling interests	31	29	2	7 %
Total equity	54,041	49,343	4,698	10 %
Total liabilities and equity	$ 466,679	$ 410,295	$ 56,384	14 %

(a) Represents our held for sale investment in BlackRock. In the second quarter of 2020, PNC divested its entire investment in BlackRock. The prior period BlackRock investment balance has been reclassified to the Asset held for sale line in accordance with ASC 205-20, Presentation of Financial Statements - Discontinued Operations. Refer to Note 1 Accounting Policies and Note 2 Acquisition and Divestiture Activity in the Notes To Consolidated Financial Statements in Item 8 of this Report for additional details.
(b) Amount as of December 31, 2020 reflects the impact of adopting the CECL accounting standard and our transition from an incurred loss methodology for these reserves to an expected credit loss methodology. Prior period amounts represent ALLL under the incurred loss methodology. Refer to Note 1 Accounting Policies in the Notes To Consolidated Financial Statements in Item 8 of this Report for additional detail on the adoption of this standard.

Our balance sheet was strong and well-positioned at December 31, 2020 and December 31, 2019.

- Total assets increased as a result of higher interest-earning deposits with banks, primarily the Federal Reserve Bank, loan growth and higher investment securities.
- Total liabilities increased due to deposit growth reflecting customer liquidity accumulation, partially offset by lower borrowed funds, primarily FHLB borrowings, federal funds purchased and bank notes and senior debt.
- Total equity increased due to higher retained earnings driven by the gain on sale of our equity investment in BlackRock and higher AOCI, partially offset by dividends on common and preferred stock, share repurchases, the day-one effect of adopting the CECL accounting standard and the redemption of our Series Q preferred stock.

The ACL related to loans totaled $5.9 billion at December 31, 2020, an increase of $2.9 billion since December 31, 2019. The increase was attributable to a $0.6 billion day-one CECL transition adjustment and a $3.1 billion provision for credit losses, partially offset by net charge-offs of $0.8 billion. The provision reflects changes due to the adoption of the CECL standard, together with the significantly adverse economic impacts of the pandemic and its resulting effects on loan portfolio credit quality and 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, and
- Note 1 Accounting Policies and Note 4 Loans and Related Allowance for Credit Losses in the Notes To Consolidated Financial Statements included in Item 8 of this Report.

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 in the Notes To Consolidated Financial Statements in Item 8 of this Report.

Loans

Table 7: Loans

Dollars in millions	December 31 2020	December 31 2019	Change $	Change %
Commercial				
Commercial and industrial	$ 132,073	$ 125,337	$ 6,736	5 %
Commercial real estate	28,716	28,110	606	2 %
Equipment lease financing	6,414	7,155	(741)	(10)%
Total commercial	167,203	160,602	6,601	4 %
Consumer				
Home equity	24,088	25,085	(997)	(4)%
Residential real estate	22,560	21,821	739	3 %
Automobile	14,218	16,754	(2,536)	(15)%
Credit card	6,215	7,308	(1,093)	(15)%
Education	2,946	3,336	(390)	(12)%
Other consumer	4,698	4,937	(239)	(5)%
Total consumer	74,725	79,241	(4,516)	(6)%
Total loans	$ 241,928	$ 239,843	$ 2,085	1 %

Commercial loans increased primarily due to PPP loan originations and higher multifamily agency warehouse lending, partially offset by lower utilization of loan commitments. At December 31, 2020 PNC had $12.0 billion of PPP loans outstanding.

For commercial and industrial loans by industry and commercial real estate loans by geography and property type, see Loan Portfolio Characteristics and Analysis in the Credit Risk Management portion of the Risk Management section in this Item 7.

Total consumer loans declined as new originations decreased due to the significantly adverse economic impacts of the pandemic and lower consumer spending. Education loans declined primarily due to continued runoff of the government guaranteed education loan portfolio. Residential mortgage loans increased as the low interest rate environment resulted in an increase in the volume of originations retained by PNC, primarily of nonconforming loans, which are loans that do not meet agency standards as a result of exceeding agency conforming loan limits.

For information on home equity and residential real estate portfolios, including loans by geography, and our auto loan portfolio, see Loan Portfolio Characteristics and Analysis in the Credit Risk Management portion of the Risk Management section in this Item 7.

For additional information regarding our loan portfolio, see the Credit Risk Management portion of the Risk Management section in this Item 7 and Note 1 Accounting Policies, Note 4 Loans and Related Allowance for Credit Losses in our Notes To Consolidated Financial Statements included in Item 8 of this Report.

Investment Securities

Investment securities of $88.8 billion at December 31, 2020 increased $2.0 billion, or 2%, compared to December 31, 2019, due primarily to net purchases of U.S. Treasury and government agency securities, partially offset by portfolio run-off of agency residential mortgage-backed 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 LCR and other internal and external guidelines and constraints. During 2020, $16.2 billion of debt securities were transferred from held to maturity to available for sale pursuant to elections made under recently adopted accounting standards. See further discussion in Note 1 Accounting Policies in the Notes To Consolidated Financial Statements in Item 8 of this Report.

Table 8: Investment Securities

Dollars in millions	December 31, 2020 Amortized Cost (b)	December 31, 2020 Fair Value	December 31, 2019 Amortized Cost	December 31, 2019 Fair Value	Ratings (a) As of December 31, 2020 AAA/AA	A	BBB	BB and Lower	No Rating
U.S. Treasury and government agencies	$ 20,616	$ 21,631	$ 16,926	$ 17,348	100 %				
Agency residential mortgage-backed	47,355	48,911	50,266	50,984	100 %				
Non-agency residential mortgage-backed	1,272	1,501	1,648	1,954	10 %	1 %	2 %	48 %	39 %
Agency commercial mortgage-backed	2,571	2,688	3,153	3,178	100 %				
Non-agency commercial mortgage-backed (c)	3,678	3,689	3,782	3,806	87 %	1 %		5 %	7 %
Asset-backed (d)	5,060	5,150	5,096	5,166	92 %	1 %		6 %	1 %
Other debt (e)	5,061	5,393	4,580	4,771	67 %	21 %	10 %		2 %
Total investment securities (f)	$ 85,613	$ 88,963	$ 85,451	$ 87,207	96 %	1 %	1 %	1 %	1 %

(a) Ratings percentages allocated based on amortized cost.
(b) Amortized cost is presented net of applicable allowance for securities of $82 million at December 31, 2020 in accordance with the adoption of the CECL accounting standard. See the Recently Adopted Accounting Standards portion of Note 1 Accounting Policies in the Notes To Consolidated Financial Statements in Item 8 of this Report for additional detail on the CECL accounting standard.
(c) Collateralized primarily by office buildings, multifamily housing, industrial properties, retail properties and lodging properties.
(d) Collateralized primarily by corporate debt, government guaranteed and private 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 8 presents the distribution of our total investment securities portfolio by amortized cost and fair value, as well as by credit rating. We have included credit ratings information because we believe that the information is an indicator of the degree of credit risk to which we are exposed, which could affect our risk-weighted assets and, therefore, our risk-based regulatory capital ratios under the regulatory capital rules. Changes in credit ratings classifications could indicate increased or decreased credit risk and could be accompanied by a reduction or increase in the fair value of our investment securities portfolio. We continually monitor the credit risk in our portfolio and maintain the allowance for 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 1 Accounting Policies and Note 3 Investment Securities in the Notes To Consolidated Financial Statements included in Item 8 of this Report for additional details regarding the methodology for determining the allowance and the amount of the allowance for investment securities, respectively.

The duration of investment securities was 2.6 years at December 31, 2020. We estimate that at December 31, 2020 the effective duration of investment securities was 3.1 years for an immediate 50 basis points parallel increase in interest rates and 2.0 years for an immediate 50 basis points parallel decrease in interest rates. Comparable amounts at December 31, 2019 for the effective duration of investment securities were 2.8 years and 2.4 years, respectively.

Based on expected prepayment speeds, the weighted-average expected maturity of the investment securities portfolio was 3.4 years at December 31, 2020 compared to 4.1 years at December 31, 2019.

Table 9: Weighted-Average Expected Maturities of Mortgage and Asset-Backed Debt Securities

December 31, 2020	Years
Agency residential mortgage-backed	2.9
Non-agency residential mortgage-backed	6.0
Agency commercial mortgage-backed	4.2
Non-agency commercial mortgage-backed	2.5
Asset-backed	2.4

Additional information regarding our investment securities is included in Note 3 Investment Securities and Note 15 Fair Value in the Notes To Consolidated Financial Statements included in Item 8 of this Report.

Funding Sources

Table 10: Details of Funding Sources

Dollars in millions	December 31 2020	December 31 2019	Change $	Change %
Deposits				
Noninterest-bearing	$ 112,637	$ 72,779	$ 39,858	55 %
Interest-bearing				
Money market	59,737	54,115	5,622	10 %
Demand	92,294	71,692	20,602	29 %
Savings	80,985	68,291	12,694	19 %
Time deposits	19,692	21,663	(1,971)	(9)%
Total interest-bearing deposits	252,708	215,761	36,947	17 %
Total deposits	365,345	288,540	76,805	27 %
Borrowed funds				
Federal Home Loan Bank borrowings	3,500	16,341	(12,841)	(79)%
Bank notes and senior debt	24,271	29,010	(4,739)	(16)%
Subordinated debt	6,403	6,134	269	4 %
Other	3,021	8,778	(5,757)	(66)%
Total borrowed funds	37,195	60,263	(23,068)	(38)%
Total funding sources	$ 402,540	$ 348,803	$ 53,737	15 %

Growth in total deposits reflected growth in commercial deposits reflecting pandemic-related accumulation of liquidity by customers and higher consumer deposits driven by government stimulus payments and lower consumer spending.

Borrowed funds decreased due to lower FHLB borrowings, federal funds purchased (included in other borrowed funds) and bank notes and senior debt, reflecting the use of liquidity from deposit growth and proceeds from the sale of our equity investment in BlackRock.

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 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 2020 liquidity and capital activities. See Note 10 Borrowed Funds in the Notes to Consolidated Financial Statements in Item 8 of this Report for additional information related to our borrowings.

Shareholders' Equity

Total shareholders' equity was $54.0 billion at December 31, 2020, an increase of $4.7 billion, or 10%, compared to December 31, 2019. The increase resulted from net income of $7.6 billion, which included the gain on sale of our equity investment in BlackRock, and higher AOCI of $2.0 billion, partially offset by common and preferred dividends of $2.2 billion, common share repurchases of $1.4 billion, a day-one transition adjustment of $0.7 billion for the adoption of the CECL accounting standard and $0.5 billion for the redemption of our Series Q preferred stock.

PNC announced on March 16, 2020 a temporary suspension of our common stock repurchase program in conjunction with the Federal Reserve's effort to support the U.S. economy during the pandemic, and continued the suspension through the fourth quarter of 2020, consistent with the extension of the Federal Reserve's special capital distribution restrictions. We repurchased $99 million of common shares in the third quarter to offset the effects of employee benefit plan-related issuances in 2020 as permitted by guidance from the Federal Reserve. In 2021, our plan is to refrain from share repurchases, excluding employee benefit-related purchases, during the period leading up to our pending BBVA transaction close date.

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 in the Notes To Consolidated Financial Statements in Item 8 of this Report. 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 2020, 2019 and 2018.

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 in the Notes To Consolidated Financial Statements included in Item 8 of this Report for additional information on the sale and details on our results and cash flows for 2020, 2019 and 2018.

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 114 in Note 23 Segment Reporting in the Notes To Consolidated Financial Statements included in Item 8 of this Report. “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).

See the Executive Summary of this Item 7 for our discussion of the impact of pandemic-related developments on our business and operations, including pandemic relief efforts for our customers. We have granted loan modifications through various hardship relief programs to assist our customers in need during the pandemic. See Loan Modifications in the Troubled Debt Restructurings and Loan Modifications section of Credit Risk Management for details on these programs.

Retail Banking

Retail Banking's core strategy is to acquire and retain customers who maintain their primary checking and transaction relationships with us. We seek to deepen relationships by meeting the broad range of our customers' financial needs with savings, liquidity, lending, investment and retirement solutions. A strategic priority for us is to differentiate the customer experience and drive transformation and automation. A key element of our strategy is to expand the use of lower-cost alternative distribution channels, with an emphasis on digital capabilities, while continuing to optimize the traditional branch network. In addition, we have a disciplined process to continually improve the engagement of both our employees and customers, which is a strong driver of customer growth, retention and relationship expansion.

Table 11: Retail Banking Table

(Unaudited) Year ended December 31 Dollars in millions, except as noted	2020	2019	Change $	Change %
Income Statement				
Net interest income	$ 5,609	$ 5,520	$ 89	2 %
Noninterest income	2,519	2,648	(129)	(5)%
Total revenue	8,128	8,168	(40)	—
Provision for credit losses	968	517	451	87 %
Noninterest expense	6,019	6,011	8	—
Pretax earnings	1,141	1,640	(499)	(30)%
Income taxes	266	377	(111)	(29)%
Noncontrolling interest	31	50	(19)	(38)%
Earnings	$ 844	$ 1,213	$ (369)	(30)%
Average Balance Sheet				
Loans held for sale	$ 745	$ 627	$ 118	19 %
Loans				
Consumer				
Home equity	$ 22,633	$ 22,657	$ (24)	—
Residential real estate	18,171	16,196	1,975	12 %
Automobile	15,968	15,510	458	3 %
Credit card	6,629	6,550	79	1 %
Education	3,176	3,611	(435)	(12)%
Other consumer	2,334	2,244	90	4 %
Total consumer	68,911	66,768	2,143	3 %
Commercial	12,573	10,410	2,163	21 %
Total loans	$ 81,484	$ 77,178	$ 4,306	6 %
Total assets	$ 97,643	$ 92,959	$ 4,684	5 %
Deposits				
Noninterest-bearing demand	$ 39,754	$ 31,675	$ 8,079	26 %
Interest-bearing demand	47,557	42,077	5,480	13 %
Money market	23,436	25,317	(1,881)	(7)%
Savings	68,267	56,722	11,545	20 %
Certificates of deposit	11,222	12,613	(1,391)	(11)%
Total deposits	$ 190,236	$ 168,404	$ 21,832	13 %
Performance Ratios				
Return on average assets	0.86 %	1.30 %		
Noninterest income to total revenue	31 %	32 %		
Efficiency	74 %	74 %		

(continued on following page)

(continued from previous page)

Year ended December 31 Dollars in millions, except as noted	2020	2019	Change $	Change %
Supplemental Noninterest Income Information				
Consumer services	$ 1,427	$ 1,530	$ (103)	(7)%
Residential mortgage	$ 604	$ 368	$ 236	64 %
Service charges on deposits	$ 497	$ 687	$ (190)	(28)%
Residential Mortgage Information				
Residential mortgage servicing statistics (in billions, except as noted) (a)				
Serviced portfolio balance (b)	$ 121	$ 120	$ 1	1 %
Serviced portfolio acquisitions	$ 33	$ 12	$ 21	175 %
MSR asset value (b)	$ 0.7	$ 1.0	$ (0.3)	(30)%
MSR capitalization value (in basis points) (b)	56	83	(27)	(33)%
Servicing income: (in millions)				
Servicing fees, net (c)	$ 118	$ 178	$ (60)	(34)%
Mortgage servicing rights valuation, net of economic hedge	$ 137	$ 47	$ 90	191 %
Residential mortgage loan statistics				
Loan origination volume (in billions)	$ 15.1	$ 11.5	$ 3.6	31 %
Loan sale margin percentage	3.57 %	2.41 %		
Percentage of originations represented by:				
Purchase volume (d)	40 %	47 %		
Refinance volume	60 %	53 %		
Other Information (b)				
Customer-related statistics (average)				
Non-teller deposit transactions (e)	64 %	57 %		
Digital consumer customers (f)	74 %	69 %		
Credit-related statistics				
Nonperforming assets	$ 1,211	$ 1,046	$ 165	16 %
Net charge-offs - loans and leases	$ 569	$ 534	$ 35	7 %
Other statistics				
ATMs	8,900	9,091	(191)	(2)%
Branches (g)	2,162	2,296	(134)	(6)%
Brokerage account client assets (in billions) (h)	$ 59	$ 54	$ 5	9 %

(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) Excludes stand-alone 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 earned $0.8 billion in 2020 compared with $1.2 billion in 2019. The decrease in earnings was primarily attributable to a higher provision for credit losses and lower noninterest income, partially offset by higher net interest income.

Net interest income increased primarily due to wider interest rate spreads on the value of loans, as well as growth in average deposits and average loan balances, partially offset by narrower interest rate spreads on the value of deposits.

Noninterest income decreased largely due to declines in service charges on deposits as a result of fees waived for customers experiencing pandemic-related hardships and the elimination of certain checking product fees, as well as a decline in consumer services, including merchant services, and credit and debit card. Lower noninterest income also reflected the impact of negative derivative fair value adjustments related to Visa Class B common shares of $195 million in 2020 compared with negative adjustments of $100 million in 2019. These declines were partially offset by growth in residential mortgage revenue attributable to increased loan sales revenue as a result of the low interest rate environment and higher revenue from residential mortgage servicing rights valuation, net of economic hedge.

Provision for credit losses increased in 2020 compared to 2019 reflecting changes due to the adoption of the CECL accounting standard, together with the significantly adverse economic impacts of the pandemic.

Noninterest expense increased marginally, primarily as a result of higher personnel, branch-related expenses due in part to the impacts of the pandemic, equipment, and technology costs, partially offset by lower advertising and marketing.

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 2020, average total deposits increased compared to 2019 primarily driven by growth in demand and savings deposits which benefited from the impact of government stimulus payments and lower consumer spending due to the pandemic. Savings and demand deposits also increased due, in part, to a shift from money market deposits to relationship-based savings products.

Retail Banking average total loans grew in 2020 compared with 2019:

- Average commercial loans increased primarily due to PPP loans.
- Average residential real estate loans increased primarily as a result of growth in nonconforming residential mortgages and a robust refinance market driven by historically low interest rates.
- Average auto loan balances in 2020 grew at a lower rate than in recent years due to the impacts of the pandemic on auto sales.
- Average other consumer loans in 2020 increased at a lower rate than in 2019 as growth in the first quarter of 2020 primarily driven by unsecured installment loan originations through digital channels was muted for the remainder of the year as originations declined in part due to effects of the pandemic and customer behavior.
- Average credit card balances increased marginally in 2020 as balance growth in the first quarter of 2020 was largely offset by lower consumer spending for the remainder of the year due to the effects of the pandemic.
- Average education loans decreased driven by a decline in the runoff portfolio of government guaranteed education loans.
- Average home equity loans decreased as paydowns and payoffs exceeded new originated volume.

In 2018, we launched our national expansion strategy designed to grow customers with digitally-led banking and a thin branch network in markets outside of our existing retail branch network and began offering our digital high yield savings deposit product and opened our first solution center in Kansas City. Solution centers are an emerging branch operating model with a distinctive layout, where routine transactions are supported through a combination of technology and skilled banker assistance to create personalized customer experiences. The primary focus of the solution center is to bring a community element to our digital banking capabilities. The solution center provides a collaborative environment that connects our customers with our digital solutions and services, beyond deposits and withdrawals. Following the first solution center opening in 2018, four additional solution centers opened in 2019 with a second in Kansas City and three in the Dallas/Fort Worth market. In 2020, we expanded into three new markets, Boston, Houston and Nashville and opened seventeen new solution centers. We also offer digital unsecured installment and small business loans in the expansion markets. Beginning in mid-2021, we expect the BBVA acquisition will accelerate our Retail National expansion efforts to become a coast-to-coast Retail Bank.

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 our customers by providing a broad range of liquidity, banking and investment products. 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 have closed 162 branches in 2020.

- Approximately 74% of consumer customers used non-teller channels for the majority of their transactions in 2020 compared with 69% in 2019, in part reflecting consumer transaction behavior changes during the pandemic.
- Deposit transactions via ATM and mobile channels increased to 64% of total deposit transactions in 2020 from 57% in 2019, in part reflecting consumer transaction behavior changes during the pandemic.

Retail Banking continues to make progress on its multi-year initiative to redesign the home lending process, including integrating mortgage and home equity lending into a common platform. Technology enhancements supported increased residential mortgage origination volume. In addition, we enhanced the home equity origination process to make it easier and to reach additional customers by offering the product in new states. The enhanced product is currently available in forty-three states and we are moving toward offering the product in most of the remaining states in 2021. Additional improvements for both mortgage and home equity are planned to continue throughout 2021.

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 12: Corporate & Institutional Banking Table

(Unaudited) Year ended December 31 Dollars in millions	2020	2019	Change $	Change %
Income Statement				
Net interest income	$ 4,049	$ 3,714	$ 335	9 %
Noninterest income	3,062	2,537	525	21 %
Total revenue	7,111	6,251	860	14 %
Provision for credit losses	2,088	284	1,804	635 %
Noninterest expense	2,856	2,813	43	2 %
Pretax earnings	2,167	3,154	(987)	(31)%
Income taxes	483	706	(223)	(32)%
Noncontrolling interest	10		10	*
Earnings	$ 1,674	$ 2,448	$ (774)	(32)%
Average Balance Sheet				
Loans held for sale	$ 762	$ 505	$ 257	51 %
Loans				
Commercial				
Commercial and industrial	$ 125,426	$ 112,809	$ 12,617	11 %
Commercial real estate	27,180	26,340	840	3 %
Equipment lease financing	6,813	7,255	(442)	(6)%
Total commercial	159,419	146,404	13,015	9 %
Consumer	10	15	(5)	(33)%
Total loans	$ 159,429	$ 146,419	$ 13,010	9 %
Total assets	$ 183,189	$ 164,243	$ 18,946	12 %
Deposits				
Noninterest-bearing demand	$ 53,681	$ 39,141	$ 14,540	37 %
Interest-bearing demand	26,838	19,487	7,351	38 %
Money market	34,959	28,091	6,868	24 %
Other	8,825	6,676	2,149	32 %
Total deposits	$ 124,303	$ 93,395	$ 30,908	33 %
Performance Ratios				
Return on average assets	0.91 %	1.49 %		
Noninterest income to total revenue	43 %	41 %		
Efficiency	40 %	45 %		
Other Information				
Consolidated revenue from: (a)				
Treasury Management (b)	$ 1,884	$ 1,866	$ 18	1 %
Capital Markets (b)	$ 1,607	$ 1,140	$ 467	41 %
Commercial mortgage banking activities:				
Commercial mortgage loans held for sale (c)	$ 162	$ 97	$ 65	67 %
Commercial mortgage loan servicing income (d)	294	261	33	13 %
Commercial mortgage servicing rights valuation, net of economic hedge (e)	72	19	53	279 %
Total	$ 528	$ 377	$ 151	40 %
MSR asset value (f)	$ 569	$ 649	$ (80)	(12)%
Average Loans by C&IB business				
Corporate Banking	$ 81,977	$ 74,016	$ 7,961	11 %
Real Estate	40,381	37,149	3,232	9 %
Business Credit	22,589	22,586	3	—
Commercial Banking	10,415	7,984	2,431	30 %
Other	4,067	4,684	(617)	(13)%
Total average loans	$ 159,429	$ 146,419	$ 13,010	9 %
Credit-related statistics				
Nonperforming assets (f)	$ 827	$ 444	$ 383	86 %
Net charge-offs - loans and leases	$ 280	$ 105	$ 175	167 %

* - Not Meaningful

(a) See the additional revenue discussion regarding treasury management, capital markets-related products and services, 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 other noninterest income for valuations on commercial mortgage loans held for sale and related commitments, derivative valuations, originations 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 (primarily in corporate service fees) 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) Amounts are reported in corporate service fees.
(f) As of December 31.

Corporate & Institutional Banking earned $1.7 billion in 2020 compared to $2.4 billion in 2019, as higher provision for credit losses was partially offset by higher revenue.

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

Growth in noninterest income in the comparison reflected broad-based increases including higher capital markets-related revenue, revenue from commercial mortgage banking activities and treasury management product revenue.

Provision for credit losses increased in 2020 compared to 2019, primarily reflecting changes due to the adoption of the CECL accounting standard, together with the significantly adverse economic impacts of the pandemic and its resulting effects on loan portfolio credit quality.

Nonperforming assets at December 31, 2020 and net loan and lease charge-offs for 2020 increased over the comparative periods of 2019 primarily related to industries economically impacted by the pandemic.

Noninterest expense increased in the comparison largely due to higher variable costs associated with increased business activity and investments in strategic initiatives.

Average loans increased compared with 2019 due to strong growth in Corporate Banking, PNC Real Estate and Commercial Banking:

- Corporate Banking provides lending, equipment financing, treasury management and capital markets-related products and services to mid-sized and large corporations, and government and not-for-profit entities. Average loans for this business grew reflecting new production, including PPP loan originations, partially offset by lower average utilization of loan commitments.
- PNC Real Estate provides banking, financing and servicing solutions for commercial real estate clients across the country. Average loans for this business increased primarily driven by higher commercial mortgage and multifamily agency warehouse lending, partially offset by project loan payoffs.
- Commercial Banking provides lending, treasury management and capital markets-related products and services to smaller corporations and businesses. Average loans for this business increased primarily driven by PPP loan originations, partially offset by 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 marketable collateral. Average loans for this business were relatively unchanged as new originations were mostly offset by 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 increased in the comparison reflecting customers maintaining liquidity due to the economic impacts of the pandemic. We continue to actively monitor the interest rate environment and make adjustments in response to evolving market conditions, bank funding needs and client relationship dynamics.

Corporate & Institutional Banking continues to expand its Corporate Banking business, focused on the middle market and larger sectors. We executed on our expansion plans into the Seattle and Portland markets in 2020, and in 2021, we expect the BBVA acquisition to accelerate our expansion efforts across the Southwest, but this has not changed our strategy regarding our de novo expansion efforts. This follows offices opened in Boston and Phoenix in 2019, Denver, Houston and Nashville in 2018, and Dallas, Kansas City and Minneapolis in 2017. These locations complement Corporate & Institutional Banking national businesses with a significant presence in these cities, and build on past successes in the markets where PNC’s retail banking presence was limited, such as in the Southeast. Our full suite of commercial products and services is offered in these locations.

Product Revenue

In addition to credit and deposit products for commercial customers, Corporate & Institutional Banking offers other services, including treasury management, capital markets-related 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, corporate service fees and other noninterest income. 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. The Other Information section in Table 12 includes the consolidated revenue to PNC for these services. A discussion of the consolidated revenue from these services follows.

The Treasury Management business provides payables, receivables, deposit and account services, liquidity and investments, and online and mobile banking products and services to our clients. 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 2019, treasury management revenue increased primarily due to higher deposit balances and product revenue, partially offset by narrower interest rate spreads on the value of deposits.

Capital markets-related products and services include foreign exchange, derivatives, securities underwriting, loan syndications, mergers and acquisitions advisory and equity capital markets advisory related services. The increase in capital markets-related revenue in the comparison was broad-based across most products and services and included higher credit valuations and fees on customer-related derivatives activities, underwriting fees, equity capital market advisory fees and asset-backed financing fees.

Commercial mortgage banking activities include revenue derived from commercial mortgage servicing (both net interest income and noninterest income) and revenue derived from commercial mortgage loans held for sale and related hedges. Total revenue from commercial mortgage banking activities increased in the comparison due to higher revenue across all activities.

Asset Management Group

Asset Management Group is focused on being a premier bank-held individual and institutional asset manager in each of the markets it serves. The business seeks to deliver high quality banking, trust and investment management services to our high net worth, ultra high net worth and institutional client sectors through a broad array of products and services. 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 13: Asset Management Group Table

(Unaudited) Year ended December 31 Dollars in millions, except as noted	2020	2019	Change $	Change %
Income Statement				
Net interest income	$ 357	$ 288	$ 69	24 %
Noninterest income	854	991	(137)	(14)%
Total revenue	1,211	1,279	(68)	(5)%
Provision for (recapture of) credit losses	21	(1)	22	*
Noninterest expense	858	939	(81)	(9)%
Pretax earnings	332	341	(9)	(3)%
Income taxes	77	79	(2)	(3)%
Earnings	$ 255	$ 262	$ (7)	(3)%
Average Balance Sheet				
Loans				
Consumer				
Residential real estate	$ 2,832	$ 1,923	$ 909	47 %
Other consumer	4,042	4,232	(190)	(4)%
Total consumer	6,874	6,155	719	12 %
Commercial	831	759	72	9 %
Total loans	$ 7,705	$ 6,914	$ 791	11 %
Total assets	$ 8,186	$ 7,360	$ 826	11 %
Deposits				
Noninterest-bearing demand	$ 1,568	$ 1,360	$ 208	15 %
Interest-bearing demand	7,777	4,060	3,717	92 %
Money market	1,613	1,832	(219)	(12)%
Savings	7,307	6,216	1,091	18 %
Other	650	822	(172)	(21)%
Total deposits	$ 18,915	$ 14,290	$ 4,625	32 %
Performance Ratios				
Return on average assets	3.12 %	3.56 %		
Noninterest income to total revenue	71 %	77 %		
Efficiency	71 %	73 %		
Supplemental Noninterest Income Information				
Asset management fees	$ 836	$ 862	$ (26)	(3)%
Other Information				
Nonperforming assets (a)	$ 66	$ 39	$ 27	69 %
Net charge-offs - loans and leases	$ 1	$ 5	$ (4)	(80)%
Client Assets Under Administration (in billions) (a) (b)				
Discretionary client assets under management	$ 170	$ 154	$ 16	10 %
Nondiscretionary client assets under administration	154	143	11	8 %
Total	$ 324	$ 297	$ 27	9 %
Discretionary client assets under management				
Personal	$ 108	$ 99	$ 9	9 %
Institutional	62	55	7	13 %
Total	$ 170	$ 154	$ 16	10 %

* - Not Meaningful
(a) As of December 31.
(b) Excludes brokerage account client assets.

Asset Management Group earned $255 million in 2020 compared with $262 million in 2019. Earnings decreased primarily due to lower revenue and an increase in provision for credit losses, partially offset by a decrease in noninterest expense.

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

Noninterest income decreased due to lower asset management fees resulting from the impact of 2019 divestiture activities and the gains recognized on the retirement recordkeeping and the PNC Capital Advisors investment management business divestitures in the prior period. This decline was partially offset by increases in the average equity markets.

Noninterest expense decreased in the comparison and was primarily attributable to the impact of the 2019 divestitures and lower variable costs.

Provision for credit losses increased reflecting changes due to the adoption of the CECL accounting standard, together with the significantly adverse economic impacts of the pandemic.

Asset Management Group's discretionary client assets under management increased in comparison to the prior year primarily attributable to higher equity markets as of December 31, 2020.

The Asset Management Group strives to be the leading relationship-based provider of investment, planning, banking and fiduciary services to wealthy individuals and institutions by proactively delivering value-added ideas, solutions and exceptional service.

Wealth Management and Hawthorn have nearly 100 offices operating in six out of the ten most affluent states in the U.S. with a majority co-located with retail banking branches. The businesses provide customized investments, planning, trust and estate administration and private banking solutions to affluent individuals and ultra-affluent families.

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

We expect that the BBVA acquisition will allow meaningful opportunities to grow the Asset Management Group segment by entering into new markets for both the Wealth Management and Institutional Asset Management businesses.

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 enhanced prudential standards and heightened standards 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 adoption of applicable regulatory pronouncements within our ERM Framework.

Risk Culture
A strong risk culture helps us make well-informed decisions, ensures individuals conform to the established culture, reduces an individual's ability to do something for personal gain, and rewards employees 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 rather than pursuing individual interests. 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 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.

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 adjust in a timely manner 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 CEO and CFO lead the development of the corporate strategic plan, the strategic objectives and the comprehensive identification of material risks that could hinder successful implementation and execution of strategies. Strategic planning is linked to our risk management and capital planning processes.

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 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 Risk Management and Governance Standards and Guidelines and the Federal Reserve Board's Enhanced Prudential Standards rules. See the Supervision and Regulation section in Item 1 of this Report for more information.

To ensure the 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 which 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 by 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 any issues or exceptions. The risk areas help to ensure processes and controls owned by the businesses are designed and operating as intended, and they may intervene directly in modifying and developing first line of defense risk processes and controls.

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 the following 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.
- *Personnel and Compensation Committee*: oversees the compensation of our executive officers and other specified responsibilities related to personnel and compensation matters affecting us. The committee is also responsible for evaluating the relationship between risk-taking activities and incentive compensation plans.
- *Risk Committee*: oversees 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 Technology Subcommittee and a Compliance Subcommittee to facilitate Board-level oversight of risk management in these areas.

In 2020, the Board created the Special Committee on Equity & Inclusion, which assists the Board in its oversight of 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).

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 risk activities.

Working Committees – The Working Committees generally operate on delegated approval authority from a Corporate Committee, other Working Committees or provide oversight of regulatory/legal matters. Working Committees are intended to assist in the implementation of key enterprise-level activities within a business or function and support the oversight of the businesses 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 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, operational and compliance. 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 the 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 Control and Self-Assessments, scenario analysis, stress testing and special investigations.

Risks are aggregated and assessed within and across risk functions or businesses. The aggregated risk information is reviewed and reported at an enterprise level for adherence to the Risk Appetite Framework and approved by the Board of Directors or by 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 allow us to control and monitor our actual risk level and risk management effectiveness through the use of risk measures. Comprehensive, accurate and timely assessments of risk are essential to an effective ERM Framework. Effective risk measurement practices will uncover recurring risks that have been experienced in the past; make the known risks easy to monitor, understand, compare and report; 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 document 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 ensure compliance with our ERM Framework. Risk monitoring is accomplished in many ways, including performing risk assessments at the prime process 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) aggregate risks; (ii) identify concentrations; (iii) help ensure we remain within our established risk appetite; (iv) serve as a basis for monitoring our risk profile in relation to our risk appetite and (v) communicate risks to the Board of Directors and executive management.

Risk reports are produced at the line of business, functional risk and enterprise levels. The enterprise level risk report aggregates 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 to inform our risk profile enables 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.

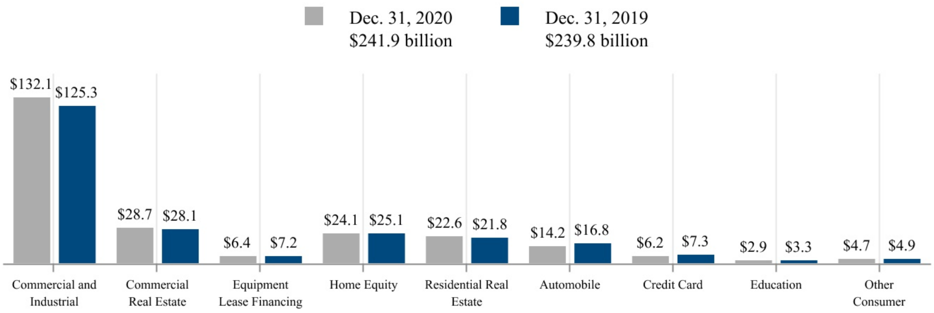
Each individual risk report includes an assessment of inherent risk, quality of risk management, residual risk, risk appetite and risk outlook. The enterprise level risk report includes an aggregate view of risks identified in the individual report and provides a summary of our overall risk profile compared to our risk appetite.

Credit Risk Management

Credit risk represents the possibility that a customer, counterparty or issuer may not perform in accordance with contractual terms. 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.

Loan Portfolio Characteristics and Analysis

Table 14: Details of Loans
In billions



We use several credit quality indicators, as further detailed in Note 4 Loans and Related Allowance for Credit Losses in the Notes To Consolidated Financial Statements in Item 8 of this Report, 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

Environmental and social risks are incorporated into the transaction and portfolio management policies and procedures that govern our underwriting and portfolio management practices. All Corporate & Institutional Banking transactions are subject 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. We have also chosen to limit new originations in sectors that are no longer consistent with our strategic direction, such as mountain-top removal coal mining and private prisons. We periodically review environmental and social risk topics in PNC's Credit Portfolio Strategy Committee, and outcomes of these reviews may result in changes to our due diligence, origination requirements, or limits on credit exposure. Our approach to identifying environmental and social risks is regularly reviewed by senior management and overseen by our Board of Directors. PNC will continue to refine its approach as banking conditions, regulatory requirements, investors' perspectives and our strategic direction evolve.

Commercial and Industrial

Commercial and industrial loans comprised 55% and 52% of our total loan portfolio at December 31, 2020 and 2019, 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, 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 geography that may exist in our portfolio. Our commercial and industrial portfolio is well-diversified as shown in the following table which provides a breakout by industry classification (classified based on the NAICS).

Table 15: Commercial and Industrial Loans by Industry

	December 31, 2020		December 31, 2019	
Dollars in millions	Amount	% of Total	Amount	% of Total
Commercial and industrial				
Manufacturing	$ 20,712	16 %	$ 21,540	17 %
Retail/wholesale trade	20,218	15	21,565	17
Service providers	19,419	15	16,112	13
Financial services	14,909	11	11,318	9
Real estate related (a)	13,369	10	12,346	10
Health care	8,987	7	8,035	6
Transportation and warehousing	7,095	5	7,474	6
Other industries	27,364	21	26,947	22
Total commercial and industrial loans	$ 132,073	100 %	$ 125,337	100 %

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

Commercial and industrial loan growth at December 31, 2020 primarily reflects the impact of PPP lending under the CARES Act and higher multifamily agency warehouse lending, partially offset by lower utilization of loan commitments. At December 31, 2020 PNC had $12.0 billion of PPP loans outstanding. See the Commercial High Impact Industries discussion within this Credit Risk Management section for additional discussion of the impact of COVID-19 on our commercial portfolio and how we are evaluating and monitoring the portfolio for elevated levels of credit risk.

Commercial Real Estate

Commercial real estate loans comprised $17.3 billion related to commercial mortgages, $6.3 billion of real estate project loans and $5.1 billion of intermediate term financing loans as of December 31, 2020. Comparable amounts were $17.0 billion, $5.6 billion and $5.5 billion, respectively, as of December 31, 2019.

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, 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 16: Commercial Real Estate Loans by Geography and Property Type

	December 31, 2020		December 31, 2019	
Dollars in millions	Amount	% of Total	Amount	% of Total
Geography (a)				
California	$ 4,458	16 %	$ 4,393	16 %
Florida	2,991	10	2,557	9
Texas	2,031	7	1,717	6
Maryland	1,770	6	1,889	7
Virginia	1,586	6	1,547	6
Pennsylvania	1,425	5	1,310	4
Ohio	1,247	4	1,307	4
New Jersey	1,117	4	1,106	4
Illinois	900	3	1,001	4
Georgia	859	3	876	3
Other	10,332	36	10,407	37
Total commercial real estate loans	$ 28,716	100 %	$ 28,110	100 %
Property Type				
Multifamily	$ 9,617	33 %	$ 9,003	32 %
Office	7,691	27	7,641	27
Retail	3,490	12	3,702	13
Industrial/warehouse	1,999	7	2,003	7
Hotel/motel	1,954	7	1,813	7
Seniors housing	1,417	5	1,123	4
Mixed use	835	3	943	3
Other	1,713	6	1,882	7
Total commercial real estate loans	$ 28,716	100 %	$ 28,110	100 %

(a) Presented in descending order based on loan balances at December 31, 2020.

Commercial High Impact Industries

In light of the current economic circumstances related to COVID-19, we are evaluating and monitoring our entire commercial portfolio for elevated levels of credit risk; however, the industry sectors that have been and we believe will continue to be most likely impacted by the effects of the pandemic are:

- Non-real estate related
  - Leisure recreation: restaurants, casinos, hotels, convention centers
  - Non-essential retail: retail excluding auto, gas, staples
  - Healthcare facilities: elective, private practices
  - Consumer services: religious organizations, childcare
  - Leisure travel: cruise, airlines, other travel/transportation
  - Other impacted areas: shipping, senior living, specialty education

- Real estate related
  - Non-essential retail and restaurants: malls, lifestyle centers, outlets, restaurants
  - Hotel: full service, limited service, extended stay
  - Seniors housing: assisted living, independent living

As of December 31, 2020, our outstanding loan balances in these industries totaled $17.2 billion, or approximately 7% of our total loan portfolio, while additional unfunded loan commitments totaled $11.2 billion. We continue to carefully monitor and manage these loans, and while we have not yet experienced material charge-offs in these industries, we do expect to see further stress.

In our non-real estate related category we have $9.7 billion in loans outstanding, $1.9 billion of which are funded through the PPP and guaranteed by the SBA under the CARES Act. Nonperforming loans in these industries totaled $0.1 billion, or 1% of total loans outstanding in the non-real estate related category, while criticized assets totaled $1.3 billion at December 31, 2020 with the greatest stress seen in the leisure recreation and leisure travel sectors.

Within the real estate related category we have $7.5 billion in loans outstanding, which includes real estate projects of $5.0 billion and unsecured real estate of $2.5 billion. Nonperforming loans in this category totaled $0.2 billion at December 31, 2020, or 3% of total loans outstanding in the commercial real estate related category, driven primarily by loans related to two real estate investment trusts. In this category, we continue to see substantial stress in the non-essential retail and hotel segments.

Oil and Gas Loan Portfolio
We are also monitoring our oil and gas portfolio closely for elevated levels of credit risk given the continued pressures on the energy industry. As of December 31, 2020, our outstanding loans in the oil and gas sector totaled $3.4 billion, or 1% of total loans, which included $0.1 billion funded through the PPP and guaranteed by the SBA under the CARES Act. This portfolio comprised approximately $1.6 billion in the midstream and downstream sectors, $0.9 billion of oil services companies and $0.9 billion related to exploration and production companies. Of the oil services category, approximately $0.2 billion is not asset-based or investment grade. Nonperforming loans in the oil and gas sector as of December 31, 2020 totaled $0.2 billion, or 6% of total loans outstanding in this sector. Additional unfunded loan commitments for the oil and gas portfolio totaled $7.1 billion at December 31, 2020.

Consumer

Home Equity
Home equity loans comprised $12.6 billion of primarily variable-rate home equity lines of credit and $11.5 billion of closed-end home equity installment loans at December 31, 2020. Comparable amounts were $13.9 billion and $11.2 billion, as of December 31, 2019, respectively.

We track borrower performance monthly, including obtaining original LTVs, updated FICO scores at least quarterly, updated LTVs at least quarterly, and other credit metrics at least quarterly, including the historical performance of any related mortgage loans regardless of whether we hold the lien. 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, brokered home equity lines of credit). 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 the loan delinquency, nonperforming status, modification and bankruptcy status, FICO scores, LTV, lien position and geographic concentration.

The credit quality of newly originated loans in 2020 was strong overall with a weighted-average LTV on originations of 67% and a weighted-average FICO score of 776.

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 an industry-leading 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 our home equity loans by geography and lien type:

Table 17: Home Equity Loans by Geography and by Lien Type

	December 31, 2020		December 31, 2019	
Dollars in millions	Amount	% of Total	Amount	% of Total
Geography (a)				
Pennsylvania	$ 5,602	23 %	$ 5,812	23 %
New Jersey	3,462	14	3,728	15
Ohio	2,753	11	2,899	12
Florida	1,536	6	1,340	5
Illinois	1,411	6	1,544	6
Michigan	1,398	6	1,371	5
Maryland	1,332	6	1,420	6
North Carolina	1,043	4	1,092	4
Kentucky	922	4	990	4
Indiana	813	3	820	3
Other	3,816	17	4,069	17
Total home equity loans	$ 24,088	100 %	$ 25,085	100 %
Lien type				
1st lien		63 %		59 %
2nd lien		37		41
Total		100 %		100 %

(a) Presented in descending order based on loan balances at December 31, 2020.

Residential Real Estate
Residential real estate loans primarily consisted of residential mortgage loans at both December 31, 2020 and 2019.

We track borrower performance of this portfolio monthly similarly to home equity loans. We also segment the mortgage portfolio into pools based on product type (*e.g.*, nonconforming, 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 credit quality of newly originated loans that we retained on our balance sheet in 2020 was strong overall as evidenced by a weighted-average LTV on originations of 67% and a weighted-average FICO score of 775.

The following table presents our residential real estate loans by geography:

Table 18: Residential Real Estate Loans by Geography

	December 31, 2020		December 31, 2019	
Dollars in millions	Amount	% of Total	Amount	% of Total
Geography (a)				
California	$ 7,828	35 %	$ 6,800	31 %
New Jersey	1,635	7	1,779	8
Florida	1,620	7	1,580	7
Washington	1,104	5	646	3
Illinois	1,039	5	1,118	5
Pennsylvania	1,036	5	1,113	5
New York	1,020	5	1,008	5
Virginia	864	4	868	4
Maryland	857	4	923	4
North Carolina	796	4	877	4
Other	4,761	19	5,109	24
Total residential real estate loans	$ 22,560	100 %	$ 21,821	100 %

(a) Presented in descending order based on loan balances at December 31, 2020.

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. The originated nonconforming residential mortgage portfolio had strong credit quality at December 31, 2020 with an average original LTV of 69% and an average original FICO score of 775. Our portfolio of originated nonconforming residential mortgage loans totaled $17.9 billion at December 31, 2020 with 41% located in California.

Automobile
Within auto loans, $12.7 billion resided in the indirect auto portfolio while $1.5 billion were in the direct auto portfolio as of December 31, 2020. Comparable amounts as of December 31, 2019 were $15.1 billion and $1.7 billion, respectively. The indirect auto portfolio pertains to loans originated 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 19: Auto Loan Key Statistics

	December 31, 2020	December 31, 2019
Weighted-average loan origination FICO score (a)		
Indirect auto	784	757
Direct auto	768	769
Weighted-average term of loan originations - in months (a)		
Indirect auto	72	74
Direct auto	62	63

(a) Weighted-averages calculated for the years ended December 31, 2020 and 2019.

We continue to focus on borrowers with strong credit profiles as evidenced by the weighted-average loan origination FICO scores noted in Table 19. We offer both new and used auto financing to customers through our various channels. At December 31, 2020, the portfolio balance was composed of 56% new vehicle loans and 44% used vehicle loans. Comparable amounts at December 31, 2019 were 55% and 45%, 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 loan structure, 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, 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. Amounts as of December 31, 2019 also excluded purchased impaired loans as we were accreting interest income over the expected life of the loans. In connection with the adoption of the CECL standard, nonperforming loans as of December 31, 2020 include PCD loans which meet the criteria to be classified as nonperforming. See Note 1 Accounting Policies in the Notes To Consolidated Financial Statements in Item 8 of this Report for details on our nonaccrual policies and additional information related to the adoption of the CECL standard, including the discontinuation of purchased impaired loan accounting.

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

Table 20: Nonperforming Assets by Type

Dollars in millions	December 31 2020	December 31 2019	Change $	Change %
Nonperforming loans				
Commercial	$ 923	$ 501	$ 422	84%
Consumer (a)	1,363	1,134	229	20%
Total nonperforming loans	2,286	1,635	651	40%
OREO and foreclosed assets	51	117	(66)	(56)%
Total nonperforming assets	$ 2,337	$ 1,752	$ 585	33%
TDRs included in nonperforming loans	$ 902	$ 843	$ 59	7%
Percentage of total nonperforming loans	39 %	52 %		
Nonperforming loans to total loans	0.94 %	0.68 %		
Nonperforming assets to total loans, OREO and foreclosed assets	0.97 %	0.73 %		
Nonperforming assets to total assets	0.50 %	0.43 %		
Allowance for loan and lease losses to nonperforming loans (b)	235 %	168 %		

(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) Ratio at December 31, 2020 reflects the changes in ALLL methodology due to the adoption of the CECL accounting standard on January 1, 2020, along with increases in reserves during 2020 due to the significantly adverse economic impacts of the pandemic and its resulting effects on loan portfolio credit quality and loan growth.

The increase in nonperforming assets at December 31, 2020 was primarily attributable to higher nonperforming commercial loans in industries adversely impacted by the pandemic and the energy industry and an increase in residential real estate nonperforming loans primarily related to borrowers exiting forbearance and deferring payments to the end of the loan term, partially offset by the decline in OREO and foreclosed assets due to asset sales and the suspension of pandemic-related foreclosures. See the discussion of Commercial High Impact Industries and the Oil and Gas Loan Portfolio within this Credit Risk Management section for further detail on these industries.

The following table provides details on the change in nonperforming assets for the years ended December 31, 2020 and 2019:

Table 21: Change in Nonperforming Assets

In millions	2020	2019
January 1	$ 1,752	$ 1,808
New nonperforming assets	1,947	1,342
Charge-offs and valuation adjustments	(421)	(664)
Principal activity, including paydowns and payoffs	(603)	(472)
Asset sales and transfers to loans held for sale	(82)	(95)
Returned to performing status	(256)	(167)
December 31	$ 2,337	$ 1,752

As of December 31, 2020, approximately 97% of total nonperforming loans were secured by collateral which lessened reserve requirements and is expected to reduce credit losses. As of December 31, 2020, commercial nonperforming loans were carried at approximately 83% of their unpaid principal balance, due to charge-offs and interest applied to principal, before consideration of the ALLL.

Within consumer nonperforming loans, residential real estate TDRs comprised 47% of total residential real estate nonperforming loans, while home equity TDRs comprised 41% of home equity nonperforming loans at December 31, 2020. Comparable amounts at December 31, 2019 were 79% and 49%, 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. Loans that have been restructured for COVID-19 related hardships and meet certain criteria under the CARES Act are not identified as TDRs. Refer to the Troubled Debt Restructurings and Loan Modifications discussion in this Credit Risk Management section for more information on the treatment of loan modifications under the CARES Act.

At December 31, 2020, our largest nonperforming asset was $141 million in the Real Estate and Rental and Leasing industry and the ten largest individual nonperforming assets represented 19% of total nonperforming assets.

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 and loans accounted for under the fair value option, and at December 31, 2020 also include PCD loans. Amounts exclude loans held for sale, while amounts as of December 31, 2019 also excluded purchased impaired loans.

Pursuant to the interagency guidance issued in April 2020 and in connection with the credit reporting rules from the CARES Act, the December 31, 2020 delinquency status of loans modified due to COVID-19 related hardships aligns with the rules set forth for banks to report delinquency status to the credit agencies. These rules require that COVID-19 related loan modifications be reported as follows:

- if current at the time of modification, the loan remains current throughout the modification period,
- if delinquent at the time of modification and the borrower was not made current as part of the modification, the loan maintains its reported delinquent status during the modification period, or
- if delinquent at the time of modification and the borrower was made current as part of the modification or became current during the modification period, the loan is reported as current.

As a result, certain loans modified due to COVID-19 related hardships are not being reported as past due as of December 31, 2020 based on the contractual terms of the loan, even where borrowers may not be making payments on their loans during the modification period. Loan modifications due to COVID-19 related hardships that permanently reduce either the contractual interest rate or the principal balance of a loan do not qualify for TDR relief under the CARES Act or the interagency guidance. See the COVID-19 Relief section in Item 1 of this Report for more information on the CARES Act and the related interagency guidance.

Table 22: Accruing Loans Past Due (a)

	Amount				% of Total Loans Outstanding	
Dollars in millions	December 31 2020	December 31 2019	Change $	Change %	December 31 2020	December 31 2019
Early stage loan delinquencies						
Accruing loans past due 30 to 59 days	$ 620	$ 661	$ (41)	(6)%	0.26 %	0.28 %
Accruing loans past due 60 to 89 days	234	258	(24)	(9)%	0.10 %	0.11 %
Total early stage loan delinquencies	854	919	(65)	(7)%	0.35 %	0.38 %
Late stage loan delinquencies						
Accruing loans past due 90 days or more	509	585	(76)	(13)%	0.21 %	0.24 %
Total accruing loans past due	$ 1,363	$ 1,504	$ (141)	(9)%	0.56 %	0.63 %

(a) Past due loan amounts include government insured or guaranteed loans of $0.6 billion at both December 31, 2020 and 2019.

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). Loans to borrowers experiencing COVID-19 related hardships that have been restructured but that meet certain criteria under the CARES Act are not categorized as TDRs.

The following table provides a summary of Troubled Debt Restructurings at December 31, 2020 and 2019, respectively:

Table 23: Summary of Troubled Debt Restructurings (a)

Dollars in millions	December 31 2020	December 31 2019	Change $	Change %
Commercial	$ 528	$ 361	$ 167	46%
Consumer	1,116	1,303	(187)	(14)%
Total TDRs	$ 1,644	$ 1,664	$ (20)	(1)%
Nonperforming	$ 902	$ 843	$ 59	7%
Accruing (b)	742	821	(79)	(10)%
Total TDRs	$ 1,644	$ 1,664	$ (20)	(1)%

(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 39% of total nonperforming loans and 55% of total TDRs at December 31, 2020. Comparable amounts at December 31, 2019 were 52% and 51%, 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 in the Notes To Consolidated Financial Statements in Item 8 of this Report and the COVID-19 Relief section within Item 1 of this Report for additional information on TDRs. For additional information on the CARES Act, also see the COVID-19 Relief section within Item 1 of this Report.

Loan Modifications

During the fourth quarter of 2020, PNC continued to provide relief to our customers from the economic impacts of COVID-19 through a variety of solutions, including additional grants and extensions of loan and lease modifications under our hardship relief programs.

Under the CARES Act, loan modifications meeting certain criteria qualify the loan for relief from TDR treatment. These criteria include:

- the loan modification resulted from a COVID-19 related hardship,
- the borrower was no more than 30 days past due as of December 31, 2019, and
- the loan modification did not result in a permanent reduction of interest or principal.

Loans that do not meet the criteria for TDR relief under the CARES Act may be evaluated under interagency guidance, which allows banks to not designate certain short-term modifications as TDRs for borrowers with COVID-19 hardships who were current on their payments prior to the modification. Loan modifications related to COVID-19 hardships that permanently reduce either the contractual interest rate and/or principal balance of the loan are designated as TDRs. For additional information on the CARES Act and interagency guidance, see the COVID-19 Relief section within Item 1 of this Report.

The impact of these modifications was considered within the quarterly reserve determination. See the Allowance for Credit Losses discussion within the Critical Accounting Estimates and Judgments section for additional information. Refer to the Loan Delinquencies discussion in this Credit Risk Management section for information on how these hardship related loan modifications are reported from a delinquency perspective as of December 31, 2020.

Commercial Loan and Lease Modifications Under COVID-19 Hardship Relief Programs
During the fourth quarter of 2020, PNC continued to selectively grant temporary loan and lease modifications to our commercial clients although the volume of this activity declined significantly from earlier in the year. Modifications made were in the form of principal and/or interest (payment) deferrals, covenant waivers and other types of modifications, including term extensions, and were based on each individual borrower’s situation.

Commercial accounts in active assistance under COVID-19 hardship relief payment deferral programs totaled $0.1 billion, or 0.1% of total commercial loans at December 31, 2020.

We are monitoring the delinquency status of loans exiting assistance as a measure to assess credit risk. As of December 31, 2020, approximately 99% of the accruing commercial loans that have exited COVID-19 payment deferral programs were current or less than 30 days past due.

Consumer Loan Modifications Under Hardship Relief Programs
Our consumer loan modification programs are being granted in response to customer hardships that extended beyond the initial relief period. These loan and line modifications include all hardship related modifications, and the primary offerings as of December 31, 2020 are described in the following matrix.

Modification Type	Home Equity	Residential Real Estate	Automobile	Credit Card	Education	Other Consumer
Extensions - Defers current payments and moves them to the end of the loan by extending the loan’s maturity or the extension re-amortizes the remaining principal balance.	a		a		a	a
Forbearance - Part or all of the payments are deferred and moved to the end of the forbearance period. Balance is due at the end of the forbearance period, but payment options may be available to repay the forborne amount, including for many borrowers an option to delay payment until the payoff or maturity of the loan.	a	a				
Minimum payment suspension - Reduces required minimum payment to $0 for a period of time.	a			a		a
New loan terms - Sets loan terms to a new monthly payment of principal and interest based on customer’s financial situation.	a			a		a
Reduced payments - Allows the customer to make a lower payment for a period of time, with any deferred balance being moved to the end of the loan term or extending the loan’s maturity.			a			a
Repayment plan - Allows reduced payment and interest rate for a period of time.				a		a

Interest continues to accrue during the relief period for loans modified in these programs unless the loan was designated as a nonperforming TDR or was on nonaccrual at the date of modification. The method of collection of the accrued interest is dependent on the product type and modification offered.

During the fourth quarter of 2020, we continued to see a reduction in the number of consumers requesting hardship assistance from the peak in the summer of 2020, which has led to additional declines in loans under modification that present credit risk to PNC at December 31, 2020.

The following table provides a summary of consumer accounts in active assistance under hardship relief programs that were on our balance sheet at December 31, 2020. We have excluded government insured or guaranteed loans totaling $426 million and $262 million in the Residential real estate and Education loan classes, respectively, from Table 24 as these loans present minimal credit risk to PNC.

Table 24: Consumer Loans in Active Hardship Relief Programs (a) (b)

As of December 31, 2020 - Dollars in millions	Number of Accounts	Unpaid Principal Balance	% of Loan Class (c)	% Making Payment in Last Payment Cycle
Consumer				
Home equity	1,316	$ 112	0.5 %	66.9 %
Residential real estate	2,185	577	2.6 %	29.5 %
Automobile	8,104	197	1.4 %	71.5 %
Credit card	8,936	63	1.0 %	68.0 %
Education	3,772	56	1.9 %	15.2 %
Other consumer	1,928	25	0.5 %	73.0 %
Total consumer (d)	26,241	$ 1,030	1.4 %	59.9 %

(a) In cases where there have been multiple modifications on an individual loan, regardless of the number of modifications granted, each loan is counted only once in this table.
(b) Amounts include loan modifications that qualify for TDR accounting totaling $149 million.
(c) Based on total loans outstanding at December 31, 2020.
(d) Approximately 86% of these loan balances were secured by collateral at December 31, 2020.

Modifications are considered to have exited active assistance after the modification period has expired or the modification was exited. As of December 31, 2020, approximately 95% of the accruing consumer loans that have exited hardship relief program modifications were current or less than 30 days past due.

The initial consumer loan modifications granted in response to the COVID-19 outbreak and the surrounding economic circumstances were short-term and temporary in nature and generally meet the qualifications for relief from TDR treatment under the CARES Act. However, in response to customers' hardships that have extended beyond the initial relief period, PNC has offered options to customers which include both temporary and permanent modifications that may reduce the payment, the interest rate or extend the term and/or defer principal and interest payments. Loan modifications that permanently reduce either the contractual interest rate and/or principal balance of the loan would not meet the qualifications for relief from TDR treatment under the CARES Act.

Allowance for Credit Losses

On January 1, 2020 we adopted the CECL standard which replaced the incurred loss methodology for our credit related reserves with an expected credit loss methodology for the remaining estimated contractual term of in-scope assets and off-balance sheet exposures. 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, trade receivables and other financial assets and off-balance sheet credit exposures and determine this allowance based on quarterly assessments of the remaining estimated contractual term of the assets or exposures as of the balance sheet date.

Expected losses are estimated 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 over the forecasted period. Forward looking information, such as forecasted relevant macroeconomic variables, is incorporated into the expected credit loss estimates using quantitative techniques, 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 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 in the Notes To Consolidated Financial Statements in Item 8 of this Report 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 loss methodology is based upon the quantification of PD, LGD, EAD and the remaining estimated contractual term for a loan or loan segment. 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 or loan segments. 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 and expected loss. 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 commercial and consumer 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.

We establish individually assessed reserves for loans and leases that do not share similar risk characteristics with a pool of loans using methods prescribed by GAAP. Reserves for individual commercial nonperforming loans and commercial 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 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, including the impacts of COVID-19 on highly impacted segments,
- Changes in market conditions, including regulatory and legal requirements,
- Changes in the nature and volume of our portfolio,
- Recent credit quality trends, including the impact of COVID-19 hardship related loan modifications,
- Recent loss experience in particular portfolios, including specific and unique events,
- Recent macro-economic 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, including the performance of first lien positions.

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 allowance for credit loss by loan class:

Table 25: Allowance for Credit Losses by Loan Class (a)

	December 31, 2020			December 31, 2019		
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	$ 2,300	$ 132,073	1.74 %	$ 1,489	$ 125,337	1.19 %
Commercial real estate	880	28,716	3.06 %	278	28,110	0.99 %
Equipment lease financing	157	6,414	2.45 %	45	7,155	0.63 %
Total commercial	3,337	167,203	2.00 %	1,812	160,602	1.13 %
Consumer						
Home equity	313	24,088	1.30 %	87	25,085	0.35 %
Residential real estate	28	22,560	0.12 %	258	21,821	1.18 %
Automobile	379	14,218	2.67 %	160	16,754	0.95 %
Credit card	816	6,215	13.13 %	288	7,308	3.94 %
Education	129	2,946	4.38 %	17	3,336	0.51 %
Other consumer	359	4,698	7.64 %	120	4,937	2.43 %
Total consumer	2,024	74,725	2.71 %	930	79,241	1.17 %
Total	$ 5,361	$ 241,928	2.22 %	$ 2,742	$ 239,843	1.14 %
Allowance for unfunded lending related commitments	584			318		
Allowance for credit losses	$ 5,945			$ 3,060		
Allowance for credit losses to total loans			2.46 %			1.28 %
Commercial			2.29 %			1.33 %
Consumer			2.84 %			1.18 %

(a) Excludes allowances for investment securities and other financial assets, which together totaled $109 million at December 31, 2020.

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 (Annualized)
2020				
Commercial				
Commercial and industrial	$ 382	$ 75	$ 307	0.22 %
Commercial real estate	2	9	(7)	(0.02)%
Equipment lease financing	23	10	13	0.19 %
Total Commercial	407	94	313	0.18 %
Consumer				
Home equity	42	61	(19)	(0.08)%
Residential real estate	10	16	(6)	(0.03)%
Automobile	265	128	137	0.86 %
Credit card	300	35	265	3.99 %
Education	16	8	8	0.25 %
Other consumer	152	18	134	2.75 %
Total Consumer	$ 785	$ 266	$ 519	0.67 %
Total	$ 1,192	$ 360	$ 832	0.33 %
2019				
Commercial				
Commercial and industrial	$ 183	$ 59	$ 124	0.10 %
Commercial real estate	18	11	7	0.02 %
Equipment lease financing	15	8	7	0.10 %
Total Commercial	216	78	138	0.09 %
Consumer				
Home equity	68	74	(6)	(0.02)%
Residential real estate	9	14	(5)	(0.02)%
Automobile	261	114	147	0.95 %
Credit card	263	27	236	3.60 %
Education	26	8	18	0.50 %
Other consumer	131	17	114	2.41 %
Total Consumer	$ 758	$ 254	$ 504	0.67 %
Total	$ 974	$ 332	$ 642	0.27 %

Total net charge-offs increased $190 million, or 30%, in 2020 compared to 2019. The increase is primarily attributable to commercial net charge-offs, which were driven by industries adversely impacted by the pandemic.

See Note 1 Accounting Policies and Note 4 Loans and Related Allowance for Credit Losses in the Notes To Consolidated Financial Statements in Item 8 of this Report 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 nonbank 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 further described in the Supervision and Regulation section in Item 1 of this Report. PNC and PNC Bank calculate the LCR on a daily basis, and as of December 31, 2020, the LCR for PNC and PNC Bank exceeded the requirement of 100%.

We provide additional information regarding regulatory liquidity requirements, including information on the 2019 Tailoring Rules, 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 increased to $365.3 billion at December 31, 2020 from $288.5 billion at December 31, 2019 driven by growth in noninterest-bearing deposits and interest-bearing deposits. 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, 2020, 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 $95.1 billion and securities available for sale totaling $87.4 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. Our liquid assets included $22.7 billion of securities available for sale and trading securities pledged as collateral to secure public and trust deposits, repurchase agreements and for other purposes. In addition, $0.1 billion of securities held to maturity were also pledged as collateral for these purposes.

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 in the Notes To Consolidated Financial Statements in Item 8 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 due to the following activity:

Table 27: Senior and Subordinated Debt

In billions	2020
January 1	$ 35.1
Issuances	3.5
Calls and maturities	(9.0)
Other	1.1
December 31	$ 30.7

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, 2020, PNC Bank had $19.2 billion of notes outstanding under this program of which $14.2 billion were senior bank notes and $5.0 billion were subordinated bank notes.

The following table details issuances in 2020:

Table 28: PNC Bank Notes Issued

Issuance Date	Amount	Description of Issuance
February 25, 2020	$1.0 billion	$1.0 billion of senior floating rate notes with a maturity date of February 24, 2023. Interest is payable quarterly at the 3-month LIBOR rate, reset quarterly, plus 32.5 basis points, on February 24, May 24, August 24, and November 24, commencing on May 24, 2020.
February 25, 2020	$500 million	$500 million of senior fixed-to-floating rate notes with a maturity date of February 24, 2023. Interest is payable semi-annually at a fixed rate of 1.743% per annum, on February 24 and August 24 of each year, beginning on August 24, 2020. Beginning on February 24, 2022, interest is payable quarterly at the floating rate equal to the 3-month LIBOR rate, reset quarterly, plus 32.3 basis points, on February 24, May 24, August 24, and November 24, commencing on May 24, 2022.

The following table details redemptions in 2020:

Table 29: PNC Bank Notes Redeemed

Redemption Date	Amount	Description of Redemption
March 12, 2020	$1.1 billion	$1.1 billion of all outstanding Senior Floating Rate Notes with an original scheduled maturity date of March 12, 2021. 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 March 12, 2020.
April 20, 2020	$1.0 billion	$1.0 billion of all outstanding Senior Notes with an original scheduled maturity date of May 19, 2020. The securities have a distribution rate of 2.000%. 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 April 20, 2020.
May 4, 2020	$750 million	$750 million of all outstanding Senior Notes with an original scheduled maturity date of June 1, 2020. The securities have a distribution rate of 2.300%. 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 4, 2020.
June 10, 2020	$800 million	$800 million of all outstanding Senior Floating Rate Notes with an original scheduled maturity date of June 10, 2021. 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 10, 2020.
June 22, 2020	$750 million	$750 million of all outstanding Senior Notes with an original scheduled maturity date of July 21, 2020. The securities have a distribution rate of 2.600%. 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 22, 2020.
October 6, 2020	$1.5 billion	$1.5 billion of all outstanding Senior Notes with an original scheduled maturity date of November 5, 2020. The securities have 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 October 6, 2020.
December 23, 2020	$900 million	$900 million of all outstanding Senior Notes with an original scheduled maturity date of January 22, 2021. The securities have a distribution rate of 2.500%. 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 December 23, 2020.

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, 2020, our unused secured borrowing capacity at the FHLB-Pittsburgh and the Federal Reserve Bank totaled $81.1 billion. The Federal Reserve also has established certain special liquidity facilities under its emergency lending authority in Section 13(3) of the Federal Reserve Act in response to the economic impacts of the pandemic. For additional information, see the Supervision and Regulation section in Item 1 of this Report.

PNC Bank has the ability to offer up to $10.0 billion of its commercial paper to provide additional liquidity. As of December 31, 2020, there were no issuances outstanding under this program.

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 adequate liquidity to fund discretionary activities such as paying dividends to our shareholders, share repurchases and acquisitions.

As of December 31, 2020, available parent company liquidity totaled $14.1 billion. Parent company liquidity is held in intercompany cash. Investments with longer durations may also be acquired, but if so, 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 it receives from PNC Bank, which may be impacted by the following:

- Bank-level capital needs,
- Laws and regulations,
- 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 approximately $3.1 billion at December 31, 2020. See Note 20 Regulatory Matters in the Notes To Consolidated Financial Statements in Item 8 of this Report for a 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. As of December 31, 2020 there were no commercial paper issuances outstanding.

The parent company has an effective shelf registration statement pursuant to which we can issue additional debt, equity and other capital instruments. On January 22, 2020, the parent company issued $2.0 billion of senior notes with a maturity date of January 22, 2030, redeemable, in whole or in part, on or after October 24, 2029. Interest is payable semi-annually at a fixed rate of 2.550% per annum, on January 22 and July 22 of each year, commencing on July 22, 2020.

Parent company senior and subordinated debt outstanding totaled $10.6 billion at December 31, 2020 compared with $9.8 billion at December 31, 2019.

PNC will use approximately $11.6 billion of parent company cash to acquire BBVA.

Contractual Obligations and Commitments

The following tables set forth contractual obligations and various other commitments as of December 31, 2020:

Table 30: Contractual Obligations

		Payment Due By Period			
December 31, 2020 – in millions	Total	Less than one year	One to three years	Four to five years	After five years
Remaining contractual maturities of time deposits	$ 19,692	$ 17,452	$ 1,518	$ 499	$ 223
Borrowed funds (a)	37,195	7,958	11,956	5,706	11,575
Minimum annual rentals on noncancellable operating leases	2,312	364	649	477	822
Nonqualified pension and postretirement benefits	418	49	90	86	193
Purchase obligations (b)	1,111	519	463	103	26
Total contractual cash obligations	$ 60,728	$ 26,342	$ 14,676	$ 6,871	$ 12,839

(a) Includes basis adjustment relating to accounting hedges.
(b) Includes purchase obligations for goods and services covered by noncancellable contracts and contracts including cancellation fees.

Table 31: Other Commitments (a)

		Amount Of Commitment Expiration By Period			
December 31, 2020 – in millions	Total Amounts Committed	Less than one year	One to three years	Four to five years	After five years
Commitments to extend credit (b)	$ 207,821	$ 99,592	$ 64,956	$ 42,338	$ 935
Net outstanding standby letters of credit (c)	9,053	4,583	3,548	914	8
Standby bond purchase agreements	1,448	274	720	454	
Other commitments (d)	2,046	1,086	585	48	327
Total commitments	$ 220,368	$ 105,535	$ 69,809	$ 43,754	$ 1,270

(a) Other commitments are funding commitments that could potentially require performance in the event of demands by third parties or contingent events. Loan commitments are reported net of syndications, assignments and participations.
(b) Commitments to extend credit, or net unfunded loan commitments, represent arrangements to lend funds or provide liquidity subject to specified contractual conditions.
(c) Includes $3.8 billion of standby letters of credit that support remarketing programs for customers' variable rate demand notes.
(d) Includes other commitments of $0.6 billion that were not on our Consolidated Balance Sheet. The remaining $1.4 billion of other commitments were included in Other liabilities on our Consolidated Balance Sheet.

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, 2020:

Table 32: Credit Ratings for PNC and PNC Bank

	December 31, 2020		
	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	Aa2	A	AA-
Short-term deposits	P-1	A-1	F1+
Short-term notes	P-1	A-1	F1

On November 16, 2020, Moody's affirmed the ratings and assessments of The PNC Financial Services Group, Inc. and its subsidiaries. At the same time, the Moody's rating outlook on PNC Bank's long-term deposit, senior unsecured debt and issuer ratings were changed from stable to negative, based on Moody's view that recent deposit growth and the acquisition of BBVA may reduce the amount of unsecured debt on PNC's balance sheet, a key input in Moody's rating methodology.

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.

In 2020, we returned $3.5 billion of capital to shareholders through repurchases of 11 million shares for $1.5 billion and dividends on common shares of $2.0 billion.

We repurchase shares of PNC common stock under a share repurchase authorization provided by our Board of Directors in the amount of up to 100 million shares and consistent with capital plans submitted to the Federal Reserve. Repurchases are made on the open market or in privately negotiated transactions and the extent and timing of share repurchases under authorizations depend on a number of factors including, among others, market and general economic conditions, economic and regulatory capital considerations, alternative uses of capital, the potential impact on our credit ratings, contractual and regulatory limitations, and the results of supervisory assessments of capital adequacy and capital planning processes undertaken by the Federal Reserve and the OCC as part of the CCAR and DFAST processes.

In relation to the 2019 capital plan accepted by the Federal Reserve, we repurchased a total of 24 million shares for $3.4 billion as of the end of the first quarter 2020.

PNC announced on March 16, 2020 a temporary suspension of our common stock repurchase program in conjunction with the Federal Reserve's effort to support the U.S. economy during the pandemic.

Following completion of the 2020 CCAR/DFAST process, the Federal Reserve announced certain limitations on the capital distributions of any CCAR-participating bank holding company (including PNC) during the third quarter of 2020. Under these limitations, PNC and other CCAR-participating firms, absent Federal Reserve approval, were permitted to make only the following capital distributions during the third quarter and fourth quarter of 2020:

- Pay common dividends at the same per share level as paid during the second quarter of 2020, provided that the amount does not exceed the average of the firm's net income for the four preceding calendar quarters,
- Purchase common shares in an amount that equals the amount of share issuances related to expensed employee compensation, and
- Make scheduled payments on additional Tier 1 and Tier 2 capital instruments.

We continued the suspension of our common stock repurchase program through the fourth quarter of 2020, with the exception of employee benefit-related repurchases in the third quarter, consistent with the extension of the Federal Reserve's special capital distribution restrictions.

The Federal Reserve extended these limitations through the first quarter of 2021, but modified the limitations to permit common stock share repurchases and dividends provided that the aggregate amount of such repurchases and dividends do not exceed the average of the firm's net income for the four preceding calendar quarters and the firm does not increase its common dividend. The Federal Reserve may extend these limitations to additional quarters, potentially in modified form. In 2021, our plan is to refrain from share repurchases, excluding employee benefit-related purchases, during the period leading up to our pending BBVA transaction close date.

On January 5, 2021, the PNC Board of Directors declared a quarterly cash dividend on common stock of $1.15 per share payable on February 5, 2021.

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

Dollars in millions	Basel III December 31, 2020 (a)	December 31, 2020 (Fully Implemented) (estimated) (b)
Common equity Tier 1 capital		
Common stock plus related surplus, net of treasury stock	$ 875	$ 875
Retained earnings	48,083	46,848
Goodwill, net of associated deferred tax liabilities	(9,021)	(9,021)
Other disallowed intangibles, net of deferred tax liabilities	(172)	(172)
Other adjustments/(deductions)	(30)	(33)
Common equity Tier 1 capital	$ 39,735	$ 38,497
Additional Tier 1 capital		
Preferred stock plus related surplus	3,517	3,517
Other adjustments/(deductions)		
Tier 1 capital	$ 43,252	$ 42,014
Additional Tier 2 capital		
Qualifying subordinated debt	3,648	3,648
Trust preferred capital securities	40	
Eligible credit reserves includable in Tier 2 capital	4,061	4,061
Total Basel III capital	$ 51,001	$ 49,723
Risk-weighted assets		
Basel III standardized approach risk-weighted assets (c)	$ 326,772	$ 325,547
Average quarterly adjusted total assets	$ 454,220	$ 452,983
Supplementary leverage exposure (d)	$ 437,526	$ 539,999
Basel III risk-based capital and leverage ratios (a)(e)		
Common equity Tier 1	12.2 %	11.8 %
Tier 1	13.2 %	12.9 %
Total (f)	15.6 %	15.3 %
Leverage (g)	9.5 %	9.3 %
Supplementary leverage ratio (d)	9.9 %	7.8 %

(a) The ratios are calculated to reflect PNC's election to adopt the CECL five-year transition provision.
(b) The ratios are calculated to reflect the full impact of CECL and excludes the benefits of the optional five-year transition.
(c) Basel III standardized approach weighted-assets are based on the Basel III standardized approach rules and include credit and market risk-weighted assets.
(d) As of December 31, 2020, the BHC's Supplementary leverage exposure and Supplementary leverage ratio reflects the temporary exclusions of U.S. Treasury securities and deposits at Federal Reserve Banks. The Supplementary leverage ratio is calculated based on Tier 1 capital divided by Supplementary leverage exposure, which takes into account both on balance sheets assets as well as certain off-balance sheet items, including loan commitments and potential future exposure under derivative contracts.
(e) All ratios are calculated using the regulatory capital methodology applicable to PNC and calculated based on the standardized approach.
(f) The Basel III Total risk-based capital ratios include nonqualifying trust preferred capital securities of $40 million that are subject to a phase-out period that runs through 2021.
(g) Leverage ratio is calculated based on Tier 1 capital divided by Average quarterly adjusted total assets.

As of January 1, 2020, the 2019 Tailoring Rules became effective for PNC. The most significant changes involve PNC's election to exclude specific AOCI items from CET1 capital and higher thresholds used to calculate CET1 capital deductions. Effective January 1, 2020, PNC must deduct from CET1 capital investments in unconsolidated financial institutions, mortgage servicing rights and deferred tax assets (in each case, net of associated deferred tax liabilities) to the extent such items individually exceed 25% of the institution's adjusted CET1 capital.

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 banks 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 compared to the CECL ACL at transition. The estimated CECL impact is added to CET1 capital through December 31, 2021, then phased-out over the following three years. PNC elected to adopt this optional transition provision effective as of March 31, 2020. See additional discussion of this rule in the Supervision and Regulation section of Item 1 Business and Item 1A Risk Factors of this Report.

In response to the economic conditions caused by the pandemic, the Federal Reserve has adopted a final rule that revises, on a temporary basis, the calculation of supplementary leverage exposure (the denominator of the SLR) by BHCs to exclude the on-balance sheet amounts of U.S. Treasury securities and deposits at Federal Reserve Banks. The rule was effective as of April 14, 2020 and will remain in effect through March 31, 2021. The OCC also has permitted national banks to exclude such on-balance sheet amounts from the bank's supplementary leverage exposure, provided the bank agrees to obtain OCC approval of capital distributions during the effective period of the exclusion. PNC Bank has not elected to take advantage of this OCC rule.

At December 31, 2020, PNC and PNC Bank, our sole bank subsidiary, were both 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 believe that our December 31, 2020 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 this Report. See the Statistical Information (Unaudited) section in Item 8 of this Report for details on our December 31, 2017 and 2016 Fully Phased-in Basel III Common equity Tier 1 capital ratios.

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,
- Equity and other investments and activities whose economic values are directly impacted by market factors, and
- Fixed income securities, derivatives and foreign exchange activities, as a result of customer activities and securities underwriting.

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 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 2020 and 2019 follow:

Table 34: Interest Sensitivity Analysis

	Fourth Quarter 2020	Fourth Quarter 2019
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	4.7 %	1.5 %
Effect on net interest income in second year from gradual interest rate change over the preceding 12 months of:		
100 basis point increase	12.5 %	3.8 %
Key Period-End Interest Rates		
One-month LIBOR	0.14 %	1.76 %
Three-month LIBOR	0.24 %	1.91 %
Three-year swap	0.24 %	1.69 %

(a) Given the inherent limitations in certain of these measurement tools and techniques, results become less meaningful as interest rates approach zero. Senior management approved the suspension of the 100bps decrease in rate change sensitivities considering the current low rate environment.

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 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 50 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.

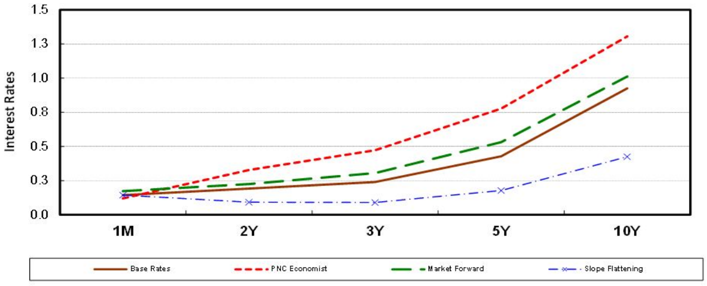
Table 35: Net Interest Income Sensitivity to Alternative Rate Scenarios

	December 31, 2020		
	PNC Economist	Market Forward	Slope Flattening
First year sensitivity	0.6 %	0.5 %	(0.9)%
Second year sensitivity	3.3 %	1.9 %	(3.1)%

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 LIBOR/Swap yield 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 2020 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.

As discussed in Item 1A Risk Factors, the planned discontinuance of the requirement that banks submit rates for the calculation of LIBOR after 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 discontinuance 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. An initial LIBOR impact and risk assessment has been performed, which identified the associated risks across products, systems, models, and processes. PNC also established an enterprise-level program, which is actively monitoring PNC's overall firm-wide exposure to LIBOR and using these results to plan transitional strategies and track progress versus these goals. Program workstreams were formed by Line of Business to ensure accountability and alignment with the appropriate operational, technology, and customer-facing stakeholders, while establishing a centralized Program Management Office to ensure consistency in execution and communication. Project plans and established milestones have been developed and have continued to evolve and be refined in line with industry developments and internal decisions and progress. PNC is also involved in industry discussions, preparing milestones for readiness and assessing progress against those milestones, along with developing and delivering on internal and external LIBOR cessation communication plans.

Key efforts in 2020 included:

- Enhancing fallback language in new contracts and reviewing existing legal contracts/agreements to assess fallback language impacts,
- Making preparations 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, and
- Monitoring developments associated with LIBOR alternatives and industry practices related to LIBOR-indexed instruments.

PNC also has been an active participant in efforts with the Federal Reserve and other regulatory agencies to explore the potential need for a credit-sensitive rate or add-on to SOFR for use in commercial loans. Those efforts led to the formation of the Credit Sensitive Group, which has held a series of workshops to assess how a credit-sensitive rate or add-on to SOFR might be constructed and discuss associated implementation issues.

In addition, in the third quarter of 2020, PNC began offering conforming ARMs using SOFR instead of USD LIBOR in line with Fannie Mae and Freddie Mac requirements. Plans are in place to begin offering private student loans and portfolio loans using non-LIBOR rates in the second quarter of 2021. PNC has provided regular updates to Federal Reserve, OCC and FDIC examination staff regarding its LIBOR cessation and transition plans.

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 2020 and 2019 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 minimal instances during 2020 and 2019 under our diversified VaR measure where actual losses exceeded the prior day VaR measure and those losses were insignificant. Our portfolio and enterprise-wide VaR models utilize a historical approach with a 500 day look back period.

Customer-related trading revenue was $466 million in 2020 compared with $285 million in 2019 and is recorded in Other noninterest income and Other interest income on our Consolidated Income Statement. The increase was primarily due to the impact of the changes in credit valuations for customer-related derivative activities and higher derivative client sales 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. 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

			Change	
Dollars in millions	December 31 2020	December 31 2019	$	%
Tax credit investments	$ 2,870	$ 2,218	$ 652	29 %
Private equity and other	3,182	2,958	224	8 %
Total	$ 6,052	$ 5,176	$ 876	17 %

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 $1.4 billion and $1.0 billion at December 31, 2020 and 2019, 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 this Report has further information on tax credit investments.

Private Equity and Other
The majority of our other equity investments consists of 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 $1.5 billion at both December 31, 2020 and 2019. As of December 31, 2020, $1.3 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 potential impacts of the Volcker Rule on our interests in and of private funds covered by the Volcker Rule.

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, 2020 per share closing price of $218.73 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 not significant. See Note 15 Fair Value and Note 21 Legal Proceedings in the Notes To Consolidated Financial Statements in Item 8 of this Report 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 not significant during 2020 and 2019.

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. Should 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.

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 the Notes To Consolidated Financial Statements in Item 8 of 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.

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: 1) identified and assessed; 2) managed through the design and implementation of controls; 3) measured and evaluated against our risk tolerance limits; and 4) appropriately reported to management and the Risk Committee. 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 enables management to make 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 a model.
- 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 Control and Self-Assessments, scenario analysis, and internal and external loss event review and analysis, to assess existing risks, determine potential/emerging risks and evaluate the effectiveness of internal controls. The program tools and methodology enable our business managers to identify potential risks and control gaps.

Lines of business are responsible for identifying, owning, managing and monitoring the operational risks and controls associated with its 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 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. While managing PNC's reputation preserves PNC's brand value, 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, co-chaired by the Chief Compliance Officer and the Chief BSA/AML 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 cyber security. PNC's cyber security 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 in the Notes To Consolidated Financial Statements in Item 8 of this Report 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

On January 1, 2020, we adopted ASU 2016-13 - *Credit Losses,* commonly referred to as the CECL standard. The following discussion relates to our ACL, post implementation of CECL. For additional information on our allowances for loan and lease losses and unfunded loan commitments and letters of credit prior to this adoption see Note 1 Accounting Policies and Critical Accounting Estimates and Judgments in our 2019 Form 10-K.

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 (including residual values), other financial assets and unfunded lending related commitments, for the remaining contractual term of the assets or exposures, taking into consideration expected prepayments. Our determination of the ACL is based on historical loss experience, current borrower characteristics, 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 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 apply qualitative factors to reflect in the ACL our best estimate of amounts that we do not expect to collect because of, among other things, idiosyncratic risk factors, changes in economic conditions that may not be reflected in forecasted results, or other potential methodology weaknesses. The ACL estimates are therefore susceptible to various factors, including, but not limited to, the following major factors:

- Current economic conditions and borrower quality: Our forecast of expected losses depends on conditions and portfolio quality as of the estimation date. As current conditions evolve, forecasted losses could be materially affected.
- Scenario weights and design: Our loss estimates are sensitive to the shape and severity 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.

- 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.

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 in the Notes To Consolidated Financial Statements in Item 8 of this Report.

Reasonable and Supportable Economic Forecast

Under CECL, we are required to consider reasonable and supportable forecasts in estimating expected credit losses. For this purpose, we have established a framework which 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 over our reasonable and supportable forecast period. 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 CECL 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 for approval to PNC's CECL RAC, 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, 2020 were designed to reflect the economic recovery that began in May, which consistently outpaced market expectations and remained strong through the end of the year, but has begun to show signs of an impending slowdown. We used a number of economic variables in our scenarios, with the most significant drivers being GDP and unemployment rate measures. Using the weighted-average of our four economic forecast scenarios, we estimated that GDP grew 3.0% in the fourth quarter of 2020 finishing the year down 2.8% from fourth quarter 2019 levels with 2.3% growth in 2021, recovering to pre-recession peak levels in the first quarter of 2022. The weighted-average unemployment rate was estimated to rise to 7.8% in the first quarter of 2021, with the labor market beginning to recover again in third quarter 2021, and ending 2021 at 6.8%. The unemployment rate was estimated to reach 5.7% and 5.0% by the end of 2022 and 2023, respectively. One of the scenarios included in our weighted-average is our baseline prediction of the most likely economic outcome; which includes estimated GDP recovering to pre-pandemic levels in late 2021 with unemployment not expected to return to its pre-pandemic level until at least 2023. See our Business Outlook and the Cautionary Statement Regarding Forward-Looking Information in this Item 7 for additional discussion on our baseline prediction of the most likely economic outcome. While the economy saw significant recovery from the onset of the pandemic in national level macroeconomic indicators, considerable uncertainty remains regarding overall lifetime loss content for both our commercial and consumer portfolios, specifically as it relates to our customers that are less likely to benefit from the economic recovery currently underway. For commercial borrowers, there are substantial concerns around industries that are dependent on in-person gatherings, hospitality and tourism. For consumer borrowers, payment behavior once the CARES Act stimulus wanes is also difficult to predict but we believe the highest uncertainty is concentrated within consumer borrowers who have been afforded accommodation as it relates to payment deferral/forbearance. As such, for both our commercial and consumer loan portfolios, PNC identified and performed significant analysis around these key, highly impacted segments to ensure our reserves were adequate in light of the improved economic environment. We believe that the economic assumptions used in the scenarios for the fourth quarter of 2020, in combination with increased reserves for borrowers in segments most adversely impacted by the pandemic, sufficiently reflect the life of loan losses in the current portfolio.

For internal analytical purposes, we considered what our capital ratios would be if we had an ACL at December 31, 2020 equal to the Federal Reserve's estimated nine quarter credit losses for PNC under the 2020 CCAR supervisory severely adverse scenario of $12.1 billion, increasing the reserves by approximately $6.0 billion at year end. This analysis resulted in a CET1 ratio of approximately 10.6% at December 31, 2020, a level well above 7.0%, which is our regulatory minimum of 4.5% plus our SCB of 2.5%. This scenario was not our expectation at December 31, 2020 and does not reflect our current expectation, nor does it capture all the potential unknown variables, but it provides an approximation of a possible outcome under hypothetical severe conditions. The CECL methodology inherently requires a high degree of judgment. As a result, it is possible that we may, at another point in time, reach different conclusions regarding our credit loss estimates.

<u>Residential and Commercial Mortgage Servicing Rights</u>

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 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.

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 are expected to protect the economic value of the MSRs.

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 in the Notes To Consolidated Financial Statements in Item 8 of this Report.

Fair Value Measurements

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. Fair values and the information used to record valuation adjustments for certain assets and liabilities are based on either quoted market prices or are provided by independent third-party sources, including appraisers and valuation specialists, when available. When such 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 areas 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.

For additional information on fair value measurements, see Note 15 Fair Value in the Notes To Consolidated Financial Statements in Item 8 of this Report.

Recently Adopted Accounting Pronouncements

See Note 1 Accounting Policies in the Notes To Consolidated Financial Statements in Item 8 of this Report regarding the impact of new accounting pronouncements which we have adopted.

OFF-BALANCE SHEET ARRANGEMENTS AND VARIABLE INTEREST ENTITIES

We engage in a variety of activities that involve entities that are not consolidated or otherwise reflected in our Consolidated Balance Sheet that are generally referred to as “off-balance sheet arrangements.” Additional information on these types of activities is included in the following sections of this Report:

- Contractual Obligations and Commitments included within the Risk Management section of this Item 7, and
- Note 5 Loan Sale and Servicing Activities and Variable Interest Entities,
- Note 10 Borrowed Funds,
- Note 11 Commitments, and
- Note 12 Equity, all of which are in the Notes To Consolidated Financial Statements included in Item 8 of this Report.

A summary and further description of VIEs as of December 31, 2020 and 2019 is included in Note 1 Accounting Policies and Note 5 Loan Sale and Servicing and Variable Interest Entities in the Notes To Consolidated Financial Statements included in Item 8 of this Report.

Trust Preferred Securities

See Note 10 Borrowed Funds in the Notes To Consolidated Financial Statements in Item 8 of this Report for additional information on trust preferred securities issued by PNC Capital Trust C including information on contractual limitations potentially imposed on payments (including dividends) with respect to PNC’s equity securities.

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 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 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 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 the following:
  - 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 and market interest rates,
  - 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 length and extent of the economic impacts of the COVID-19 pandemic,
  - The impact of the results of the recent U.S. elections on the regulatory landscape, capital markets, and the response to and management of the COVID-19 pandemic, including whether there will be additional fiscal stimulus from the federal government and, if so, its size, scope and effectiveness, 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 U.S. economy is in an economic recovery, following a very severe but very short economic contraction in the first half of 2020 due to the COVID-19 pandemic and public health measures to contain it.
  - Despite the improvement in the economy since the spring of 2020, economic activity remains far below its pre-pandemic level and unemployment remains elevated.
  - Growth will be much weaker in early 2021 because of record COVID-19 cases and continued government restrictions of economic activity. Growth should then pick up in the spring of 2021 as vaccines are more widely available and the federal government provides aid to households and small and medium-sized businesses. PNC does not expect real GDP to return to its pre-pandemic level until late 2021, and does not expect employment to return to its pre-pandemic level until at least 2023.
  - PNC expects the FOMC to keep the fed funds rate in its current range of 0.00% to 0.25% through at least mid-2024.
- PNC’s ability to take certain capital actions, including returning capital to shareholders, is subject to PNC meeting or exceeding a stress capital buffer established by the Federal Reserve Board in connection with the Federal Reserve Board’s CCAR process. The Federal Reserve also has imposed additional limitations on capital distributions through the first quarter of 2021 by CCAR-participating bank holding companies and may extend these limitations, potentially in modified form.
- 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.
- 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 policies and principles.

  - Unfavorable resolution of legal proceedings or other claims and regulatory and other governmental investigations or other inquiries. These matters may result in monetary judgments or settlements or other remedies, including fines, penalties, restitution or alterations in our business practices, and in additional expenses and collateral costs, and may cause reputational harm to PNC.
  - Results of the regulatory examination and supervision process, including our failure to satisfy requirements of agreements with governmental agencies.
  - Impact on business and operating results of any 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 planned acquisition of BBVA presents us with risks and uncertainties related both to the acquisition transaction itself and to the integration of the acquired business into PNC after closing:
  - The business of BBVA, including its U.S. banking subsidiary, BBVA USA, going forward may not perform as we currently project or in a manner consistent with historical performance. As a result, the anticipated benefits, including estimated cost savings, of the transaction may be significantly harder or take longer to achieve than expected or may not be achieved in their entirety as a result of unexpected factors or events, including those that are outside of our control.
  - The combination of BBVA, including its U.S. banking subsidiary, BBVA USA, with that of PNC and PNC Bank may be more difficult to achieve than anticipated or have unanticipated adverse results relating to BBVA, including its U.S. banking subsidiary, BBVA USA, or our existing businesses.
  - Completion of the transaction is dependent on the satisfaction of customary closing conditions, which cannot be assured. The timing of completion of the transaction is dependent on various factors that cannot be predicted with precision at this point.
- In addition to the planned BBVA transaction, 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.
- 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, pandemics, dislocations, terrorist activities, system failures, security breaches, cyberattacks or international hostilities through impacts on the economy and financial markets generally or on us or our counterparties 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 11 Commitments and Note 21 Legal Proceedings in the Notes To Consolidated Financial Statements in Item 8 of this Report. 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 sheets of The PNC Financial Services Group, Inc. and its subsidiaries (the "Company") as of December 31, 2020 and 2019, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2020, 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, 2020, 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, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 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, 2020, 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 $5,361 million as of December 31, 2020, of which $3,337 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 has established a framework for developing the reasonable and supportable economic forecasts, which includes the use of four economic forecast scenarios and associated probability weights, which in combination create a forecast of expected economic outcomes. 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. The economic forecast scenarios which are inputs into the credit loss models, include a number of economic variables with the most significant drivers being GDP and unemployment rate measures. 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 that the Company considers include industry concentration and conditions, changes in market conditions, recent credit quality trends, model imprecision, the impacts of COVID-19 on highly impacted segments, 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, determining weighting of each scenario, and estimating qualitative reserves related to the impacts of COVID-19 on certain highly impacted segments, which in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and in evaluating audit evidence obtained 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 estimating 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 such as GDP and unemployment measures, (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 commercial allowance estimate.

/s/ PricewaterhouseCoopers LLP
Pittsburgh, Pennsylvania
February 26, 2021

We have served as the Company’s auditor since 2007.

CONSOLIDATED INCOME STATEMENT
THE PNC FINANCIAL SERVICES GROUP, INC.

	Year ended December 31		
In millions, except per share data	2020	2019	2018
Interest Income			
Loans	$ 8,927	$ 10,525	$ 9,580
Investment securities	2,041	2,426	2,261
Other	339	811	741
Total interest income	11,307	13,762	12,582
Interest Expense			
Deposits	643	1,986	1,229
Borrowed funds	718	1,811	1,632
Total interest expense	1,361	3,797	2,861
Net interest income	9,946	9,965	9,721
Noninterest Income			
Asset management	836	862	883
Consumer services	1,484	1,555	1,502
Corporate services	2,167	1,914	1,849
Residential mortgage	604	368	316
Service charges on deposits	500	702	714
Other	1,364	1,473	1,205
Total noninterest income	6,955	6,874	6,469
Total revenue	16,901	16,839	16,190
Provision For Credit Losses	3,175	773	408
Noninterest Expense			
Personnel	5,673	5,647	5,471
Occupancy	826	834	818
Equipment	1,176	1,210	1,103
Marketing	236	301	285
Other	2,386	2,582	2,619
Total noninterest expense	10,297	10,574	10,296
Income from continuing operations before income taxes and noncontrolling interests	3,429	5,492	5,486
Income taxes from continuing operations	426	901	928
Net income from continuing operations	3,003	4,591	4,558
Income from discontinued operations before taxes	5,777	988	942
Income taxes from discontinued operations	1,222	161	154
Net income from discontinued operations	4,555	827	788
Net income	7,558	5,418	5,346
Less: Net income attributable to noncontrolling interests	41	49	45
Preferred stock dividends	229	236	236
Preferred stock discount accretion and redemptions	4	4	4
Net income attributable to common shareholders	$ 7,284	$ 5,129	$ 5,061
Earnings Per Common Share			
Basic earnings from continuing operations	$ 6.37	$ 9.59	$ 9.11
Basic earnings from discontinued operations	10.62	1.84	1.68
Total basic earnings	$ 16.99	$ 11.43	$ 10.79
Diluted earnings from continuing operations	$ 6.36	$ 9.57	$ 9.06
Diluted earnings from discontinued operations	10.60	1.82	1.65
Total diluted earnings	$ 16.96	$ 11.39	$ 10.71
Average Common Shares Outstanding			
Basic	427	447	467
Diluted	427	448	470

See accompanying Notes To Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

THE PNC FINANCIAL SERVICES GROUP, INC.

	Year ended December 31		
In millions	2020	2019	2018
Net income from continuing operations	$ 3,003	$ 4,591	$ 4,558
Other comprehensive income (loss), before tax and net of reclassifications into Net income			
Net change in debt securities	1,811	1,489	(540)
Net change in cash flow hedge derivatives	497	297	(178)
Pension and other postretirement benefit plan adjustments	82	158	16
Net change in Other	10	17	18
Other comprehensive income (loss) from continuing operations, before tax and net of reclassifications into Net income	2,400	1,961	(684)
Income tax benefit (expense) from continuing operations related to items of other comprehensive income	(544)	(441)	144
Other comprehensive income (loss) from continuing operations, after tax and net of reclassifications into Net income	1,856	1,520	(540)
Net income from discontinued operations	4,555	827	788
Other comprehensive income (loss) from discontinued operations, before tax and net of reclassifications into Net income	148	5	(55)
Income tax benefit (expense) from discontinued operations related to items of other comprehensive income	(33)	(1)	12
Other comprehensive income (loss) from discontinued operations, after tax and net of reclassifications into Net income	115	4	(43)
Other comprehensive income (loss), after tax and net of reclassifications into Net income	1,971	1,524	(583)
Comprehensive income	9,529	6,942	4,763
Less: Comprehensive income attributable to noncontrolling interests	41	49	45
Comprehensive income attributable to PNC	$ 9,488	$ 6,893	$ 4,718

See accompanying Notes To Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET
THE PNC FINANCIAL SERVICES GROUP, INC.

In millions, except par value	December 31 2020	December 31 2019
Assets		
Cash and due from banks	$ 7,017	$ 5,061
Interest-earning deposits with banks	85,173	23,413
Loans held for sale (a)	1,597	1,083
Asset held for sale (b)		8,558
Investment securities – available for sale	87,358	69,163
Investment securities – held to maturity	1,441	17,661
Loans (a)	241,928	239,843
Allowance for loan and lease losses (c)	(5,361)	(2,742)
Net loans	236,567	237,101
Equity investments	6,052	5,176
Mortgage servicing rights	1,242	1,644
Goodwill	9,233	9,233
Other (a)	30,999	32,202
Total assets	$ 466,679	$ 410,295
Liabilities		
Deposits		
Noninterest-bearing	$ 112,637	$ 72,779
Interest-bearing	252,708	215,761
Total deposits	365,345	288,540
Borrowed funds		
Federal Home Loan Bank borrowings	3,500	16,341
Bank notes and senior debt	24,271	29,010
Subordinated debt	6,403	6,134
Other (d)	3,021	8,778
Total borrowed funds	37,195	60,263
Allowance for unfunded lending related commitments (c)	584	318
Accrued expenses and other liabilities	9,514	11,831
Total liabilities	412,638	360,952
Equity		
Preferred stock (e)		
Common stock ($5 par value, Authorized 800 shares, issued 543 shares)	2,713	2,712
Capital surplus	15,884	16,369
Retained earnings	46,848	42,215
Accumulated other comprehensive income	2,770	799
Common stock held in treasury at cost: 119 and 109 shares	(14,205)	(12,781)
Total shareholders' equity	54,010	49,314
Noncontrolling interests	31	29
Total equity	54,041	49,343
Total liabilities and equity	$ 466,679	$ 410,295

(a) Our consolidated assets included the following for which we have elected the fair value option: Loans held for sale of $1.2 billion, Loans of $1.4 billion and Other assets of $0.1 billion at December 31, 2020 and Loans held for sale of $1.1 billion, Loans of $0.7 billion and Other assets of $0.1 billion at December 31, 2019.
(b) Represents our held for sale investment in BlackRock. In the second quarter of 2020, PNC divested its entire investment in BlackRock. Prior period BlackRock investment balances have been reclassified to the Asset held for sale line in accordance with ASC 205-20, Presentation of Financial Statements - Discontinued Operations. Refer to Note 1 Accounting Policies and Note 2 Acquisition and Divestiture Activity for additional details.
(c) Amounts as of December 31, 2020 reflects the impact of adopting Accounting Standards Update 2016-13, Financial Instruments - Credit Losses, which is commonly referred to as the CECL standard and our transition from an incurred loss methodology for these reserves to an expected credit loss methodology. Refer to Note 1 Accounting Policies in this Report for additional details regarding the CECL standard.
(d) Our consolidated liabilities at December 31, 2020 and December 31, 2019 included Other borrowed funds of less than $0.1 billion and $0.1 billion, for which we have elected the fair value option, respectively.
(e) 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.

		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	Noncontrolling Interests	Total Equity
Balance at December 31, 2017 (a)	473	$ 2,710	$ 3,985	$ 12,389	$ 35,481	$ (148)	$ (6,904)	$ 72	$ 47,585
Cumulative effect of ASU adoptions (b)					(22)	6			(16)
Balance at January 1, 2018 (a)	473	$ 2,710	$ 3,985	$ 12,389	$ 35,459	$ (142)	$ (6,904)	$ 72	$ 47,569
Net income					5,301			45	5,346
Other comprehensive income (loss), net of tax						(583)			(583)
Cash dividends declared - Common					(1,601)				(1,601)
Cash dividends declared - Preferred					(236)				(236)
Preferred stock discount accretion			4		(4)				
Common stock activity (c)		1		19					20
Treasury stock activity	(16)			(101)			(2,550)		(2,651)
Other			(3)	(16)				(75)	(94)
Balance at December 31, 2018 (a)	457	$ 2,711	$ 3,986	$ 12,291	$ 38,919	$ (725)	$ (9,454)	$ 42	$ 47,770
Cumulative effect of ASU adoptions (d)					62				62
Balance at January 1, 2019 (a)	457	$ 2,711	$ 3,986	$ 12,291	$ 38,981	$ (725)	$ (9,454)	$ 42	$ 47,832
Net income					5,369			49	5,418
Other comprehensive income, net of tax						1,524			1,524
Cash dividends declared - Common					(1,895)				(1,895)
Cash dividends declared - Preferred					(236)				(236)
Preferred stock discount accretion			4		(4)				
Common stock activity (c)		1		20					21
Treasury stock activity	(24)			3			(3,327)		(3,324)
Other			3	62				(62)	3
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 (e)					(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 - Series Q (f)			(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

(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 2014-09, ASU 2016-01, ASU 2017-12 and ASU 2018-02.
(c) Common stock activity totaled less than 0.5 million shares issued.
(d) Represents the impact of the adoption of ASU 2016-02 related primarily to deferred gains on previous sale-leaseback transactions.
(e) Represents the impact of the adoption ASU 2016-13 - Financial Instruments - Credit Losses. See the Recently Adopted Accounting Standards portion of Note 1 Accounting Policies in this Report for additional detail on this adoption.
(f) 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 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	2020	2019	2018
Operating Activities			
Net income	$ 7,558	$ 5,418	$ 5,346
Adjustments to reconcile net income to net cash provided (used) by operating activities			
Provision for credit losses	3,175	773	408
Depreciation and amortization	1,497	1,315	1,129
Deferred income taxes (benefit)	(2,239)	303	133
Net gains on sales of securities	(305)		
Changes in fair value of mortgage servicing rights	799	645	172
Gain on sale of BlackRock	(5,740)		
Undistributed earnings of BlackRock	(174)	(531)	(525)
Net change in			
Trading securities and other short-term investments	957	560	(893)
Loans held for sale	(372)	(123)	1,635
Other assets	(927)	(788)	108
Accrued expenses and other liabilities	(254)	132	295
Other	684	(341)	32
Net cash provided (used) by operating activities	$ 4,659	$ 7,363	$ 7,840
Investing Activities			
Sales			
Securities available for sale	$ 13,851	$ 7,755	$ 7,505
Net proceeds from sale of BlackRock	14,225		
Loans	1,894	1,664	1,323
Repayments/maturities			
Securities available for sale	30,901	11,974	9,388
Securities held to maturity	60	3,348	2,447
Purchases			
Securities available for sale	(45,356)	(23,739)	(23,418)
Securities held to maturity	(53)	(1,751)	(3,370)
Loans	(1,982)	(1,027)	(690)
Net change in			
Federal funds sold and resale agreements	1,738	4,899	(5,837)
Interest-earning deposits with banks	(61,760)	(12,520)	17,702
Loans	(3,376)	(14,963)	(7,335)
Net cash received from divestiture activity		75	
Other	(1,264)	(705)	(1,684)
Net cash provided (used) by investing activities	$ (51,122)	$ (24,990)	$ (3,969)

(continued on following page)

CONSOLIDATED STATEMENT OF CASH FLOWS

THE PNC FINANCIAL SERVICES GROUP, INC.

(continued from previous page)

In millions	Year ended December 31 2020	2019	2018
Financing Activities			
Net change in			
Noninterest-bearing deposits	$ 39,851	$ (1,166)	$ (6,016)
Interest-bearing deposits	36,947	21,882	8,690
Federal funds purchased and repurchase agreements	(5,861)	4,260	392
Short-term Federal Home Loan Bank borrowings	(6,300)	4,800	1,500
Commercial paper			(100)
Other borrowed funds	123	(495)	20
Sales/issuances			
Federal Home Loan Bank borrowings	9,060	12,040	9,500
Bank notes and senior debt	3,487	8,977	3,238
Subordinated debt		744	1,243
Other borrowed funds	647	1,131	500
Preferred stock			
Common and treasury stock	65	90	69
Repayments/maturities			
Federal Home Loan Bank borrowings	(15,601)	(22,000)	(10,536)
Bank notes and senior debt	(9,047)	(5,600)	(6,175)
Subordinated debt		(700)	(575)
Other borrowed funds	(639)	(1,174)	(548)
Preferred stock redemption	(480)		
Acquisition of treasury stock	(1,624)	(3,578)	(2,877)
Preferred stock cash dividends paid	(229)	(236)	(236)
Common stock cash dividends paid	(1,980)	(1,895)	(1,601)
Net cash provided (used) by financing activities	$ 48,419	$ 17,080	$ (3,512)
Net Increase (Decrease) In Cash And Due From Banks And Restricted Cash	$ 1,956	$ (547)	$ 359
Net cash provided by discontinued operations	11,542	299	264
Net cash provided (used) by continuing operations	(9,586)	(846)	95
Cash and due from banks and restricted cash at beginning of period	5,061	5,608	5,249
Cash and due from banks and restricted cash at end of period	$ 7,017	$ 5,061	$ 5,608
Cash and due from banks and restricted cash			
Cash and due from banks at end of period (unrestricted cash)	$ 6,636	$ 5,061	$ 5,608
Restricted cash	$ 381		
Cash and due from banks and restricted cash at end of period	$ 7,017	$ 5,061	$ 5,608
Supplemental Disclosures			
Interest paid	$ 1,292	$ 3,742	$ 2,835
Income taxes paid	$ 3,410	$ 430	$ 372
Income taxes refunded	$ 10	$ 17	$ 468
Leased assets obtained in exchange for new operating lease liabilities	$ 122	$ 317	
Right-of-use assets recognized at adoption of ASU 2016-02		$ 2,004	
Non-cash Investing and Financing Items			
Transfer from loans to loans held for sale, net	$ 1,379	$ 958	$ 403
Transfer from loans to foreclosed assets	$ 64	$ 174	$ 193
Transfer from trading securities to investment securities	$ 289	$ 328	

See accompanying Notes To Consolidated Financial Statements.

See the Glossary on page 196 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 primarily in markets across the Mid-Atlantic, Midwest and Southeast. 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 variable interest entities.

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.

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 our fair value measurements and the ACL. Actual results may differ from the estimates and the differences may be material to the consolidated financial statements.

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. Our BlackRock held for sale asset is recorded at its carrying amount as we accounted for this investment under the equity method of accounting and the fair value of the asset exceeded the carrying value at each balance sheet date.

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
Credit Losses - ASU 2016-13 Issued June 2016 **Codification Improvements - ASU 2019-04** Various improvements related to Credit Losses (Topics 1, 2 and 5) Issued April 2019 **Targeted Transition Relief - Credit Losses - ASU 2019-05** Issued May 2019 **Codification Improvements - ASU 2019-11** Issued November 2019	• Commonly referred to as the CECL standard. • Replaces measurement, recognition and disclosure guidance for credit related reserves (*i.e.*, ALLL and the allowance for unfunded loan commitments and letters of credit) and OTTI for debt securities. • Requires the use of an expected credit loss methodology; specifically, current expected credit losses for the remaining life of the asset will be recognized starting from the time of origination or acquisition. • Methodology applies to loans, net investment in leases, debt securities and certain financial assets not accounted for at fair value through net income. It also applies to unfunded lending related commitments except for unconditionally cancellable commitments. • In-scope assets are presented at the net amount expected to be collected after the deduction or addition of the ACL from the amortized cost basis of the assets. • Requires inclusion of expected recoveries of previously charged-off amounts for in-scope assets. • Requires enhanced credit quality disclosures including disaggregation of credit quality indicators by vintage. • Requires a modified retrospective approach through a cumulative-effect adjustment to retained earnings at adoption.	• Adopted January 1, 2020 under the modified retrospective approach. The cumulative-effect adjustment to retained earnings totaled $671 million at adoption. • Amended presentation and disclosures are required prospectively. Refer to the disclosures in this Note 1, Note 3 Investment Securities and Note 4 Loans and Related Allowance for Credit Losses for additional information. • With the adoption of CECL, we discontinued the accounting for purchased impaired loans and elected the one-time fair value option election for some of these loans and certain residential real estate collateral dependent loans. Loans that were previously accounted for as purchased impaired where the fair value option election was not made are now accounted for as PCD loans. • There was no impact to the recorded investment of our investment securities or loans, except for our PCD loan portfolio. Accounting for these loans as PCD required an adjustment to the remaining accretable discount and recorded investment in addition to the impact on ACL due to the adoption of CECL methodology. • Refer to Table 38 for a summary of the impact of the CECL standard adoption.
Accounting Standards Update	**Description**	**Financial Statement Impact**
Codification Improvements - ASU 2019-04 Topic 3: Codification Improvements to ASU 2017-12 and Other Hedging Items Issued April 2019	• Targeted improvements related to: - Partial-term fair value hedges of interest rate risk - Amortization of fair value hedge basis adjustments - Disclosure of fair value hedge basis adjustments - Consideration of the hedged contractually specified interest rate under the hypothetical derivative method - Application of a first-payments-received cash flow hedging technique to overall cash flows on a group of variable interest payments - Update to transition guidance for ASU 2017-12 • This ASU permits a one-time transfer out of held to maturity securities to provide entities the opportunity to hedge fixed rate, prepayable securities under a last of layer hedging strategy (although an entity is not required to hedge such securities subsequent to transfer).	• Adopted January 1, 2020. • As permitted by the eligibility requirements in this guidance, at adoption we elected to transfer debt securities with an amortized cost of $16.2 billion (fair value of $16.5 billion) from held to maturity to the available for sale portfolio. The transfer resulted in a pretax increase to AOCI of $306 million. There were no other impacts to PNC's consolidated financial statements from the adoption of this guidance.

Accounting Standards Update	Description	Financial Statement Impact
Goodwill - ASU 2017-04 Issued January 2017	• Eliminates Step 2 from the goodwill impairment test to simplify the subsequent measurement of goodwill under which a loss was recognized only if the estimated implied fair value of the goodwill is below its carrying value. • Requires impairment to be recognized if the reporting unit's carrying value exceeds the fair value.	• Adopted January 1, 2020. • The adoption of this standard did not impact our consolidated results of operations or our consolidated financial position.

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	• 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. • Allows for a one-time election to sell, transfer, or both sell and transfer debt securities classified as held to maturity that reference a rate affected by reference rate reform and that are classified as held to maturity before January 1, 2020. • Guidance in these ASUs are effective as of March 12, 2020 through December 31, 2022.	• Adopted March 12, 2020. ASU 2021-01 was retrospectively adopted October 1, 2020. • During the second quarter of 2020, we elected to transfer all debt securities classified as held to maturity that are indexed to LIBOR to the available for sale portfolio. All securities were classified as held to maturity prior to January 1, 2020. These securities had an amortized cost and fair value of $49 million and $48 million, respectively, as of the transfer date. See Note 3 Investment Securities for more information. • 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. • As of December 31, 2020, we have not yet elected to apply any optional expedients for contract modifications and hedging relationships to any other financial instruments. However, we plan to elect these optional expedients in the future.

The following table presents the impact of adopting the CECL standard on January 1, 2020 on our allowance and retained earnings.

Table 38: Impact of the CECL Standard Adoption

In millions	December 31, 2019	Transition Adjustment	January 1, 2020
Allowance for credit losses			
Allowance for loan and lease losses			
Commercial	$ 1,812	$ (304)	$ 1,508
Consumer	930	767	1,697
Total allowance for loan and lease losses	2,742	463	3,205
Unfunded lending related commitments	318	179	497
Other		19	19
Total allowance for credit losses	$ 3,060	$ 661	$ 3,721

In millions	December 31, 2019	Transition Adjustment	January 1, 2020
Impact to retained earnings (a)	$ 42,215	$ (671)	$ 41,544

(a) Transition adjustment includes the increase in the total ACL of $0.7 billion and the impact of the fair value option election of $0.2 billion, offset by the tax impact of $0.2 billion.

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/(losses) are included in Other noninterest income on the Consolidated Income Statement.

As discussed in the Recently Adopted Accounting Standards section of this Note 1, we adopted the CECL standard as of January 1, 2020, which 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. The CECL standard is applied prospectively to debt securities and, as a result, the amortized cost basis of investment securities for which OTTI had previously been recorded did not change upon adoption.

Prior to the adoption of CECL, we reviewed all debt securities that were in an unrealized loss position for OTTI. An investment security was deemed impaired if the fair value of the investment was less than its amortized cost. After an investment security was determined to be impaired, we evaluated whether the decline in value was other-than-temporary. Declines in the fair value of debt securities that were deemed other-than-temporary and were attributable to credit deterioration were recognized in Other noninterest income on our Consolidated Income Statement in the period in which the determination was made. Declines in fair value which were deemed other-than-temporary and attributable to factors other than credit deterioration were 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, 2020, nonaccrual or past due held-to-maturity 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. 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 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, 2020.

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. 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. 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, 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 consumer 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. In addition, PNC has elected not to apply a TDR designation to loans that have been 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 are not placed on nonaccrual at the time of modification unless payment in full of principal or interest is not expected. These loans continue 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 principle 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.

Additionally, in general, for smaller commercial loans of $100,000 or less, a full charge-off occurs at 180 days past due for term loans and revolvers. For smaller commercial leases of $1 million or less, a full charge-off occurs at 120 days past due. Small business credit card balances are charged-off at 180 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, the current year accrued and uncollected interest is reversed through Net interest income and prior year accrued and uncollected interest is charged-off, 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 in this Report 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, 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 (including residual values), 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 techniques, 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 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 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 in this Report 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 or loan segment. 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 or loan segments. 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 • Internal risk ratings based on borrower characteristics for the long run average	• 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 Income 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.

Discounted Cash Flow
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.

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, 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.

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, including the impacts of COVID-19 on highly impacted segments,
- Changes in market conditions, including regulatory and legal requirements,
- Changes in the nature and volume of our portfolio,
- Recent credit quality trends, including the impact of COVID-19 hardship related loan modifications,
- Recent loss experience in particular portfolios, including specific and unique events,
- Recent macro-economic 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, including the performance of first lien positions.

See Note 4 Loans and Related Allowance for Credit Losses for additional information about our loan portfolio and the related allowance.

Allowance for Loan and Lease Losses (Incurred Loss Methodology)
Prior to the adoption of CECL, we maintained the ALLL at a level that we believed to be appropriate to absorb estimated probable credit losses incurred in the loan and lease portfolios as of the balance sheet date. These evaluations were inherently subjective, as they required material estimates, and included, among others: PD, LGD, EAD, movement through delinquency stages, amounts and timing of expected future cash flows, value of collateral and qualitative factors.

For all loans and leases, except purchased impaired loans, the ALLL was the sum of three components:

- Asset specific/individual impaired reserves: Nonperforming loans that were considered impaired under ASC 310 – *Receivables*, which included all commercial and consumer TDRs, were evaluated for specific reserves.
- Quantitative (formulaic or pooled) reserves: Quantitative reserves in the commercial portfolio were determined through quantitative loss modeling utilizing PD, LGD, and the outstanding balance of the loan, while quantitative reserves in the consumer portfolio were determined primarily using transition matrices, including a roll-rate model.
- Qualitative (judgmental) reserves.

The reserve calculation and determination process was dependent on the use of key assumptions. Key reserve assumptions and estimation processes reacted to and were influenced by observed changes in loan portfolio performance experience, the financial strength of the borrowers and economic conditions.

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 grandfathered 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.

Prior to the adoption of CECL, acquired purchased impaired loans were recorded at fair value. When evidence of credit quality deterioration and evidence that it was probable that we would be unable to collect all contractual amounts due existed, we considered the loans to be purchased credit impaired and we estimated the amount and timing of undiscounted expected cash flows at acquisition for each loan either individually or on a pool basis. The excess of undiscounted cash flows expected to be collected over its carrying value represented the accretable yield which was recognized into interest income over the remaining life of the loan (or pool of loans) using the constant effective yield method. Subsequent decreases in expected cash flows that were attributable to credit quality were recognized as impairments resulting in an increase in the ALLL. Subsequent increases in expected cash flows were recognized as a provision recapture of previously recorded ALLL or prospectively through an adjustment of the loan's or pool's yield over its remaining life.

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.

Prior to the adoption of CECL, we maintained the allowance for unfunded loan commitments and letters of credit at a level we believed was appropriate to absorb estimated probable credit losses incurred as of the balance sheet date. We determined the allowance based on periodic evaluations of the unfunded credit facilities, including an assessment of the probability of commitment usage, credit risk factors, and, solely for commercial lending, the terms and expiration dates of the unfunded credit facilities. Other than the estimation of the probability of funding, the reserve for unfunded loan commitments was estimated in a manner similar to the methodology used for determining reserves for funded exposures. The allowance for unfunded loan commitments and letters of credit was recorded as a liability on the Consolidated Balance Sheet. Net adjustments to the allowance for unfunded loan commitments and letters of credit were included in the provision for credit losses.

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, 2020, 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 allowance 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 the commercial mortgage loans are measured and recorded in Other noninterest income while such changes for the residential mortgage loans are measured and recorded in Residential mortgage 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. Prior to the adoption of CECL, valuation adjustments on lease residuals were included in Other noninterest expense.

Lessee Arrangements

We lease retail branches, datacenters, office space, land and equipment under operating and finance leases. At adoption of ASU 2016-02 on January 1, 2019, we elected the practical expedient to account for the lease and nonlease components of existing real estate leases and leases of advertising assets, such as signage, as a single lease component. Effective January 1, 2019, lease and nonlease components of new lease agreements are accounted for separately. Lease components consist of fixed payments including rent, real estate taxes and insurance costs and nonlease components consist of common-area maintenance costs. 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 debt securities, unrealized gains or losses on derivatives designated as cash flow hedges, and changes in pension and other postretirement benefit plan liability adjustments. 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 LIBOR), 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 deferral method of accounting on investments that generate investment tax credits. Under this method, the investment tax credits are recognized as a reduction to the related asset.

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,
- Providing merger and acquisition advisory and related services,
- Debit and credit card transactions, 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 mortgages, commercial mortgages and other consumer loans for others as earned based on the specific contractual terms. These revenues are reported on the Consolidated Income Statement in the line items Residential mortgage, Corporate services and Consumer services. 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.

NOTE 2 ACQUISITION AND DIVESTITURE ACTIVITY

Pending Acquisition of BBVA USA Bancshares, Inc.

On November 16, 2020, we announced a definitive agreement with BBVA, S.A. to acquire BBVA including its U.S. banking subsidiary, BBVA USA, for a fixed purchase price of $11.6 billion in cash.

BBVA USA has over 600 branches in Texas, Alabama, Arizona, California, Florida, Colorado and New Mexico. The transaction is expected to add approximately $102 billion in total assets, $86 billion of deposits and $66 billion of loans to PNC's Consolidated Balance Sheet and to close in mid-2021, subject to customary closing conditions, including receipt of regulatory approvals.

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 39: Consolidated Income Statement - Discontinued Operations

	Year ended December 31		
In millions	2020	2019	2018
Noninterest income	$ 5,777	$ 988	$ 942
Total revenue	5,777	988	942
Income from discontinued operations before income taxes	5,777	988	942
Income taxes	1,222	161	154
Net income from discontinued operations	$ 4,555	$ 827	$ 788

The following table summarizes the cash flows of discontinued operations of BlackRock included in the Consolidated Statement of Cash Flows:

Table 40: Consolidated Statement of Cash Flows - Discontinued Operations

	Year ended December 31		
In millions	2020	2019	2018
Cash flows from discontinued operations			
Net cash provided (used) by operating activities of discontinued operations	$ (2,683)	$ 299	$ 264
Net cash provided by investing activities of discontinued operations	$ 14,225		

NOTE 3 INVESTMENT SECURITIES

With the adoption of the CECL standard on January 1, 2020, credit losses on investment securities are required to be recognized through an allowance, instead of as a direct write-down to the amortized cost basis of the security. The amortized cost basis of investment securities for which impairment had previously been recorded did not change upon adoption.

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, 2020, the allowance for investment securities was $82 million and primarily related to non-agency commercial mortgage-backed securities in the available for sale portfolio and other debt securities in the held to maturity portfolio. The provision for credit losses on investment securities totaled $80 million for the year ended December 31, 2020.

In the first quarter of 2020, upon the adoption of ASU 2019-04, we elected to transfer debt securities with an amortized cost of $16.2 billion and a fair value of $16.5 billion from the held to maturity to the available for sale portfolio. During the second quarter of 2020, pursuant to the guidance in ASU 2020-04, we elected to transfer debt securities with an amortized cost of $49 million and a fair value of $48 million from the held to maturity to the available for sale portfolio.

See Note 1 Accounting Policies for additional information related to the adoption of the CECL standard, including the methodologies used to determine the allowance for investment securities, and the adoption of ASU 2019-04 and ASU 2020-04.

The following table summarizes our available for sale and held to maturity portfolios by major security type:

Table 41: Investment Securities Summary

	December 31, 2020 (a)				December 31, 2019			
		Unrealized				Unrealized		
In millions	Amortized Cost (b)	Gains	Losses	Fair Value	Amortized Cost	Gains	Losses	Fair Value
Securities Available for Sale								
U.S. Treasury and government agencies	$ 19,821	$ 903	$ (13)	$ 20,711	$ 16,150	$ 382	$ (16)	$ 16,516
Residential mortgage-backed								
Agency	47,355	1,566	(10)	48,911	35,847	517	(43)	36,321
Non-agency	1,272	243	(14)	1,501	1,515	302	(3)	1,814
Commercial mortgage-backed								
Agency	2,571	119	(2)	2,688	3,094	42	(18)	3,118
Non-agency	3,678	78	(67)	3,689	3,352	29	(9)	3,372
Asset-backed	5,060	100	(10)	5,150	5,044	78	(8)	5,114
Other	4,415	293		4,708	2,788	121	(1)	2,908
Total securities available for sale (b)	$ 84,172	$ 3,302	$ (116)	$ 87,358	$ 67,790	$ 1,471	$ (98)	$ 69,163
Securities Held to Maturity								
U.S. Treasury and government agencies	$ 795	$ 125		$ 920	$ 776	$ 56		$ 832
Residential mortgage-backed								
Agency					14,419	270	$ (26)	14,663
Non-agency					133	7		140
Commercial mortgage-backed								
Agency					59	1		60
Non-agency					430	4		434
Asset-backed					52			52
Other	646	42	$ (3)	685	1,792	85	(14)	1,863
Total securities held to maturity (b) (c)	$ 1,441	$ 167	$ (3)	$ 1,605	$ 17,661	$ 423	$ (40)	$ 18,044

(a) The accrued interest associated with our available for sale and held to maturity portfolios totaled $238 million and $5 million at December 31, 2020, respectively. These amounts are included in Other assets on the Consolidated Balance Sheet.
(b) Amortized cost is presented net of allowance of $79 million for securities available for sale and $3 million for securities held to maturity at December 31, 2020 in accordance with the CECL accounting standard. See the Recently Adopted Accounting Standards portion of Note 1 Accounting Policies for additional detail on the CECL accounting standard.
(c) Credit ratings represent a primary credit quality indicator used to monitor and manage credit risk. As of December 31, 2020, 85% of our securities held to maturity were rated AAA/AA.

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 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, 2020 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, 2019 was $0.5 billion.

Table 42 presents the gross unrealized losses and fair value of securities available for sale that do not have an associated allowance for investment securities as of December 31, 2020. 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, 2020, 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 42: Gross Unrealized Loss and Fair Value of Securities Available for Sale Without an Allowance for Credit Losses

In millions	Unrealized loss position less than 12 months Unrealized Loss	Unrealized loss position less than 12 months Fair Value	Unrealized loss position 12 months or more Unrealized Loss	Unrealized loss position 12 months or more Fair Value	Total Unrealized Loss	Total Fair Value
December 31, 2020						
U.S. Treasury and government agencies	$ (13)	$ 603			$ (13)	$ 603
Residential mortgage-backed						
Agency	(8)	3,152	$ (2)	$ 82	(10)	3,234
Non-agency	(7)	119	(7)	73	(14)	192
Commercial mortgage-backed						
Agency			(2)	149	(2)	149
Non-agency	(13)	972	(7)	714	(20)	1,686
Asset-backed	(1)	339	(9)	706	(10)	1,045
Total securities available for sale	$ (42)	$ 5,185	$ (27)	$ 1,724	$ (69)	$ 6,909

Table 43 presents the gross unrealized losses and fair value of debt securities at December 31, 2019, prior to the adoption of the CECL standard. 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.

Table 43: Gross Unrealized Loss and Fair Value of Debt Securities

In millions	Unrealized loss position less than 12 months Unrealized Loss	Unrealized loss position less than 12 months Fair Value	Unrealized loss position 12 months or more Unrealized Loss	Unrealized loss position 12 months or more Fair Value	Total Unrealized Loss	Total Fair Value
December 31, 2019						
Securities Available for Sale						
U.S. Treasury and government agencies	$ (14)	$ 2,451	$ (2)	$ 607	$ (16)	$ 3,058
Residential mortgage-backed						
Agency	(6)	2,832	(37)	4,659	(43)	7,491
Non-agency			(3)	102	(3)	102
Commercial mortgage-backed						
Agency	(6)	852	(12)	953	(18)	1,805
Non-agency	(4)	1,106	(5)	230	(9)	1,336
Asset-backed	(3)	660	(5)	561	(8)	1,221
Other			(1)	403	(1)	403
Total securities available for sale	$ (33)	$ 7,901	$ (65)	$ 7,515	$ (98)	$ 15,416
Securities Held to Maturity						
Residential mortgage-backed - Agency			$ (26)	$ 2,960	$ (26)	$ 2,960
Other	$ (1)	$ 22	(13)	105	(14)	127
Total securities held to maturity	$ (1)	$ 22	$ (39)	$ 3,065	$ (40)	$ 3,087

Information relating to gross realized securities gains and losses from the sales of securities is set forth in the following table:

Table 44: Gains (Losses) on Sales of Securities Available for Sale

Year ended December 31 In millions	Gross Gains	Gross Losses	Net Gains	Tax Expense
2020	$ 307	$ (2)	$ 305	$ 64
2019	$ 69	$ (21)	$ 48	$ 10
2018	$ 57	$ (57)		

The following table presents, by remaining contractual maturity, the amortized cost, fair value and weighted-average yield of debt securities at December 31, 2020:

Table 45: Contractual Maturity of Debt Securities

December 31, 2020 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	$ 1,149	$ 11,973	$ 5,418	$ 1,281	$ 19,821
Residential mortgage-backed					
Agency	1	205	2,384	44,765	47,355
Non-agency				1,272	1,272
Commercial mortgage-backed					
Agency	13	563	679	1,316	2,571
Non-agency		83	236	3,359	3,678
Asset-backed	67	2,375	1,029	1,589	5,060
Other	788	1,502	1,218	907	4,415
Total securities available for sale at amortized cost	$ 2,018	$ 16,701	$ 10,964	$ 54,489	$ 84,172
Fair value	$ 2,038	$ 17,283	$ 11,443	$ 56,594	$ 87,358
Weighted-average yield, GAAP basis (a)	2.20 %	1.81 %	1.74 %	2.80 %	2.45 %
Securities Held to Maturity					
U.S. Treasury and government agencies		$ 199	$ 312	$ 284	$ 795
Other	$ 34	422	109	81	646
Total securities held to maturity at amortized cost	$ 34	$ 621	$ 421	$ 365	$ 1,441
Fair value	$ 35	$ 659	$ 507	$ 404	$ 1,605
Weighted-average yield, GAAP basis (a)	3.75 %	3.26 %	3.93 %	2.48 %	3.29 %

(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, 2020, 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 $32.9 billion and $14.7 billion and fair value of $34.2 billion and $14.9 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 46: Fair Value of Securities Pledged and Accepted as Collateral

In millions	December 31 2020	December 31 2019
Pledged to others	$ 22,841	$ 14,609
Accepted from others:		
Permitted by contract or custom to sell or repledge (a)	$ 683	$ 2,349
Permitted amount repledged to others	$ 683	$ 360

(a) Balances at December 31, 2019 include $2.0 billion in fair value of securities accepted from others to collateralize short-term investments in resale agreements that were not repledged.

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.

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	• Home equity
• Commercial real estate	• Residential real estate
• 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. With the adoption of the CECL standard, accruing loans past due as of December 31, 2020 include PCD loans, while amounts as of December 31, 2019 excluded purchased impaired loans. See Note 1 Accounting Policies for additional information related to the adoption of this standard, including the discontinuation of purchased impaired loan accounting.

The following table presents the composition and delinquency status of our loan portfolio at December 31, 2020 and 2019. Pursuant to the interagency guidance issued in April 2020 and in connection with the credit reporting rules from the CARES Act, the December 31, 2020 delinquency status of loans modified due to COVID-19 related hardships aligns with the rules set forth for banks to report delinquency status to the credit agencies. These rules require that COVID-19 related loan modifications be reported as follows:
- if current at the time of modification, the loan remains current throughout the modification period,
- if delinquent at the time of modification and the borrower was not made current as part of the modification, the loan maintains its reported delinquent status during the modification period, or
- if delinquent at the time of modification and the borrower was made current as part of the modification or became current during the modification period, the loan is reported as current.

As a result, certain loans modified due to COVID-19 related hardships are not being reported as past due as of December 31, 2020 based on the contractual terms of the loan, even where borrowers may not be making payments on their loans during the modification period. Loan modifications due to COVID-19 related hardships that permanently reduce either the contractual interest rate or the principal balance of a loan do not qualify for TDR relief under the CARES Act or the interagency guidance.

Table 47: Analysis of Loan Portfolio

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, 2020 (a) (b)								
Commercial								
Commercial and industrial	$ 131,245	$ 106	$ 26	$ 30	$ 162	$ 666		$ 132,073
Commercial real estate	28,485	6	1		7	224		28,716
Equipment lease financing	6,345	31	5		36	33		6,414
Total commercial	166,075	143	32	30	205	923		167,203
Consumer								
Home equity	23,318	50	21		71	645	$ 54	24,088
Residential real estate	20,945	181	78	319	578 (c)	528	509	22,560
Automobile	13,863	134	34	12	180	175		14,218
Credit card	6,074	43	30	60	133	8		6,215
Education	2,785	55	29	77	161 (c)			2,946
Other consumer	4,656	14	10	11	35	7		4,698
Total consumer	71,641	477	202	479	1,158	1,363	563	74,725
Total	$ 237,716	$ 620	$ 234	$ 509	$ 1,363	$ 2,286	$ 563	$ 241,928
Percentage of total loans	98.27 %	0.26 %	0.10 %	0.21 %	0.56 %	0.94 %	0.23 %	100.00 %

(a) Amounts in table represent loans held for investment and do not include any associated valuation allowance.
(b) The accrued interest associated with our loan portfolio at December 31, 2020 totaled $0.7 billion and is 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 $0.4 billion and $0.2 billion, respectively, at December 31, 2020.
(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 policies. Given that these loans are not accounted for at amortized cost, these loans have been excluded from the nonperforming loan population.
(e) Net of unearned income, unamortized deferred fees and costs on originated loans, and premiums or discounts on purchased loans totaling $1.3 billion at December 31, 2020.
(f) Collateral dependent loans totaled $1.5 billion at December 31, 2020. The majority of these loans are within the Home equity and Residential real estate loan classes and are secured by consumer real estate.

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 (h)	Nonperforming Loans	Fair Value Option Nonaccrual Loans (i)	Purchased Impaired Loans	Total Loans (j)
December 31, 2019 (g)									
Commercial									
Commercial and industrial	$ 124,695	$ 102	$ 30	$ 85	$ 217	$ 425			$ 125,337
Commercial real estate	28,061	4	1		5	44			28,110
Equipment lease financing	7,069	49	5		54	32			7,155
Total commercial	159,825	155	36	85	276	501			160,602
Consumer									
Home equity	23,791	58	24		82	669		$ 543	25,085
Residential real estate	19,640	140	69	315	524 (h)	315	$ 166	1,176	21,821
Automobile	16,376	178	47	18	243	135			16,754
Credit card	7,133	60	37	67	164	11			7,308
Education	3,156	55	34	91	180 (h)				3,336
Other consumer	4,898	15	11	9	35	4			4,937
Total consumer	74,994	506	222	500	1,228	1,134	166	1,719	79,241
Total	$ 234,819	$ 661	$ 258	$ 585	$ 1,504	$ 1,635	$ 166	$ 1,719	$ 239,843
Percentage of total loans	97.90 %	0.28 %	0.11 %	0.24 %	0.63 %	0.68 %	0.07 %	0.72 %	100.00 %

(g) Amounts in table represent recorded investment and exclude loans held for sale. Recorded investment does not include any associated valuation allowance.
(h) Past due loan amounts exclude purchased impaired loans, even if contractually past due (or if we do not expect to receive payment in full based on the original contractual terms), as we accreted interest income over the expected life of the loans. Past due loan amounts include government insured or guaranteed Residential real estate loans totaling $0.4 billion and Education loans totaling $0.2 billion at December 31, 2019.
(i) 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 policies. Given that these loans are not accounted for at amortized cost, these loans have been excluded from the nonperforming loan population.
(j) Net of unearned income, unamortized deferred fees and costs on originated loans, and premiums or discounts on purchased loans totaling $1.1 billion at December 31, 2019.

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, 2020, we pledged $30.1 billion of commercial loans to the Federal Reserve Bank and $69.0 billion of residential real estate and other loans to the Federal Home Loan Bank as collateral for the ability to borrow, if necessary. The comparable amounts at December 31, 2019 were $16.9 billion and $68.0 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.

With the adoption of the CECL standard, nonperforming loans as of December 31, 2020 include PCD loans. Amounts as of December 31, 2019 excluded purchased impaired loans as we were accreting interest income over the expected life of the loans. See Note 1 Accounting Policies for additional information related to the adoption of this standard and our nonperforming loan and lease policies.

The following table presents our nonperforming assets as of December 31, 2020 and 2019, respectively.

Table 48: Nonperforming Assets

Dollars in millions	December 31 2020	December 31 2019
Nonperforming loans		
Commercial	$ 923	$ 501
Consumer (a)	1,363	1,134
Total nonperforming loans (b)	2,286	1,635
OREO and foreclosed assets	51	117
Total nonperforming assets	$ 2,337	$ 1,752
Nonperforming loans to total loans	0.94 %	0.68 %
Nonperforming assets to total loans, OREO and foreclosed assets	0.97 %	0.73 %
Nonperforming assets to total assets	0.50 %	0.43 %

(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 $0.8 billion at December 31, 2020, and is primarily comprised of loans with a valuation that exceeds the amortized cost basis.

Nonperforming loans also 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 TDR section of this Note 4 for additional information on TDRs.

Total nonperforming loans in Table 48 include TDRs of $0.9 billion at both December 31, 2020 and 2019, respectively. TDRs that are performing, including consumer credit card TDR loans, totaled $0.7 billion and $0.8 billion at December 31, 2020 and 2019 and are excluded from nonperforming loans.

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 reviewed and updated, generally 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 overviews, 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.

Table 49: Commercial Credit Quality Indicators (a)

	Term Loans by Origination Year								
December 31, 2020 - In millions	2020	2019	2018	2017	2016	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Commercial and industrial									
Pass Rated	$ 31,680	$ 13,340	$ 8,209	$ 5,956	$ 4,242	$ 7,141	$ 54,775	$ 53	$ 125,396
Criticized	339	702	578	334	224	351	4,130	19	6,677
Total commercial and industrial	32,019	14,042	8,787	6,290	4,466	7,492	58,905	72	132,073
Commercial real estate									
Pass Rated	3,709	6,268	3,426	2,841	2,341	6,792	218		25,595
Criticized	319	548	148	423	400	1,159	124		3,121
Total commercial real estate	4,028	6,816	3,574	3,264	2,741	7,951	342		28,716
Equipment lease financing									
Pass Rated	1,429	1,202	942	738	405	1,350			6,066
Criticized	78	92	86	39	22	31			348
Total equipment lease financing	1,507	1,294	1,028	777	427	1,381			6,414
Total commercial	$ 37,554	$ 22,152	$ 13,389	$ 10,331	$ 7,634	$ 16,824	$ 59,247	$ 72	$ 167,203

December 31, 2019 - In millions	Pass Rated	Criticized	Total Loans
Commercial and industrial	$ 119,761	$ 5,576	$ 125,337
Commercial real estate	27,424	686	28,110
Equipment lease financing	6,891	264	7,155
Total commercial	$ 154,076	$ 6,526	$ 160,602

(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, 2020 and 2019.

Home Equity and Residential Real Estate

We use several credit quality indicators, including delinquency information, nonperforming loan information, updated credit scores, originated and updated LTV ratios, to monitor and manage credit risk within the home equity and residential real estate loan classes. A summary of credit quality indicators follows:

Delinquency/Delinquency Rates: We monitor trending of delinquency/delinquency rates for home equity and residential real estate loans. See Table 47 for additional information.

Nonperforming Loans: We monitor trending of nonperforming loans for home equity and residential real estate loans. See Table 47 for additional information.

Credit Scores: We use a national third-party provider to update FICO credit scores for home equity and residential real estate 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 home equity and residential real estate loan classes:

Table 50: Home Equity and Residential Real Estate Credit Quality Indicators

	Term Loans by Origination Year								
December 31, 2020 - In millions	2020	2019	2018	2017	2016	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Home equity									
Current estimated LTV ratios									
Greater than 100%	$ 8	$ 44	$ 18	$ 15	$ 9	$ 88	$ 580	$ 279	$ 1,041
Greater than or equal to 80% to 100%	517	320	59	42	25	158	1,781	591	3,493
Less than 80%	2,909	1,636	513	773	660	3,754	6,433	2,876	19,554
Total home equity	$ 3,434	$ 2,000	$ 590	$ 830	$ 694	$ 4,000	$ 8,794	$ 3,746	$ 24,088
Updated FICO scores									
Greater than or equal to 780	$ 2,019	$ 1,094	$ 311	$ 525	$ 449	$ 2,467	$ 5,382	$ 1,480	$ 13,727
720 to 779	1,028	558	153	181	145	777	2,137	941	5,920
660 to 719	334	273	86	84	66	402	985	625	2,855
Less than 660	52	74	39	39	33	345	277	620	1,479
No FICO score available	1	1	1	1	1	9	13	80	107
Total home equity	$ 3,434	$ 2,000	$ 590	$ 830	$ 694	$ 4,000	$ 8,794	$ 3,746	$ 24,088
Residential real estate									
Current estimated LTV ratios									
Greater than 100%	$ 3	$ 52	$ 26	$ 42	$ 41	$ 160			$ 324
Greater than or equal to 80% to 100%	495	422	127	156	124	307			1,631
Less than 80%	7,491	3,656	992	1,706	1,847	3,991			19,683
Government insured or guaranteed loans	7	28	27	38	57	765			922
Total residential real estate	$ 7,996	$ 4,158	$ 1,172	$ 1,942	$ 2,069	$ 5,223			$ 22,560
Updated FICO scores									
Greater than or equal to 780	$ 5,425	$ 3,099	$ 814	$ 1,432	$ 1,538	$ 2,551			$ 14,859
720 to 779	2,268	820	220	340	335	818			4,801
660 to 719	252	161	76	98	92	475			1,154
Less than 660	40	48	33	31	41	485			678
No FICO score available	4	2	2	3	6	129			146
Government insured or guaranteed loans	7	28	27	38	57	765			922
Total residential real estate	$ 7,996	$ 4,158	$ 1,172	$ 1,942	$ 2,069	$ 5,223			$ 22,560

December 31, 2019 - In millions	Home equity	Residential real estate
Current estimated LTV ratios		
Greater than or equal to 100%	$ 1,243	$ 333
Greater than or equal to 90% to less than 100%	1,047	340
Less than 90%	22,068	19,305
No LTV ratio available	184	83
Government insured or guaranteed loans		584
Purchased impaired loans	543	1,176
Total loans	$ 25,085	$ 21,821
Updated FICO Scores		
Greater than 660	$ 22,245	$ 19,341
Less than or equal to 660	2,019	569
No FICO score available	278	151
Government insured or guaranteed loans		584
Purchased impaired loans	543	1,176
Total loans	$ 25,085	$ 21,821

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 51: Credit Quality Indicators for Automobile, Credit Card, Education and Other Consumer Loan Classes

	Term Loans by Origination Year								
December 31, 2020 - In millions	2020	2019	2018	2017	2016	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Updated FICO Scores									
Automobile									
FICO score greater than or equal to 780	$ 1,807	$ 1,915	$ 807	$ 452	$ 246	$ 58			$ 5,285
720 to 779	1,098	1,581	789	381	167	44			4,060
660 to 719	617	1,222	684	288	109	31			2,951
Less than 660	192	776	598	240	87	29			1,922
Total automobile	$ 3,714	$ 5,494	$ 2,878	$ 1,361	$ 609	$ 162			$ 14,218
Credit card									
FICO score greater than or equal to 780							$ 1,635	$ 3	$ 1,638
720 to 779							1,724	11	1,735
660 to 719							1,765	26	1,791
Less than 660							902	51	953
No FICO score available or required (a)							94	4	98
Total credit card							$ 6,120	$ 95	$ 6,215
Education									
FICO score greater than or equal to 780	$ 34	$ 90	$ 74	$ 59	$ 50	$ 428			$ 735
720 to 779	24	46	38	28	20	190			346
660 to 719	15	15	14	9	6	90			149
Less than 660	3	2	3	2	2	37			49
No FICO score available or required (a)	16	10	6	3		1			36
Total loans using FICO credit metric	92	163	135	101	78	746			1,315
Other internal credit metrics						1,631			1,631
Total education	$ 92	$ 163	$ 135	$ 101	$ 78	$ 2,377			$ 2,946
Other consumer									
FICO score greater than or equal to 780	$ 162	$ 187	$ 63	$ 21	$ 5	$ 42	$ 86	$ 1	$ 567
720 to 779	197	247	82	22	5	22	123		698
660 to 719	127	210	81	17	3	14	117	1	570
Less than 660	28	86	41	9	2	8	53	1	228
Total loans using FICO credit metric	514	730	267	69	15	86	379	3	2,063
Other internal credit metrics	67	33	37	26	60	75	2,334	3	2,635
Total other consumer	$ 581	$ 763	$ 304	$ 95	$ 75	$ 161	$ 2,713	$ 6	$ 4,698

December 31, 2019 - In millions	Automobile	Credit Card	Education	Other consumer
FICO score greater than 719	$ 9,232	$3,867 $	1,139	$1,421
650 to 719	4,577	2,326	197	843
620 to 649	1,001	419	25	132
Less than 620	1,603	544	27	143
No FICO score available or required (a)	341	152	15	27
Total loans using FICO credit metric	16,754	7,308	1,403	2,566
Consumer loans using other internal credit metrics			1,933	2,371
Total loans	$ 16,754	$ 7,308	$ 3,336	$ 4,937
Weighted-average updated FICO score (b)	726	724	773	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.

(b) Weighted-average updated FICO score excludes accounts with no FICO score available or required.

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. Loans that have been restructured for COVID-19 related hardships and meet certain criteria under the CARES Act are not categorized as TDRs. See Note 1 Accounting Policies for additional information related to TDRs.

Table 52 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 2020, 2019 and 2018. 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 52. 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 52. After that, consumer loan concessions would follow the previously discussed priority of concessions for the commercial loan portfolio.

Table 52: Financial Impact and TDRs by Concession Type

During the year ended December 31, 2020 (a) 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	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.

During the year ended December 31, 2019 (d) Dollars in millions	Number of Loans	Pre-TDR Recorded Investment (e)	Post-TDR Recorded Investment (f) Principal Forgiveness	Rate Reduction	Other	Total
Commercial	75	$ 278		$ 11	$ 241	$ 252
Consumer	14,548	172		97	64	161
Total TDRs	14,623	$ 450		$ 108	$ 305	$ 413
During the year ended December 31, 2018 (d) Dollars in millions						
Commercial	85	$ 272	$ 2	$ 67	$ 179	$ 248
Consumer	12,096	163	1	86	63	150
Total TDRs	12,181	$ 435	$ 3	$ 153	$ 242	$ 398

(d) Impact of partial charge-offs at TDR date are included in this table.
(e) Represents the recorded investment of the loans as of the quarter end prior to TDR designation, and excludes immaterial amounts of accrued interest receivable.
(f) Represents the recorded investment of the TDRs as of the end of the quarter in which the TDR occurs, and excludes immaterial amounts of accrued interest receivable.

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, 2020, 2019 and 2018, 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:

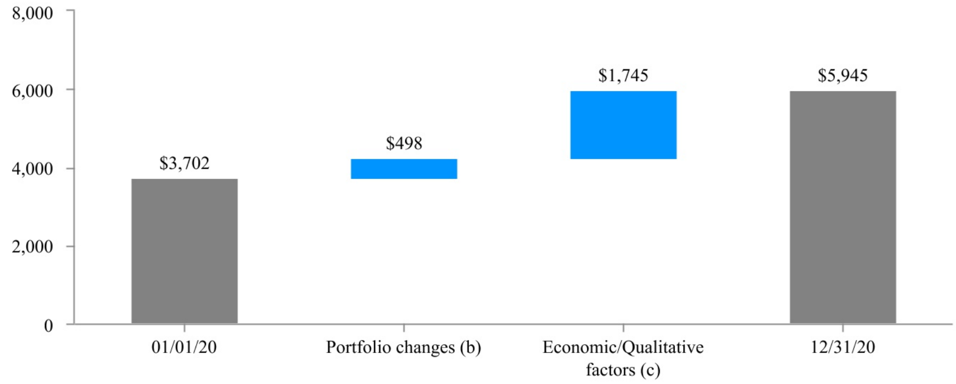
Table 53: Rollforward of Allowance for Credit Losses (a)

At or for the year ended December 31 In millions	2020 Commercial	Consumer	Total
Allowance for loan and lease losses			
Beginning balance	$ 1,812	$ 930	$ 2,742
Adoption of ASU 2016-13 (b)	(304)	767	463
Beginning balance, adjusted	1,508	1,697	3,205
Charge-offs	(407)	(785)	(1,192)
Recoveries	94	266	360
Net (charge-offs)	(313)	(519)	(832)
Provision for credit losses	2,139	846	2,985
Other	3		3
Ending balance	$ 3,337	$ 2,024	$ 5,361
Allowance for unfunded lending related commitments (c)			
Beginning balance	$ 316	$ 2	$ 318
Adoption of ASU 2016-13 (b)	53	126	179
Beginning balance, adjusted	369	128	497
Provision for (recapture of) credit losses	116	(29)	87
Ending balance	$ 485	$ 99	$ 584
Allowance for credit losses at December 31	$ 3,822	$ 2,123	$ 5,945

(a) Excludes allowances for investment securities and other financial assets, which together totaled $109 million at December 31, 2020.
(b) 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.
(c) See Note 11 Commitments for additional information about the underlying commitments related to this allowance.

The following presents an analysis of changes impacting the ACL related to loans for the year ended December 31, 2020:

Table 54: Analysis of Changes in the Allowance for Credit Losses (a)
In millions



(a) Excludes allowances for investment securities and other financial assets, which together totaled $109 million at December 31, 2020.
(b) Portfolio changes primarily represent the impact of increases/decreases in loan balances, age and mix due to new originations/purchases, as well as credit quality and net charge-off activity.
(c) Economic and qualitative factors primarily represent our evaluation and determination of an economic forecast applied to our loan portfolio, which is based on a three year forecast period and the use of four economic scenarios with associated probability weights, as well as updates to qualitative factor adjustments.

The $2.2 billion increase in the ACL since January 1, 2020 was driven by the following factors in the commercial and consumer portfolios:

- Commercial reserves increased $1.9 billion attributable to the significantly adverse economic impacts of the pandemic and its resulting effects on credit quality and loan growth.
- Consumer reserves increased $0.3 billion primarily reflecting the significantly adverse economic impacts of the pandemic.

Allowance for Loan and Lease Losses

Prior to January 1, 2020, we maintained our ALLL at levels we believed to be appropriate to absorb estimated probable credit losses incurred in the portfolios as of the balance sheet date. We used the two main portfolio segments - Commercial and Consumer, and developed and documented the ALLL under separate methodologies for each of these portfolio segments. See Note 1 Accounting Policies for a summary of the accounting policies for ALLL prior to the adoption of CECL.

A rollforward of the ALLL and associated loan data follows:

Table 55: Rollforward of Allowance for Loan and Lease Losses and Associated Loan Data

At or for the year ended December 31	2019			2018		
Dollars in millions	Commercial	Consumer	Total	Commercial	Consumer	Total
Allowance for loan and lease losses						
January 1	$ 1,663	$ 966	$ 2,629	$ 1,582	$ 1,029	$ 2,611
Charge-offs	(216)	(758)	(974)	(124)	(640)	(764)
Recoveries	78	254	332	99	245	344
Net (charge-offs)	(138)	(504)	(642)	(25)	(395)	(420)
Provision for credit losses	320	453	773	97	311	408
Net (increase) / decrease in allowance for unfunded loan commitments and letters of credit	(34)	1	(33)	11	1	12
Other	1	14	15	(2)	20	18
December 31	$ 1,812	$ 930	$ 2,742	$ 1,663	$ 966	$ 2,629
TDRs individually evaluated for impairment	$ 40	$ 93	$ 133	$ 25	$ 136	$ 161
Other loans individually evaluated for impairment	58		58	48		48
Loans collectively evaluated for impairment	1,714	563	2,277	1,590	555	2,145
Purchased impaired loans		274	274		275	275
December 31	$ 1,812	$ 930	$ 2,742	$ 1,663	$ 966	$ 2,629
Loan portfolio						
TDRs individually evaluated for impairment	$ 361	$ 1,303	$ 1,664	$ 409	$ 1,442	$ 1,851
Other loans individually evaluated for impairment	220		220	232		232
Loans collectively evaluated for impairment	160,021	75,477	235,498	151,641	69,722	221,363
Fair value option loans (a)		742	742		782	782
Purchased impaired loans		1,719	1,719		2,017	2,017
December 31	$ 160,602	$ 79,241	$ 239,843	$ 152,282	$ 73,963	$ 226,245

(a) Loans accounted for under the fair value option were not evaluated for impairment as these loans are accounted for at fair value. Accordingly, there was no allowance recorded on those loans.

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 cash flows associated with our loan sale and servicing activities:

Table 56: Cash Flows Associated with Loan Sale and Servicing Activities

In millions	Residential Mortgages		Commercial Mortgages (a)	
Cash Flows - Year ended December 31, 2020				
Sales of loans (b)	$	6,654	$	4,521
Repurchases of previously transferred loans (c)	$	673	$	229
Servicing fees (d)	$	338	$	133
Servicing advances recovered/(funded), net	$	(32)	$	(280)
Cash flows on mortgage-backed securities held (e)	$	9,234	$	83
Cash Flows - Year ended December 31, 2019				
Sales of loans (b)	$	4,259	$	3,540
Repurchases of previously transferred loans (c)	$	321	$	30
Servicing fees (d)	$	352	$	130
Servicing advances recovered/(funded), net	$	45	$	63
Cash flows on mortgage-backed securities held (e)	$	4,362	$	84

(a) Represents cash flow information associated with 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 $16.5 billion in residential mortgage-backed securities and $0.8 billion in commercial mortgage-backed securities at December 31, 2020 and $17.8 billion in residential mortgage-backed securities and $0.6 billion in commercial mortgage-backed securities at December 31, 2019.

Table 57 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, 2020 and 2019.

Table 57: Principal Balance, Delinquent Loans and Net Charge-offs Related to Serviced Loans For Others

In millions	Residential Mortgages		Commercial Mortgages (a)	
December 31, 2020				
Total principal balance	$	43,351	$	40,790
Delinquent loans (b)	$	453	$	136
December 31, 2019				
Total principal balance	$	49,323	$	42,414
Delinquent loans (b)	$	492	$	64
Year ended December 31, 2020				
Net charge-offs (c)	$	17	$	127
Year ended December 31, 2019				
Net charge-offs (c)	$	40	$	520

(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, 2020 and 2019. 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 58 where we have determined that our continuing involvement is not significant. 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 58. 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 58: 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, 2020			
Mortgage-backed securitizations (b)	$ 18,207	$ 18,207 (c)	$ 1
Tax credit investments and other	3,121	2,894 (d)	1,198 (e)
Total	$ 21,328	$ 21,101	$ 1,199
December 31, 2019			
Mortgage-backed securitizations (b)	$ 19,287	$ 19,287 (c)	
Tax credit investments and other	3,131	3,028 (d)	$ 1,101 (e)
Total	$ 22,418	$ 22,315	$ 1,101

(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 58. 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 58. 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, 2020, we had a liability for unfunded commitments of $1.1 billion related to investments in qualified affordable housing projects which is reflected in Other liabilities on our Consolidated Balance Sheet.

Table 58 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 Community Reinvestment Act. During 2020 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 low income housing tax credits within Income taxes.

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 during 2020, 2019 and 2018 follow:

Table 59: Goodwill by Business Segment

In millions	Retail Banking	Corporate & Institutional Banking	Asset Management Group	Total
December 31, 2020	$ 5,795	$ 3,374	$ 64	$ 9,233
December 31, 2019	$ 5,795	$ 3,374	$ 64	$ 9,233
December 31, 2018	$ 5,795	$ 3,359	$ 64	$ 9,218

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 2020, 2019 or 2018.

See Note 1 Accounting Policies for additional information related to the adoption of ASU 2017-04, which simplified the goodwill impairment test.

Mortgage Servicing Rights

We recognize the right to service mortgage loans for others as an intangible asset when the servicing income we receive is more than adequate compensation. MSRs are purchased or originated when loans are sold with servicing retained. MSRs totaled $1.2 billion at December 31, 2020 and $1.6 billion at December 31, 2019, 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 60: Commercial Mortgage Servicing Rights

In millions	2020	2019	2018
January 1	$ 649	$ 726	$ 668
Additions:			
From loans sold with servicing retained	100	53	57
Purchases	44	103	93
Changes in fair value due to:			
Time and payoffs (a)	(115)	(146)	(143)
Other (b)	(109)	(87)	51
December 31	$ 569	$ 649	$ 726
Related unpaid principal balance at December 31	$ 243,960	$ 216,992	$ 180,496
Servicing advances at December 31	$ 437	$ 157	$ 220

(a) Represents decrease in MSR value due to passage of time, including the impact from both regularly scheduled loan principal payments and loans that were paid down or paid off during the period.
(b) Represents MSR value changes resulting primarily from market-driven changes in interest rates.

Residential Mortgage Servicing Rights
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 which 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 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.

Changes in the residential MSRs follow:

Table 61: Residential Mortgage Servicing Rights

In millions	2020	2019	2018
January 1	$ 995	$ 1,257	$ 1,164
Additions:			
From loans sold with servicing retained	45	36	44
Purchases	208	114	129
Changes in fair value due to:			
Time and payoffs (a)	(198)	(162)	(170)
Other (b)	(377)	(250)	90
December 31	$ 673	$ 995	$ 1,257
Unpaid principal balance of loans serviced for others at December 31	$ 120,778	$ 120,464	$ 125,388
Servicing advances at December 31	$ 143	$ 111	$ 156

(a) Represents decrease in MSR value due to passage of time, including the impact from both regularly scheduled loan principal payments and loans that were paid down or 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, 2020 are shown in Tables 62 and 63. 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 62 and 63. 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 62: Commercial Mortgage Servicing Rights – Key Valuation Assumptions

Dollars in millions	December 31 2020	December 31 2019
Fair value	$ 569	$ 649
Weighted-average life (years)	4.4	4.1
Weighted-average constant prepayment rate	4.87 %	4.56 %
Decline in fair value from 10% adverse change	$ 9	$ 9
Decline in fair value from 20% adverse change	$ 18	$ 17
Effective discount rate	7.33 %	7.91 %
Decline in fair value from 10% adverse change	$ 15	$ 17
Decline in fair value from 20% adverse change	$ 31	$ 34

Table 63: Residential Mortgage Servicing Rights – Key Valuation Assumptions

Dollars in millions	December 31 2020	December 31 2019
Fair value	$ 673	$ 995
Weighted-average life (years)	3.8	5.2
Weighted-average constant prepayment rate	21.13 %	13.51 %
Decline in fair value from 10% adverse change	$ 41	$ 46
Decline in fair value from 20% adverse change	$ 82	$ 89
Weighted-average option adjusted spread	922 bps	769 bps
Decline in fair value from 10% adverse change	$ 20	$ 27
Decline in fair value from 20% adverse change	$ 38	$ 52

Fees from mortgage loan servicing, which includes contractually specified servicing fees, late fees and ancillary fees were $0.5 billion for each of 2020, 2019 and 2018. 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 Corporate services and Residential mortgage, respectively.

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 64: Lease Income

Year ended December 31 In millions	2020	2019
Sales-type and direct financing leases (a)	$ 269	$ 295
Operating leases (b)	95	117
Lease income	$ 364	$ 412

(a) Included in Loan interest income on the Consolidated Income Statement.
(b) Included in Corporate services on the Consolidated Income Statement.

The following table provides the components of our equipment lease financing assets:

Table 65: Sales-Type and Direct Financing Leases

In millions	December 31 2020	2019
Lease receivables (a)	$ 6,246	$ 7,353
Unguaranteed residual asset values	957	741
Unearned income	(789)	(939)
Equipment lease financing	$ 6,414	$ 7,155

(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 and $0.3 billion for 2020 and 2019, respectively.

Operating lease assets were $1.0 billion and accumulated depreciation was $0.2 billion at December 31, 2020 compared to operating lease assets of $1.1 billion and accumulated depreciation of $0.3 billion at December 31, 2019. We had no lease transactions with related parties or deferred selling profits at December 31, 2020 and 2019.

The future minimum lease payments based on maturity of our lessor arrangements at December 31, 2020 were as follows:

Table 66: Future Minimum Lease Payments of Lessor Arrangements

In millions	Operating Leases	Sales-type and Direct Financing Leases
2021	$ 95	$ 1,467
2022	75	1,315
2023	42	948
2024	35	806
2025	24	473
2026 and thereafter	42	1,237
Total future minimum lease payments	$ 313	$ 6,246

Lessee Arrangements

We lease retail branches, datacenters, office space, land and equipment under operating and finance leases. Our leases have remaining lease terms of one year to 47 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. Certain leases also include options to purchase the leased asset. The exercise of lease renewal, termination and purchase options is at our sole discretion.

We recognize on the balance sheet all leases with lease terms greater than twelve months as a lease liability with a corresponding right-of-use asset. At adoption of ASU 2016-02 on January 1, 2019, we elected the practical expedient to account for the lease and nonlease components of existing real estate leases and leases of advertising assets, such as signage, as a single lease component. Effective January 1, 2019, lease and nonlease components of new lease agreements are accounted for separately. Lease components consist of fixed payments including rent, real estate taxes and insurance costs and nonlease components consist of common-area maintenance costs. 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.

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, 2020 and 2019.

The following tables provide details on our operating leases:

Table 67: Operating Lease Costs and Cash Flows

Year ended December 31 In millions	2020	2019
Operating lease cost (a)	$ 358	$ 360
Operating cash flows	$ 360	$ 353

(a) Included in Occupancy, Equipment and Marketing expense on the Consolidated Income Statement.

Table 68: Operating Lease Assets and Liabilities

	December 31	
In millions	2020	2019
Operating lease assets (a)	$ 1,876	$ 1,982
Operating lease liabilities (b)	$ 2,097	$ 2,170

(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 and cash flows at December 31, 2020 and 2019 were not material.

Operating lease term and discount rates of our lessee arrangements at December 31, 2020 and 2019 were as follows:

Table 69: Operating Lease Term and Discount Rates of Lessee Arrangements

	December 31	
	2020	2019
Weighted-average remaining lease term (years)	8	9
Weighted-average discount rate	2.21 %	2.42 %

Future undiscounted cash flows on our lessee arrangements at December 31, 2020 are as follows:

Table 70: Future Lease Payments of Operating Lease Liabilities

In millions	December 31, 2020
2021	$ 364
2022	340
2023	309
2024	260
2025	217
2026 and thereafter	822
Total future lease payments	$ 2,312
Less: Interest	215
Present value of operating lease liabilities	$ 2,097

NOTE 8 PREMISES, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Premises, equipment and leasehold improvements, stated at cost less accumulated depreciation and amortization, were as follows:

Table 71: Premises, Equipment and Leasehold Improvements

In millions	December 31 2020	December 31 2019
Premises, equipment and leasehold improvements	$ 14,843	$ 14,681
Accumulated depreciation and amortization	(7,156)	(6,953)
Net book value	$ 7,687	$ 7,728

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 72: Depreciation and Amortization Expense

Year ended December 31 In millions	2020	2019	2018
Depreciation	$ 791	$ 778	$ 754
Amortization	115	109	78
Total depreciation and amortization	$ 906	$ 887	$ 832

NOTE 9 TIME DEPOSITS

Total time deposits of $19.7 billion at December 31, 2020 have future contractual maturities as follows:

Table 73: Time Deposits

In billions	
2021	$ 17.5
2022	$ 1.1
2023	$ 0.4
2024	$ 0.3
2025	$ 0.2
2026 and thereafter	$ 0.2

NOTE 10 BORROWED FUNDS

The following table shows the carrying value of total borrowed funds of $37.2 billion at December 31, 2020 (including adjustments related to accounting hedges and unamortized original issuance discounts) by remaining contractual maturity:

Table 74: Borrowed Funds

In billions	
2021	$ 7.9
2022	$ 8.1
2023	$ 3.9
2024	$ 3.2
2025	$ 2.5
2026 and thereafter	$ 11.6

The following table presents the contractual rates and maturity dates of our FHLB borrowings, senior debt and subordinated debt as of December 31, 2020 and the carrying values as of December 31, 2020 and 2019.

Table 75: FHLB Borrowings, Senior Debt and Subordinated Debt

	Stated Rate	Maturity	Carrying Value	
Dollars in millions	2020	2020	2020	2019
Parent Company				
Senior debt	2.20%-3.50%	2021-2030	$ 9,573	$ 8,843
Subordinated debt	3.90 %	2024	805	$ 777
Junior subordinated debt	0.80 %	2028	205	$ 205
Subtotal			10,583	$ 9,825
Bank				
FHLB (a)	0.32%-0.59%	2021	3,500	$ 16,341
Senior debt	0.00%-3.50%	2021-2043	14,698	$ 20,167
Subordinated debt	2.70%-4.20%	2022-2029	5,393	$ 5,152
Subtotal			23,591	$ 41,660
Total			$ 34,174	$ 51,485

(a) FHLB borrowings are generally collateralized by residential mortgage loans, other mortgage-related loans and investment securities.

In Table 75, the carrying values for Parent Company senior and subordinated debt include basis adjustments of $654 million and $57 million, respectively, whereas Bank senior and subordinated debt include basis adjustments of $485 million and $414 million, respectively, related to fair value accounting hedges as of December 31, 2020.

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, 2020 and 2019.

Table 76: Commitments to Extend Credit and Other Commitments

In millions	December 31 2020	December 31 2019
Commitments to extend credit		
Total commercial lending	$ 153,089	$ 131,762
Home equity lines of credit	16,626	16,803
Credit card	31,019	30,862
Other	7,087	6,162
Total commitments to extend credit	207,821	185,589
Net outstanding standby letters of credit (a)	9,053	9,843
Reinsurance agreements (b)		1,393
Standby bond purchase agreements (c)	1,448	1,295
Other commitments (d)	2,046	1,498
Total commitments to extend credit and other commitments	$ 220,368	$ 199,618

(a) Net outstanding standby letters of credit include $3.8 billion and $4.1 billion at December 31, 2020 and 2019, which support remarketing programs.
(b) Represents aggregate maximum exposure up to the specified limits of the reinsurance contracts provided by our wholly-owned captive insurance subsidiary. These amounts reflect estimates based on availability of financial information from insurance carriers. As of December 31, 2020, the aggregate maximum exposure amount for reinsurance agreements was zero as all underlying insurance policies were cancelled and/or sold.
(c) We enter into standby bond purchase agreements to support municipal bond obligations.
(d) Includes $1.1 billion and $0.6 billion related to investments in qualified affordable housing projects at December 31, 2020 and 2019, 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 96% of our net outstanding standby letters of credit were rated as Pass at December 31, 2020, 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, 2020 had terms ranging from less than one year to six years.

As of December 31, 2020, assets of $1.1 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, 2020 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 77: Preferred Stock - Authorized, Issued and Outstanding

December 31 Shares in thousands	Liquidation value per share	Preferred Shares 2020	Preferred Shares 2019
Authorized			
$1 par value		20,000	20,000
Issued and outstanding			
Series B	$ 40	1	1
Series O	$ 100,000	10	10
Series P	$ 100,000	15	15
Series Q (a)	$ 100,000		5
Series R	$ 100,000	5	5
Series S	$ 100,000	5	5
Total issued and outstanding		36	41

(a) 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 fractional interest in such shares.

The following table discloses information related to the preferred stock outstanding as of December 31, 2020:

Table 78: 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 P (d)	April 24, 2012	60 million	1/4,000th	Quarterly beginning on August 1, 2012	6.125% until May 1, 2022 3 Mo. LIBOR plus 4.0675% per annum beginning on May 1, 2022	May 1, 2022
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

(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, 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 79: Dividends Per Share

December 31	2020	2019	2018
Common Stock	$ 4.60	$ 4.20	$ 3.40
Preferred Stock			
Series B	$ 1.80	$ 1.80	$ 1.80
Series O	$ 6,750	$ 6,750	$ 6,750
Series P	$ 6,125	$ 6,125	$ 6,125
Series Q	$ 4,031	$ 5,375	$ 5,375
Series R	$ 4,850	$ 4,850	$ 4,850
Series S	$ 5,000	$ 5,000	$ 5,000

On January 5, 2021, the PNC Board of Directors declared a quarterly cash dividend on common stock of $1.15 per share payable on February 5, 2021.

Other Shareholders' Equity Matters

At December 31, 2020, we had reserved approximately 83 million common shares to be issued in connection with certain stock plans.

On April 4, 2019, our Board of Directors approved the establishment of a new stock repurchase program authorization in the amount of 100 million shares of PNC common stock, which may be purchased on the open market or in privately negotiated transactions, effective July 1, 2019. In June 2019, we announced share repurchase programs of up to $4.3 billion for the four quarter period beginning with the third quarter of 2019, in accordance with PNC's 2019 capital plan. In January 2020, we announced an increase to these programs to repurchase up to an additional $1.0 billion in common shares through the end of the second quarter of 2020. PNC announced on March 16, 2020 a temporary suspension of our common stock repurchase program in conjunction with the Federal Reserve's effort to support the U.S. economy during the pandemic. We continued the suspension through the fourth quarter of 2020 with the exception of employee benefit-related purchases in the third quarter, consistent with the extension of the Federal Reserve's special capital distribution restrictions. Under these program authorizations we repurchased 11.0 million shares in 2020 and 25.9 million shares in 2019. A maximum amount of 75.1 million shares remained available for repurchase under the new stock program authorization at December 31, 2020. In 2021, our plan is to refrain from share repurchases, excluding employee benefit-related purchases, during the period leading up to our pending BBVA transaction close date, expected to be mid-2021.

NOTE 13 OTHER COMPREHENSIVE INCOME

Details of other comprehensive income (loss) are as follows:

Table 80: Other Comprehensive Income (Loss)

	Year ended December 31								
	2020			2019			2018		
In millions	Pre-tax	Tax effect	After-tax	Pre-tax	Tax effect	After-tax	Pre-tax	Tax effect	After-tax
Debt securities									
Increase in net unrealized gains (losses) on securities	$ 2,113	$ (485)	$ 1,628	$ 1,529	$ (351)	$ 1,178	$ (536)	$ 123	$ (413)
Less: Net realized gains (losses) reclassified to earnings (a)	302	(69)	233	40	(9)	31	4	(1)	3
Net change	1,811	(416)	1,395	1,489	(342)	1,147	(540)	124	(416)
Cash flow hedge derivatives									
Increase in net unrealized gains (losses) on cash flow hedge derivatives	918	(211)	707	334	(77)	257	(118)	27	(91)
Less: Net realized gains (losses) reclassified to earnings (a)	421	(97)	324	37	(9)	28	60	(14)	46
Net change	497	(114)	383	297	(68)	229	(178)	41	(137)
Pension and other postretirement benefit plan adjustments									
Net pension and other postretirement benefit plan activity and other reclassified to earnings (b)	82	(19)	63	158	(36)	122	16	(4)	12
Net change	82	(19)	63	158	(36)	122	16	(4)	12
Other									
Net unrealized gains (losses) on other transactions	10	5	15	17	5	22	18	(17)	1
Net change	10	5	15	17	5	22	18	(17)	1
Total other comprehensive income (loss) from continuing operations	2,400	(544)	1,856	1,961	(441)	1,520	(684)	144	(540)
Total other comprehensive income (loss) from discontinued operations	148	(33)	115	5	(1)	4	(55)	12	(43)
Total other comprehensive income (loss)	$ 2,548	$ (577)	$ 1,971	$ 1,966	$ (442)	$ 1,524	$ (739)	$ 156	$ (583)

(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 81: 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, 2017	$ 277	$ 151	$ (446)	$ (68)	$ (86)	$ (62)	$ (148)
Cumulative effect of adopting ASU 2018-02 (a)	59	33	(96)	24	20	(14)	6
Balance at January 1, 2018	336	184	(542)	(44)	(66)	(76)	(142)
Net activity	(416)	(137)	12	1	(540)	(43)	(583)
Balance at December 31, 2018	$ (80)	$ 47	$ (530)	$ (43)	$ (606)	$ (119)	$ (725)
Net activity	1,147	229	122	22	1,520	4	1,524
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

(a) Represents the cumulative impact of adopting ASU 2018-02 which permits the reclassification to retained earnings of the income tax effects stranded within AOCI.

NOTE 14 EARNINGS PER SHARE

Table 82: Basic and Diluted Earnings Per Common Share

In millions, except per share data	2020	2019	2018
Basic			
Net income from continuing operations	$ 3,003	$ 4,591	$ 4,558
Less:			
Net income attributable to noncontrolling interests	41	49	45
Preferred stock dividends	229	236	236
Preferred stock discount accretion and redemptions	4	4	4
Net income from continuing operations attributable to common shareholders	2,729	4,302	4,273
Less: Dividends and undistributed earnings allocated to nonvested restricted shares	13	18	18
Net income from continuing operations attributable to basic common shareholders	$ 2,716	$ 4,284	$ 4,255
Net income from discontinued operations attributable to common shareholders	$ 4,555	$ 827	$ 788
Less: Undistributed earnings allocated to nonvested restricted shares	22	3	3
Net income from discontinued operations attributable to basic common shareholders	$ 4,533	$ 824	$ 785
Basic weighted-average common shares outstanding	427	447	467
Basic earnings per common share from continuing operations (a)	$ 6.37	$ 9.59	$ 9.11
Basic earnings per common share from discontinued operations (a)	$ 10.62	$ 1.84	$ 1.68
Basic earnings per common share (b)	$ 16.99	$ 11.43	$ 10.79
Diluted			
Net income from continuing operations attributable to diluted common shareholders	$ 2,716	$ 4,284	$ 4,255
Net income from discontinued operations attributable to basic common shareholders	$ 4,533	$ 824	$ 785
Less: Impact of earnings per share dilution from discontinued operations	2	10	9
Net income from discontinued operations attributable to diluted common shareholders	$ 4,531	$ 814	$ 776
Basic weighted-average common shares outstanding	427	447	467
Dilutive potential common shares		1	3
Diluted weighted-average common shares outstanding	427	448	470
Diluted earnings per common share from continuing operations (a)	$ 6.36	$ 9.57	$ 9.06
Diluted earnings per common share from discontinued operations (a)	$ 10.60	$ 1.82	$ 1.65
Diluted earnings per common share (b)	$ 16.96	$ 11.39	$ 10.71

(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).
(b) See Note 1 Accounting Policies in the Notes to Consolidated Financial Statements of this Report for additional information on our policy for not allocating losses to 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.

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.

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.

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 giving consideration to 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 85. 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 10 years. We value indirect investments in private equity funds using the net asset value (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. We consider our residential MSRs value to represent a reasonable estimate of fair value.

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 a combination of Eurodollar future prices and 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, 2020 and 2019 are included in the Insignificant Level 3 assets, net of liabilities line item in Table 85 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 specified 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 classified 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 85 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 85 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 83: Fair Value Measurements – Recurring Basis Summary

	December 31, 2020				December 31, 2019			
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		$ 691	$ 163	$ 854		$ 817	$ 2	$ 819
Commercial mortgage loans held for sale		305	57	362		182	64	246
Securities available for sale								
U.S. Treasury and government agencies	$ 16,675	4,036		20,711	$ 16,236	280		16,516
Residential mortgage-backed								
Agency		48,911		48,911		36,321		36,321
Non-agency		136	1,365	1,501		73	1,741	1,814
Commercial mortgage-backed								
Agency		2,688		2,688		3,118		3,118
Non-agency		3,678	11	3,689		3,372		3,372
Asset-backed		4,951	199	5,150		4,874	240	5,114
Other		4,636	72	4,708		2,834	74	2,908
Total securities available for sale	16,675	69,036	1,647	87,358	16,236	50,872	2,055	69,163
Loans		718	647	1,365		442	300	742
Equity investments (a)	1,070		1,263	2,629	855		1,276	2,421
Residential mortgage servicing rights			673	673			995	995
Commercial mortgage servicing rights			569	569			649	649
Trading securities (b)	548	1,690		2,238	433	2,787		3,220
Financial derivatives (b) (c)		6,415	118	6,533		3,448	54	3,502
Other assets	373	81		454	339	131		470
Total assets (d)	$ 18,666	$ 78,936	$ 5,137	$ 103,035	$ 17,863	$ 58,679	$ 5,395	$ 82,227
Liabilities								
Other borrowed funds	$ 661	$ 44	$ 2	$ 707	$ 385	$ 126	$ 7	$ 518
Financial derivatives (c) (e)		2,483	273	2,756		1,819	200	2,019
Other liabilities			43	43			137	137
Total liabilities (f)	$ 661	$ 2,527	$ 318	$ 3,506	$ 385	$ 1,945	$ 344	$ 2,674

(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, 2020 and 2019 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 22% and 20% at December 31, 2020 and 2019, respectively. Level 3 assets as a percentage of total assets at fair value was 5% and 7% as of December 31, 2020 and 2019, respectively. Level 3 assets as a percentage of total consolidated assets was 1% at both December 31, 2020 and 2019.
(e) Included in Other liabilities on the Consolidated Balance Sheet.
(f) Total liabilities at fair value as a percentage of total consolidated liabilities was 1% at both December 31, 2020 and 2019. Level 3 liabilities as a percentage of total liabilities at fair value was 9% and 13% as of December 31, 2020 and 2019, respectively. Level 3 liabilities as a percentage of total consolidated liabilities was less than 1% at both December 31, 2020 and 2019.

Reconciliations of assets and liabilities measured at fair value on a recurring basis using Level 3 inputs for 2020 and 2019 follow:

Table 84: Reconciliation of Level 3 Assets and Liabilities

Year Ended December 31, 2020

		Total realized / unrealized gains or losses for the period (a)									
Level 3 Instruments Only In millions	Fair Value Dec. 31, 2019	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, 2020	Unrealized gains / losses on assets and liabilities held on Consolidated Balance Sheet at Dec. 31, 2020 (a) (c)
Assets											
Residential mortgage loans held for sale	$ 2	$ (1)		$ 124	$ (13)		$ (21)	$ 93	$ (21) (e)	$ 163	$ (1)
Commercial mortgage loans held for sale	64	(2)					(5)			57	(2)
Securities available for sale											
Residential mortgage-backed non-agency	1,741	53	$ (75)				(354)			1,365	
Commercial mortgage-backed non-agency			(8)					19		11	
Asset-backed	240	6	(7)				(40)			199	
Other	74	1	(4)	4			(3)			72	
Total securities available for sale	2,055	60	(94)	4			(397)	19		1,647	
Loans	300	28		161	(39)		280 (d)		(83) (e)	647	28
Equity investments	1,276	(63)		229	(179)					1,263	(69)
Residential mortgage servicing rights	995	(377)		208		$ 45	(198)			673	(377)
Commercial mortgage servicing rights	649	(109)		44		100	(115)			569	(109)
Financial derivatives	54	209		11			(156)			118	229
Total assets	$ 5,395	$ (255)	$ (94)	$ 781	$ (231)	$ 145	$ (612)	$ 112	$ (104)	$ 5,137	$ (301)
Liabilities											
Other borrowed funds	$ 7					$ 28	$ (33)			$ 2	
Financial derivatives	200	$ 189			$ 4		(120)			273	$ 186
Other liabilities	137	17				96	(207)			43	1
Total liabilities	$ 344	$ 206			$ 4	$ 124	$ (360)			$ 318	$ 187
Net gains (losses)		$ (461) (f)									$ (488) (g)

Year Ended December 31, 2019

Level 3 Instruments Only In millions	Fair Value Dec. 31, 2018	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, 2019	Unrealized gains / losses on assets and liabilities held on Consolidated Balance Sheet at December 31, 2019 (a) (c)
Assets											
Residential mortgage loans held for sale	$ 2			$ 5	$ (2)		$ (2)	$ 16	$ (17) (e)	$ 2	
Commercial mortgage loans held for sale	87	$ 1					(24)			64	$ 1
Securities available for sale											
Residential mortgage-backed non-agency	2,128	73	$ 15				(475)			1,741	
Asset-backed	274	6	3				(43)			240	
Other	84	1	(6)	9	(3)		(11)			74	
Total securities available for sale	2,486	80	12	9	(3)		(529)			2,055	
Loans	272	13		142	(42)		(54)		(31) (e)	300	7
Equity investments	1,255	262		374	(615)					1,276	57
Residential mortgage servicing rights	1,257	(250)		114		$ 36	(162)			995	(235)
Commercial mortgage servicing rights	726	(87)		103		53	(146)			649	(87)
Trading securities	2						(2)				
Financial derivatives	25	70		22			(63)			54	94
Other assets	45						(45)				
Total assets	$ 6,157	$ 89	$ 12	$ 769	$ (662)	$ 89	$ (1,027)	$ 16	$ (48)	$ 5,395	$ (163)
Liabilities											
Other borrowed funds	$ 7					$ 52	$ (52)			$ 7	
Financial derivatives	268	$ 101			$ 10		(179)			200	$ 112
Other liabilities	58	68		$ 16	2	81	(88)			137	49
Total liabilities	$ 333	$ 169		$ 16	$ 12	$ 133	$ (319)			$ 344	$ 161
Net gains (losses)		$ (80) (f)									$ (324) (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 not significant.
(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) Upon adoption of ASU 2016-13 - Credit Losses, we discontinued the accounting for purchased impaired loans and elected the one-time fair value option election for some of these loans and certain nonperforming loans.
(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 85: Fair Value Measurements – Recurring Quantitative Information

December 31, 2020

Level 3 Instruments Only Dollars in millions	Fair Value	Valuation Techniques	Unobservable Inputs	Range (Weighted Average) (a)
Commercial mortgage loans held for sale	$ 57	Discounted cash flow	Spread over the benchmark curve (b)	630bps - 5,275bps (3,406bps)
Residential mortgage-backed non-agency securities	1,365	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 37.6% (8.6%)
			Constant default rate	0.0% - 12.2% (4.7%)
			Loss severity	25.0% - 95.7% (48.8%)
			Spread over the benchmark curve (b)	242bps weighted-average
Asset-backed securities	199	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 22.0% (7.4%)
			Constant default rate	1.0% - 6.0% (3.3%)
			Loss severity	30.0% - 100.0% (58.1%)
			Spread over the benchmark curve (b)	291bps weighted-average
Loans - Residential real estate	434	Consensus pricing (c)	Cumulative default rate	3.6% - 100.0% (82.1%)
			Loss severity	0.0% - 100.0% (11.2%)
			Discount rate	4.8% - 6.8% (5.1%)
	132	Discounted cash flow	Loss severity	8.0% weighted-average
			Discount rate	3.2% weighted-average
Loans - Home equity	21	Consensus pricing (c)	Cumulative default rate	3.6% - 100.0% (88.5%)
			Loss severity	0.0% - 98.4% (33.3%)
			Discount rate	4.8% - 6.8% (6.3%)
	60	Consensus pricing (c)	Credit and liquidity discount	17.5% - 97.0% (57.7%)
Equity investments	1,263	Multiple of adjusted earnings	Multiple of earnings	5.0x - 15.9x (8.7x)
Residential mortgage servicing rights	673	Discounted cash flow	Constant prepayment rate	0.0% - 77.5% (21.1%)
			Spread over the benchmark curve (b)	325bps - 2,783bps (922bps)
Commercial mortgage servicing rights	569	Discounted cash flow	Constant prepayment rate	4.0% - 16.1% (4.9%)
			Discount rate	4.7% - 7.8% (7.3%)
Financial derivatives - Swaps related to sales of certain Visa Class B common shares	(252)	Discounted cash flow	Estimated conversion factor of Visa Class B shares into Class A shares	162.3% weighted-average
			Estimated annual growth rate of Visa Class A share price	16.0%
			Estimated length of litigation resolution date	Q2 2022
Insignificant Level 3 assets, net of liabilities (d)	298			
Total Level 3 assets, net of liabilities (e)	$ 4,819			

December 31, 2019

Level 3 Instruments Only Dollars in millions	Fair Value	Valuation Techniques	Unobservable Inputs	Range (Weighted Average) (a)
Commercial mortgage loans held for sale	$ 64	Discounted cash flow	Spread over the benchmark curve (b)	530bps - 2,935bps (1,889bps)
Residential mortgage-backed non-agency securities	1,741	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 36.2% (9.9%)
			Constant default rate	0.0% - 14.1% (4.3%)
			Loss severity	26.6% - 95.7% (51.9%)
			Spread over the benchmark curve (b)	188bps weighted-average
Asset-backed securities	240	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 22.0% (7.5%)
			Constant default rate	1.0% - 7.2% (3.4%)
			Loss severity	30.0% - 100.0% (57.6%)
			Spread over the benchmark curve (b)	215bps weighted-average
Loans	184	Consensus pricing (c)	Cumulative default rate	3.6% - 100.0% (76.7%)
			Loss severity	0.0% - 100.0% (14.5%)
			Discount rate	5.0% - 8.0% (5.2%)
	72	Discounted cash flow	Loss severity	8.0% weighted-average
			Discount rate	4.8% weighted-average
	44	Consensus pricing (c)	Credit and liquidity discount	0.0% - 99.0% (63.4%)
Equity investments	1,276	Multiple of adjusted earnings	Multiple of earnings	5.0x - 16.5x (8.5x)
Residential mortgage servicing rights	995	Discounted cash flow	Constant prepayment rate	0.0% - 53.8% (13.5%)
			Spread over the benchmark curve (b)	320bps - 1,435bps (769bps)
Commercial mortgage servicing rights	649	Discounted cash flow	Constant prepayment rate	3.5% - 18.1% (4.6%)
			Discount rate	5.6% - 8.1% (7.9%)
Financial derivatives - Swaps related to sales of certain Visa Class B common shares	(176)	Discounted cash flow	Estimated conversion factor of Visa Class B shares into Class A shares	162.3% weighted-average
			Estimated annual growth rate of Visa Class A share price	16.0%
			Estimated length of litigation resolution date	Q1 2021
Insignificant Level 3 assets, net of liabilities (d)	(38)			
Total Level 3 assets, net of liabilities (e)	$ 5,051			

(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 $5.1 billion and total Level 3 liabilities of $0.3 billion as of December 31, 2020 and $5.4 billion and $0.3 billion as of December 31, 2019, 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 86.

Nonaccrual Loans
Nonaccrual loans represent 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.

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 and used 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 follow:

Table 86: Fair Value Measurements – Nonrecurring (a) (b) (c)

Year ended December 31 In millions	Fair Value 2020	Fair Value 2019	Gains (Losses) 2020	Gains (Losses) 2019	Gains (Losses) 2018
Assets					
Nonaccrual loans	$ 332	$ 136	$ (111)	$ (76)	$ (28)
OREO and foreclosed assets	18	57	(2)	(5)	(7)
Long-lived assets	20	5	(27)	(3)	(4)
Total assets	$ 370	$ 198	$ (140)	$ (84)	$ (39)

(a) All Level 3 for the periods presented.
(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 Loan 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 follow:

Table 87: Fair Value Option – Fair Value and Principal Balances

In millions	December 31, 2020 Fair Value	December 31, 2020 Aggregate Unpaid Principal Balance	December 31, 2020 Difference	December 31, 2019 Fair Value	December 31, 2019 Aggregate Unpaid Principal Balance	December 31, 2019 Difference
Assets						
Residential mortgage loans held for sale						
Accruing loans less than 90 days past due	$ 831	$ 793	$ 38	$ 813	$ 792	$ 21
Accruing loans 90 days or more past due	4	4		2	2	
Nonaccrual loans	20	24	(4)	4	4	
Total	$ 855	$ 821	$ 34	$ 819	$ 798	$ 21
Commercial mortgage loans held for sale (a)						
Accruing loans less than 90 days past due	$ 357	$ 370	$ (13)	$ 245	$ 263	$ (18)
Nonaccrual loans	5	6	(1)	1	2	(1)
Total	$ 362	$ 376	$ (14)	$ 246	$ 265	$ (19)
Loans						
Accruing loans less than 90 days past due	$ 519	$ 530	$ (11)	$ 291	$ 304	$ (13)
Accruing loans 90 days or more past due	283	295	(12)	285	296	(11)
Nonaccrual loans	563	820	(257)	166	265	(99)
Total	$ 1,365	$ 1,645	$ (280)	$ 742	$ 865	$ (123)
Other assets	$ 81	$ 69	$ 12	$ 132	$ 125	$ 7
Liabilities						
Other borrowed funds	$ 32	$ 33	$ (1)	$ 63	$ 64	$ (1)

(a) There were no accruing loans 90 days or more past due within this category at December 31, 2020 or December 31, 2019.

The changes in fair value for items for which we elected the fair value option are as follows:

Table 88: Fair Value Option – Changes in Fair Value (a)

Year ended December 31 In millions	Gains (Losses) 2020	2019	2018
Assets			
Residential mortgage loans held for sale	$ 198	$ 84	$ 38
Commercial mortgage loans held for sale	$ 128	$ 61	$ 67
Loans	$ 44	$ 23	$ 24
Other assets	$ (3)	$ 40	$ (40)

(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. Loans are presented net of the ALLL.

Other Assets
Other assets includes accrued interest receivable, cash collateral, federal funds sold and resale agreements, certain loans held for sale, and FHLB and FRB stock. The aggregate carrying value of our FHLB and FRB stock was $1.1 billion and $1.6 billion at December 31, 2020 and 2019, respectively, which approximated fair value at each date.

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 values approximated fair values. 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, 2020 and 2019 are as follows:

Table 89: Additional Fair Value Information Related to Other Financial Instruments

In millions	Carrying Amount	Fair Value Total	Level 1	Level 2	Level 3
December 31, 2020					
Assets					
Cash and due from banks	$ 7,017	$ 7,017	$ 7,017		
Interest-earning deposits with banks	85,173	85,173		$ 85,173	
Securities held to maturity	1,445	1,604	920	489	$ 195
Net loans (excludes leases)	228,788	233,688			233,688
Other assets	3,601	3,600		3,559	41
Total assets	$ 326,024	$ 331,082	$ 7,937	$ 89,221	$ 233,924
Liabilities					
Time deposits	$ 19,692	$ 19,662		$ 19,662	
Borrowed funds	36,488	37,192		35,571	$ 1,621
Unfunded lending related commitments	584	584			584
Other liabilities	413	413		413	
Total liabilities	$ 57,177	$ 57,851		$ 55,646	$ 2,205
December 31, 2019					
Assets					
Cash and due from banks	$ 5,061	$ 5,061	$ 5,061		
Interest-earning deposits with banks	23,413	23,413		$ 23,413	
Securities held to maturity	17,661	18,044	832	17,039	$ 173
Net loans (excludes leases)	229,205	232,670			232,670
Other assets	5,700	5,700		5,692	8
Total assets	$ 281,040	$ 284,888	$ 5,893	$ 46,144	$ 232,851
Liabilities					
Time deposits	$ 21,663	$ 21,425		$ 21,425	
Borrowed funds	59,745	60,399		58,622	$ 1,777
Unfunded lending related commitments	318	318			318
Other liabilities	506	506		506	
Total liabilities	$ 82,232	$ 82,648		$ 80,553	$ 2,095

The aggregate fair values in Table 89 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 83),
- 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 amounts and gross fair values of all derivative assets and liabilities held by us:

Table 90: Total Gross Derivatives (a)

	December 31, 2020			December 31, 2019		
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	$ 24,153			$ 30,663		
Cash flow hedges	22,875	$ 14		23,642	$ 6	
Foreign exchange contracts:						
Net investment hedges	1,075		$ 22	1,102		$ 6
Total derivatives designated for hedging	$ 48,103	$ 14	$ 22	$ 55,407	$ 6	$ 6
Derivatives not used for hedging						
Derivatives used for mortgage banking activities (e):						
Interest rate contracts:						
Swaps	$ 50,511			$ 52,007	$ 1	
Futures (f)	2,841			3,487		
Mortgage-backed commitments	11,288	$ 147	$ 77	7,738	60	$ 44
Other	1,831	11	2	3,134	32	23
Total interest rate contracts	66,471	158	79	66,366	93	67
Derivatives used for customer-related activities:						
Interest rate contracts:						
Swaps	280,125	5,475	1,601	249,075	2,769	1,187
Futures (f)	1,235			703		
Mortgage-backed commitments	4,178	11	14	3,721	2	6
Other	20,125	193	88	21,379	113	33
Total interest rate contracts	305,663	5,679	1,703	274,878	2,884	1,226
Commodity contracts:						
Swaps	6,149	350	323	5,204	234	229
Other	2,770	61	61	4,203	72	72
Total commodity contracts	8,919	411	384	9,407	306	301
Foreign exchange contracts and other	26,620	267	243	27,120	204	162
Total derivatives for customer-related activities	341,202	6,357	2,330	311,405	3,394	1,689
Derivatives used for other risk management activities:						
Foreign exchange contracts and other	10,931	4	325	10,201	9	257
Total derivatives not designated for hedging	$ 418,604	$ 6,519	$ 2,734	$ 387,972	$ 3,496	$ 2,013
Total gross derivatives	$ 466,707	$ 6,533	$ 2,756	$ 443,379	$ 3,502	$ 2,019
Less: Impact of legally enforceable master netting agreements		720	720		690	690
Less: Cash collateral received/paid		1,434	1,452		616	790
Total derivatives		$ 4,379	$ 584		$ 2,196	$ 539

(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, Counterparty Credit Risk, and Contingent Features 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 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 interest rate swaps and forward contracts 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, 2020, we expect to reclassify net derivative gains of $276 million pretax, or $213 million after-tax, from AOCI to interest income for both 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, 2020. As of December 31, 2020, 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 91: 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, 2020				
Total amounts on the Consolidated Income Statement	$ 8,927	$ 2,041	$ 718	$ 1,364
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 AOCI	$ 375	$ 40		$ 6
Year ended December 31, 2019				
Total amounts on the Consolidated Income Statement	$ 10,525	$ 2,426	$ 1,811	$ 1,473
Gains (losses) on fair value hedges recognized on:				
Hedged items (c)		$ 187	$ (808)	
Derivatives		$ (178)	$ 659	
Amounts related to interest settlements on derivatives		$ 13	$ 79	
Gains (losses) on cash flow hedges (d):				
Amount of derivative gains (losses) reclassified from AOCI	$ 9	$ 9		$ 19
Year ended December 31, 2018				
Total amounts on the Consolidated Income Statement	$ 9,580	$ 2,261	$ 1,632	$ 1,205
Gains (losses) on fair value hedges recognized on:				
Hedged items (c)		$ (53)	$ 151	
Derivatives		$ 60	$ (262)	
Amounts related to interest settlements on derivatives		$ 3	$ 80	
Gains (losses) on cash flow hedges (d):				
Amount of derivative gains (losses) reclassified from AOCI	$ 41	$ 11		$ 8

(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 92: Hedged Items - Fair Value Hedges

	December 31, 2020		December 31, 2019	
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)	$ 2,785	$ 30	$ 5,666	$ 59
Borrowed funds	$ 25,797	$ 1,611	$ 28,616	$ 548

(a) Includes $(0.1) billion and $(0.3) billion of fair value hedge adjustments primarily related to discontinued borrowed funds hedge relationships at December 31, 2020 and 2019, 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 all periods presented. Net gains (losses) on net investment hedge derivatives recognized in OCI were $(24) million at both 2020 and 2019 and $76 million in 2018.

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 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 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 Other 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 Corporate services 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 notional amount of risk participation agreements sold was $7.0 billion at December 31, 2020 and $8.0 billion at December 31, 2019. Assuming all underlying third party customers referenced in the swap contracts defaulted, the exposure from these agreements would be $0.5 billion at December 31, 2020 and $0.3 billion at December 31, 2019 based on the fair value of the underlying swaps.

Further detail regarding the gains (losses) on derivatives not designated in hedging relationships is presented in the following table:

Table 93: Gains (Losses) on Derivatives Not Designated for Hedging

	Year ended December 31		
In millions	2020	2019	2018
Derivatives used for mortgage banking activities:			
Interest rate contracts (a)	$ 792	$ 405	$ (56)
Derivatives used for customer-related activities:			
Interest rate contracts	210	125	99
Foreign exchange contracts and other	156	114	104
Gains (losses) from customer-related activities (b)	366	239	203
Derivatives used for other risk management activities:			
Foreign exchange contracts and other (b)	(338)	(137)	268
Total gains (losses) from derivatives not designated as hedging instruments	$ 820	$ 507	$ 415

(a) Included in Residential mortgage, Corporate services and Other noninterest income on our Consolidated Income Statement.
(b) Included in Other noninterest income on our Consolidated Income Statement.

Offsetting, Counterparty Credit Risk, and Contingent Features

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. In certain cases, minimum thresholds must be exceeded before any collateral is exchanged. 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, is also required to be pledged by us in relation to derivative instruments with central clearing house counterparties. 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 94 shows the impact legally enforceable master netting agreements had on our derivative assets and derivative liabilities as of December 31, 2020 and 2019. 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 94 includes over-the-counter (OTC) derivatives and OTC derivatives cleared through a central clearing house. 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 94: 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, 2020						
Derivative assets						
Interest rate contracts:						
Over-the-counter cleared	$ 48			$ 48		$ 48
Over-the-counter	5,803	$ 430	$ 1,426	3,947	$ 531	3,416
Commodity contracts	411	209	4	198		198
Foreign exchange and other contracts	271	81	4	186	1	185
Total derivative assets	$ 6,533	$ 720	$ 1,434	$ 4,379 (a)	$ 532	$ 3,847
Derivative liabilities						
Interest rate contracts:						
Over-the-counter cleared	$ 42			$ 42		$ 42
Over-the-counter	1,740	$ 462	$ 1,179	99		99
Commodity contracts	384	182	103	99		99
Foreign exchange and other contracts	590	76	170	344		344
Total derivative liabilities	$ 2,756	$ 720	$ 1,452	$ 584 (b)		$ 584
December 31, 2019						
Derivative assets						
Interest rate contracts:						
Over-the-counter cleared	$ 14			$ 14		$ 14
Over-the-counter	2,969	$ 365	$ 593	2,011	$ 215	1,796
Commodity contracts	306	198	18	90		90
Foreign exchange and other contracts	213	127	5	81		81
Total derivative assets	$ 3,502	$ 690	$ 616	$ 2,196 (a)	$ 215	$ 1,981
Derivative liabilities						
Interest rate contracts:						
Over-the-counter cleared	$ 14			$ 14		$ 14
Over-the-counter	1,279	$ 475	$ 692	112		112
Commodity contracts	301	152	17	132		132
Foreign exchange and other contracts	425	63	81	281		281
Total derivative liabilities	$ 2,019	$ 690	$ 790	$ 539 (b)		$ 539

(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, 2020, we held cash, U.S. government securities and mortgage-backed securities totaling $2.3 billion under master netting agreements and other collateral agreements to collateralize net derivative assets due from counterparties, and we pledged cash totaling $1.9 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 held or 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 held from counterparties are not recognized on our balance sheet. Likewise, securities we have pledged to counterparties remain on our balance sheet.

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 aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a net liability position on December 31, 2020 was $1.6 billion for which we had posted collateral of $1.4 billion in the normal course of business. The maximum additional amount of collateral we would have been required to post if the credit-risk related contingent features underlying these agreements had been triggered on December 31, 2020 would be $0.2 billion.

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 plan participants earn interest credits on their cash balances based on 30-year Treasury securities rates with those who were participants at December 31, 2009 earning a minimum rate. New participants on or after January 1, 2010 are not subject to the minimum rate. Beginning in 2018, 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, in the case of the postretirement benefit plans, participant contributions 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. The qualified pension plan assets and benefit obligation were re-measured as of January 31, 2019 as a result of a plan amendment.

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 plan follows:

Table 95: Reconciliation of Changes in Projected Benefit Obligation and Change in Plan Assets

In millions	Qualified Pension (a) 2020	Qualified Pension (a) 2019	Nonqualified Pension 2020	Nonqualified Pension 2019	Postretirement Benefits 2020	Postretirement Benefits 2019
Accumulated benefit obligation at December 31	$ 5,117	$ 4,740	$ 258	$ 259		
Projected benefit obligation at January 1	$ 4,887	$ 4,355	$ 265	$ 258	$ 333	$ 322
Service cost	122	115	3	3	4	4
Interest cost	160	186	8	10	11	13
Amendments		21				
Actuarial (gains)/losses and changes in assumptions	306	498	17	25	11	18
Participant contributions					3	3
Benefits paid	(301)	(288)	(30)	(31)	(25)	(27)
Projected benefit obligation at December 31	$ 5,174	$ 4,887	$ 263	$ 265	$ 337	$ 333
Fair value of plan assets at January 1	$ 5,654	$ 4,963			$ 247	$ 232
Actual return on plan assets	720	979			14	15
Employer contribution			$ 30	$ 31	23	24
Participant contributions					3	3
Benefits paid	(301)	(288)	(30)	(31)	(25)	(27)
Fair value of plan assets at December 31	$ 6,073	$ 5,654			$ 262	$ 247
Funded status	$ 899	$ 767	$ (263)	$ (265)	$ (75)	$ (86)
Amounts recognized on the consolidated balance sheet						
Noncurrent asset	$ 899	$ 767				
Current liability			$ (25)	$ (26)	$ (2)	$ (2)
Noncurrent liability			(238)	(239)	(73)	(84)
Net amount recognized on the consolidated balance sheet	$ 899	$ 767	$ (263)	$ (265)	$ (75)	$ (86)
Amounts recognized in AOCI consist of:						
Prior service cost (credit)	$ 25	$ 29			$ 2	$ 2
Net actuarial loss (gain)	299	411	$ 90	$ 78	4	1
Amount of loss (gain) recognized in AOCI	$ 324	$ 440	$ 90	$ 78	$ 6	$ 3

(a) The actuarial (gains)/losses and changes in assumptions in 2020 and 2019 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 2020 and 2019, and the target allocation range at the end of 2020, by asset category, are as follows.

Table 96: Asset Strategy Allocations

	Target Allocation Range	Percentage of Plan Assets by Strategy at December 31	
		2020	2019
Asset Category			
Domestic Equity	15 – 40%	23 %	27 %
International Equity	10 – 25%	18 %	17 %
Private Equity	0 – 15%	10 %	10 %
Total Equity	30 – 70%	51 %	54 %
Domestic Fixed Income	10 – 40%	25 %	23 %
High Yield Fixed Income	0 – 25%	8 %	8 %
Total Fixed Income	10 – 65%	33 %	31 %
Real estate	0 – 10%	5 %	5 %
Other	0 – 20%	11 %	10 %
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, 2020 for equity securities, fixed income securities, real estate and all other assets are 61%, 21%, 5% and 13%, 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, 2020 and 2019 follows:

Asset	Valuation Methodology
Money market funds	• Valued at the net asset value 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 which 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 credit-worthiness 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, 2020 and 2019.

Table 97: Pension Plan Assets - Fair Value Hierarchy

	December 31, 2020				December 31, 2019			
In millions	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value
Interest bearing cash						$ 1		$ 1
Money market funds	$ 572			$ 572	$ 456			456
U.S. government and agency securities	446	$ 126		572	582	135	$ 1	718
Corporate debt		730	$ 3	733		660	3	663
Common stock	738		1	739	620	1	4	625
Mutual funds		290		290		253		253
Other	1	214		215		126		126
Investments measured at net asset value (a)				2,952				2,812
Total	$ 1,757	$ 1,360	$ 4	$ 6,073	$ 1,658	$ 1,176	$ 8	$ 5,654

(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 98: Estimated Cash Flows

	Pension Plans		Postretirement Benefits
In millions	Qualified Pension	Nonqualified Pension	
Estimated 2021 employer contributions		$ 25	$ 24
Estimated future benefit payments			
2021	$ 292	$ 25	$ 24
2022	$ 304	$ 22	$ 23
2023	$ 317	$ 22	$ 23
2024	$ 306	$ 21	$ 23
2025	$ 303	$ 20	$ 22
2026-2030	$ 1,476	$ 89	$ 104

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 2021 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 99: Components of Net Periodic Benefit Cost (a)

	Qualified Pension Plan			Nonqualified Pension Plan			Postretirement Benefits		
Year ended December 31 – in millions	2020	2019 (b)	2018	2020	2019	2018	2020	2019	2018
Net periodic cost consists of:									
Service cost	$ 122	$ 115	$ 116	$ 3	$ 3	$ 3	$ 4	$ 4	$ 5
Interest cost	160	186	171	8	10	9	11	13	12
Expected return on plan assets	(302)	(288)	(306)				(6)	(5)	(6)
Amortization of prior service cost/(credit)	4	4	1						
Amortization of actuarial (gain)/loss		4		5	4	5			
Net periodic cost (benefit)	$ (16)	$ 21	$ (18)	$ 16	$ 17	$ 17	$ 9	$ 12	$ 11
Other changes in plan assets and benefit obligations recognized in OCI:									
Current year prior service cost/(credit)		21							
Amortization of prior service (cost)/credit	(4)	(4)	(1)						
Current year actuarial loss/(gain)	(112)	(193)	75	17	25	(16)	3	9	(25)
Amortization of actuarial gain/(loss)		(4)		(5)	(4)	(5)			
Total recognized in OCI	$ (116)	$ (180)	$ 74	$ 12	$ 21	$ (21)	$ 3	$ 9	$ (25)
Total amounts recognized in net periodic cost and OCI	$ (132)	$ (159)	$ 56	$ 28	$ 38	$ (4)	$ 12	$ 21	$ (14)

(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.
(b) Includes the effects of the qualified pension plan remeasurement as of January 31, 2019 as a result of a plan amendment.

The weighted-average assumptions used (as of the beginning of each year) to determine the net periodic costs shown in Table 99 were as follows:

Table 100: Net Periodic Costs - Assumptions

	Net Periodic Cost Determination		
of January 1	2020	2019	2018
scount rate			
Qualified pension (a)	3.30 %	4.30 %	3.60 %
Nonqualified pension	3.05 %	4.15 %	3.45 %
Postretirement benefits	3.20 %	4.20 %	3.55 %
te of compensation increase (average) (b)	4.25 %	3.50 %	3.50 %
erest crediting rate (average)			
Qualified Pension	3.85 %	3.95 %	3.90 %
Nonqualified pension	4.15 %	4.20 %	4.20 %
ostretirement benefits	2.05 %	3.05 %	2.35 %
sumed health care cost trend rate (c)			
nitial trend	6.25 %	6.50 %	6.75 %
Ultimate trend	5.00 %	5.00 %	5.00 %
Year ultimate trend reached	2025	2025	2025
pected long-term return on plan assets (b)	5.50 %	5.75 %	6.00 %

(a) The 2019 qualified pension discount rate was 4.15% at the time of remeasurement on January 31, 2019 as a result of a plan amendment.
(b) Rate disclosed is for the qualified pension plan.
(c) Rate is applicable only to the postretirement benefit plan.

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 101: Other Pension Assumptions

Year ended December 31	2020	2019
Discount rate		
Qualified pension	2.55 %	3.30 %
Nonqualified pension	2.10 %	3.05 %
Postretirement benefits	2.40 %	3.20 %
Rate of compensation increase (average) (a)	4.25 %	4.25 %
Interest crediting rate (average)		
Qualified pension	3.70 %	3.85 %
Nonqualified pension	4.00 %	4.15 %
Postretirement benefits	1.30 %	2.05 %
Assumed health care cost trend rate (b)		
Initial trend	6.00 %	6.25 %
Ultimate trend	5.00 %	5.00 %
Year ultimate trend reached	2025	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.

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 2020 was 5.50%. We are reducing our expected long-term return on assets to 4.55% for determining pension cost for 2021. 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.

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 2020 and to be recognized in 2021 for each of the qualified pension, nonqualified pension and postretirement benefit plans.

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 $147 million in 2020, $139 million in 2019 and $139 million in 2018, 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, incentive shares/performance 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.

Incentive/Performance Share Unit Awards and Restricted Share Unit Awards

The fair value of nonvested incentive/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. The value of certain incentive/performance unit awards is subsequently remeasured based on the achievement of one or more financial and other performance goals. Additionally, certain incentive/performance unit awards could require subsequent adjustment due to certain discretionary risk review triggers.

The weighted-average grant date fair value of incentive/performance share unit awards and restricted share unit awards granted in 2020, 2019 and 2018 was $150.23, $117.53 and $149.38 per share, respectively. The total intrinsic value of incentive/performance share unit awards and restricted share unit awards vested during 2020, 2019 and 2018 was approximately $213 million, $218 million and $254 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 incentive/performance share unit and restricted share unit awards follows:

Table 102: Nonvested Incentive/Performance Share Unit Awards and Restricted Share Unit Awards - Rollforward

Shares in thousands	Nonvested Incentive/Performance Units Shares	Weighted-Average Grant Date Fair Value	Nonvested Restricted Share Units	Weighted-Average Grant Date Fair Value
December 31, 2019	844	$ 116.00	3,305	$ 128.29
Granted (a)	183	$ 147.60	1,268	$ 150.61
Vested/Released (a)	(363)	$ 106.17	(1,053)	$ 123.58
Forfeitures			(63)	$ 138.41
December 31, 2020	664	$ 130.08	3,457	$ 137.73

(a) Includes adjustments for achieving specific performance goals for Incentive/Performance Unit Share Awards granted in prior periods.

In Table 102, the units and related weighted-average grant date fair value of the incentive/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 103: Components of Income Tax Expense

Year ended December 31 In millions	2020	2019	2018
Current			
Federal	$ 669	$ 570	$ 739
State	158	152	178
Total current	$ 827	$ 722	$ 917
Deferred			
Federal	(373)	187	13
State	(28)	(8)	(2)
Total deferred	$ (401)	$ 179	$ 11
Total	$ 426	$ 901	$ 928

Significant components of deferred tax assets and liabilities are as follows:

Table 104: Deferred Tax Assets and Liabilities

December 31 – in millions	2020	2019
Deferred tax assets		
Allowance for loan and lease losses	$ 1,288	$ 661
Allowance for unfunded commitments	141	78
Compensation and benefits	227	270
Partnership investments	121	120
Loss and credit carryforward	162	203
Accrued expenses	107	117
Lease obligations	528	545
Other	163	161
Total gross deferred tax assets	2,737	2,155
Valuation allowance	(26)	(31)
Total deferred tax assets	2,711	2,124
Deferred tax liabilities		
Leasing	1,179	1,183
Right of Use Assets	476	520
Goodwill and intangibles	193	194
Fixed assets	592	412
Net unrealized gains on securities and financial instruments	929	370
Other	143	306
Total deferred tax liabilities	3,512	2,985
Net deferred tax liability	$ 801	$ 861

A reconciliation between the statutory and effective tax rates from continuing operations follows:

Table 105: Reconciliation of Statutory and Effective Tax Rates

Year ended December 31	2020	2019	2018
Statutory tax rate	21.0 %	21.0 %	21.0 %
Increases (decreases) resulting from:			
State taxes net of federal benefit	2.0	2.3	2.5
Tax-exempt interest	(1.7)	(1.5)	(1.7)
Life insurance	(1.6)	(1.0)	(1.0)
Tax credits	(6.0)	(4.2)	(4.0)
Federal deferred tax revaluation			(2.1)
Unrecognized tax benefits	(1.6)	(0.1)	1.3
Subsidiary Liquidation	(1.2)		
Other	1.5	(0.1)	0.9
Effective tax rate	12.4 %	16.4 %	16.9 %

The net operating loss carryforwards at December 31, 2020 and 2019 follow:

Table 106: Net Operating Loss Carryforwards

Dollars in millions	December 31, 2020	December 31, 2019	Expiration
Net Operating Loss Carryforwards:			
Federal	$ 282	$ 402	2032
State	$ 848	$ 1,197	2021-2039

The majority of the tax credit carryforwards expire in 2039 and were $58 million at December 31, 2020 and $149 million at December 31, 2019. 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, but we have recorded an insignificant valuation allowance against certain state tax carryforwards as of December 31, 2020.

Retained earnings included $0.1 billion at both December 31, 2020 and 2019 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 107: Change in Unrecognized Tax Benefits

In millions	2020	2019	2018
Balance of gross unrecognized tax benefits at January 1	$ 130	$ 207	$ 18
Increases:			
Positions taken during a current period	265		
Positions taken during a prior period			212
Decreases:			
Positions taken during a prior period		(77)	(16)
Settlements with taxing authorities	(130)		(7)
Balance of gross unrecognized tax benefits at December 31	$ 265	$ 130	$ 207
Favorable impact if recognized	$ 209	$ 76	$ 76

We do not expect that the balance of unrecognized tax benefits will 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 108 summarizes the status of significant IRS examinations.

Table 108: IRS Tax Examination Status

	Years under examination	Status at December 31
Federal	2016 – 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 2013. For all open audits, any potential adjustments have been considered in establishing our unrecognized tax benefits as of December 31, 2020.

Our policy is to classify interest and penalties associated with income taxes as income tax expense. For 2020 and 2019, the amount of gross interest and penalties was insignificant. At December 31, 2020 and 2019, 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 periodic 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 delaying the estimated impact on regulatory capital stemming
from implementing the CECL standard. The estimated CECL impact is added to CET1 through December 31, 2021, then phased-out over the following three years. PNC and PNC Bank have elected the five-year transition period effective March 31, 2020.

At December 31, 2020 and 2019, 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, 2020 and 2019, for PNC and PNC Bank:

Table 109: Basel Regulatory Capital (a)

	Amount		Ratios		
December 31 Dollars in millions	2020	2019	2020	2019	"Well Capitalized" Requirements
Risk-based capital					
Common equity Tier 1					
PNC	$ 39,735	$ 32,478	12.2 %	9.5 %	N/A
PNC Bank	$ 35,232	$ 32,215	11.0 %	9.9 %	6.5 %
Tier 1					
PNC	$ 43,252	$ 36,306	13.2 %	10.7 %	6.0 %
PNC Bank	$ 35,232	$ 32,215	11.0 %	9.9 %	8.0 %
Total					
PNC	$ 51,001	$ 43,331	15.6 %	12.7 %	10.0 %
PNC Bank	$ 42,440	$ 39,074	13.2 %	12.1 %	10.0 %
Leverage					
PNC	$ 43,252	$ 36,306	9.5 %	9.1 %	N/A
PNC Bank	$ 35,232	$ 32,215	7.9 %	8.3 %	5.0 %

(a) Calculated using the regulatory capital methodology applicable to us during both 2020 and 2019.

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 $3.1 billion at December 31, 2020.

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.

At December 31, 2020, the balance outstanding at the Federal Reserve Bank was $84.9 billion.

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 possible losses or ranges of 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, 2020, 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 $100 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. 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.

<u>Residential Mortgage-Backed Securities Indemnification Demands</u>

We have received indemnification demands from several entities sponsoring residential mortgage-backed securities and their affiliates where purchasers of the securities, trustees for the securitization trusts, or monoline insurers have asserted claims against the sponsors and other parties involved in the securitization transactions. National City Mortgage and its predecessors had sold to the sponsors or their affiliates whole loans that were allegedly included in certain of these securitization transactions. According to the indemnification demands, the claims for which indemnity is being sought are based on alleged misstatements and omissions in the offering documents for these transactions or breaches of representations and warranties relating to the loans made in connection with the transactions. The indemnification demands assert that agreements governing the sale of these loans or the securitization transactions to which National City Mortgage was a party require us to indemnify the sponsors and their affiliates for losses suffered in connection with these claims.

The parties have settled several of these disputes. In February 2020, one of the entities asserting a right to indemnification submitted a demand for our purported share of the settlement amount of claims asserted against it and its affiliates. The portion of the settlement amount, if any, for which we are responsible in the settled cases has not been determined.

<u>Pre-need Funeral Arrangements</u>

National City Bank and PNC Bank are defendants in a lawsuit filed in the U.S. District Court for the Eastern District of Missouri under the caption *Jo Ann Howard and Associates, P.C., et al. v. Cassity, et al.* (No. 4:09-CV-1252-ERW) arising out of trustee services provided by Allegiant Bank, a National City Bank and PNC Bank predecessor, with respect to Missouri trusts that held pre-need funeral contract assets. Under a pre-need funeral contract, a customer pays an amount up front in exchange for payment of funeral expenses following the customer's death. In a number of states, including Missouri, pre-need funeral contract sellers are required to deposit a portion of the proceeds of the sale of pre-need funeral contracts in a trust account.

The lawsuit was filed in August 2009 by the Special Deputy Receiver for three insolvent affiliated companies, National Prearranged Services, Inc. a seller of pre-need funeral contracts (NPS), Lincoln Memorial Life Insurance Company (Lincoln), and Memorial Service Life Insurance Company (Memorial). Seven individual state life and health insurance guaranty associations, who claim they are liable under state law for payment of certain benefits under life insurance policies sold by Lincoln and Memorial, and the National Organization of Life & Health Guaranty Associations have also joined the action as plaintiffs. In addition to National City Bank and PNC Bank (added following filing of the lawsuit as successor-in-interest to National City Bank) (the PNC defendants), other defendants included members of the Cassity family, who controlled NPS, Lincoln, and Memorial; officers and directors of NPS, Lincoln, and Memorial; auditors and attorneys for NPS, Lincoln, and Memorial; the trustees of each of the trusts that held pre-need funeral contract assets; and the investment advisor to the Pre-need Trusts. NPS retained several banks to act as trustees for the trusts holding NPS pre-need funeral contract assets (the NPS Trusts), with Allegiant Bank acting as one of these trustees with respect to seven Missouri NPS Trusts. All of the other defendants have settled with the plaintiffs, are otherwise no longer a party to the lawsuit, or are insolvent.

In their Third Amended Complaint, filed in 2012 following the granting by the court in part of motions to dismiss made by the PNC defendants and the other NPS Trust trustees, the plaintiffs allege that Allegiant Bank breached its fiduciary duties and acted negligently as the trustee for the Missouri NPS Trusts. In part as a result of these breaches, the plaintiffs allege, members of the Cassity family, acting in concert with other defendants, were able to improperly remove millions of dollars from the NPS Trusts, which in turn caused NPS, Lincoln, and Memorial to become insolvent. The complaint alleges $600 million in present and future losses to the plaintiffs due to the insolvency of NPS, Lincoln, and Memorial. The lawsuit seeks, among other things, unspecified actual and punitive damages, various equitable remedies including restitution, attorneys' fees, costs of suit and interest.

In July 2013, five of the six defendants in a parallel federal criminal action, including two members of the Cassity family, entered into plea agreements with the U.S. to resolve criminal charges arising out of their conduct at NPS, Lincoln and Memorial. In August 2013, after a jury trial, the sixth defendant, the investment advisor to the NPS Trusts, was convicted on all criminal counts against him. The criminal charges against the defendants alleged, among other thing, a scheme to defraud Allegiant Bank and the other trustees of the NPS Trusts.

In May 2014, the court granted the plaintiffs' motion to disallow the PNC defendants' affirmative defense relating to the plaintiffs' alleged failure to mitigate damages. In July 2014, the PNC defendants' motion for reconsideration was denied. In September 2014, the plaintiffs filed a motion seeking leave to amend their complaint to reassert aiding and abetting claims, previously dismissed by the court in 2012. The court denied this motion in December 2014. Also in December 2014, the court granted in part and denied in part the PNC defendants' motion for summary judgment.

In March 2015, following a jury trial, the court entered a judgment against the PNC defendants in the amount of $356 million in compensatory damages and $36 million in punitive damages. In April 2015, the plaintiffs filed motions with the court seeking $179 million in pre-judgment interest. Also, in April 2015, the PNC defendants filed motions with the court to reduce the compensatory damages by the amounts paid in settlement by other defendants, to strike the punitive damages award, for judgment as a matter of law, and for a new trial. In November 2015, the court granted the motion to reduce the compensatory damages by amounts paid in settlement by other defendants and denied the other motions by the PNC defendants, with the judgment being reduced as a result to a total of $289 million, and also denied the plaintiffs' motion for pre-judgment interest.

In December 2015, the PNC defendants appealed the judgment to the U.S. Court of Appeals for the Eighth Circuit. Also in December 2015, the plaintiffs cross-appealed from the court's orders reducing the judgment by amounts paid in settlement by other defendants, denying plaintiffs' motion for pre-judgment interest, and dismissing the plaintiffs' aiding and abetting claims. In August 2017, the court of appeals reversed the judgment to the extent that it was based on tort rather than trust law. The court accordingly held that any damages awarded to the plaintiff will be limited to losses to the trusts in Missouri caused by Allegiant's breaches during the time it acted as trustee; plaintiffs cannot recover for damages to the Missouri trusts after Allegiant's trusteeship or outside of the Missouri trusts, which had been included in the judgment under appeal. The court of appeals otherwise affirmed the judgment, including the dismissal of the aiding and abetting claims, and remanded the case to the district court for further proceedings in light of its decision.

In September 2017, plaintiffs filed a motion for rehearing by the panel solely seeking to remove the prohibition on damages being sought for the period following Allegiant's trusteeship. In December 2017, the court denied the petition for rehearing. In July 2019, following a new trial on remand from the court of appeals, the district court awarded the plaintiffs $72 million in compensatory damages, $15 million in interest, and $15 million in punitive damages. The PNC defendants have appealed this judgment to the court of appeals, and the plaintiffs cross-appealed. In December 2019, the court reduced the judgment by approximately $2.6 million to correct a mathematical error in calculating pre-judgment interest, reducing the total judgment to $99.5 million. In March 2020, the court dismissed the plaintiffs' cross-appeal on the plaintiffs' motion. In February 2020, the district court awarded $7 million in fees and costs to the plaintiffs, and the PNC defendants have appealed this judgment to the court of appeals. The consolidated appeals of the district court's judgments were argued in January 2021.

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 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. Trial in this matter is presently scheduled to commence on March 7, 2022.

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 lawsuit pending in the Eastern District of Texas and awarding PNC its fees and costs.

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.

As has been publicly reported, the U.S. Department of Justice is conducting an inquiry relating to the federal LIHTC program directed at program participants. In connection with that inquiry, the Department of Justice requested information from PNC Bank, and we cooperated in that inquiry.

Our practice is to cooperate fully with regulatory and governmental investigations, audits and other inquiries, including that described in this Note 21.

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 110: Parent Company - Income Statement

Year ended December 31 – in millions	2020	2019	2018
Operating Revenue			
Dividends from:			
Bank subsidiaries and bank holding company	$ 13,701	$ 3,570	$ 2,639
Non-bank subsidiaries	300	170	157
Interest income	38	169	147
Noninterest income	37	48	(1)
Total operating revenue	14,076	3,957	2,942
Operating Expense			
Interest expense	179	325	281
Other expense	91	146	139
Total operating expense	270	471	420
Income before income taxes and equity in undistributed net income of subsidiaries	13,806	3,486	2,522
Equity in undistributed net income of subsidiaries:			
Bank subsidiaries and bank holding company	(12,009)	671	1,602
Non-bank subsidiaries	(86)	164	181
Income from continuing operations before taxes	1,711	4,321	4,305
Income tax benefit from continuing operations	$ (1,251)	(221)	(208)
Net income from continuing operations	2,962	4,542	4,513
Dividends from discontinued operations			
Bank subsidiaries and bank holding company	126	460	418
Equity in undistributed net income of subsidiaries from discontinued operations:			
Bank subsidiaries and bank holding company	5,651	528	524
Income from discontinued operations before taxes	5,777	988	942
Income taxes from discontinued operations	1,222	161	154
Net income from discontinued operations	4,555	827	788
Net income	$ 7,517	$ 5,369	$ 5,301
Other comprehensive income, net of tax:			
Net pension and other postretirement benefit plan activity arising during the period	1	(2)	1
Other comprehensive income (loss)	1	(2)	1
Comprehensive income	$ 7,518	$ 5,367	$ 5,302

Table 111: Parent Company - Balance Sheet

December 31 – in millions	2020	2019
Assets		
Cash held at banking subsidiary	$ 14,882	$ 6
Restricted deposits with banking subsidiary	175	175
Nonrestricted interest-earning deposits		7,024
Investments in:		
Bank subsidiaries and bank holding company	45,992	41,882
Non-bank subsidiaries	1,984	2,054
Net investment held for sale		6,772
Loans with affiliates	1,021	730
Other assets	1,934	1,512
Total assets	$ 65,988	$ 60,155
Liabilities		
Subordinated debt (a)	$ 1,010	$ 986
Senior debt (a)	9,567	8,849
Other borrowed funds from affiliates	780	307
Accrued expenses and other liabilities	621	699
Total liabilities	11,978	10,841
Equity		
Shareholders' equity	54,010	49,314
Total liabilities and equity	$ 65,988	$ 60,155

(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 112: Parent Company - Interest Paid and Income Tax Refunds (Payments)

Year ended December 31 – in millions	Interest Paid	Income Tax Refunds/(Payments)
2020	$ 335	$ 29
2019	$ 300	$ 26
2018	$ 288	$ 88

Table 113: Parent Company - Statement of Cash Flows

Year ended December 31 – in millions	2020	2019	2018
Operating Activities			
Net income	$ 7,517	$ 5,369	$ 5,301
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in undistributed net earnings of subsidiaries		(1,363)	(2,307)
Return on investment in subsidiaries	6,444		
Other	237	218	155
Net cash provided (used) by operating activities	$ 14,198	$ 4,224	$ 3,149
Investing Activities			
Net change in loans and securities from affiliates	$ (2,808)	$ 664	$ 540
Net change in nonrestricted interest-earning deposits	7,024	(2,369)	1,145
Other		(8)	2
Net cash provided (used) by investing activities	$ 4,216	$ (1,713)	$ 1,687
Financing Activities			
Net change in other borrowed funds from affiliates	$ 473	$ 228	$ (29)
Proceeds from long-term borrowings	1,986	4,180	498
Repayments of long-term borrowings	(1,750)	(1,300)	(553)
Net change in commercial paper			(100)
Preferred stock redemptions	(480)		
Common and treasury stock issuances	65	90	69
Acquisition of treasury stock	(1,624)	(3,578)	(2,877)
Preferred stock cash dividends paid	(229)	(236)	(236)
Common stock cash dividends paid	(1,979)	(1,895)	(1,603)
Net cash provided (used) by financing activities	$ (3,538)	$ (2,511)	$ (4,831)
Net increase (decrease) in cash and due from banks	$ 14,876		$ 5
Net cash provided by operating activities of discontinued operations	11,542	299	264
Net cash activity from continuing operations	3,334	(299)	(259)
Cash and restricted deposits held at banking subsidiary at beginning of year	181	181	176
Cash and restricted deposits held at banking subsidiary at end of year	$ 15,057	$ 181	$ 181

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 flows for 2020, 2019 and 2018.

Total business segment financial results differ from total consolidated net income. These differences are reflected in the “Other” category in the Table 114. “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). The “Other” category also includes our BlackRock held for sale asset. 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 stand-alone 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 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 114: Results of Businesses

Year ended December 31 In millions	Retail Banking	Corporate & Institutional Banking	Asset Management Group	Other	Consolidated (a)
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 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
2019					
Income Statement					
Net interest income	$ 5,520	$ 3,637	$ 288	$ 520	$ 9,965
Noninterest income	2,648	2,537	991	698	6,874
Total revenue	8,168	6,174	1,279	1,218	16,839
Provision for (recapture of) credit losses	517	284	(1)	(27)	773
Depreciation and amortization	230	198	62	545	1,035
Other noninterest expense	5,781	2,615	877	266	9,539
Income from continuing operations before income taxes and noncontrolling interests	1,640	3,077	341	434	5,492
Income taxes (benefit) from continuing operations	377	629	79	(184)	901
Net income from continuing operations	1,263	2,448	262	618	4,591
Less: Net income attributable to noncontrolling interests	50			(1)	49
Net income from continuing operations excluding noncontrolling interests	$ 1,213	$ 2,448	$ 262	$ 619	$ 4,542
Average Assets	$ 92,959	$ 164,243	$ 7,360	$ 135,773	$ 400,335
2018					
Income Statement					
Net interest income	$ 5,119	$ 3,551	$ 287	$ 764	$ 9,721
Noninterest income	2,631	2,406	892	540	6,469
Total revenue	7,750	5,957	1,179	1,304	16,190
Provision for (recapture of) credit losses	373	85	2	(52)	408
Depreciation and amortization	206	186	52	496	940
Other noninterest expense	5,724	2,520	861	251	9,356
Income from continuing operations before income taxes and noncontrolling interests	1,447	3,166	264	609	5,486
Income taxes (benefit) from continuing operations	335	658	62	(127)	928
Net income from continuing operations	1,112	2,508	202	736	4,558
Less: Net income attributable to noncontrolling interests	48			(3)	45
Net income from continuing operations excluding noncontrolling interests	$ 1,064	$ 2,508	$ 202	$ 739	$ 4,513
Average Assets	$ 89,739	$ 154,119	$ 7,423	$ 126,954	$ 378,235

(a) There were no material intersegment revenues for 2020, 2019 and 2018.

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. The branch network is located primarily in markets across the Mid-Atlantic, Midwest and Southeast. In 2018, Retail Banking launched its national expansion strategy designed to grow customers with digitally-led banking and a thin branch network in markets outside of our existing retail branch network. 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, and capital markets-related 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 payables, receivables, deposit and account services, liquidity and investments, and online and mobile banking products and services to our clients. Capital markets-related products and services include foreign exchange, derivatives, securities underwriting, loan syndications, mergers and acquisitions advisory and equity capital markets advisory related services. 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 personal wealth management for high net worth and ultra high net worth clients and institutional asset management. The Asset Management group is composed of three distinct operating units:

- Wealth Management provides products and services to individuals and their families including investment and retirement planning, customized investment management, private banking, and trust management and administration for individuals and their families.
- Our Hawthorn unit provides multi-generational family planning including estate, financial, tax planning, fiduciary, investment management and consulting, private banking, personal administrative services, asset custody and customized performance reporting to ultra high net worth clients.
- Institutional asset management provides outsourced chief investment officer, custody, private real estate, cash and fixed income client solutions, and fiduciary retirement advisory 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.

The following tables present noninterest income within the scope of Topic 606 disaggregated by segment. A description of the fee-based revenue and how it is recognized for each segment’s principal services and products follows each table.

Retail Banking

Table 115: Retail Banking Noninterest Income Disaggregation

	Year ended December 31		
In millions	2020	2019	2018
Product			
Debit card fees	$ 522	$ 535	$ 505
Deposit account fees	463	642	618
Brokerage fees	367	356	350
Net credit card fees (a)	179	186	189
Merchant services	154	216	212
Other	225	255	284
Total in-scope noninterest income by product	$ 1,910	$ 2,190	$ 2,158
Reconciliation to total Retail Banking noninterest income			
Total in-scope noninterest income	$ 1,910	$ 2,190	$ 2,158
Total out-of-scope noninterest income (b)	609	458	473
Total Retail Banking noninterest income	$ 2,519	$ 2,648	$ 2,631

(a) Net credit card fees consists of interchange fees of $469 million, $498 million and $452 million and credit card reward costs of $290 million, $312 million and $263 million for the years ended December 31, 2020, 2019 and 2018, respectively.
(b) Out-of-scope noninterest income includes revenue streams that fall under the scope of other accounting and disclosure requirements outside of Topic 606.

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 115 net of credit card reward costs, which are earned by customers when they 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.

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.

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.

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

Table 116: Corporate & Institutional Banking Noninterest Income Disaggregation

	Year ended December 31		
In millions	2020	2019	2018
Product			
Treasury management fees	$ 897	$ 840	$ 776
Capital markets fees	759	547	510
Commercial mortgage banking activities	111	102	87
Other	83	77	81
Total in-scope noninterest income by product	$ 1,850	$ 1,566	$ 1,454
Reconciliation to total Corporate & Institutional Banking noninterest income			
Total in-scope noninterest income	$ 1,850	$ 1,566	$ 1,454
Total out-of-scope noninterest income (a)	1,212	971	952
Total Corporate & Institutional Banking noninterest income	$ 3,062	$ 2,537	$ 2,406

(a) Out-of-scope noninterest income includes revenue streams that fall under the scope of other accounting and disclosure requirements outside of Topic 606.

Treasury Management Fees
Corporate & Institutional Banking provides corporations with cash and investment management services, receivables and disbursement management services, funds transfer services and access to online/mobile information management and reporting services. Treasury management fees are recognized over time as we perform these services.

Capital Markets Fees
Capital markets fees include securities underwriting fees, merger and acquisition advisory fees and other advisory related fees. We recognize these fees when the related transaction closes.

Commercial Mortgage Banking Activities
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.

Other
Other noninterest income within Corporate & Institutional Banking, 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

Table 117: Asset Management Group Noninterest Income Disaggregation

	Year ended December 31		
In millions	2020	2019	2018
Customer Type			
Personal	$ 634	$ 620	$ 611
Institutional	202	242	272
Total in-scope noninterest income by customer type	$ 836	$ 862	$ 883
Reconciliation to Asset Management Group noninterest income			
Total in-scope noninterest income	$ 836	$ 862	$ 883
Total out-of-scope noninterest income (a)	18	129	9
Total Asset Management Group noninterest income	$ 854	$ 991	$ 892

(a) Out-of-scope noninterest income includes revenue streams that fall under the scope of other accounting and disclosure requirements outside of Topic 606.

Asset Management Services
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 administration services. We recognize fee revenue over the term of the customer contract based on the value of assets under management at a point in time.

STATISTICAL INFORMATION (UNAUDITED)

THE PNC FINANCIAL SERVICES GROUP, INC.

SELECTED QUARTERLY FINANCIAL DATA

	2020				2019			
Dollars in millions, except per share data	Fourth	Third	Second	First	Fourth	Third	Second	First
Summary of Operations								
Interest income	$ 2,576	$ 2,676	$ 2,855	$ 3,200	$ 3,334	$ 3,503	$ 3,497	$ 3,428
Interest expense	152	192	328	689	846	999	999	953
Net interest income	2,424	2,484	2,527	2,511	2,488	2,504	2,498	2,475
Noninterest income	1,784	1,797	1,549	1,825	1,833	1,738	1,717	1,586
Total revenue	4,208	4,281	4,076	4,336	4,321	4,242	4,215	4,061
Provision for (Recapture of) credit losses	(254)	52	2,463	914	221	183	180	189
Noninterest expense	2,708	2,531	2,515	2,543	2,762	2,623	2,611	2,578
Income (loss) from continuing operations before income taxes and noncontrolling interests	1,754	1,698	(902)	879	1,338	1,436	1,424	1,294
Income taxes (benefit) from continuing operations	298	166	(158)	120	195	255	239	212
Net income (loss) from continuing operations	1,456	1,532	(744)	759	1,143	1,181	1,185	1,082
Income from discontinued operations before taxes			5,596	181	288	251	224	225
Income taxes from discontinued operations			1,197	25	50	40	35	36
Net income from discontinued operations			4,399	156	238	211	189	189
Net Income	1,456	1,532	3,655	915	1,381	1,392	1,374	1,271
Less: Net income attributable to noncontrolling interests	14	13	7	7	14	13	12	10
Preferred stock dividends and discount accretion and redemptions	49	64	56	64	56	64	56	64
Net income attributable to common shareholders	$ 1,393	$ 1,455	$ 3,592	$ 844	$ 1,311	$ 1,315	$ 1,306	$ 1,197
Per Common Share								
Book value	$ 119.11	$ 117.44	$ 115.26	$ 106.70	$ 104.59	$ 103.37	$ 101.53	$ 98.47
Cash dividends declared (a)	$ 1.15	$ 1.15	$ 1.15	$ 1.15	$ 1.15	$ 1.15	$ 0.95	$ 0.95
Basic earnings (loss) from continuing operations	$ 3.26	$ 3.40	$ (1.90)	$ 1.59	$ 2.44	$ 2.47	$ 2.47	$ 2.21
Basic earnings from discontinued operations			$ 10.28	$ 0.37	$ 0.54	$ 0.48	$ 0.42	$ 0.41
Total basic earnings	$ 3.26	$ 3.40	$ 8.40	$ 1.96	$ 2.98	$ 2.95	$ 2.89	$ 2.62
Diluted earnings (loss) from continuing operations	$ 3.26	$ 3.39	$ (1.90)	$ 1.59	$ 2.43	$ 2.47	$ 2.47	$ 2.20
Diluted earnings from discontinued operations			$ 10.28	$ 0.36	$ 0.54	$ 0.47	$ 0.41	$ 0.41
Total diluted earnings	$ 3.26	$ 3.39	$ 8.40	$ 1.95	$ 2.97	$ 2.94	$ 2.88	$ 2.61

(a) On January 5, 2021, we declared a quarterly common stock cash dividend of $1.15 per share payable on February 5, 2021.

Average Consolidated Balance Sheet and Net Interest Analysis (a) (b) (c)

Taxable-equivalent basis Dollars in millions	2020 Average Balances	2020 Interest Income/ Expense	2020 Average Yields/ Rates	2019 Average Balances	2019 Interest Income/ Expense	2019 Average Yields/ Rates	2018 Average Balances	2018 Interest Income/ Expense	2018 Average Yields/ Rates
Assets									
Interest-earning assets:									
Investment securities									
Securities available for sale									
Residential mortgage-backed									
Agency	$ 50,594	$ 1,109	2.19 %	$ 31,526	$ 867	2.75 %	$ 27,156	$ 740	2.72 %
Non-agency	1,480	109	7.36 %	1,746	141	8.08 %	2,196	146	6.65 %
Commercial mortgage-backed	6,865	183	2.67 %	5,676	162	2.85 %	4,545	128	2.82 %
Asset-backed	5,090	129	2.53 %	5,199	172	3.31 %	5,242	165	3.15 %
U.S. Treasury and government agencies	17,234	324	1.88 %	17,642	435	2.47 %	16,319	373	2.29 %
Other	4,564	160	3.51 %	3,200	107	3.34 %	4,064	142	3.49 %
Total securities available for sale	85,827	2,014	2.35 %	64,989	1,884	2.90 %	59,522	1,694	2.85 %
Securities held to maturity									
Residential mortgage-backed				15,421	438	2.84 %	15,670	456	2.91 %
Commercial mortgage-backed				553	21	3.80 %	767	29	3.78 %
Asset-backed	18			120	5	4.17 %	192	7	3.65 %
U.S. Treasury and government agencies	786	22	2.80 %	767	22	2.87 %	749	21	2.80 %
Other	648	28	4.32 %	1,816	80	4.41 %	1,884	82	4.35 %
Total securities held to maturity	1,452	50	3.44 %	18,677	566	3.03 %	19,262	595	3.09 %
Total investment securities	87,279	2,064	2.36 %	83,666	2,450	2.93 %	78,784	2,289	2.91 %
Loans									
Commercial	139,254	4,276	3.07 %	123,524	5,157	4.17 %	113,837	4,606	4.05 %
Commercial real estate	28,765	858	2.98 %	28,526	1,235	4.33 %	28,756	1,193	4.15 %
Equipment lease financing	6,812	263	3.86 %	7,255	285	3.93 %	7,437	267	3.59 %
Consumer	55,423	2,730	4.93 %	55,671	3,083	5.54 %	55,438	2,817	5.08 %
Residential real estate	22,379	852	3.81 %	20,040	844	4.21 %	17,810	784	4.40 %
Total loans	252,633	8,979	3.55 %	235,016	10,604	4.51 %	223,278	9,667	4.33 %
Interest-earning deposits with banks	47,333	100	0.21 %	16,878	353	2.09 %	20,603	379	1.84 %
Other interest-earning assets	9,553	239	2.50 %	12,425	458	3.69 %	8,093	362	4.47 %
Total interest-earning assets/interest income	396,798	11,382	2.87 %	347,985	13,865	3.98 %	330,758	12,697	3.84 %
Noninterest-earning assets	52,497			52,350			47,477		
Total assets	$ 449,295			$ 400,335			$ 378,235		
Liabilities and Equity									
Interest-bearing liabilities:									
Interest-bearing deposits									
Money market	$ 60,229	138	0.23 %	$ 55,505	609	1.10 %	$ 56,353	416	0.74 %
Demand	82,295	109	0.13 %	65,729	354	0.54 %	60,599	190	0.31 %
Savings	75,574	233	0.31 %	62,938	696	1.11 %	51,908	428	0.82 %
Time deposits	20,673	163	0.79 %	20,416	327	1.60 %	17,501	195	1.11 %
Total interest-bearing deposits	238,771	643	0.27 %	204,588	1,986	0.97 %	186,361	1,229	0.66 %
Borrowed funds									
Federal Home Loan Bank borrowings	9,470	103	1.09 %	22,253	569	2.56 %	20,970	478	2.28 %
Bank notes and senior debt	27,030	428	1.58 %	26,781	869	3.24 %	27,855	818	2.94 %
Subordinated debt	5,936	112	1.89 %	5,588	214	3.83 %	5,292	224	4.23 %
Other	5,502	75	1.36 %	6,906	159	2.30 %	5,189	112	2.16 %
Total borrowed funds	47,938	718	1.50 %	61,528	1,811	2.94 %	59,306	1,632	2.75 %
Total interest-bearing liabilities/interest expense	286,709	1,361	0.47 %	266,116	3,797	1.43 %	245,667	2,861	1.16 %
Noninterest-bearing liabilities and equity:									
Noninterest-bearing deposits	95,055			72,212			76,303		
Accrued expenses and other liabilities	15,774			13,371			9,440		
Equity	51,757			48,636			46,825		
Total liabilities and equity	$ 449,295			$ 400,335			$ 378,235		
Interest rate spread			2.40 %			2.55 %			2.68 %
Benefit from use of noninterest bearing sources			0.13			0.34			0.29
Net interest income/margin		$ 10,021	2.53 %		$ 10,068	2.89 %		$ 9,836	2.97 %

(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 years ended December 31, 2020, 2019 and 2018 were $156 million, $163 million and $139 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.

ANALYSIS OF YEAR-TO-YEAR CHANGES IN NET INTEREST INCOME (a) (b)

Taxable-equivalent basis	2020/2019 Increase/(Decrease) in Income/ Expense Due to Changes in:			2019/2018 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	$ 445	$ (203)	$ 242	$ 119	$ 8	$ 127
Non-agency	$ (20)	$ (12)	(32)	$ (33)	$ 28	(5)
Commercial mortgage-backed	$ 32	$ (11)	21	$ 32	$ 2	34
Asset-backed	$ (4)	$ (39)	(43)	$ (1)	$ 8	7
U.S. Treasury and government agencies	$ (10)	$ (101)	(111)	$ 32	$ 30	62
Other	$ 48	$ 5	53	$ (29)	$ (6)	(35)
Total securities available for sale	$ 532	$ (402)	130	$ 160	$ 30	190
Securities held to maturity						
Residential mortgage-backed	$ (219)	$ (218)	(437)	$ (7)	$ (12)	(19)
Commercial mortgage-backed	$ (11)	$ (11)	(22)	$ (8)		(8)
Asset-backed	$ (2)	$ (3)	(5)	$ (3)	$ 1	(2)
U.S. Treasury and government agencies	$ 1	$ (1)		$ 1	$ 1	2
Other	$ (50)	$ (2)	(52)	$ (3)	$ 1	(2)
Total securities held to maturity	$ (584)	$ 68	(516)	$ (18)	$ (11)	(29)
Total investment securities	$ 102	$ (488)	(386)	$ 147	$ 14	161
Loans						
Commercial	$ 600	$ (1,482)	(882)	$ 404	$ 147	551
Commercial real estate	$ 10	$ (387)	(377)	$ (10)	$ 52	42
Equipment lease financing	$ (17)	$ (5)	(22)	$ (7)	$ 25	18
Consumer	$ (14)	$ (339)	(353)	$ 12	$ 254	266
Residential real estate	$ 94	$ (85)	9	$ 95	$ (35)	60
Total loans	$ 751	$ (2,376)	(1,625)	$ 521	$ 416	937
Interest-earning deposits with banks	$ 254	$ (507)	(253)	$ (74)	$ 48	(26)
Other interest-earning assets	$ (92)	$ (127)	(219)	$ 168	$ (72)	96
Total interest-earning assets	$ 1,755	$ (4,238)	$ (2,483)	$ 687	$ 481	$ 1,168
Interest-Bearing Liabilities						
Interest-bearing deposits						
Money market	$ 48	$ (519)	$ (471)	$ (6)	$ 199	$ 193
Demand	$ 72	$ (317)	(245)	$ 17	$ 147	164
Savings	$ 118	$ (581)	(463)	$ 101	$ 167	268
Time deposits	$ 4	$ (168)	(164)	$ 36	$ 96	132
Total interest-bearing deposits	$ 287	$ (1,630)	(1,343)	$ 130	$ 627	757
Borrowed funds						
Federal Home Loan Bank borrowings	$ (233)	$ (233)	(466)	$ 30	$ 61	91
Bank notes and senior debt	$ 8	$ (449)	(441)	$ (33)	$ 84	51
Subordinated debt	$ 12	$ (114)	(102)	$ 12	$ (22)	(10)
Other	$ (28)	$ (56)	(84)	$ 40	$ 7	47
Total borrowed funds	$ (339)	$ (754)	(1,093)	$ 62	$ 117	179
Total interest-bearing liabilities	$ 276	$ (2,712)	(2,436)	$ 246	$ 690	936
Change in net interest income	$ 1,302	$ (1,349)	$ (47)	$ 502	$ (270)	$ 232

(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.

RECONCILIATION OF TAXABLE-EQUIVALENT NET INTEREST INCOME (NON-GAAP) (a)

Year ended December 31 In millions	2020	2019	2018	2017	2016
Net interest income (GAAP)	$ 9,946	$ 9,965	$ 9,721	$ 9,108	$ 8,391
Taxable-equivalent adjustments	75	103	115	215	195
Net interest income (Non-GAAP)	$ 10,021	$ 10,068	$ 9,836	$ 9,323	$ 8,586

(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 FEE INCOME (NON-GAAP)

Year ended December 31 In millions	2020	2019	2018
Noninterest income			
Asset management	$ 836	$ 862	$ 883
Consumer services	1,484	1,555	1,502
Corporate services	2,167	1,914	1,849
Residential mortgage	604	368	316
Service charges on deposits	500	702	714
Total fee income	5,591	5,401	5,264
Other	1,364	1,473	1,205
Total noninterest income	$ 6,955	$ 6,874	$ 6,469

RECONCILIATION OF TANGIBLE BOOK VALUE PER COMMON SHARE (NON-GAAP)

December 31 Dollars in millions, except per share data	2020	2019	2018	2017	2016
Book value per common share	$ 119.11	$ 104.59	$ 95.72	$ 91.94	$ 85.94
Tangible book value per common share					
Common shareholders' equity	$ 50,493	$ 45,321	$ 43,742	$ 43,530	$ 41,723
Goodwill and other intangible assets	(9,381)	(9,441)	(9,467)	(9,498)	(9,376)
Deferred tax liabilities on Goodwill and other intangible assets	188	187	190	191	304
Tangible common shareholders' equity	$ 41,300	$ 36,067	$ 34,465	$ 34,223	$ 32,651
Period-end common shares outstanding (in millions)	424	433	457	473	485
Tangible book value per common share (Non-GAAP) (a)	$ 97.43	$ 83.30	$ 75.42	$ 72.28	$ 67.26

(a) We believe this non-GAAP financial 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.

LOANS SUMMARY

December 31 In millions	2020	2019	2018	2017	2016
Commercial					
Commercial and industrial	$ 132,073	$ 125,337	$ 116,834	$ 110,527	$ 101,364
Commercial real estate	28,716	28,110	28,140	28,978	29,010
Equipment lease financing	6,414	7,155	7,308	7,934	7,581
Total commercial	167,203	160,602	152,282	147,439	137,955
Consumer					
Home equity	24,088	25,085	26,123	28,364	29,949
Residential real estate	22,560	21,821	18,657	17,212	15,598
Automobile	14,218	16,754	14,419	12,880	12,380
Credit card	6,215	7,308	6,357	5,699	5,282
Education	2,946	3,336	3,822	4,454	5,159
Other consumer	4,698	4,937	4,585	4,410	4,510
Total consumer	74,725	79,241	73,963	73,019	72,878
Total loans	$ 241,928	$ 239,843	$ 226,245	$ 220,458	$ 210,833

SELECTED LOAN MATURITIES AND INTEREST SENSITIVITY

December 31, 2020 In millions	1 Year or Less	1 Through 5 Years	After 5 Years	Gross Loans
Commercial and industrial	$ 55,612	$ 71,124	$ 5,337	$ 132,073
Commercial real estate	6,207	16,012	6,497	28,716
Total	$ 61,819	$ 87,136	$ 11,834	$ 160,789
Loans with:				
Predetermined rate	$ 17,439	$ 15,890	$ 5,815	$ 39,144
Floating or adjustable rate	44,380	71,246	6,019	121,645
Total	$ 61,819	$ 87,136	$ 11,834	$ 160,789

At December 31, 2020, $21.1 billion notional amount of receive-fixed interest rate swaps were designated as part of cash flow hedging strategies that converted the floating rate (LIBOR) on the underlying commercial loans to a fixed rate as part of risk management strategies.

NONPERFORMING ASSETS AND RELATED INFORMATION

December 31 Dollars in millions	2020	2019	2018	2017	2016
Nonperforming loans					
Commercial					
Commercial and industrial	$ 666	$ 425	$ 346	$ 429	$ 496
Commercial real estate	224	44	75	123	143
Equipment lease financing	33	32	11	2	16
Total commercial	923	501	432	554	655
Consumer (a)					
Home equity	645	669	797	818	914
Residential real estate	528	315	350	400	501
Automobile	175	135	100	76	55
Credit card	8	11	7	6	4
Other consumer	7	4	8	11	15
Total consumer	1,363	1,134	1,262	1,311	1,489
Total nonperforming loans (b) (c)	2,286	1,635	1,694	1,865	2,144
OREO and foreclosed assets	51	117	114	170	230
Total nonperforming assets	$ 2,337	$ 1,752	$ 1,808	$ 2,035	$ 2,374
Nonperforming loans to total loans	0.94 %	0.68 %	0.75 %	0.85 %	1.02 %
Nonperforming assets to total loans, OREO and foreclosed assets	0.97 %	0.73 %	0.80 %	0.92 %	1.12 %
Nonperforming assets to total assets	0.50 %	0.43 %	0.47 %	0.53 %	0.65 %
Troubled Debt Restructurings					
Nonperforming	$ 902	$ 843	$ 863	$ 964	$ 1,112
Performing	$ 742	$ 821	$ 988	$ 1,097	$ 1,109
Past due loans					
Accruing loans past due 90 days or more (d) (e) (f)	$ 509	$ 585	$ 629	$ 737	$ 782
As a percentage of total loans	0.21 %	0.24 %	0.28 %	0.33 %	0.37 %
Past due loans held for sale					
Accruing loans held for sale past due 90 days or more (f)	$ 4	$ 3	$ 4	$ 3	$ 4
As a percentage of total loans held for sale	0.25 %	0.28 %	0.40 %	0.11 %	0.16 %

(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 exclude certain government insured or guaranteed loans, loans held for sale and loans accounted for under the fair value option. Amounts prior to December 31, 2020 also excluded purchased impaired loans.
(c) In 2020, $0.1 billion of interest income was estimated to be contractually due on loans classified as nonperforming at December 31, 2020, based on original contractual terms.
(d) Amounts include government insured or guaranteed consumer loans of $0.4 billion, $0.6 billion, $0.5 billion, $0.6 billion and $0.7 billion at December 31, 2020, 2019, 2018, 2017 and 2016, respectively.
(e) In connection with the adoption of the CECL standard, accruing loans past due amounts at December 31, 2020 include PCD loans while all amounts prior excluded purchased impaired loans.
(f) Certain loans modified due to COVID-19 related hardships are not being reported as past due as of December 31, 2020 based on the contractual terms of the loan, even where borrowers may not be making payments on their loans during the modification period. See Note 4 Loans and Related Allowance for Credit Losses in the Notes To Consolidated Financial Statements in Item 8 of this Report for additional details on the delinquency status of loans modified due to COVID-19 related hardships.

SUMMARY OF LOAN LOSS EXPERIENCE

Year ended December 31 Dollars in millions	2020	2019	2018	2017	2016
Allowance for loan and lease losses					
January 1	$ 2,742	$ 2,629	$ 2,611	$ 2,589	$ 2,727
Adoption of ASU 2016-13 (a)	463				
Gross charge-offs					
Commercial and industrial	(382)	(183)	(108)	(186)	(332)
Commercial real estate	(2)	(18)	(8)	(24)	(26)
Equipment lease financing	(23)	(15)	(8)	(11)	(5)
Home equity	(42)	(68)	(110)	(123)	(143)
Residential real estate	(10)	(9)	(6)	(9)	(14)
Credit card	(300)	(263)	(217)	(182)	(161)
Other consumer (b)	(433)	(418)	(307)	(251)	(205)
Total gross charge-offs	(1,192)	(974)	(764)	(786)	(886)
Recoveries					
Commercial and industrial	75	59	67	81	117
Commercial real estate	9	11	24	28	51
Equipment lease financing	10	8	8	7	10
Home equity	61	74	98	91	84
Residential real estate	16	14	21	18	9
Credit card	35	27	24	21	19
Other consumer (b)	154	139	102	83	53
Total recoveries	360	332	344	329	343
Net (charge-offs)	(832)	(642)	(420)	(457)	(543)
Provision for credit losses - loans and leases	2,985	773	408	441	433
Net decrease / (increase) in allowance for unfunded loan commitments and letters of credit		(33)	12	4	(40)
Other	3	15	18	34	12
December 31	$ 5,361	$ 2,742	$ 2,629	$ 2,611	$ 2,589
ALLL as a percentage of December 31:					
Loans	2.22 %	1.14 %	1.16 %	1.18 %	1.23 %
Nonperforming loans (c)	235 %	168 %	155 %	140 %	121 %
As a percentage of average loans:					
Net charge-offs	0.33 %	0.27 %	0.19 %	0.21 %	0.26 %
Provision for credit losses - loans and leases (c)	1.18 %	0.33 %	0.18 %	0.20 %	0.21 %
ALLL (c)	2.12 %	1.17 %	1.18 %	1.20 %	1.24 %
ALLL as a multiple of net charge-offs	6.44x	4.27x	6.26x	5.71x	4.77x

(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) Includes automobile, education and other consumer.
(c) Ratio in 2020 reflects the transition impact on our ALLL from the adoption of the CECL standard along with the increases in reserves during 2020 due to the significant economic impacts of COVID-19 and loan growth.

The following table presents the assignment of the ALLL and the categories of loans as a percentage of total loans. Changes in the allocation over time reflect the changes in loan portfolio composition, risk profile and refinements to reserve methodologies. Allowance amounts for 2020 reflect our ALLL after the adoption of the CECL standard.

ALLOCATION OF ALLOWANCE FOR LOAN AND LEASE LOSSES

	2020		2019		2018		2017		2016	
December 31 Dollars in millions	Allowance	Loans to Total Loans	Allowance	Loans to Total Loans	Allowance	Loans to Total Loans	Allowance	Loans to Total Loans	Allowance	Loans to Total Loans
Commercial and industrial	$ 2,300	54.6 %	$ 1,489	52.3 %	$ 1,350	51.6 %	$ 1,302	50.1 %	$ 1,179	48.1 %
Commercial real estate	880	11.9	278	11.7	271	12.4	244	13.1	320	13.8
Equipment lease financing	157	2.6	45	3.0	42	3.2	36	3.6	35	3.6
Home equity	313	10.0	87	10.5	204	11.6	284	12.9	357	14.2
Residential real estate	28	9.3	258	9.1	297	8.3	300	7.8	332	7.4
Credit card	816	2.6	288	3.0	239	2.8	220	2.6	181	2.5
Other consumer (a)	867	9.0	297	10.4	226	10.1	225	9.9	185	10.4
Total	$ 5,361	100.0 %	$ 2,742	100.0 %	$ 2,629	100.0 %	$ 2,611	100.0 %	$ 2,589	100.0 %

(a) Includes automobile, education and other consumer.

TIME DEPOSITS

The aggregate amount of time deposits with a denomination of $100,000 or more was $12.9 billion at December 31, 2020 and $13.3 billion at December 31, 2019. Time deposits of $100,000 or more included time deposits in foreign offices of $8.4 billion at December 31, 2020. Domestic time deposits of $100,000 or more were $4.5 billion at December 31, 2020 with the following maturities:

December 31, 2020 - in billions	Domestic Time Deposits
Three months or less	$ 1.3
Over three through six months	1.0
Over six through twelve months	1.5
Over twelve months	0.7
Total	$ 4.5

TRANSITIONAL BASEL III AND FULLY PHASED-IN BASEL III COMMON EQUITY TIER 1 CAPITAL RATIOS (NON-GAAP)

Our regulatory risk-based ratios for 2017 and 2016 were calculated using the standardized approach for determining risk-weighted assets, and the definitions of, and deductions from, regulatory capital under the Basel III rules (as such definitions and deductions were phased-in for 2017 and 2016). We refer to the capital ratios calculated using the phased-in Basel III provisions in effect for those periods and, for the risk-based ratios, standardized approach risk-weighted assets as the Transitional Basel III ratios.

	Transitional Basel III		Fully Phased-In Basel III (Non-GAAP) (estimated) (a)	
Dollars in millions	December 31 2017	December 31 2016	December 31 2017	December 31 2016
Common stock, related surplus and retained earnings, net of treasury stock	$ 43,676	$ 41,987	$ 43,676	$ 41,987
Less regulatory capital adjustments:				
Goodwill and disallowed intangibles, net of deferred tax liabilities	(9,243)	(8,974)	(9,307)	(9,073)
Basel III total threshold deductions	(1,983)	(762)	(2,928)	(1,469)
Accumulated other comprehensive income (b)	(166)	(238)	(207)	(396)
All other adjustments	(138)	(214)	(141)	(221)
Basel III Common equity Tier 1 capital	$ 32,146	$ 31,799	$ 31,093	$ 30,828
Basel III standardized approach risk-weighted assets (c)	$ 309,460	$ 300,533	$ 316,120	$ 308,517
Basel III advanced approaches risk-weighted assets (d)	N/A	N/A	$ 285,226	$ 277,896
Basel III Common equity Tier 1 capital ratio	10.4 %	10.6 %	9.8 %	10.0 %
Risk weight and associated rules utilized	Standardized (with 2017 transition adjustments)	Standardized (with 2016 transition adjustments)	Standardized	

(a) Pro forma fully phased-in Basel III ratios are calculated without the benefit of phase-ins. We believe that the pro forma fully phased-in Basel III capital ratios are a useful tool to assess our capital position (without the benefit of phase-ins), for the periods presented.
(b) Represented net adjustments related to accumulated other comprehensive income for securities, and those transferred from available for sale, as well as pension and other postretirement plans.
(c) Basel III standardized approach risk-weighted assets were based on the Basel III standardized approach rules and include credit and market risk-weighted assets.
(d) Basel III advanced approaches risk-weighted assets were based on the Basel III advanced approaches rules, and include credit, market and operational risk-weighted assets.

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 - Common stock plus related surplus, net of treasury stock, plus retained earnings, plus accumulated other comprehensive income for securities currently, and those transferred from, available for sale and pension and other postretirement benefit plans, subject to phase-in limits, less goodwill, net of associated deferred tax liabilities, less other disallowed intangibles, net of deferred tax liabilities and plus/less other adjustments. Significant common stock 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 10%, or in the aggregate exceed 15%, of our adjusted Basel III common equity Tier 1 capital.

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 – 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, S.A. – Banco Bilbao Vizcaya Argentaria, S.A.

BBVA USA – BBVA USA, the Alabama-chartered bank subsidiary of BBVA USA Bancshares, Inc.

BlackRock – BlackRock, Inc.

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 Form).

COVID-19 – The coronavirus, which resulted in a worldwide pandemic beginning in 2020 (interchangeable with "the pandemic", or "the COVID-19 pandemic" on this Form).

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, Consumer services, Corporate services, Residential mortgage and Service charges on deposits.

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. FICO scores are updated on a periodic basis.

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. LIBOR rates are used as a benchmark for interest rates on a global basis. Our product set includes loans priced using LIBOR as a benchmark.

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.

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. To provide more meaningful comparisons of yields and margins for all interest-earning assets, 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 other taxable investments. This adjustment is not permitted under GAAP on the Consolidated Income Statement.

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

ACH	Automated clearing house	**GNMA**	Government National Mortgage Association
ACL	Allowance for credit losses	**GSIB**	Globally systemically important bank
ALLL	Allowance for loan and lease losses	**HPI**	Home price index
AML	Anti-Money Laundering	**HQLA**	High quality, unencumbered liquid assets
AOCI	Accumulated other comprehensive income	**ISDA**	International Swaps and Dealer Association
ASC	Accounting Standards Codification	**ISP**	The PNC Incentive Savings Plan
ASF	Available stable funding	**LCR**	Liquidity Coverage Ratio
ASU	Accounting Standards Update	**LGD**	Loss given default
BEC	Business email compromise scams	**LIBOR**	London Interbank Offered Rate
BHC	Bank holding company	**LIHTC**	Low income housing tax credit
BHC Act	Bank Holding Company Act of 1956	**LLC**	Limited liability company
bps	Basis points	**LTV**	Loan-to-value ratio
BSA	Bank Secrecy Act	**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	**NAICS**	North American Industry Classification System
CECL	Current expected credit losses	**NAV**	Net asset value
CECL RAC	PNC's Current Expected Credit Losses Reserve Adequacy Committee	**NSFR**	Net Stable Funding Ratio
CET1	Common equity tier 1	**NYSE**	New York Stock Exchange
CFPB	Consumer Financial Protection Bureau	**OCC**	Office of the Comptroller of the Currency
CFTC	Commodity Futures Trading Commission	**OCI**	Other comprehensive income
CLTV	Combined loan-to-value ratio	**OREO**	Other real estate owned
COSO	Committee of Sponsoring Organizations of the Treadway Commission	**OTC**	Over-the-counter
CRA	Community Reinvestment Act	**OTTI**	Other than temporary impairment
DDoS	Distributed denial of service cyber attacks	**PCAOB**	Public Company Accounting Oversight Board
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	**ROAPs**	Removal of account provisions
ERM	Enterprise Risk Management	**ROU**	Right-of-use assets
FASB	Financial Accounting Standards Board	**RSF**	Required stable funding
FDI Act	Federal Deposit Insurance Act	**SBA**	Small Business Administration
FDIC	Federal Deposit Insurance Corporation	**SCB**	Stress capital buffer
FFIEC	Federal Financial Institutions Examination Council	**SCCL**	Single counterparty credit limit
FHA	Federal Housing Administration	**SEC**	Securities and Exchange Commission
FHLB	Federal Home Loan Bank	**SLR**	Supplementary leverage ratio
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	**TLAC**	Total loss-absorbing capacity
FNMA	Federal National Mortgage Association	**U.S.**	United States of America
FOMC	Federal Open Market Committee	**USD**	United States Dollar
FSOC	Financial Stability Oversight Council	**VA**	Department of Veterans Affairs
GAAP	Accounting principles generally accepted in the United States of America	**VaR**	Value-at-risk
GDP	Gross Domestic Product	**VEBA**	Voluntary Employee Beneficiary Association
GLB Act	Gramm-Leach-Bliley Act	**VIE**	Variable interest entity

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, 2020. 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, 2020.

PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited our consolidated financial statements as of and for the year ended December 31, 2020 included in this Report, has also audited the effectiveness of PNC's internal control over financial reporting as of December 31, 2020. 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, 2020, 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, 2020, and that there has been no change in PNC's internal control over financial reporting that occurred during the fourth quarter of 2020 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 2021 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 captions "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 2021 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 caption "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 2021 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 – Personnel and Compensation 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 2021 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 2021 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, 2020 is included in the table which follows. Additional information regarding these plans is included in Note 18 Stock Based Compensation Plans in the Notes To Consolidated Financial Statements in Item 8 of this Report.

Equity Compensation Plan Information
At December 31, 2020

	(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	4,542,021 (2)	$ 62.26	27,349,791 (3)
Equity compensation plans not approved by security holders			
Total	**4,542,021**	**$ 62.26**	**27,349,791**

(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: 3,548,138 are stock-payable restricted stock units (at a maximum share award level), 681,816 are performance share units (at maximum share award level) and 43,114 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): 185,348 are stock options and 83,605 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.

(3) – Includes 2,109,811 shares available for issuance under the Employee Stock Purchase Plan, of which 86,095 shares are subject to purchase during the purchase period ending December 31, 2020. The amount available for awards under the 2016 Incentive Plan is 25,239,980.

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 2021 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 2021 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.
Audited consolidated financial statements of BlackRock, Inc. as of December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 are filed with this Report as Exhibit 99.1 and incorporated herein by reference.

EXHIBIT INDEX

Exhibit No.	Description	Method of Filing +
2.1	Stock 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
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 (2008 Form 10-K)
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
3.2	By-Laws of the Corporation, as amended and restated, effective August 11, 2016	Incorporated herein by reference to Exhibit 3.2 of the Corporation's Current Report on Form 8-K filed August 11, 2016
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.	

Exhibit No.	Description	Method of Filing +
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	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
4.7.1	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 (2013 Form 10-K)
4.7.2	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 (2nd Quarter 2015 Form 10-Q)
4.7.3	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 (2nd Quarter 2016 Form 10-Q)
4.8	Forms of PNC Bank, National Association Senior Global Bank Notes issued after January 16, 2014 (included in Exhibit 4.7.1)	Incorporated herein by reference to Exhibit 4.25 of the Corporation's 2013 Form 10-K
4.9	Forms of PNC Bank, National Association Subordinated Global Bank Notes issued on or after May 22, 2015 (included in Exhibit 4.7.2)	Incorporated herein by reference to Exhibit 4.21.2 of the Corporation's 2nd Quarter 2015 Form 10-Q
4.10	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 2008 Form 10-K*
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 (2009 Form 10-K)*
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 2013 Form 10-K*

Exhibit No.	Description	Method of Filing +
10.2.1	The Corporation's ERISA Excess Pension Plan, as amended and restated effective January 1, 2009	Incorporated herein by reference to Exhibit 10.4 of the Corporation's 2008 Form 10-K*
10.2.2	Amendment 2009-1 to the Corporation's ERISA Excess Plan, as amended and restated effective January 1, 2009	Incorporated herein by reference to Exhibit 10.6 of the Corporation's 2009 Form 10-K*
10.2.3	Amendment 2011-1 to the Corporation's ERISA Excess Pension Plan, as amended and restated effective January 1, 2009	Incorporated herein by reference to Exhibit 10.8 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2011 (2011 Form 10-K)*
10.2.4	Amendment 2013-1 to the Corporation's ERISA Excess Pension Plan, as amended and restated effective January 1, 2009	Incorporated herein by reference to Exhibit 10.2.4 of the Corporation's 2013 Form 10-K*
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 2008 Form 10-K*
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 2009 Form 10-K*
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 2011 Form 10-K*
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 2013 Form 10-K*
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 2009 Form 10-K*
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 (2010 Form 10-K)*
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 2011 Form 10-K*
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 (2012 Form 10-K)*
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 2013 Form 10-K*
10.6	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*
10.7	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 1O-Q for the quarter ended March 31, 2011 (1st Quarter 2011 Form 10-Q)*
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 2011 Form 10-K*

Exhibit No.	Description	Method of Filing +
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 2016 Form 10-K*
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 3rd Quarter 2005 Form 10-Q*
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 2011 Form 10-K*
10.14	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*
10.15	2011 forms of employee stock option, restricted stock, restricted share unit and performance unit agreements	Incorporated herein by reference to Exhibit 10.71 of the Corporation’s 1st Quarter 2011 Form 10-Q*
10.16	2012 forms of employee stock option, restricted stock and restricted share unit agreements	Incorporated herein by reference to Exhibit 10.77 of the Corporation’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 (1st Quarter 2012 Form 10-Q)*
10.17	Forms of employee stock option, restricted stock and restricted share unit agreements with varied vesting, payment and other circumstances	Incorporated herein by reference to Exhibit 10.78 of the Corporation’s 1st Quarter 2012 Form 10-Q*
10.18	2013 forms of employee stock option and restricted share unit agreements	Incorporated herein by reference to Exhibit 10.64 of the Corporation’s 2012 Form 10-K*
10.19	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*
10.20	2017 Form of Performance Restricted Share Units Award Agreement	Incorporated herein by reference to Exhibit 10.56 of the Corporation’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 (2nd Quarter 2017 Form 10-Q)*
10.21	2017 Form of Performance Restricted Share Units Award Agreement - Senior Leaders Program (Section 16 Executives)	Incorporated herein by reference to Exhibit 10.58 of the Corporation’s 2nd Quarter 2017 Form 10-Q*
10.22	2018 Form of Performance Share Units Award Agreement	Incorporated herein by reference to Exhibit 10.50 of the Corporation’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2018 (2nd Quarter 2018 Form 10-Q)*
10.23	2018 Form of Restricted Share Units Award Agreement	Incorporated herein by reference to Exhibit 10.51 of the Corporation’s 2nd Quarter 2018 Form 10-Q*
10.24	2018 Form of Restricted Share Units Award Agreement - Senior Leader Program	Incorporated herein by reference to Exhibit 10.52 of the Corporation’s 2nd Quarter 2018 Form 10-Q*
10.25	2019 Form of Performance Share Units Award Agreement	Incorporated herein by reference to Exhibit 10.45 of the Corporation’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 (3rd Quarter 2019 Form 10-Q)*
10.26	2019 Form of Restricted Share Units Award Agreement	Incorporated herein by reference to Exhibit 10.46 of the Corporation’s 3rd Quarter 2019 Form 10-Q*
10.27	2019 Form of Restricted Share Units Award Agreement - Senior Leader Program	Incorporated herein by reference to Exhibit 10.47 of the Corporation’s 3rd Quarter 2019 Form 10-Q*

Exhibit No.	Description	Method of Filing +
10.28	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 (2nd Quarter 2020 Form 10-Q)*
10.29	2020 Form of Restricted Share Units Award Agreement	Incorporated herein by reference to Exhibit 10.40 of the Corporation’s 2nd Quarter 2020 Form 10-Q*
10.30	2020 Form of Restricted Share Units Award Agreement - Senior Leader Program	Incorporated herein by reference to Exhibit 10.41 of the Corporation’s 2nd Quarter 2020 Form 10-Q*
10.31.1	Time Sharing Agreement, dated as of November 15, 2017, by and between the Corporation and William S. Demchak	Filed herewith*
10.31.2	Time Sharing Agreements Amendment and Termination Agreement, dated as of February 27, 2020, by and between the Corporation and William S. Demchak	Filed herewith*
10.32	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*
10.33.1	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*
10.33.2	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 2010 Form 10-K*
10.34.1	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
10.34.2	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 2nd Quarter 2015 Form 10-Q
10.34.3	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 2nd Quarter 2016 Form 10-Q
21	Schedule of Certain Subsidiaries of the Corporation	Filed herewith
23.1	Consent of PricewaterhouseCoopers LLP, the Corporation’s Independent Registered Public Accounting Firm	Filed herewith
23.2	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm of BlackRock, Inc.	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

Exhibit No.	Description	Method of Filing +
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350	Furnished herewith
99.1	Audited consolidated financial statements of BlackRock, Inc. as of December 31, 2020 and 2019 and for each of the three years ended December 31, 2020	Filed 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 26, 2021

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 26, 2021.

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; Charles E. Bunch; Debra A. Cafaro; Marjorie Rodgers Cheshire; David Cohen; Andrew T. Feldstein; Richard J. Harshman; Daniel R. Hesse; Linda R. Medler, Martin Pfinsgraff; Toni Townes-Whitley; Michael J. Ward	Directors

*By: /s/ Alicia Powell
Alicia Powell, Attorney-in-Fact,
pursuant to Powers of Attorney filed herewith

Exhibit 4.10

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

In this Exhibit 4.10, when we refer to ñPNCò, ñweò, ñusò, or ñourò or when we otherwise refer to ourselves, we mean The PNC Financial Services Group, Inc., excluding, unless otherwise expressly stated or the context requires, our subsidiaries.

We have three classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the ñActò): (1) our Common Stock; (2) Depositary Shares Each Representing a 1/4,000 Interest in a Share of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series P; and (3) $1.80 Cumulative Convertible Preferred Stock - Series B, par value $1.00.

DESCRIPTION OF COMMON STOCK

General

We are authorized to issue 800,000,000 shares of our common stock, par value $5.00 per share.

The following summary is not complete. You should refer to the applicable provisions of the following for a complete statement of the terms and rights of the common stock:

Å Our Amended and Restated Articles of Incorporation (the ñArticles of Incorporationò), which you can find as Exhibit 3.1 to our Annual Report on Form 10-K for the year ended December 31, 2008, including the statements with respect to shares pursuant to which certain outstanding series of preferred stock were issued,

Å an amendment to our Articles of Incorporation, which you can find as Exhibit 3.1.6 to our Current Report on Form 8-K filed November 20, 2015,

Å the statement with respect to shares governing our Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series O, which you can find as Exhibit 3.1 to our Current Report on Form 8-K filed July 27, 2011,

Å the statement with respect to shares governing our Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series P, which you can find as Exhibit 3.1 to our Current Report on Form 8-K filed April 24, 2012,

Å the statement with respect to shares governing our 5.375% Non-Cumulative Perpetual Preferred Stock, Series Q, which you can find as Exhibit 3.1 to our Current Report on Form 8-K filed September 21, 2012,

Å the statement with respect to shares governing our Non-Cumulative Perpetual Preferred Stock, Series R, which you can find as Exhibit 3.1 to our Current Report on Form 8-K filed May 7, 2013,

Å the statement with respect to shares governing our Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series S, which you can find as Exhibit 3.1 to our Current Report on Form 8-K filed November 1, 2016, and

Å the Pennsylvania Business Corporation Law (the ñPBCLò).

Holders of common stock are entitled to one vote per share on all matters submitted to shareholders. Holders of common stock have neither cumulative voting rights nor any preemptive rights for the purchase of additional shares of any class of our stock, and are not subject to liability for further calls or assessments. The common stock does not have any sinking fund, conversion or redemption provisions.

In the event of dissolution or winding up of our affairs, holders of common stock will be entitled to share ratably in all assets remaining after payments to all creditors and payments required to be made in respect of outstanding preferred stock (including accrued and unpaid dividends thereon) have been made.

The Board may, except as otherwise required by applicable law or the rules of the NYSE, cause the issuance of authorized shares of common stock without shareholder approval to such persons and for such consideration as the Board may determine in connection with acquisitions by us or for other corporate purposes.

Computershare Trust Company, N.A., Canton, MA, is the transfer agent and registrar for our common stock. The shares of common stock are listed on the NYSE under the symbol ñPNC.ò The outstanding shares of common stock are validly issued, fully paid and nonassessable, and the holders of the common stock are not subject to any liability as shareholders.

Dividends and Other Payments

Holders of our common stock are only entitled to receive such dividends as the Board may declare out of funds legally available for such payments. The payment of future dividends is subject to the discretion of the Board, which will consider, among other factors, 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 dividends also may be subject to limitations if PNCôs capital ratios do not meet or exceed the required regulatory minimums plus a stress capital buffer (ñSCBò) established by the Board of Governors of the Federal Reserve System (the ñFederal Reserveò) as part of the Federal Reserveôs Comprehensive Capital Analysis and Review (ñCCARò) process. The Federal Reserve also has imposed additional limitations on capital distributions through the first quarter of 2021 by CCAR-participating bank holding companies (including PNC) and may extend these limitations, potentially in modified form.

We are incorporated in Pennsylvania and governed by the PBCL. Under the PBCL, we cannot pay dividends if, after giving effect to the dividend payments, we would be unable to pay our debts as they become due in the usual course of our business or our total assets would be less than the sum of our total liabilities plus the amount that would be needed, if we were to be dissolved at the time as of which the dividend is measured, to satisfy the preferential rights upon dissolution of shareholders whose preferential rights are superior to those receiving the dividends.

Subject to certain important exceptions, the terms of certain of our outstanding series of preferred stock and capital securities prohibit us from declaring or paying dividends or distributions on or redeeming, purchasing, acquiring or making a liquidation payment with respect to our common stock unless all accrued and unpaid dividends for all completed dividend periods with respect to that preferred stock or capital security, as applicable, have been paid.

In addition, we have outstanding junior subordinated debentures associated with certain capital securities. The terms of these debentures permit us to defer interest payments on the debentures for up to five years. If we defer interest payments on these debentures, subject to certain important exceptions, we may not declare or pay any dividends or distributions on, redeem, purchase, acquire or a make a liquidation payment with respect to any of our common stock during the deferral period.

Dividends from our subsidiary banks are the primary source of funds for payment of dividends to our stockholders, and there are statutory limits on the amount of dividends that our subsidiary banks can pay to us without regulatory approval. We are a holding company that conducts substantially all of our operations through our bank subsidiaries and other subsidiaries. As a result, our ability to make dividend payments on the common stock depends primarily on certain federal regulatory considerations and the receipt of dividends and other distributions from our subsidiaries. There are various regulatory restrictions on the ability of our banking subsidiaries to pay dividends or make other payments to us, and those restrictions can vary among the different subsidiaries based on performance, capital and other factors.

Further information concerning dividend restrictions and other factors that could limit our ability to pay dividends, including restrictions on loans, dividends or advances from bank subsidiaries to the parent company are included in our Annual Report on Form 10-K.

Other Provisions

The Articles of Incorporation and our Amended and Restated By-Laws (the ñBy-Lawsò) contain various provisions that may discourage or delay attempts to gain control of PNC. The By-Laws include provisions:

Å authorizing the Board to fix the size of the Board between five and 36 directors,

Å authorizing directors to fill vacancies on the Board occurring between annual shareholder meetings, including vacancies resulting from an increase in the number of directors,

Å authorizing only the Board, the Chairman of the Board or the Chief Executive Officer to call a special meeting of shareholders,

Å providing advance notice requirements for director nominations and business to be properly brought before a shareholder meeting, and

Å authorizing a majority of the Board to alter, amend, add to or repeal the By-Laws.

The Articles of Incorporation vest the authority to make, amend and repeal the By-Laws in the Board, subject to the power of our shareholders to change any such action.

Provisions of Pennsylvania law also could make it more difficult for a third party to acquire control of PNC or have the effect of discouraging a third party from attempting to control PNC. The PBCL allows Pennsylvania corporations to elect to either be covered or not be covered by certain ñanti-takeoverò provisions. We have elected in the By-Laws not to be covered by Subchapter G of Chapter 25 of the PBCL, which would otherwise enable existing shareholders of PNC in certain circumstances to block the voting rights of an acquiring person who makes or proposes to make a control-share acquisition. We have also opted out of the protection of Subchapter H of Chapter 25 of the PBCL, which would otherwise enable us to recover certain payments made to shareholders who have evidenced an intent to acquire control of PNC. However, the following provisions of the PBCL do apply to us:

Å shareholders are not entitled to call a special meeting (Section 2521),

Å unless the Articles of Incorporation provide otherwise (which as of the date hereof they do not), action by shareholder consent must be unanimous (Section 2524),

Å shareholders are not entitled to propose an amendment to the Articles of Incorporation (Section 2535),

Å certain transactions with interested shareholders (such as mergers or sales of assets between PNC and a shareholder) where the interested shareholder is a party to the transaction or is treated differently from other shareholders require approval by a majority of the disinterested shareholders (Section 2538),

Å a five-year moratorium exists on certain business combinations with a 20% or more shareholder (Sections 2551-2556), and

Å shareholders have a right to ñputò their shares to a 20% shareholder at a ñfair valueò for a reasonable period after the 20% stake is acquired (Sections 2541-2547).

In addition, in certain instances the ability of the Board to issue authorized but unissued shares of common stock and preferred stock may have an anti-takeover effect.

Existence of the above provisions could result in PNC being less attractive to a potential acquirer, or result in our shareholders receiving less for their shares of common stock than otherwise might be available if there is a takeover attempt.

The ability of a third party to acquire PNC is also limited under applicable banking regulations. The Bank Holding Company Act of 1956 (the ñBank Holding Company Actò) requires any ñbank holding companyò (as defined in the Bank Holding Company Act) to obtain the approval of the Federal Reserve prior to acquiring more than 5% of our outstanding common stock. Any person other than a bank holding company is required to obtain prior approval of the Federal Reserve to acquire 10% or more of our outstanding common stock under the Change in Bank Control Act of 1978. Any person (other than an individual) that seeks to acquire 25% or more of our outstanding common stock, or that would own or control more than 5% of our outstanding common stock and have other relationships that would, pursuant to Federal Reserve regulations or rulings, provide the holder a ñcontrolling influenceò over PNC, also must obtain the prior approval of the Federal Reserve under the Bank Holding Company Act and, if approved, is then subject to regulation as a bank holding company under the Bank Holding Company Act. Furthermore, while we do not have a shareholder rights plan currently in effect, under Pennsylvania law, the Board can adopt a shareholder rights plan without stockholder approval. If adopted, a shareholder rights plan could result in substantial dilution to a person or group that attempts to acquire PNC on terms not approved by the Board.

DESCRIPTION OF PREFERRED STOCK

General

Our authorized capital stock includes 20,000,000 shares of preferred stock, par value $1.00 per share, as reflected in our Articles of Incorporation.

The following summary does not purport to be complete and is qualified in its entirety by reference to the pertinent sections of the Articles of Incorporation and any statements with respect to shares for any series of preferred stock. You should read the Articles of Incorporation, which includes the designations relating to each series of preferred stock.

We have five outstanding series of preferred stock:

Å $1.80 Cumulative Convertible Preferred Stock, Series B, with a per share liquidation preference of $40.00 (ñSeries B Preferred Stockò) (38,542 authorized),

Å Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series O, with a per share liquidation preference of $100,000 (ñSeries O Preferred Stockò) (10,000 authorized),

Å Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series P, with a per share liquidation preference of $100,000 (ñSeries P Preferred Stockò) (15,750 authorized),

Å Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series R, with a per share liquidation preference of $100,000 (ñSeries R Preferred Stockò) (5,000 authorized), and

Å Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series S, with a per share liquidation preference of $100,000 (ñSeries S Preferred Stockò) (5,250 authorized).

The following authorized and issued preferred stock has been redeemed and restored to the status of authorized but unissued preferred stock and is no longer outstanding:

Å 98,583 shares of $1.80 Cumulative Convertible Preferred Stock, Series A ,

Å 1,433,935 shares of $1.60 Cumulative Convertible Preferred Stock, Series C,

Å 1,766,140 shares of $1.80 Cumulative Convertible Preferred Stock, Series D,

Å 338,100 shares of $2.60 Cumulative Nonvoting Preferred Stock, Series E, Å 6,000,000 shares of Fixed/Adjustable Rate Noncumulative Preferred Stock, Series F,

Å 50,000 shares of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series K,

Å 1,500 shares of 9.875% Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series L,

Å 5,001 shares of Non-Cumulative Perpetual Preferred Stock, Series M, and

Å 5,175 shares of Non-Cumulative Perpetual Preferred Stock, Series Q.

The Board is authorized without further shareholder action to cause the issuance of additional shares of preferred stock in one or more series, each with the preferences, limitations, designations, conversion or exchange rights, voting rights, dividend rights, redemption provisions, voluntary and involuntary liquidation rights and other rights as the Board may determine at the time of issuance.

The rights of the holders of our common stock are subject to any rights and preferences of the outstanding series of preferred stock and the preferred stock that may be offered. In addition, the rights of the holders of our common stock and any outstanding series of our preferred stock would be subject to the rights and preferences of any additional shares of preferred stock, or any series thereof, which might be issued in the future.

Summary of Key Terms of Outstanding Preferred Stock

The following is a summary of certain terms of our outstanding preferred stock. To the extent not included in the table, we have also described certain aspects of our outstanding preferred stock below.

Preferred Series	Annual Dividend Rate	Cumulative Dividend	Conversion Rate	Voting Right (Based on Conversion Rate)	Liquidation Value per Share	Redeemable
B	$1.80	Yes	1 preferred: 8 common	Yes	$ 40	No
O	(1)	No	None	(1)	$ 100,000	(1)
P	(1)	No	None	(1)	$ 100,000	(1)
R	(1)	No	None	(1)	$ 100,000	(1)
S	(1)	No	None	(1)	$ 100,000	(1)

(1) See discussion of particular terms for this series of preferred stock below.

Computershare Trust Company, N.A., Canton, MA, is the transfer agent and registrar for the outstanding preferred stock. Series B Preferred Stock is currently traded in the over-the-counter market. The Series O, Series R and Series S Preferred Stock are currently traded in the over-the-counter market. The Series P Preferred Stock is listed on the NYSE under the symbol ñPNCPRP.ò The outstanding preferred stock is fully paid and nonassessable. Holders of the outstanding preferred stock have no preemptive rights to subscribe for any additional securities that may be issued by us.

Because we are a holding company, our rights and the rights of holders of our securities, including the holders of preferred stock, to participate in the assets of any PNC subsidiary upon its liquidation or recapitalization will be subject to the prior claims of such subsidiaryôs creditors and preferred shareholders, except to the extent we may be a creditor with recognized claims against such subsidiary or a holder of preferred shares of such subsidiary.

We have elected to offer depositary shares evidenced by depositary receipts for our Series O, Series P, Series R and Series S Preferred Stock. Each depositary share represents a fractional interest (as specified in the prospectus supplement relating to the particular series of preferred stock) in a share of a particular series of preferred stock issued and deposited with a depositary (as defined below). For a further description of the depositary shares, you should read ñ*Description of Depositary Shares*ò below.

Dividends and Other Payments

The holders of the outstanding preferred stock are entitled to receive dividends, if declared by the Board or a duly authorized committee thereof. We will pay dividends to the holders of record as they appear on our stock books on the record dates fixed by the Board or a duly authorized committee thereof.

All series of preferred stock, with respect to the priority of payment of dividends, rank senior to all classes of common stock and any class of preferred stock we issue that specifically provides that it will rank junior to such preferred stock in respect to dividends, whether or not the preferred stock is designated as cumulative or noncumulative. The Board will not declare and pay a dividend on our common stock or on any class or series of our stock ranking subordinate as to dividends to a series of preferred stock (other than dividends payable in our common stock or in any class or series of our stock ranking subordinate as to dividends and assets to such series), until we have paid in full dividends for all past dividend periods on all outstanding senior ranking cumulative preferred stock and have declared a current dividend on all preferred stock ranking senior to that series. If we do not pay in full dividends for any dividend period on all shares of preferred stock ranking equally as to dividends, all such shares will participate ratably in the payment of dividends for that period in proportion to the full amounts of dividends to which they are entitled.

Subject to certain important exceptions, the terms of certain of our outstanding series of capital securities prohibit us from paying dividends on or redeeming, purchasing, acquiring or making a liquidation payment with respect to our preferred stock unless all accrued and unpaid dividends for all completed dividend periods with respect to such capital security have been paid.

In addition, we have outstanding junior subordinated debentures associated with certain capital securities. The terms of these debentures permit us to defer interest payments on the debentures for up to five years. If we defer interest payments on these debentures, subject to certain important exceptions, we may not pay any dividends on, redeem, purchase, acquire or make a liquidation payment with respect to any of our preferred stock during the deferral period.

Dividends from our subsidiary banks are the primary source of funds for payment of dividends to holders of preferred stock, and there are statutory limits on the amount of dividends that our subsidiary banks can pay to us without regulatory approval. We are a holding company that conducts substantially all of our operations through our bank subsidiaries and other subsidiaries. As a result, our ability to make dividend payments on the preferred stock depends on the receipt of dividends and other distributions from our subsidiaries. There are various regulatory restrictions on the ability of our banking subsidiaries to pay dividends or make other payments to us, and those restrictions can vary among the different subsidiaries based on performance, capital and other factors.

Series B Preferred Stock Dividends. Holders of outstanding Series B Preferred Stock are entitled to cumulative dividends at the annual rate set forth above in the table titled ñSummary of Certain Key Terms of Preferred Stock,ò which are payable quarterly when and as declared by the Board.

Series O, Series P, Series R and Series S Preferred Stock Dividends. Dividends on shares of the Series O, Series P, Series R and S Preferred Stock are not mandatory. Holders of such series of preferred stock are entitled to receive, when, as, and if declared by the Board or a duly authorized committee thereof, out of assets legally available for the payment of dividends under Pennsylvania law, non-cumulative cash dividends based on the liquidation preference of such series of preferred stock at a rate equal to:

Å In the case of the Series O Preferred Stock, 6.75% per annum for each semi-annual dividend period from the issue date of the depositary shares to, but excluding, August 1, 2021, payable in arrears on February 1 and August 1 of each year, and three-month LIBOR plus a spread of 3.678% per annum, for each quarterly dividend period from August 1, 2021 through the redemption date of the Series O Preferred Stock, if any, payable in arrears on February 1, May 1, August 1 and November 1 of each year.

Å In the case of the Series P Preferred Stock, 6.125% per annum for each quarterly dividend period from the issue date of the depositary shares to, but excluding, May 1, 2022, and three-month LIBOR plus a spread of 4.0675% per annum, for each quarterly dividend period from May 1, 2022 through the redemption date of the Series P Preferred Stock, if any, payable in arrears on February 1, May 1, August 1 and November 1 of each year.

Â In the case of the Series R Preferred Stock, 4.850% per annum for each semi-annual dividend period from the issue date of the depositary shares to, but excluding, June 1, 2023, payable in arrears on June 1 and December 1 of each year, and three-month LIBOR plus a spread of 3.04% per annum, for each quarterly dividend period from June 1, 2023 through the redemption date of the Series R Preferred Stock, if any, payable in arrears on March 1, June 1, September 1 and December 1 of each year.

Â In the case of the Series S Preferred Stock, 5.000% per annum for each semi-annual dividend period from the issue date of the depositary shares to, but excluding, November 1, 2026, payable in arrears on May 1 and November 1 of each year, and three-month LIBOR plus a spread of 3.30% per annum, for each quarterly dividend period from November 1, 2026 through the redemption date of the Series S Preferred Stock, if any, payable in arrears on February 1, May 1, August 1 and November 1 of each year.

In the event we issue additional shares of any such series of preferred stock after the original issue date, dividends on such shares will accrue from the original issue date of such additional shares.

A dividend period for any such series of preferred stock is the period from and including a dividend payment date to, but excluding, the next dividend payment date. Dividends payable on any such series of preferred stock for the period in which the interest rate is fixed are computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends payable on any such series of preferred stock for any period in which the interest rate is based on three-month LIBOR will be computed based on the actual number of days in a dividend period and a 360-day year. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward. Dividends on any such series of preferred stock will cease to accrue on the redemption date, if any, as described below under ñ*Redemption by PNC*,ò unless we default in the payment of the redemption price of the shares called for redemption.

Dividends on shares of Series O, Series P, Series R and Series S Preferred Stock are not cumulative. Accordingly, if the Board or a duly authorized committee thereof does not declare a dividend payable in respect of any dividend period before the related dividend payment date, such dividend will not accrue and we will have no obligation to pay a dividend for that dividend period on the dividend payment date or at any future time, whether or not dividends on such series of preferred stock are declared for any future dividend period.

During a dividend period with respect to each of the Series O, Series P, Series R and Series S Preferred Stock, so long as any share of such series remains outstanding, (i) no dividend will be declared or paid or set aside for payment and no distribution will be declared or made or set aside for payment on any junior stock (other than (a) a dividend payable solely in such junior stock or (b) any dividend in connection with the implementation of a shareholdersô rights plan, or the redemption or repurchase of any rights under any such plan), (ii) no shares of junior stock will be repurchased, redeemed or otherwise acquired for consideration by us (other than (a) as a result of a reclassification of such junior stock for or into other such junior stock, (b the exchange or conversion of one share of such junior stock for or into another share of such junior stock, (c) through the use of the proceeds of a substantially contemporaneous sale of other shares of such junior stock, (d) purchases, redemptions or other acquisitions of shares of such junior stock in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers, directors or consultants, (e) purchases of shares of such junior stock pursuant to a contractually binding requirement to buy such junior stock existing prior to the preceding dividend period, including under a contractually binding stock repurchase plan, or (f) the purchase of fractional interests in shares of such junior stock pursuant to the conversion or exchange provisions of such stock or the security being converted or exchanged), nor will any monies be paid to or made available for a sinking fund for the redemption of any such securities by us and (iii) no shares of parity stock will be repurchased, redeemed or otherwise acquired for consideration by us otherwise than pursuant to pro rata offers to purchase all, or a pro rata portion, of the applicable series of preferred stock and such parity stock except by conversion into or exchange for junior stock, unless, in each case of clause (i) through (iii) above, the full dividends for the preceding dividend period on all outstanding shares of Series O, Series P, Series R or Series S Preferred Stock, as applicable, have been declared and paid or declared and a sum sufficient for the payment thereof has been set aside.

As used in this description, (i) ñjunior stockò means our common stock and any other class or series of our stock hereafter authorized over which the Series O, Series P, Series R or Series S Preferred Stock, as applicable, has preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of PNC and (ii) "parity stock" means any other class or series of our stock that ranks on parity with the Series O, Series P, Series R or Series S Preferred Stock, as applicable, in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of PNC. The following series of preferred stock are considered parity stock: Series B, Series O, Series P, Series R and Series S Preferred Stock, and Series H and Series I Preferred Stock, if issued.

When dividends are not paid in full upon the shares of Series O, Series P, Series R or Series S Preferred Stock, as applicable, and any parity stock, all dividends declared upon shares of such series of preferred stock and any parity stock will be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for such series of preferred stock, and accrued dividends, including any accumulations, on any parity stock, bear to each other for the then-current dividend period.

Dividends on the Series R and Series S Preferred Stock will not be declared, paid or set aside for payment to the extent such act would cause us to fail to comply with the laws and regulations applicable to us, including applicable capital adequacy guidelines.

Subject to the foregoing, and not otherwise, dividends (payable in cash, stock or otherwise), as may be determined by the Board or a duly authorized committee thereof, may be declared and paid on our common stock and any other stock ranking equally with or junior to any of the Series O, Series P, Series R or Series S Preferred Stock from time to time out of any assets legally available for such payment, and the holders of Series O, Series P, Series R and Series S Preferred Stock shall not be entitled to participate in any such dividend.

Voting

Except as provided herein or in the applicable statement with respect to shares, or as required by applicable law, the holders of preferred stock are not be entitled to vote. Except as otherwise required by law or provided by the Board and described in the applicable statement with respect to shares, holders of preferred stock having voting rights and holders of common stock vote together as one class. Holders of preferred stock do not have cumulative voting rights. We are not required to obtain any consent of the holders of preferred stock of a given series in connection with the authorization, designation, increase or issuance of any shares of preferred stock that rank junior or equal to the preferred stock of such series with respect to dividends and liquidation rights.

Right to Elect Two Directors upon Nonpayment of Dividends. If we have failed to pay, or declare and set apart for payment, dividends on all outstanding shares of preferred stock in an amount that equals six quarterly dividends at the applicable dividend rate for such preferred stock, whether or not cumulative, then the number of directors on the Board will be increased by two at the first annual meeting of shareholders held thereafter, and at such meeting and each subsequent annual meeting held until cumulative dividends payable for all past dividend periods and continuous noncumulative dividends for at least one year on all outstanding shares of preferred stock entitled thereto shall have been paid, or declared and set apart for payment, in full, the holders of all outstanding preferred stock voting together as a class will be entitled to elect those two additional directors to hold office for a term of one year. Upon such payment, or declaration and setting apart for payment, in full, the terms of the two additional directors will end, the number of directors on the Board will be reduced by two and such voting rights of the holders of preferred stock will end, subject to an increase in the number of directors on the Board as described above and the revesting of this voting right in the event of each and every additional failure in the payment of dividends in an amount equal to six quarterly dividends as described above.

Under interpretations adopted by the Federal Reserve or its staff, if the holders of preferred stock of any series become entitled to vote for the election of directors because dividends on such series are in arrears as described above, that series may then be deemed a "class of voting securities" and a holder (other than an individual) of 25% or more of such series (or a holder of 5% or more if it otherwise exercises a "controlling influence" over PNC) may then be subject to regulation as a bank holding company in accordance with the Bank Holding Company Act. In addition, when the series is deemed a class of voting securities, any other bank holding company may be required to obtain the prior approval of the Federal Reserve to acquire or retain more than 5% of that series, and any person other than a bank holding company may be required to obtain the prior approval of the Federal Reserve to acquire or retain 10% or more of that series.

Voting Rights under Pennsylvania Law. The PBCL attaches mandatory voting rights to preferred stock in connection with certain amendments to a companyôs articles of incorporation, providing that the holders of preferred stock of a particular series would be entitled to vote as a class if the amendment would:

- authorize the Board to fix and determine the relative rights and preferences, as between series, of any preferred or special class,

- make any change in the preferences, limitations or special rights (other than preemptive rights or the right to vote cumulatively) of the shares of a class or series adverse to the class or series,

- authorize a new class or series of shares having a preference as to dividends or assets which is senior to the shares of a class or series,

- increase the number of authorized shares of any class or series having a preference as to dividends or assets which is senior in any respect to the shares of a class or series, or

- make the outstanding shares of a class or series redeemable by a method that is not pro rata, by lot or otherwise equitable.

Holders of outstanding shares of preferred stock are also entitled under Pennsylvania law to vote as a class on a plan of merger that effects any change in the companyôs articles of incorporation if the holders would have been entitled to a class vote under the statutory provision relating to the adoption of articles amendments discussed above.

Series B Preferred Stock Voting. Holders of outstanding Series B Preferred Stock are entitled to a number of votes equal to the number of full shares of common stock into which their preferred stock is convertible. Unless we receive the consent of the holders of at least two-thirds of the outstanding shares of preferred stock of all series, we will not:

- create or increase the authorized number of shares of any class of stock ranking senior to the preferred stock as to dividends or assets, or

- change the preferences, qualifications, privileges, limitations, restrictions or special or relative rights of the preferred stock in any material respect adverse to the holders of the preferred stock.

Series O, Series P, Series R and Series S Preferred Stock Voting. Except as described above or otherwise herein or in the applicable statement with respect to shares, or as required by applicable law, holders of the Series O, Series P, Series R and Series S Preferred Stock have no voting rights.

So long as any shares of the Series O, Series P, Series R or Series S Preferred Stock, as applicable, remain outstanding, the affirmative vote or consent of the holders of at least two-thirds of all outstanding shares of the series, voting separately as a class, shall be required to:

- authorize or increase the authorized amount of, or issue shares of, any class or series of stock ranking senior to such series of preferred stock with respect to dividends or the distribution of assets upon liquidation, dissolutions or winding up of PNC,

- issue any obligation or security convertible into or evidencing the right to purchase any class or series of stock ranking senior to such series of preferred stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of PNC,

- amend the provisions of the Articles of Incorporation so as to adversely affect the powers, preferences, privileges or rights of such series of preferred stock, taken as a whole, or

- consolidate with or merge into any other corporation unless the shares of such series of preferred stock outstanding at the time of such consolidation or merger or sale are converted into or exchanged for preference securities having such rights, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of such series of preferred stock, taken as a whole.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Series O, Series P, Series R or Series S Preferred Stock, as applicable, have been redeemed or called for redemption upon proper notice and sufficient funds shall have been set aside by us for the benefit of the holders of such series of preferred stock to effect such redemption.

Liquidation of PNC

In the event of the voluntary or involuntary liquidation of PNC, the holders of each outstanding series of preferred stock will be entitled to receive liquidating distributions before any distribution is made to the holders of our common stock or of any class or series of our stock ranking subordinate to that series, in the amount fixed by the Board for that series and described in the applicable statement with respect to shares, plus, if dividends on that series are cumulative, accrued and unpaid dividends.

Subject to certain important exceptions, the terms of certain of our outstanding capital securities prohibit us from making a liquidation payment with respect to our preferred stock unless all accrued and unpaid dividends for all completed dividend periods with respect to that capital security have been paid.

In addition, we have outstanding junior subordinated debentures associated with certain capital securities. The terms of these debentures permit us to defer interest payments on the debentures for up to five years. If we defer interest payments on these debentures, subject to certain important exceptions, we may not make a liquidation payment with respect to any of our preferred stock during the deferral period.

Redemption by PNC

Subject to certain important exceptions, the terms of certain of our outstanding capital securities prohibit us from redeeming our preferred stock unless all accrued and unpaid dividends for all completed dividend periods with respect to that capital security have been paid.

In addition, we have outstanding junior subordinated debentures associated with certain capital securities. The terms of these debentures permit us to defer interest payments on the debentures for up to five years. If we defer interest payments on these debentures, subject to certain important exceptions, we may not redeem any of our preferred stock during the deferral period.

Redemption of preferred stock is generally subject to prior regulatory approval.

Series B Preferred Stock Redemption. The Series B Preferred Stock are not currently redeemable nor entitled to the benefit of any retirement or sinking fund to be applied to the purchase or redemption of such shares.

Series O, Series P, Series R and Series S Preferred Stock Redemption. The Series O, Series P, Series R and Series S Preferred Stock are not subject to any mandatory redemption, sinking fund or other similar provisions, and the holders of such series of preferred stock have no right to require the redemption or repurchase of such series of preferred stock (or any depositary shares representing such series of preferred stock).

The Series O Preferred Stock is redeemable at our option, in whole or part, on any dividend payment date on or after August 1, 2021, at a redemption price equal to $100,000 per share (equivalent to $1,000 per depositary share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

The Series P Preferred Stock is redeemable at our option, in whole or in part, from time to time, on any dividend payment date on or after May 1, 2022, at a redemption price equal to $100,000 per share (equivalent to $25.00 per depositary share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

The Series R Preferred Stock is redeemable at our option, in whole or in part, from time to time, on any dividend payment date on or after June 1, 2023, at a redemption price equal to $100,000 per share (equivalent to $1,000 per depositary share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

The Series S Preferred Stock is redeemable at our option, in whole or in part, from time to time, on any dividend payment date on or after November 1, 2026, at a redemption price equal to $100,000 per share (equivalent to $1,000 per depositary share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

We may redeem shares of the Series O, Series P, Series R or Series S Preferred Stock at any time within 90 days following the occurrence of a regulatory capital treatment event (as defined below), in whole but not part, at a redemption price equal to $100,000 per share of preferred stock (equivalent to $1,000 per depositary share in the case of the Series O, Series R and Series S Preferred Stock and $25.00 per depositary share in the case of the Series P Preferred Stock), plus any declared and unpaid dividends and any accrued and unpaid dividends on the shares of preferred stock called for redemption up to the redemption date. A ñregulatory capital treatment eventò means the good faith determination by us that, as a result of (i) any amendment to, or change in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any share of the applicable series of preferred stock; (ii) any proposed change in those laws or regulations that is announced after the initial issuance of any share of the applicable series of preferred stock; or (iii) any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced after the initial issuance of any share of the applicable series of preferred stock, there is more than an insubstantial risk that we will not be entitled to treat the full liquidation value of the shares of the applicable series of preferred stock then outstanding as ñTier 1 capitalò (or its equivalent) for purposes of the regulatory capital rules of the Federal Reserve (or, as and if applicable, the regulatory capital regulations of any successor appropriate federal banking agency), as then in effect and applicable, for as long as any share of the applicable series of preferred stock is outstanding.

Our ability to redeem the Series O, Series P, Series R or Series S Preferred Stock, as applicable, may be limited if PNCôs regulatory capital levels would not meet or exceed the applicable regulatory minimums plus our SCB as established by the Federal Reserve. Our ability to redeem the Series O, Series P, Series R or Series S Preferred Stock, as applicable, also may be subject to other limitations or restrictions imposed by the Federal Reserve and is subject to the satisfaction of any conditions set forth in the regulatory capital rules of the Federal Reserve applicable to the redemption of such series of preferred stock.

Conversion

Series B Preferred Stock. Holders of outstanding Series B Preferred Stock currently are entitled to the conversion privileges set forth above in the table titled ñSummary of Certain Key Terms of Preferred Stock.ò Series B Preferred Stock is convertible into our common stock (unless called for redemption and not converted within the time allowed therefor) at any time at the option of the holder. No adjustment will be made for dividends on preferred stock converted or on common stock issuable upon conversion. The conversion rate of Series B Preferred Stock will be adjusted in certain events, including payment of stock dividends on, or splits or combinations of, the common stock or issuance to holders of common stock of rights to purchase common stock at a price per share less than 90% of current market price as defined in the Articles of Incorporation. Appropriate adjustments in the conversion provisions also will be made in the event of certain reclassifications, consolidations or mergers or the sale of substantially all of the assets of PNC.

Series O, Series P, Series R and Series S Preferred Stock Conversion. The Series O, Series P, Series R and Series S Preferred Stock are not currently entitled to any conversion privileges.

DESCRIPTION OF DEPOSITARY SHARES

We have elected to offer fractional interests in the Series O, Series P, Series R and Series S Preferred Stock, rather than whole shares of preferred stock as follows:

- Depositary Shares, each representing a 1/100 interest in a share of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series O,
- Depositary Shares Each Representing a 1/4,000 interest in a Share of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series P,
- Depositary Shares, each representing a 1/100 interest in a share of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series R, and
- Depositary Shares, each representing a 1/100 interest in a share of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series S.

We have provided for the issuance by a depositary to the public of receipts for depositary shares, and each of these depositary shares represents a fraction of a share of a particular series of preferred stock.

The shares of any series of preferred stock underlying the depositary shares are deposited under a deposit agreement between us and a depositary selected by us. The depositary is a bank or trust company and will have its principal office in the United States and a combined capital and surplus of at least $50,000,000. The prospectus supplement relating to a series of depositary shares will set forth the name and address of the depositary. Subject to the terms of the deposit agreement, each owner of a depositary share will be entitled, in proportion to the applicable fractional interest in a share of preferred stock underlying that depositary share, to all the rights and preferences of the preferred stock underlying that depositary share. Those rights include dividend, voting, redemption, conversion and liquidation rights.

The depositary shares are evidenced by depositary receipts issued under the deposit agreement.

Dividends and Other Distributions

The depositary will distribute all cash dividends or other cash distributions received in respect of the preferred stock to the record holders of related depositary shares in proportion to the number of depositary shares owned by those holders.

If we make a distribution other than in cash, the depositary will distribute property received by it to the record holders of depositary shares that are entitled to receive the distribution, unless the depositary determines that it is not feasible to make the distribution. If this occurs, the depositary may, with our approval, sell the property and distribute the net proceeds from the sale to the applicable holders.

Redemption of Depositary Shares

Whenever we redeem shares of preferred stock that are held by the depositary, the depositary will redeem, as of the same redemption date, the number of depositary shares representing the shares of preferred stock so redeemed. The redemption price per depositary share will be equal to the applicable fraction of the redemption price per share payable with respect to that series of preferred stock. If fewer than all the depositary shares are to be redeemed, the depositary will select the depositary shares to be redeemed by lot or pro rata as may be determined by the depositary.

Depositary shares called for redemption will no longer be outstanding after the applicable redemption date, and all rights of the holders of these depositary shares will cease, except the right to receive any money or other property upon surrender to the depositary of the depositary receipts evidencing those depositary shares.

Voting the Preferred Stock

Upon receipt of notice of any meeting at which the holders of preferred stock are entitled to vote, the depositary will mail the information contained in the notice of meeting to the record holders of depositary shares representing shares of such preferred stock. Each record holder of those depositary shares on the record date (which will be the same date as the record date for the preferred stock) will be entitled to instruct the depositary as to the exercise of the voting rights pertaining to the amount of preferred stock underlying that holderôs depositary shares. The depositary will try, insofar as practicable, to vote the number of shares of preferred stock underlying those depositary shares in accordance with those instructions, and we will agree to take all action which the depositary deems necessary in order to enable the depositary to do so. The depositary will not vote the shares of preferred stock to the extent it does not receive specific instructions from the holders of depositary shares representing shares of such preferred stock.

Conversion of Preferred Stock

If a series of the preferred stock underlying the depositary shares is convertible into shares of our common stock or any other class of our capital securities, we will accept the delivery of depositary receipts to convert the preferred stock using the same procedures as those for delivery of certificates for the preferred stock. If the depositary shares represented by a depositary receipt are to be converted in part only, the depositary will issue a new depositary receipt or depositary receipts for the depositary shares that are not converted.

Amendment and Termination of the Deposit Agreement

We and the depositary may amend the form of depositary receipt evidencing the depositary shares and any provision of the deposit agreement at any time. However, any amendment that materially and adversely alters the rights of the holders of depositary shares will not be effective unless the amendment has been approved by the holders of at least a majority of the depositary shares then outstanding. We or the depositary may terminate the deposit agreement only if (i) all outstanding depositary shares have been redeemed or (ii) there has been a final distribution of the underlying preferred stock in connection with any liquidation, dissolution or winding up of PNC.

Charges of Depositary

We will pay all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangements. We will also pay charges of the depositary in connection with the initial deposit of the preferred stock and any redemption of the preferred stock. Holders of depositary shares will pay other transfer and other taxes and governmental charges and such other charges as are expressly provided in the deposit agreement to be for their accounts.

Resignation and Removal of Depositary

The depositary may resign at any time by delivering to us notice of its election to do so, and we may remove the depositary at any time. Any such resignation or removal will take effect only upon the appointment of a successor depositary and its acceptance of its appointment. The successor depositary must be a bank or trust company having its principal office in the United States and having a combined capital and surplus of at least $50,000,000.

Miscellaneous

The depositary will forward to the holders of depositary shares all reports and communications that we deliver to the depositary and that we are required to furnish to the holders of the preferred stock.

Neither we nor the depositary will be liable if we are prevented or delayed by law or any circumstance beyond our control in performing our obligations under the deposit agreement. Our obligations and the obligations of the depositary under the deposit agreement will be limited to performance in good faith of our respective duties under the deposit agreement. Neither we nor the depositary will be obligated to prosecute or defend any legal proceeding relating to any depositary shares or preferred stock unless satisfactory indemnity is furnished. Both we and the depositary may rely upon written advice of counsel or accountants, or upon information provided by holders of depositary shares or other persons we believe to be competent, and on documents we believe to be genuine. The depositary may also rely on information provided by us.

Exhibit 10.31.1

TIME SHARING AGREEMENT

This Time Sharing Agreement (the "**Agreement**") is entered into as of November 15, 2017 by and between The PNC Financial Services Group, Inc., a Pennsylvania corporation, with offices at The Tower at PNC Plaza, 300 Fifth Avenue, Pittsburgh, PA 15222-2401 ("**Lessor**"), and William S. Demchak, with a business address of The Tower at PNC Plaza, 300 Fifth Avenue, Pittsburgh, PA 15222-2401 ("**Lessee**").

RECITALS

WHEREAS, Lessor is the owner and operator of certain aircraft, a list of which is attached as Schedule A hereto (hereinafter referred to individually and collectively as the "**PNC Aircraft**");

WHEREAS, Lessor employs a fully qualified flight crew to operate the PNC Aircraft; and

WHEREAS, Lessor and Lessee desire to lease said PNC Aircraft with flight crew on a non-exclusive time-sharing basis as defined in Section 91.501(c)(1) of the Federal Aviation Regulations ("**FAR**");

The parties agree as follows:

1. Lessor agrees to lease the PNC Aircraft to Lessee pursuant to the provisions of FAR 91.501(c)(1) and to provide a fully qualified flight crew for all operations. This Agreement shall commence on the date hereof (the "**Effective Date**"), and continue for the remaining portion of the Calendar Year ("**Calendar Year**" being defined as the period beginning January 1st of each year and ending December 31st of the same year). Thereafter, this Agreement shall automatically renew on January 1st of each subsequent Calendar Year, unless and until terminated pursuant to the terms of this Agreement. Except as otherwise provided in Section 9, either party may at any time terminate this Agreement upon thirty (30) days written notice to the other party.

2. Lessee shall pay Lessor the incremental cost of each flight conducted under this Agreement, including the cost of any "deadhead" flights made for Lessee, calculated in accordance with Lessor's Aviation Policy and Aviation Procedures. Such cost shall in no event exceed the sum of the following expenses authorized by FAR Part 91.501(d):

   (a) Fuel, oil, lubricants, and other additives;

   (b) Travel expenses of the crew, including food, lodging and ground transportation;

   (c) Hangar and tie down costs away from the PNC Aircraft's base of operation;

   (d) Insurance obtained for the specific flight;

(e) Landing fees, airport taxes, and similar assessments;

(f) Customs, foreign permit, and similar fees directly related to the flight;

(g) In-flight food and beverages;

(h) Passenger ground transportation;

(i) Flight planning and weather contract services; and

(j) An additional charge equal to 100 percent of the expenses listed in 2.(a) above.

3. Lessor will pay all expenses related to the operation of the PNC Aircraft when incurred, and will provide an invoice to Lessee for the expenses enumerated in paragraph 2 above within ten business days of the last day of the month in which any flight or flights for the account of Lessee occur. Lessee shall pay Lessor for said expenses within thirty (30) calendar days of receipt of the invoice therefore.

Lessee shall include with each payment any federal transportation excise tax due with respect to such payment, and Lessor shall be responsible for collecting, reporting and remitting such tax to the U.S. Internal Revenue Service.

4. Lessee will provide Lessor with requests for flight time and proposed flight schedules as far in advance of any given flight as possible, and in any case, at least twenty-four (24) hours in advance of Lessee's planned departure. Requests for flight time shall be in a form, whether written or oral, mutually convenient to, and agreed upon by the parties. In addition to the proposed schedules and flight times, Lessee shall provide at least the following information for each proposed flight at some time prior to scheduled departure as required by the Lessor or Lessor's flight crew:

(a) proposed departure point;

(b) destination;

(c) date and time of flight;

(d) the number of anticipated passengers;

(e) the nature and extent of luggage and/or cargo to be carried;

(f) the date and time of return flight, if any; and

(g) any other information concerning the proposed flight that may be pertinent or required by Lessor or Lessor's flight crew.

5. Lessor shall have final authority over the scheduling of the PNC Aircraft; provided, that Lessor will use its best efforts to accommodate Lessee's needs and to avoid conflicts in scheduling, consistent with the Lessor's use of the PNC Aircraft in connection with its business operations. Lessor shall have no obligation under this Agreement to arrange for or to provide air travel in the event that the PNC Aircraft is unavailable to satisfy Lessee's requests for flight time.

6. Lessor shall be solely responsible for securing repairs, maintenance, preventive maintenance and required or otherwise necessary inspections of the PNC Aircraft, and shall take such requirements into account in scheduling the PNC Aircraft. No repair, period of maintenance, preventive maintenance, or inspection shall be delayed or postponed for the purpose of scheduling the PNC Aircraft, unless said repair, maintenance, or inspection can be safely conducted at a later time in compliance with all applicable laws and regulations, and within the sound discretion of the pilot in command. The pilot in command shall have final and complete authority to delay or cancel any flight for any reason or condition which in his judgment would compromise the safety of the flight. No such action of the pilot in command shall create or support any liability for loss, injury, damage, or delay to Lessee or any other person.

7. Lessor shall employ, pay for and provide to Lessee a qualified flight crew for each flight undertaken under this Agreement.

8. In accordance with applicable FAR, the qualified flight crew provided by Lessor will exercise all of its duties and responsibilities in regard to the safety of each flight conducted hereunder. Lessee specifically agrees that the flight crew, in its sole discretion, may terminate any flight, refuse to commence any flight, or take other action which in the considered judgment of the pilot in command is necessitated by considerations of safety. No such action of the pilot in command shall create or support any liability for loss, injury, damage, or delay to Lessee or any other person. The parties further agree that Lessor shall not be liable for delay or failure to furnish the PNC Aircraft and crew pursuant to this Agreement when such failure is caused by the demands of the Lessor's business operations requiring its use of the PNC Aircraft, government regulation or authority, mechanical difficulty, war, civil commotion, strikes or labor disputes, weather conditions, or acts of God.

9. At all times during the term of this Lease, Lessor shall maintain the following insurance coverages from insurance carriers acceptable to Lessee:

(a) PNC Aircraft Physical Damage insurance in an amount at least equal to the fair market value of the PNC Aircraft; and

(b) PNC Aircraft Liability Insurance – Combined Single Limit Bodily Injury and Property Damage, Including Passengers, of at least $100,000,000 for each occurrence. Such coverage shall:

i. Be primary, non-contributing with any insurance maintained by Lessee;

ii. Name Lessee and his guests as additional insureds;

iii. Expressly waive subrogation against Lessee; and

iv. Provide at least thirty (30) days advance written notice to Lessee of any material changes, cancellation, or non-renewal.

Lessor shall furnish Lessee with duly executed certificates evidencing all required insurance coverages, limits and requirements, together with satisfactory evidence of the premium payment as of the effective date of this Agreement. Lessor shall provide certificates of insurance upon each renewal no less than thirty (30) days prior to coverage expiration. Lessee's acceptance of such certificates is not to be construed as any waiver of Lessee's rights to the insurance required. Further, if Lessee fails for any reason to receive certificates or other evidence of insurance from Lessor, such failure shall not be deemed a waiver of required coverage. Lessee retains the right to terminate this Agreement immediately if Lessor fails to provide adequate and proper evidence of required insurance.

Lessor shall also bear the cost of paying any deductible amount on any policy of insurance in the event of a claim or loss.

Each liability policy shall be primary without right of contribution from any other insurance which is carried by Lessee or Lessor and shall expressly provide that all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured.

Lessor warrants that this Agreement has been reviewed by the insurance carrier for each policy of insurance on the PNC Aircraft and that the relevant terms and conditions of this Agreement are acceptable to each such carrier.

10. Lessee warrants that:

(a) He will use the PNC Aircraft for and on account of his and his guests' personal travel needs and will not use the PNC Aircraft for the purpose of providing transportation of passengers or cargo in air commerce for compensation or hire; and

(b) He will refrain from incurring any mechanics or other lien and shall not attempt to convey, mortgage, assign or lease the PNC Aircraft or create any kind of lien or security interest involving the PNC Aircraft or do anything or take any action that might mature into such a lien.

11. For purposes of this Agreement, the permanent base of operation of the PNC Aircraft shall be 25 Allegheny County Airport, West Mifflin, PA 15122.

12. Neither this Agreement nor any party's interest herein shall be assignable. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their representatives and successors. This Agreement constitutes the entire understanding between the parties, and any change or modification must be in writing and signed by both parties.

13. All communications and notices provided for herein shall be in writing and shall become effective when delivered by facsimile transmission (to Lessor at [redacted] or to Lessee at [redacted]) or by Federal Express or other overnight courier or four (4) days following deposit in the United States mail, with correct postage for first-class mail prepaid, addressed to Lessor or Lessee at their respective addresses set forth above, or else as otherwise directed by the other party from time to time in writing.

14. This Agreement is entered into under, and is to be construed in accordance with, the laws of the Commonwealth of Pennsylvania and the applicable FAR.

15. TRUTH IN LEASING STATEMENT

THE PNC AIRCRAFT HAVE BEEN MAINTAINED AND INSPECTED UNDER FAR PART 91 DURING THE 12 MONTH PERIOD PRECEDING THE DATE OF THIS AGREEMENT.

THE PNC AIRCRAFT WILL BE MAINTAINED AND INSPECTED UNDER FAR PART 91 FOR OPERATIONS TO BE CONDUCTED UNDER THIS AGREEMENT. DURING THE DURATION OF THIS AGREEMENT, THE PNC FINANCIAL SERVICES GROUP, INC., ONE PNC PLAZA, 249 FIFTH AVENUE, PITTSBURGH, PA 15222-2707, IS CONSIDERED RESPONSIBLE FOR OPERATIONAL CONTROL OF THE PNC AIRCRAFT UNDER THIS AGREEMENT.

AN EXPLANATION OF FACTORS BEARING ON OPERATIONAL CONTROL AND PERTINENT FEDERAL AVIATION REGULATIONS CAN BE OBTAINED FROM THE NEAREST FAA FLIGHT STANDARDS DISTRICT OFFICE.

THE "INSTRUCTIONS FOR COMPLIANCE WITH TRUTH IN LEASING REQUIREMENTS" ATTACHED HERETO IN EXHIBIT B ARE INCORPORATED HEREIN BY REFERENCE.

THE UNDERSIGNED, AS A DULY AUTHORIZED OFFICER OF THE PNC

FINANCIAL SERVICES GROUP, INC., THE TOWER AT PNC PLAZA, 300 FIFTH AVENUE, PITTSBURGH, PA 15222-2401, CERTIFIES THAT IT IS RESPONSIBLE FOR OPERATIONAL CONTROL OF THE PNC AIRCRAFT AND THAT IT UNDERSTANDS ITS RESPONSIBILITIES FOR COMPLIANCE WITH APPLICABLE FEDERAL AVIATION REGULATIONS.

[SIGNATURE BLOCK IS ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Agreement, intending to be legally bound.

THE PNC FINANCIAL SERVICES GROUP, INC.
(LESSOR)

By: /s/Christi Davis

Name: Christi Davis
Title: Corporate Secretary
Date: 11/15/17

WILLIAM S. DEMCHAK
(LESSEE)

/s/William Demchak

Date: 11/15/17

Exhibit 10.31.2

TIME SHARING AGREEMENTS AMENDMENT AND TERMINATION AGREEMENT

This Time Sharing Agreements Amendment and Termination Agreement (the "Amendment and Termination Agreement") to various Time Sharing Agreements between THE PNC FINANCIAL SERVICES GROUP, INC. ("Lessor") and WILLIAM S. DEMCHAK ("Lessee") is made and entered between Lessor and Lessee this 27th day of February, 2020.

WHEREAS, The PNC Financial Services Group, Inc. ("Lessor") and William S. Demchak ("Lessee") have entered into the following Time Sharing Agreements, whereby Lessor agrees to lease aircraft to Lessee pursuant to the provisions of FAR 91.501(c)(1) and to provide a fully qualified flight crew for all such operations:

1.	September 15, 2010	re	N710DL	Challenger 350	S/N 20282	("TSA 1")
2.	March 15, 2016	re	N305DL	Challenger 350	S/N 20608	("TSA 2")
3.	November 15, 2017	re	N513DL	Global 5000	S/N 9786	("TSA 3")

WHEREAS, Lessor and Lessee desire to terminate TSA 1 and TSA 2;

WHEREAS, Lessor and Lessee desire to amend TSA 3 to attach a revised and updated Exhibit A to add certain aircraft to the list of aircraft which are covered by TSA 3 (the aircraft on Exhibit A to be hereinafter referred to individually and collectively as the "PNC Aircraft").

NOW THEREFORE, in consideration of the covenants and agreements herein contained in this Amendment and Termination Agreement and its preamble, which Lessor and Lessee agree constitute good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. – TERMINATION of TSA 1 and TSA 2

1.1 In consideration of and subject to the provisions of this Amendment and Termination Agreement, Lessor and Lessee hereby mutually agree to terminate TSA 1 and TSA 2, such terminations to become effective upon execution of this Amendment and Termination Agreement.

2. – AMENDMENT NO. 1 TO TSA 3

2.1 The changes to TSA 3 between Lessor and Lessee dated November 15, 2017, as set forth in this Section 2, shall be known as "Amendment No. 1."

2.2 In consideration of and subject to the provisions of this Amendment No. 1, Lessor and Lessee hereby mutually agree to amend TSA 3 as follows:

2.2.1 Delete Section 11 in its entirety and replace with, "For purposes of this Agreement, the permanent base of operation of the PNC Aircraft shall be 24 Allegheny County Airport, West Mifflin, PA 15122."

2.2.2 Delete Exhibit A dated November 15, 2017 in its entirety.

2.2.3 Insert Exhibit A dated February ___, 2020, in the form attached to this Amendment and Termination Agreement.

2.3 Definitions. All defined terms used herein and not otherwise defined shall have the meaning given to them in TSA 3, as amended from time to time.

2.4 Miscellaneous.

2.4.1 Except as expressly amended by this Amendment No. 1, TSA 3 remains in full force and effect, and this Amendment No. 1 shall not be construed to alter or amend any of the other terms and conditions set forth in TSA 3. In the event of a conflict between the terms of TSA 3, any Schedules and this Amendment No. 1, the provisions of this Amendment No. 1 shall prevail.

2.4.2 This Amendment No. 1, together with TSA 3 (collectively hereinafter referred to as the "Time Sharing Agreement") constitute the final, complete, and exclusive statement of the terms of the agreement between the parties pertaining to the subject matter of the Time Sharing Agreement and supersede and cancel all prior and contemporaneous understandings or agreements of the parties, whether oral or written. No party has been induced to enter into this Amendment No. 1 by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Amendment No. 1.

3. – OTHER PROVISIONS

3.1 This Amendment and Termination Agreement may be executed in any number of counterparts, and by each of the parties on separate counterparts, each of which, when so executed, shall be deemed an original, but all of which shall constitute but one and the same instrument. Delivery of an executed counterpart of this Amendment and Termination Agreement by facsimile or electronic format shall be equally as effective as delivery of a manually executed counterpart of this Amendment and Termination Agreement. Any party delivering an executed counterpart of this Amendment and Termination Agreement by facsimile or electronic format shall deliver a manually executed counterpart, but the failure to deliver a manually executed counterpart shall not affect the validity, enforceability or binding effect of this Amendment and Termination Agreement.

[Signature Page Follows]

The parties have executed this Time Sharing Agreements Amendment and Termination Agreement, by their authorized representatives, as of the day and year written below.

THE PNC FINANCIAL SERVICES GROUP, **INC. ("Lessor")**

By: /s/Alicia G. Powell
Printed Name: Alicia G. Powell
Title: Corporate Secretary
Date: 2-27-20

Address: The Tower at PNC Plaza
300 Fifth Avenue
Pittsburgh, PA 15222-2401

WILLIAM S. DEMCHAK ("Lessee")

By: /s/William Demchak
Printed Name: William Demchak
Title: CEO
Date: 2/27/20

Address: The Tower at PNC Plaza
300 Fifth Avenue
Pittsburgh, PA 15222-2401

Exhibit 21

THE PNC FINANCIAL SERVICES GROUP, INC.
SCHEDULE OF CERTAIN SUBSIDIARIES
(As of December 31, 2020)

Name	State or Other Jurisdiction of Incorporation or Organization
PNC Bancorp, Inc. (1)	Delaware
PNC Bank, National Association (1)	United States
PNC Equipment Finance, LLC	Delaware
PNC Merchant Services Company	Delaware
PNC NCNVINV, Inc.	Delaware
PNC Investments, LLC	Delaware
PNC Holding, LLC (1)	Delaware
PNC Investment Company, LLC	Delaware
PNC Capital Markets, LLC	Pennsylvania
PNC Capital Finance, LLC	Delaware

(1) The names of the subsidiaries of the indicated entities are omitted because such subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-210994 and 333-228804), Form S-4 (No. 333-155248) and Form S-8 (Nos. 333-156540, 333-18069, 333-65040, 333-136808, 333-172931, 333-156886, 333-177896, 333-134169, 333-139345, 333-143182, 333-177898, 333-156527, 333-198461, 333-210995, 333-229874, 333-238049 and 033-62311) of The PNC Financial Services Group, Inc. of our report dated February 26, 2021 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Pittsburgh, Pennsylvania
February 26, 2021

PricewaterhouseCoopers LLP, 600 Grant Street, Pittsburgh, Pennsylvania 15219
T: (412) 355 6000; F: (412) 355 8089, (412) 391 0609 WMS, www.pwc.com/us

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference of our report dated February 25, 2021, relating to the financial statements of BlackRock, Inc. appearing in Exhibit 99.1 to this Annual Report on Form 10-K of The PNC Financial Services Group, Inc. (the "Corporation") for the year ended December 31, 2020, in the following Registration Statements of the Corporation:

- Form S-3 relating to the Corporation's Dividend Reinvestment and Stock Purchase Plan (No. 333-210994)
- Form S-8 relating to the Corporation's Employee Stock Purchase Plan (Nos. 333-156540, 333-238049, and 033-62311)
- Forms S-8 relating to the Corporation's Supplemental Incentive Savings Plan and the Corporation and Affiliates' Deferred Compensation Plan (Nos. 333-18069, 333-65040, 333-136808, and 333-172931)
- Form S-8 relating to the Corporation's Supplemental Incentive Savings Plan and the Corporation and Affiliates' Deferred Compensation Plan (No. 333-156886)
- Forms S-8 relating to the Corporation's Deferred Compensation and Incentive Plan (Nos. 333-177896 and 333-198461)
- Forms S-8 relating to the Corporation's 2006 Incentive Award Plan (Nos. 333-134169, 333-139345, 333-143182 and 333-177898)
- Form S-8 relating to various National City plans (No. 333-156527)
- Form S-8 relating to the Corporation's 2016 Incentive Award Plan (No. 333-210995)
- Form S-8 relating to the Corporation's Deferred Compensation and Incentive Plan and the Corporation's Directors Deferred Compensation Plan (No. 333-229874)
- Form S-3 relating to the shelf registration statement of debt securities, common stock, preferred stock, purchase contracts, units, warrants and depositary shares to be issued by the Corporation (No. 333-228804)

/s/ Deloitte & Touche LLP
New York, New York
February 25, 2021

Exhibit 24

POWER OF ATTORNEY

The PNC Financial Services Group, Inc.

KNOW ALL PERSONS BY THESE PRESENTS, that each of the undersigned Directors and/or Officers of The PNC Financial Services Group, Inc. (the "Corporation"), a Pennsylvania corporation, hereby names, constitutes and appoints Robert Q. Reilly, Gregory H. Kozich, Laura L. Long and Alicia G. Powell, and each of them, as such person's true and lawful attorney-in-fact with power of substitution and resubstitution to sign in his or her name, place and stead, in any and all capacities, and to do any and all things and execute any and all instruments that such attorney may deem necessary or advisable under the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission (the "Commission"), in connection with the filing with the Commission of an Annual Report on Form 10-K of the Corporation for the fiscal year ended December 31, 2020 (the "2020 Form 10-K"); including specifically, but without limiting the generality of the foregoing, the power and authority to sign his or her name in his or her capacity as a member of the Board of Directors of the Corporation and/or as an Officer of the Corporation to the 2020 Form 10-K and such other form or forms as may be appropriate to be filed with the Commission as he or she may deem appropriate, together with all exhibits thereto, and to any and all amendments or supplements thereto and to any other documents filed with the Commission, as fully for all intents and purposes as he or she might or could do in person, and hereby ratifies and confirms all that said attorney-in-fact and agent, acting alone may lawfully do or cause to be done by virtue hereof.

This Power of Attorney will be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania. The execution of this Power of Attorney is not intended to, and does not, revoke any prior powers of attorney other than the revocation, in accordance with applicable laws, of any power of attorney previously granted specifically in connection with the filing of the 2020 Form 10-K (and any and all related documents, including any amendments or supplements to the 2020 Form 10-K).

IN WITNESS WHEREOF, the following persons have duly signed this Power of Attorney in the capacities indicated as of this 17th day of February, 2021.

Name/Signature	Capacity
/s/ William S. Demchak William S. Demchak	Chairman, Chief Executive Officer and President (Principal Executive Officer) and Director
/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)

/s/ Joseph Alvarado Director
Joseph Alvarado

/s/ Charles E. Bunch Director
Charles E. Bunch

/s/ Debra A. Cafaro Director
Debra A. Cafaro

/s/ Marjorie Rodgers Cheshire Director
Marjorie Rodgers Cheshire

/s/ David L. Cohen Director
David L. Cohen

/s/ Andrew T. Feldstein Director
Andrew T. Feldstein

/s/ Richard J. Harshman Director
Richard J. Harshman

/s/ Daniel R. Hesse Director
Daniel R. Hesse

/s/ Linda R. Medler Director
Linda R. Medler

/s/ Martin Pfinsgraff Director
Martin Pfinsgraff

/s/ Toni Townes-Whitley Director
Toni Townes-Whitley

/s/ Michael J. Ward Director
Michael J. Ward

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, 2020 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 26, 2021

/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, 2020 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 26, 2021

/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, 2020 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 26, 2021

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, 2020 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 26, 2021

Exhibit 99.1

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of BlackRock, Inc.:

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial condition of BlackRock, Inc. and subsidiaries (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, changes in equity, and cash flows, for each of the three years in the period ended December 31, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 25, 2021, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the 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 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 financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the 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.

Impairment of indefinite-lived intangible assets — Refer to Notes 2 and 12 to the financial statements

Critical Audit Matter Description

The Company's indefinite-lived intangible assets are comprised of management contracts and trade names/trademarks acquired in business acquisitions. The Company performs its impairment assessment of its indefinite-lived intangible assets at least annually, as of July 31st. In evaluating whether it is more likely than not that the fair value of indefinite-lived intangibles is less than carrying value, the Company performs certain quantitative assessments and assesses various significant qualitative factors. If an indefinite-lived intangible asset is determined to be more likely than not impaired, the fair value of the asset is then compared with its carrying value and any excess of the carrying value over the fair value would be recognized as an expense in the period in which the impairment occurs. The determination of fair value requires management to make estimates and assumptions related to projected assets under management ("AUM") growth rates, revenue basis points, operating margins, tax rates, and discount rates.

Given the significant judgments made by management to estimate the fair value of its indefinite-lived intangible assets, performing audit procedures to evaluate the reasonableness of management's estimates and assumptions related to projected AUM growth rates, revenue basis points, operating margins, tax rates, and discount rates, required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the determination of fair value of indefinite-lived intangible assets included the following, among others:

- We tested the design, implementation and operating effectiveness of controls over the Company's indefinite-lived intangible asset impairment analysis, including those related to management's determination of fair value for the indefinite-lived intangible asset. This includes controls related to management's projected AUM growth rates, operating margins, tax rates, and the selection of the discount rates.
- We evaluated the reasonableness of management's projected AUM growth rates, revenue basis points, operating margins, and tax rates by comparing management's projections to:
  - historical amounts,
  - internal communications to management and the Board of Directors, and
  - forecasted information included in analyst and industry reports for the Company and certain of its peer companies.
- We evaluated management's ability to accurately project AUM growth rates, operating margins, and tax rates by comparing actual results to management's historical forecasts.
- With the assistance of our fair value specialists, we evaluated the reasonableness of the Company's valuation methodology and assumptions, including the selection of the discount rate by: (1) testing the source information underlying the determination of the discount rate and the mathematical accuracy of the evaluation and (2) developing a range of independent estimates and compared those to the discount rate selected by management.
- We evaluated the impact of changes in management's forecasts from July 31, 2020, the annual impairment assessment date, to December 31, 2020.

/s/ Deloitte & Touche, LLP

New York, New York
February 25, 2021

We have served as the Company's auditor since 2002.

BlackRock, Inc.
Consolidated Statements of Financial Condition

(in millions, except shares and per share data)	December 31, 2020	December 31, 2019
Assets		
Cash and cash equivalents(1)	$ 8,664	$ 4,829
Accounts receivable	3,535	3,179
Investments(1)	6,919	5,489
Separate account assets	104,663	102,844
Separate account collateral held under securities lending agreements	16,507	15,466
Property and equipment (net of accumulated depreciation of $1,098 and $880 at December 31, 2020 and 2019, respectively)	681	715
Intangible assets (net of accumulated amortization of $291 and $185 at December 31, 2020 and 2019, respectively)	18,263	18,369
Goodwill	14,551	14,562
Other assets(1)	3,199	3,169
Total assets	$ 176,982	$ 168,622
Liabilities		
Accrued compensation and benefits	$ 2,499	$ 2,057
Accounts payable and accrued liabilities	1,028	1,167
Borrowings	7,264	4,955
Separate account liabilities	104,663	102,844
Separate account collateral liabilities under securities lending agreements	16,507	15,466
Deferred income tax liabilities	3,673	3,734
Other liabilities(1)	3,692	3,470
Total liabilities	139,326	133,693
Commitments and contingencies (Note 16)		
Temporary equity		
Redeemable noncontrolling interests	2,322	1,316
Permanent equity		
BlackRock, Inc. stockholders' equity		
Common stock, $0.01 par value;	2	2
Shares authorized: 500,000,000 at December 31, 2020 and 2019;		
Shares issued: 172,075,373 and 171,252,185 at December 31, 2020 and 2019, respectively;		
Shares outstanding: 152,532,885 and 154,375,780 at December 31, 2020 and 2019, respectively		
Series B nonvoting participating preferred stock, $0.01 par value;	—	—
Shares authorized: 0 and 150,000,000 at December 31, 2020 and 2019, respectively;		
Shares issued and outstanding: 0 and 823,188 at December 31, 2020 and 2019, respectively		
Additional paid-in capital	19,293	19,186
Retained earnings	24,334	21,662
Accumulated other comprehensive loss	(337)	(571)
Treasury stock, common, at cost (19,542,488 and 16,876,405 shares held at December 31, 2020 and 2019, respectively)	(8,009)	(6,732)
Total BlackRock, Inc. stockholders' equity	35,283	33,547
Nonredeemable noncontrolling interests	51	66
Total permanent equity	35,334	33,613
Total liabilities, temporary equity and permanent equity	$ 176,982	$ 168,622

(1) At December 31, 2020, cash and cash equivalents, investments, other assets and other liabilities include $155 million, $4,253 million, $90 million and $952 million, respectively, related to consolidated variable interest entities ("VIEs"). At December 31, 2019, cash and cash equivalents, investments, other assets and other liabilities include $131 million, $3,301 million, $68 million and $820 million, respectively, related to consolidated VIEs.

See accompanying notes to consolidated financial statements.

BlackRock, Inc.
Consolidated Statements of Income

(in millions, except shares and per share data)	2020	2019	2018
Revenue			
Investment advisory, administration fees and securities lending revenue:			
Related parties	$ 9,079	$ 8,323	$ 8,226
Other third parties	3,560	3,454	3,327
Total investment advisory, administration fees and securities lending revenue	12,639	11,777	11,553
Investment advisory performance fees	1,104	450	412
Technology services revenue	1,139	974	785
Distribution fees	1,131	1,069	1,155
Advisory and other revenue	192	269	293
Total revenue	16,205	14,539	14,198
Expense			
Employee compensation and benefits	5,041	4,470	4,320
Distribution and servicing costs	1,835	1,685	1,675
Direct fund expense	1,063	978	998
General and administration	2,465	1,758	1,638
Restructuring charge	—	—	60
Amortization of intangible assets	106	97	50
Total expense	10,510	8,988	8,741
Operating income	5,695	5,551	5,457
Nonoperating income (expense)			
Net gain (loss) on investments	972	342	1
Interest and dividend income	62	97	104
Interest expense	(205)	(203)	(184)
Total nonoperating income (expense)	829	236	(79)
Income before income taxes	6,524	5,787	5,378
Income tax expense	1,238	1,261	1,076
Net income	5,286	4,526	4,302
Less:			
Net income (loss) attributable to noncontrolling interests	354	50	(3)
Net income attributable to BlackRock, Inc.	$ 4,932	$ 4,476	$ 4,305
Earnings per share attributable to BlackRock, Inc. common stockholders:			
Basic	$ 32.13	$ 28.69	$ 26.86
Diluted	$ 31.85	$ 28.43	$ 26.58
Weighted-average common shares outstanding:			
Basic	153,489,422	156,014,343	160,301,116
Diluted	154,840,582	157,459,546	161,948,732

See accompanying notes to consolidated financial statements.

BlackRock, Inc.
Consolidated Statements of Comprehensive Income

(in millions)	2020	2019	2018
Net income	**$ 5,286**	$ 4,526	$ 4,302
Other comprehensive income (loss):			
Foreign currency translation adjustments(1)	**234**	120	(253)
Other comprehensive income (loss)	**234**	120	(253)
Comprehensive income	**5,520**	4,646	4,049
Less: Comprehensive income (loss) attributable to noncontrolling interests	**354**	50	(3)
Comprehensive income attributable to BlackRock, Inc.	**$ 5,166**	$ 4,596	$ 4,052

(1) Amount for 2020 includes a loss from a net investment hedge of $54 million (net of tax benefit of $17 million). Amounts for 2019 and 2018 include gains from a net investment hedge of $11 million (net of tax expense of $3 million) and $30 million (net of tax expense of $10 million), respectively.

See accompanying notes to consolidated financial statements.

BlackRock, Inc.
Consolidated Statements of Changes in Equity

(in millions)	Additional Paid-in Capital(1)	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock Common	Total BlackRock Stockholders' Equity	Nonredeemable Noncontrolling Interests	Total Permanent Equity	Redeemable Noncontrolling Interests / Temporary Equity
December 31, 2017	$ 19,258	$ 16,939	$ (432)	$ (3,967)	$ 31,798	$ 50	$ 31,848	$ 416
Net income	—	4,305	—	—	4,305	—	4,305	(3)
Dividends declared ($12.02 per share)	—	(1,968)	—	—	(1,968)	—	(1,968)	—
Stock-based compensation	564	—	—	—	564	—	564	—
PNC preferred stock capital contribution	58	—	—	—	58	—	58	—
Retirement of preferred stock	(58)	—	—	—	(58)	—	(58)	—
Issuance of common shares related to employee stock transactions	(652)	—	—	667	15	—	15	—
Employee tax withholdings related to employee stock transactions	—	—	—	(427)	(427)	—	(427)	—
Shares repurchased	—	—	—	(1,660)	(1,660)	—	(1,660)	—
Subscriptions (redemptions/distributions) — noncontrolling interest holders	—	—	—	—	—	9	9	1,254
Net consolidations (deconsolidations) of sponsored investment funds	—	—	—	—	—	—	—	(560)
Other comprehensive income (loss)	—	—	(253)	—	(253)	—	(253)	—
Adoption of new accounting pronouncement	—	6	(6)	—	—	—	—	—
December 31, 2018	$ 19,170	$ 19,282	$ (691)	$ (5,387)	$ 32,374	$ 59	$ 32,433	$ 1,107
Net income	—	4,476	—	—	4,476	7	4,483	43
Dividends declared ($13.20 per share)	—	(2,096)	—	—	(2,096)	—	(2,096)	—
Stock-based compensation	567	—	—	—	567	—	567	—
PNC preferred stock capital contribution	60	—	—	—	60	—	60	—
Retirement of preferred stock	(60)	—	—	—	(60)	—	(60)	—
Issuance of common shares related to employee stock transactions	(549)	—	—	566	17	—	17	—
Employee tax withholdings related to employee stock transactions	—	—	—	(245)	(245)	—	(245)	—
Shares repurchased	—	—	—	(1,666)	(1,666)	—	(1,666)	—
Subscriptions (redemptions/distributions) — noncontrolling interest holders	—	—	—	—	—	2	2	1,456
Net consolidations (deconsolidations) of sponsored investment funds	—	—	—	—	—	(2)	(2)	(1,290)
Other comprehensive income (loss)	—	—	120	—	120	—	120	—
December 31, 2019	$ 19,188	$ 21,662	$ (571)	$ (6,732)	$ 33,547	$ 66	$ 33,613	$ 1,316
Net income	—	4,932	—	—	4,932	(1)	4,931	355
Dividends declared ($14.52 per share)	—	(2,260)	—	—	(2,260)	—	(2,260)	—
Stock-based compensation	622	—	—	—	622	—	622	—
Issuance of common shares related to employee stock transactions	(515)	—	—	532	17	—	17	—
Employee tax withholdings related to employee stock transactions	—	—	—	(297)	(297)	—	(297)	—
Shares repurchased	—	—	—	(1,512)	(1,512)	—	(1,512)	—
Subscriptions (redemptions/distributions) — noncontrolling interest holders	—	—	—	—	—	(14)	(14)	2,065
Net consolidations (deconsolidations) of sponsored investment funds	—	—	—	—	—	—	—	(1,414)
Other comprehensive income (loss)	—	—	234	—	234	—	234	—
December 31, 2020	**$ 19,295**	**$ 24,334**	**$ (337)**	**$ (8,009)**	**$ 35,283**	**$ 51**	**$ 35,334**	**$ 2,322**

(1) Amounts include $2 million of common stock at December 31, 2020, 2019, 2018 and 2017.

See accompanying notes to consolidated financial statements.

BlackRock, Inc.
Consolidated Statements of Cash Flows

(in millions)		2020		2019		2018
Operating activities						
Net income	$	5,286	$	4,526	$	4,302
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:						
Depreciation and amortization		358		296		220
Noncash lease expense		118		109		—
Stock-based compensation		622		567		564
Deferred income tax expense (benefit)		(157)		17		(226)
Charitable Contribution		589		—		—
Gain related to the Charitable Contribution		(122)		—		—
Contingent consideration fair value adjustments		23		53		65
Other investment gains		(244)		(30)		(50)
Net (gains) losses within consolidated sponsored investment products		(501)		(254)		149
Net (purchases) proceeds within consolidated sponsored investment products		(2,282)		(1,746)		(1,938)
(Earnings) losses from equity method investees		(148)		(116)		(94)
Distributions of earnings from equity method investees		32		70		30
Changes in operating assets and liabilities:						
Accounts receivable		(313)		(433)		4
Investments, trading		160		(21)		179
Other assets		(60)		141		(223)
Accrued compensation and benefits		487		58		(230)
Accounts payable and accrued liabilities		(115)		(111)		43
Other liabilities		10		(242)		280
Net cash provided by/(used in) operating activities		3,743		2,884		3,075
Investing activities						
Purchases of investments		(359)		(693)		(327)
Proceeds from sales and maturities of investments		187		417		449
Distributions of capital from equity method investees		183		136		24
Net consolidations (deconsolidations) of sponsored investment funds		(71)		(110)		(51)
Acquisitions, net of cash acquired		—		(1,510)		(699)
Purchases of property and equipment		(194)		(254)		(204)
Net cash provided by/(used in) investing activities		(254)		(2,014)		(808)
Financing activities						
Proceeds from long-term borrowings		2,245		992		—
Repayments of long-term borrowings		—		(1,000)		—
Cash dividends paid		(2,260)		(2,096)		(1,968)
Repurchases of common stock		(1,809)		(1,911)		(2,087)
Net proceeds from (repayments of) borrowings by consolidated sponsored investment products		51		111		40
Net (redemptions/distributions paid)/subscriptions received from noncontrolling interest holders		2,051		1,458		1,263
Other financing activities		(34)		(137)		(13)
Net cash provided by/(used in) financing activities		244		(2,583)		(2,765)
Effect of exchange rate changes on cash, cash equivalents and restricted cash		102		54		(93)
Net increase/(decrease) in cash, cash equivalents and restricted cash		3,835		(1,659)		(591)
Cash, cash equivalents and restricted cash, beginning of year		4,846		6,505		7,096
Cash, cash equivalents and restricted cash, end of year	$	8,681	$	4,846	$	6,505
Supplemental disclosure of cash flow information:						
Cash paid for:						
Interest	$	183	$	193	$	177
Income taxes (net of refunds)	$	1,308	$	1,168	$	1,159
Supplemental schedule of noncash investing and financing transactions:						
Issuance of common stock	$	515	$	549	$	652
PNC preferred stock capital contribution	$	—	$	60	$	58
Charitable Contribution of an investment	$	(589)	$	—	$	—
Increase/(decrease) in noncontrolling interests due to net consolidation (deconsolidation) of sponsored investment funds	$	(1,414)	$	(1,292)	$	(560)

See accompanying notes to consolidated financial statements.

1. Business Overview

BlackRock, Inc. (together, with its subsidiaries, unless the context otherwise indicates, "BlackRock" or the "Company") is a leading publicly traded investment management firm providing a broad range of investment and technology services to institutional and retail clients worldwide.

BlackRock's diverse platform of alpha-seeking active, index and cash management investment strategies across asset classes enables the Company to tailor investment outcomes and asset allocation solutions for clients. Product offerings include single- and multi-asset portfolios investing in equities, fixed income, alternatives and money market instruments. Products are offered directly and through intermediaries in a variety of vehicles, including open-end and closed-end mutual funds, *iShares®* exchange-traded funds ("ETFs"), separate accounts, collective trust funds ("CTFs") and other pooled investment vehicles. BlackRock also offers technology services, including the investment and risk management technology platform, *Aladdin®*, Aladdin Wealth, eFront, Cachematrix and FutureAdvisor, as well as advisory services and solutions to a broad base of institutional and wealth management clients.

2. Significant Accounting Policies

Basis of Presentation

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and include the accounts of the Company and its controlled subsidiaries. Noncontrolling interests ("NCI") on the consolidated statements of financial condition represents the portion of consolidated sponsored investment funds in which the Company does not have direct equity ownership. Accounts and transactions between consolidated entities have been eliminated.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting periods. Actual results could differ from those estimates.

Certain prior period presentations and disclosures, while not required to be recast, were reclassified to ensure comparability with current period classifications.

Accounting Pronouncements Adopted in 2020

Measurement of Credit Losses. In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-13, *Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which significantly changes the accounting and disclosures for credit losses for most financial assets. The new guidance requires an estimate of expected lifetime credit losses and eliminates the existing recognition thresholds under current guidance. The adoption of ASU 2016-13, which was effective for the Company on January 1, 2020, did not have a material impact on its consolidated financial statements.

Cash and Cash Equivalents. Cash and cash equivalents primarily consists of cash, money market funds and short-term, highly liquid investments with original maturities of three months or less in which the Company is exposed to market and credit risk. Cash and cash equivalent balances that are legally restricted from use by the Company are recorded in other assets on the consolidated statements of financial condition. Cash balances maintained by consolidated VIEs and voting rights entities ("VREs") are not considered legally restricted and are included in cash and cash equivalents on the consolidated statements of financial condition.

Investments

Investments in Debt Securities. The Company classifies debt investments as held-to-maturity or trading based on the Company's intent and ability to hold the debt security to maturity or, its intent to sell the security.

Held-to-maturity securities are purchased with the positive intent and ability to be held to maturity and are recorded at amortized cost on the consolidated statements of financial condition.

Trading securities are those investments that are purchased principally for the purpose of selling them in the near term. Trading securities are carried at fair value on the consolidated statements of financial condition with changes in fair value recorded in nonoperating income (expense) on the consolidated statements of income. Trading securities include certain investments in collateralized loan obligations ("CLOs") for which the fair value option is elected in order to reduce operational complexity of bifurcating embedded derivatives.

Investments in Equity Securities. Equity securities are generally carried at fair value on the consolidated statements of financial condition with changes in the fair value recorded through net income ("FVTNI") within nonoperating income (expense). For nonmarketable equity securities, the Company generally elects to apply the practicality exception to fair value measurement, under which such securities will be measured at cost, less impairment, plus or minus observable price changes for identical or similar securities of the same issuer with such changes recorded in the consolidated statements of income. Dividends received are recorded as dividend income within nonoperating income (expense).

Equity Method. The Company applies the equity method of accounting for equity investments where the Company does not consolidate the investee, but can exert significant influence over the financial and operating policies of the investee. The Company's share of the investee's underlying net income or loss is recorded as net gain (loss) on investments within nonoperating income (expense) and as other revenue for certain corporate minority investments since such investees are considered to be an extension of the Company's core business. The Company's share of net income of the investee is recorded based upon the most current information available at the time, which may precede the date of the consolidated statement of financial condition. Distributions received reduce the Company's carrying value of the investee and the cost basis if deemed to be a return of capital.

Impairments of Investments. Management periodically assesses equity method and held-to-maturity investments for other-than-temporary impairment ("OTTI"). If an OTTI exists, an impairment charge would be recorded for the excess of the carrying amount of the investment over its estimated fair value in the consolidated statements of income.

For equity method investments and held-to-maturity investments, if circumstances indicate that an OTTI may exist, the investments are evaluated using market values, where available, or the expected future cash flows of the investment.

For the Company's investments in CLOs, the Company reviews cash flow estimates over the life of each CLO investment. On a quarterly basis, if the present value of the estimated future cash flows is lower than the carrying value of the investment and there is an adverse change in estimated cash flows, an impairment is considered to be other-than-temporary.

In addition, for nonmarketable equity securities that are accounted for under the measurement alternative to fair value, the Company applies the impairment model that does not require the Company to consider whether the impairment is other-than-temporary.

Consolidation. The Company performs an analysis for investment products to determine if the product is a VIE or a VRE. Assessing whether an entity is a VIE or a VRE involves judgment and analysis. Factors considered in this assessment include the entity's legal organization, the entity's capital structure and equity ownership, and any related party or de facto agent implications of the Company's involvement with the entity. Investments that are determined to be VIEs are consolidated if the Company is the primary beneficiary ("PB") of the entity. VREs are typically consolidated if the Company holds the majority voting interest. Upon the occurrence of certain events (such as contributions and redemptions, either by the Company, or third parties, or amendments to the governing documents of the Company's investment products), management reviews and reconsiders its previous conclusion regarding the status of an entity as a VIE or a VRE. Additionally, management continually reconsiders whether the Company is deemed to be a VIE's PB that consolidates such entity.

Consolidation of Variable Interest Entities. Certain investment products for which a controlling financial interest is achieved through arrangements that do not involve or are not directly linked to voting interests are deemed VIEs. BlackRock reviews factors, including whether or not i) the entity has equity at risk that is sufficient to permit the entity to finance its activities without additional subordinated support from other parties and ii) the equity holders at risk have the obligation to absorb losses, the right to receive residual returns, and the right to direct the activities of the entity that most significantly impact the entity's economic performance, to determine if the investment product is a VIE. BlackRock re-evaluates such factors as facts and circumstances change.

The PB of a VIE is defined as the variable interest holder that has a controlling financial interest in the VIE. A controlling financial interest is defined as (i) the power to direct the activities of the VIE that most significantly impact its economic performance and (ii) the obligation to absorb losses of the entity or the right to receive benefits from the entity that potentially could be significant to the VIE. The Company generally consolidates VIEs in which it holds an economic interest of 10% or greater and deconsolidates such VIEs once equity ownership falls below 10%.

Consolidation of Voting Rights Entities. BlackRock is required to consolidate an investee to the extent that BlackRock can exert control over the financial and operating policies of the investee, which generally exists if there is a greater than 50% voting equity interest.

Retention of Specialized Investment Company Accounting Principles. Upon consolidation of sponsored investment funds, the Company retains the specialized investment company accounting principles of the underlying funds. All of the underlying investments held by such consolidated sponsored investment funds are carried at fair value with corresponding changes in the investments' fair values reflected in nonoperating income (expense) on the consolidated statements of income. When the Company no longer controls these funds due to reduced ownership percentage or other reasons, the funds are deconsolidated and accounted for as an equity method investment or equity securities FVTNI if the Company still maintains an investment.

Separate Account Assets and Liabilities. Separate account assets are maintained by BlackRock Life Limited, a wholly owned subsidiary of the Company, which is a registered life insurance company in the United Kingdom, and represent segregated assets held for purposes of funding individual and group pension contracts. The life insurance company does not underwrite any insurance contracts that involve any insurance risk transfer from the insured to the life insurance company. The separate account assets primarily include equity securities, debt securities, money market funds and derivatives. The separate account assets are not subject to general claims of the creditors of BlackRock. These separate account assets and the related equal and offsetting liabilities are recorded as separate account assets and separate account liabilities on the consolidated statements of financial condition.

The net investment income attributable to separate account assets supporting individual and group pension contracts accrues directly to the contract owner and is not reported on the consolidated statements of income. While BlackRock has no economic interest in these separate account assets and liabilities, BlackRock earns policy administration and management fees associated with these products, which are included in investment advisory, administration fees and securities lending revenue on the consolidated statements of income.

Separate Account Collateral Assets Held and Liabilities Under Securities Lending Agreements. The Company facilitates securities lending arrangements whereby securities held by separate accounts maintained by BlackRock Life Limited are lent to third parties under global master securities lending agreements. In exchange, the Company receives legal title to the collateral with minimum values generally ranging from approximately 102% to 112% of the value of the securities lent in order to reduce counterparty risk. The required collateral value is calculated on a daily basis. The global master securities lending agreements provide the Company the right to request additional collateral or, in the event of borrower default, the right to liquidate collateral. The securities lending transactions entered into by the Company are accompanied by an agreement that entitles the Company to request the borrower to return the securities at any time; therefore, these transactions are not reported as sales.

The Company records on the consolidated statements of financial condition the cash and noncash collateral received under these BlackRock Life Limited securities lending arrangements as its own asset in addition to an equal and offsetting collateral liability for the obligation to return the collateral. The securities lending revenue earned from lending securities held by the separate accounts is included in investment advisory, administration fees and securities lending revenue on the consolidated statements of income. During 2020 and 2019, the Company had not resold or repledged any of the collateral received under these arrangements. At December 31, 2020 and 2019, the fair value of loaned securities held by separate accounts was approximately $15.2 billion and $14.4 billion, respectively, and the fair value of the collateral held under these securities lending agreements was approximately $16.5 billion and $15.5 billion, respectively.

Property and Equipment. Property and equipment are recorded at cost less accumulated depreciation. Depreciation is generally determined by cost less any estimated residual value using the straight-line method over the estimated useful lives of the various classes of property and equipment. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated useful life or the remaining lease term.

The Company capitalizes certain costs incurred in connection with developing or obtaining software within property and equipment. Capitalized software costs are amortized, beginning when the software product is ready for its intended use, over the estimated useful life of the software of approximately three years.

Goodwill and Intangible Assets. Goodwill represents the cost of a business acquisition in excess of the fair value of the net assets acquired. The Company has determined that it has one reporting unit for goodwill impairment testing purposes, the consolidated BlackRock single operating segment, which is consistent with internal management reporting and management's oversight of operations. In its assessment of goodwill for impairment, the Company considers such factors as the book value and market capitalization of the Company.

On a quarterly basis, the Company considers if triggering events have occurred that may indicate a potential goodwill impairment. If a triggering event has occurred, the Company performs assessments, which may include reviews of significant valuation assumptions, to determine if goodwill may be impaired. The Company performs an impairment assessment of its goodwill at least annually, as of July 31st.

Intangible assets are comprised of indefinite-lived intangible assets and finite-lived intangible assets acquired in a business acquisition. The value of contracts to manage assets in proprietary open-end funds and collective trust funds and certain other commingled products without a specified termination date is generally classified as indefinite-lived intangible assets. The assignment of indefinite lives to such contracts primarily is based upon the following: (i) the assumption that there is no foreseeable limit on the contract period to manage these products; (ii) the Company expects to, and has the ability to, continue to operate these products indefinitely; (iii) the products have multiple investors and are not reliant on a single investor or small group of investors for their continued operation; (iv) current competitive factors and economic conditions do not indicate a finite life; and (v) there is a high likelihood of continued renewal based on historical experience. In addition, trade names/trademarks are considered indefinite-lived intangible assets when they are expected to generate cash flows indefinitely.

Indefinite-lived intangible assets and goodwill are not amortized. Finite-lived management contracts, which relate to acquired separate accounts and funds and investor/customer relationships, and technology-related assets that are expected to contribute to the future cash flows of the Company for a specified period of time, are amortized over their remaining useful lives.

The Company performs assessments to determine if any intangible assets are potentially impaired and whether the indefinite-lived and finite-lived classifications are still appropriate at least annually, as of July 31st. The carrying value of finite-lived assets and their remaining useful lives are reviewed at least annually to determine if circumstances exist which may indicate a potential impairment or revisions to the amortization period.

In evaluating whether it is more likely than not that the fair value of indefinite-lived intangibles is less than its carrying value, BlackRock assesses various significant qualitative factors, including assets under management ("AUM"), revenue basis points, projected AUM growth rates, operating margins, tax rates and discount rates. In addition, the Company considers other factors, including (i) macroeconomic conditions such as a deterioration in general economic conditions, limitations on accessing capital, fluctuations in foreign exchange rates, or other developments in equity and credit markets; (ii) industry and market considerations such as a deterioration in the environment in which the entity operates, an increased competitive environment, a decline in market-dependent multiples or metrics, a change in the market for an entity's services, or regulatory, legal or political developments; and (iii) entity-specific events, such as a change in management or key personnel, overall financial performance and litigation that could affect significant inputs used to determine the fair value of the indefinite-lived intangible asset. If an indefinite-lived intangible is determined to be more likely than not impaired, then the fair value of the asset is compared with its carrying value and any excess of the carrying value over the fair value would be recognized as an expense in the period in which the impairment occurs.

For finite-lived intangible assets, if potential impairment circumstances are considered to exist, the Company will perform a recoverability test using an undiscounted cash flow analysis. Actual results could differ from these cash flow estimates, which could materially impact the impairment conclusion. If the carrying value of the asset is determined not to be recoverable based on the undiscounted cash flow test, the difference between the carrying value of the asset and its current fair value would be recognized as an expense in the period in which the impairment occurs.

Noncontrolling Interests. The Company reports noncontrolling interests as equity, separate from the parent's equity, on the consolidated statements of financial condition. In addition, the Company's consolidated net income on the consolidated statements of income includes the income (loss) attributable to noncontrolling interest holders of the Company's consolidated sponsored investment products. Income (loss) attributable to noncontrolling interests is not adjusted for income taxes for consolidated sponsored investment products that are treated as pass-through entities for tax purposes.

Classification and Measurement of Redeemable Securities. The Company includes redeemable noncontrolling interests related to certain consolidated sponsored investment products in temporary equity on the consolidated statements of financial condition.

Treasury Stock. The Company records common stock purchased for treasury at cost. At the date of subsequent reissuance, the treasury stock account is reduced by the cost of such stock using the average cost method.

Revenue Recognition. Revenue is recognized upon transfer of control of promised services to customers in an amount to which the Company expects to be entitled in exchange for those services. The Company enters into contracts that can include multiple services, which are accounted for separately if they are determined to be distinct. Consideration for the Company's services is generally in the form of variable consideration because the amount of fees is subject to market conditions that are outside of the Company's influence. The Company includes variable consideration in revenue when it is no longer probable of significant reversal, i.e. when the associated uncertainty is resolved. For some contracts with customers, the Company has discretion to involve a third party in providing services to the customer. Generally, the Company is deemed to be the principal in these arrangements because the Company controls the promised services before they are transferred to customers, and accordingly presents the revenue gross of related costs.

Investment Advisory, Administration Fees and Securities Lending Revenue. Investment advisory and administration fees are recognized as the services are performed over time because the customer is receiving and consuming the benefits as they are provided by the Company. Fees are primarily based on agreed-upon percentages of AUM and recognized for services provided during the period, which are distinct from services provided in other periods. Such fees are affected by changes in AUM, including market appreciation or depreciation, foreign exchange translation and net inflows or outflows. Investment advisory and administration fees for investment funds are shown net of fee waivers. In addition, the Company may contract with third parties to provide sub-advisory services on its behalf. The Company presents the investment advisory fees and associated costs to such third-party advisors on a gross basis where it is deemed to be the principal and on a net basis where it is deemed to be the agent. Management judgment involved in making these assessments is focused on ascertaining whether the Company is primarily responsible for fulfilling the promised service.

The Company earns revenue by lending securities on behalf of clients, primarily to highly rated banks and broker-dealers. Revenue is recognized over time as services are performed. Generally, the securities lending fees are shared between the Company and the funds or other third-party accounts managed by the Company from which the securities are borrowed.

Money Market Fee Waivers. The Company may voluntarily waive a portion of its management fees on certain money market funds to ensure that they maintain a targeted level of daily net investment income (the "Yield Support waivers"). During 2020, these waivers resulted in a reduction of management fees of approximately $35 million, which was partially offset by a reduction of BlackRock's distribution and servicing costs paid to financial intermediaries. There were no Yield Support waivers in 2019 and 2018. The Company may increase or decrease the level of Yield Support waivers in future periods.

Investment Advisory Performance Fees / Carried Interest. The Company receives investment advisory performance fees, including incentive allocations (carried interest) from certain actively managed investment funds and certain separately managed accounts. These performance fees are dependent upon exceeding specified relative or absolute investment return thresholds, which may vary by product or account, and include monthly, quarterly, annual or longer measurement periods.

Performance fees, including carried interest, are recognized when it is determined that they are no longer probable of significant reversal (such as upon the sale of a fund's investment or when the amount of AUM becomes known as of the end of a specified measurement period). Given the unique nature of each fee arrangement, contracts with customers are evaluated on an individual basis to determine the timing of revenue recognition. Significant judgement is involved in making such determination. Performance fees typically arise from investment management services that began in prior reporting periods. Consequently, a portion of the fees the Company recognizes may be partially related to the services performed in prior periods that meet the recognition criteria in the current period. At each reporting date, the Company considers various factors in estimating performance fees to be recognized, including carried interest. These factors include but are not limited to whether: (1) the fees are dependent on the market and thus are highly susceptible to factors outside the Company's influence; (2) the fees have a large number and a broad range of possible amounts; and (3) the funds or separately managed accounts have the ability to invest or reinvest their sales proceeds.

The Company is allocated carried interest from certain alternative investment products upon exceeding performance thresholds. The Company may be required to reverse/return all, or part, of such carried interest allocations/distributions depending upon future performance of these funds. Carried interest subject to such clawback provisions is recorded in investments or cash and cash equivalents to the extent that it is distributed, on its consolidated statements of financial condition.

The Company records a liability for deferred carried interest to the extent it receives cash or capital allocations related to carried interest prior to meeting the revenue recognition criteria. A portion of the deferred carried interest may also be paid to certain employees. The ultimate timing of the recognition of performance fee revenue and related compensation expense, if any, for these products is unknown.

Technology services revenue. The Company offers investment management technology systems, risk management services, wealth management and digital distribution tools, all on a fee basis. Clients include banks, insurance companies, official institutions, pension funds, asset managers, retail distributors and other investors. Fees earned for technology services are primarily recorded as services are performed over time and are generally determined using the value of positions on the *Aladdin* platform, or on a fixed-rate basis. Revenue derived from the sale of software licenses is recognized upon the granting of access rights.

Distribution Fees. The Company earns distribution and service fees for distributing investment products and providing ongoing shareholder support services to investment portfolios. Distribution fees are passed-through to third-party distributors, which perform various fund distribution services and shareholder servicing of certain funds on the Company's behalf, and are recognized as distribution and servicing costs. The Company presents distribution fees and related distribution and servicing costs incurred on a gross basis.

Distribution fees primarily consist of ongoing distribution fees, shareholder servicing fees and upfront sales commissions for serving as the principal underwriter and/or distributor for certain managed mutual funds. The service of distribution is satisfied at the point in time when an investor makes an investment in a share class of the managed mutual funds. Fees are generally considered variable consideration because they are based on the value of AUM and are uncertain on trade date. Accordingly, the Company recognizes distribution fees over the investment period as the amounts become known and the portion recognized in the current period may relate to distribution services performed in prior periods. Upfront sales commissions are recognized on a trade date basis. Shareholder servicing fees are based on AUM and recognized in revenue as the services are performed.

Advisory and other revenue. Advisory and other revenue primarily includes fees earned for advisory services, fees earned for transition management services primarily comprised of commissions recognized in connection with buying and selling securities on behalf of customers, and equity method investment earnings related to certain corporate minority investments.

Advisory services fees are determined using fixed-rate fees and are recognized over time as the related services are completed.

Commissions related to transition management services are recorded on a trade-date basis as transactions occur.

Stock-based Compensation. The Company recognizes compensation cost for equity classified awards based on the grant-date fair value of the award. The compensation cost is recognized over the period during which an employee is required to provide service (usually the vesting period) in exchange for the stock-based award.

The Company measures the grant-date fair value of restricted stock units ("RSUs") using the Company's stock price on the date of grant. For employee stock options and instruments with market conditions, the Company uses pricing models. Stock option awards may have performance, market and/or service conditions. If a stock-based award is modified after the grant-date, incremental compensation cost is recognized for an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before the modification. Awards under the Company's stock-based compensation plans vest over various periods. Compensation cost is recorded by the Company on a straight-line basis over the requisite service period for each separate vesting portion of the award as if the award is, in-substance, multiple awards and is adjusted for actual forfeitures as they occur.

The Company amortizes the grant-date fair value of stock-based compensation awards made to retirement-eligible employees over the requisite service period. Upon notification of retirement, the Company accelerates the unamortized portion of the award over the contractually required retirement notification period.

The Company recognizes all excess tax benefits and deficiencies in income tax expense on the consolidated statements of income, which results in volatility of income tax expense as a result of fluctuations in the Company's stock price. Accordingly, the Company recorded a discrete income tax benefit of $36 million, $23 million and $64 million during 2020, 2019 and 2018, respectively, for vested RSUs where the grant date stock price was lower than the vesting date stock price.

Distribution and Servicing Costs. Distribution and servicing costs include payments to third parties, primarily associated with distribution and servicing of client investments in certain BlackRock products. Distribution and servicing costs are expensed when incurred.

Direct Fund Expense. Direct fund expense, which is expensed as incurred, primarily consists of third-party nonadvisory expense incurred by BlackRock related to certain funds for the use of certain index trademarks, reference data for certain indices, custodial services, fund administration, fund accounting, transfer agent services, shareholder reporting services, audit and tax services as well as other fund-related expense directly attributable to the nonadvisory operations of the fund.

Leases. The Company determines if a contract is a lease or contains a lease at inception. The Company accounts for its office facility leases as operating leases, which may include escalation clauses that are based on an index or market rate. The Company accounts for lease and non-lease components, including common areas maintenance charges, as a single component for its leases. The Company elected the short-term lease exception for leases with an initial term of 12 months or less. Consequently, such leases are not recorded on the consolidated statements of financial condition. The Company's lease terms include options to extend or terminate the lease when it is reasonably certain they will be exercised or not, respectively.

Fixed lease payments are included in right-of-use ("ROU") assets and lease liabilities within other assets and other liabilities, respectively, on the consolidated statements of financial condition. The Company recognizes ROU assets and lease liabilities based on the present value of these future lease payments over the lease term at the commencement date discounted using the Company's incremental borrowing rate ("IBR"). The Company determines its IBR, by assessing the Company's credit rating using various financial metrics, such as revenue, operating margin and revenue growth, and, as appropriate, performing market analysis of yields on publicly traded bonds (secured or unsecured) with similar terms of comparable companies in a similar economic environment. Fixed lease payments made over the lease term are recorded as lease expense on a straight-line basis. Variable lease payments based on usage, changes in an index or market rate are expensed as incurred.

Upon adoption of ASU 2016-02, *Leases* and several amendments (collectively, "ASU 2016-02"), for existing leases, the Company elected to determine the discount rate based on the remaining lease term as of January 1, 2019 and for lease payments based on an index or rate to apply the rate at commencement date. For new leases, the discount rates are based on the entire noncancelable lease term.

Foreign Exchange. Foreign currency transactions are recorded at the exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities that are denominated in foreign currencies are subsequently remeasured into the functional currencies of the Company's subsidiaries at the rates prevailing at each balance sheet date. Gains and losses arising on remeasurement are included in general and administration expense on the consolidated statements of income. Revenue and expenses are translated at average exchange rates during the period. Gains or losses resulting from translating foreign currency financial statements into US dollars are included in accumulated other comprehensive income (loss) ("AOCI"), a separate component of stockholders' equity, on the consolidated statements of financial condition.

Income Taxes. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases using currently enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred income tax assets and liabilities is recognized on the consolidated statements of income in the period that includes the enactment date.

Management periodically assesses the recoverability of its deferred income tax assets based upon expected future earnings, taxable income in prior carryback years, future deductibility of the asset, changes in applicable tax laws and other factors. If management determines that it is not more likely than not that the deferred tax asset will be fully recoverable in the future, a valuation allowance will be established for the difference between the asset balance and the amount expected to be recoverable in the future. This allowance will result in additional income tax expense. Further, the Company records its income taxes receivable and payable based upon its estimated income tax position.

Excess tax benefits related to stock-based compensation are recognized as an income tax benefit on the consolidated statements of income and are reflected as operating cash flows on the consolidated statements of cash flows.

Earnings per Share ("EPS"). Basic EPS is calculated by dividing net income applicable to common shareholders by the weighted-average number of shares outstanding during the period. Diluted EPS includes the determinants of basic EPS and common stock equivalents outstanding during the period. Diluted EPS is computed using the treasury stock method.

Due to the similarities in terms between BlackRock's nonvoting participating preferred stock and the Company's common stock, the Company considered its nonvoting participating preferred stock to be a common stock equivalent for purposes of EPS calculations. As such, the Company has included the outstanding nonvoting participating preferred stock in the calculation of average basic and diluted shares outstanding. As of December 31, 2020, there were no shares of preferred stock outstanding.

Business Segments. The Company's management directs BlackRock's operations as one business, the asset management business. The Company utilizes a consolidated approach to assess performance and allocate resources. As such, the Company operates in one business segment.

Fair Value Measurements

Hierarchy of Fair Value Inputs. The Company uses a fair value hierarchy that prioritizes inputs to valuation approaches used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 Inputs:

Quoted prices (unadjusted) in active markets for identical assets or liabilities at the reporting date.

- Level 1 assets may include listed mutual funds, ETFs, listed equities and certain exchange-traded derivatives.

Level 2 Inputs:

Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; quotes from pricing services or brokers for which the Company can determine that orderly transactions took place at the quoted price or that the inputs used to arrive at the price are observable; and inputs other than quoted prices that are observable, such as models or other valuation methodologies.

- Level 2 assets may include debt securities, investments in CLOs, bank loans, short-term floating-rate notes, asset-backed securities, securities held within consolidated hedge funds, restricted public securities valued at a discount, as well as over-the-counter derivatives, including interest and inflation rate swaps and foreign currency exchange contracts that have inputs to the valuations that generally can be corroborated by observable market data.

Level 3 Inputs:

Unobservable inputs for the valuation of the asset or liability, which may include nonbinding broker quotes. Level 3 assets include investments for which there is little, if any, market activity. These inputs require significant management judgment or estimation.

- Level 3 assets may include direct private equity investments held within consolidated funds, investments in CLOs and bank loans held within consolidated CLOs.
- Level 3 liabilities may include contingent liabilities related to borrowings of consolidated CLOs and acquisitions valued based upon discounted cash flow analyses using unobservable market data.

Significance of Inputs. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument.

Valuation Approaches. The fair values of certain Level 3 assets and liabilities were determined using various valuation approaches as appropriate, including third-party pricing vendors, broker quotes and market and income approaches.

A significant number of inputs used to value equity, debt securities, investments in CLOs and bank loans is sourced from third-party pricing vendors. Generally, prices obtained from pricing vendors are categorized as Level 1 inputs for identical securities traded in active markets and as Level 2 for other similar securities if the vendor uses observable inputs in determining the price.

In addition, quotes obtained from brokers generally are nonbinding and categorized as Level 3 inputs. However, if the Company is able to determine that market participants have transacted for the asset in an orderly manner near the quoted price or if the Company can determine that the inputs used by the broker are observable, the quote is classified as a Level 2 input.

Investments Measured at Net Asset Value. As a practical expedient, the Company uses net asset value ("NAV") as the fair value for certain investments. The inputs to value these investments may include the Company's capital accounts for its partnership interests in various alternative investments, including hedge funds, real assets and private equity funds, which may be adjusted by using the returns of certain market indices. The various partnerships generally are investment companies, which record their underlying investments at fair value based on fair value policies established by management of the underlying fund. Fair value policies at the underlying fund generally require the fund to utilize pricing/valuation information from third-party sources, including independent appraisals. However, in some instances, current valuation information for illiquid securities or securities in markets that are not active may not be available from any third-party source or fund management may conclude that the valuations that are available from third-party sources are not reliable. In these instances, fund management may perform model-based analytical valuations that could be used as an input to value these investments.

Fair Value Assets and Liabilities of Consolidated CLO. The Company applies the fair value option provisions for eligible assets, including bank loans, held by a consolidated CLO. As the fair value of the financial assets of the consolidated CLO is more observable than the fair value of the borrowings of the consolidated CLO, the Company measures the fair value of the borrowings of the consolidated CLO equal to the fair value of the assets of the consolidated CLO less the fair value of the Company's economic interest in the CLO.

Derivatives and Hedging Activities. The Company does not use derivative financial instruments for trading or speculative purposes. The Company uses derivative financial instruments primarily for purposes of hedging exposures to fluctuations in foreign currency exchange rates of certain assets and liabilities, and market exposures for certain seed investments. However, certain consolidated sponsored investment funds may also utilize derivatives as a part of their investment strategy.

The Company records all derivative financial instruments as either assets or liabilities at fair value on a gross basis in the consolidated statements of financial condition. Credit risks are managed through master netting and collateral support agreements. The amounts related to the right to reclaim or the obligation to return cash collateral may not be used to offset amounts due under the derivative instruments in the normal course of settlement. Therefore, such amounts are not offset against fair value amounts recognized for derivative instruments with the same counterparty and are included in other assets and other liabilities. Changes in the fair value of the Company's derivative financial instruments are recognized in earnings and, where applicable, are offset by the corresponding gain or loss on the related foreign-denominated assets or liabilities or hedged investments, on the consolidated statements of income.

The Company may also use financial instruments designated as net investment hedges for accounting purposes to hedge net investments in international subsidiaries whose functional currency is not US dollars. The gain or loss from revaluing net investment hedges at the spot rate is deferred and reported within AOCI on the consolidated statements of financial condition. Amounts excluded from the effectiveness assessment are reported in the consolidated statements of income using a systematic and rational method. The Company reassesses the effectiveness of its net investment hedge at least quarterly.

3. Acquisition

On May 10, 2019, the Company acquired 100% of the equity interests of eFront Holding SAS ("eFront Transaction" or "eFront"), a leading alternative investment management software and solutions provider for approximately $1.3 billion, excluding the settlement of eFront's outstanding debt. The acquisition of eFront expanded *Aladdin*'s illiquid alternative capabilities and enables BlackRock to provide individual alternative or whole-portfolio technology solutions to clients.

The purchase price was funded through a combination of existing cash and issuance of commercial paper (subsequently repaid with existing cash) and long-term notes in April 2019. See Note 15, *Borrowings*, for information on the debt issuance in April 2019. A summary of the fair values of the assets acquired and liabilities assumed in this acquisition is as follows:

(in millions)		Fair Value
Accounts receivable	$	61
Finite-lived intangible assets:		
Customer relationships		400
Technology-related		203
Trade name		14
Goodwill		1,044
Other assets		49
Deferred income tax liabilities		(146)
Other liabilities assumed		(125)
Total consideration, net of cash acquired	$	1,500
Summary of consideration, net of cash acquired:		
Cash paid including settlement of outstanding debt of approximately $0.2 billion	$	1,555
Cash acquired		(55)
Total consideration, net of cash acquired	$	1,500

4. Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash and cash equivalents reported within the consolidated statements of financial condition to the cash, cash equivalents, and restricted cash reported within the consolidated statements of cash flows.

(in millions)	December 31, 2020	December 31, 2019
Cash and cash equivalents	$ 8,664	$ 4,829
Restricted cash included in other assets	17	17
Total cash, cash equivalents and restricted cash	$ 8,681	$ 4,846

5. Investments

A summary of the carrying value of total investments is as follows:

(in millions)	December 31, 2020	December 31, 2019
Debt securities:		
Held-to-maturity investments	$ 310	$ 249
Trading securities	1,964	1,249
Total debt securities	2,274	1,498
Equity securities at FVTNI	2,317	1,926
Equity method investments(1)	1,081	943
Bank loans	248	204
Federal Reserve Bank stock(2)	94	93
Carried interest(3)	627	528
Other investments(4)	278	297
Total investments	$ 6,919	$ 5,489

(1) Equity method investments primarily include BlackRock's direct investments in certain BlackRock sponsored investment funds.
(2) At both December 31, 2020 and 2019, there were no indicators of impairment of Federal Reserve Bank stock, which is held for regulatory purposes and is restricted from sale.
(3) Carried interest represents allocations to BlackRock's general partner capital accounts from certain sponsored investment funds. These balances are subject to change upon cash distributions, additional allocations or reallocations back to limited partners within the respective funds.
(4) Other investments include BlackRock's investments in nonmarketable equity securities, which are measured at cost, adjusted for observable price changes and private equity and real asset investments of consolidated sponsored investment products measured at fair value.

Available-for-Sale Investments

A summary of sale activity of available-for-sale during 2020, 2019 and 2018 is shown below.

(in millions)	Year ended December 31, 2020	2019	2018
Sales proceeds	$ —	$ —	$ 173
Net realized gain (loss):			
Gross realized gains	$ —	$ —	$ —
Gross realized losses	—	—	—
Net realized gain (loss)	$ —	$ —	$ —

There were no available-for-sale investments at both December 31, 2020 and 2019.

Held-to-Maturity Investments

The carrying value of held-to-maturity investments was $310 million and $249 million at December 31, 2020 and 2019, respectively. Held-to-maturity investments included certain investments in BlackRock sponsored CLOs and foreign government debt held primarily for regulatory purposes. The amortized cost (carrying value) of these investments approximated fair value (primarily a Level 2 input). At December 31, 2020, $11 million of these investments mature between one year to five years, $169 million of these investments mature between five years to ten years and $130 million mature after ten years.

Trading Debt Securities and Equity Securities at FVTNI

A summary of the cost and carrying value of trading debt securities and equity securities at FVTNI is as follows:

(in millions)	December 31, 2020 Cost	December 31, 2020 Carrying Value	December 31, 2019 Cost	December 31, 2019 Carrying Value
Trading debt securities:				
Corporate debt	$ 1,591	$ 1,641	$ 822	$ 844
Government debt	203	210	268	269
Asset/mortgage backed debt	132	113	141	136
Total trading debt securities	$ 1,926	$ 1,964	$ 1,231	$ 1,249
Equity securities at FVTNI:				
Equity securities/mutual funds	$ 2,055	$ 2,317	$ 1,769	$ 1,926
Total equity securities at FVTNI	$ 2,055	$ 2,317	$ 1,769	$ 1,926

6. Consolidated Sponsored Investment Products

The Company consolidates certain sponsored investment funds accounted for as VREs because it is deemed to control such funds.

In the normal course of business, the Company is the manager of various types of sponsored investment vehicles, which may be considered VIEs. The Company may from time to time own equity or debt securities or enter into derivatives with the vehicles, each of which are considered variable interests. The Company's involvement in financing the operations of the VIEs is generally limited to its investments in the entity. The Company's consolidated VIEs include certain sponsored investment products in which BlackRock has an investment and as the investment manager, is deemed to have both the power to direct the most significant activities of the products and the right to receive benefits (or the obligation to absorb losses) that could potentially be significant to these sponsored investment products. The assets of these VIEs are not available to creditors of the Company. In addition, the investors in these VIEs have no recourse to the credit of the Company.

The following table presents the balances related to these consolidated sponsored investment products accounted for as VIEs and VREs that were recorded on the consolidated statements of financial condition, including BlackRock's net interest in these products:

(in millions)	December 31, 2020			December 31, 2019		
	VIEs	**VREs**	**Total**	**VIEs**	**VREs**	**Total**
Cash and cash equivalents	**$ 155**	**$ 51**	**$ 206**	$ 131	$ 10	$ 141
Investments:						
Trading debt securities	**1,618**	**310**	**1,928**	1,059	151	$ 1,210
Equity securities at FVTNI	**1,592**	**413**	**2,005**	1,330	332	1,662
Bank loans	**248**	**—**	**248**	204	—	204
Other investments	**191**	**—**	**191**	194	—	194
Carried interest	**604**	**—**	**604**	514	—	514
Total investments	**4,253**	**723**	**4,976**	3,301	483	3,784
Other assets	**90**	**9**	**99**	68	5	73
Other liabilities(1)	**(952)**	**(70)**	**(1,022)**	(820)	(20)	(840)
Noncontrolling interests	**(2,193)**	**(180)**	**(2,373)**	(1,348)	(34)	(1,382)
BlackRock's net interest in consolidated investment products	**$ 1,353**	**$ 533**	**$ 1,886**	$ 1,332	$ 444	$ 1,776

(1) At December 31, 2020 and 2019, other liabilities of VIEs primarily include deferred carried interest liabilities and borrowings of a consolidated CLO.

BlackRock's total exposure to consolidated sponsored investment products represents the value of its economic ownership interest in these sponsored investment products. Valuation changes associated with investments held at fair value by these consolidated sponsored investment products are reflected in nonoperating income (expense) and partially offset in net income (loss) attributable to noncontrolling interests for the portion not attributable to BlackRock.

The Company cannot readily access cash and cash equivalents held by consolidated sponsored investment products to use in its operating activities.

Net gain (loss) related to consolidated VIEs is presented in the following table:

(in millions)	**2020**	2019	2018
Nonoperating net gain (loss) on consolidated VIEs	**$ 477**	$ 210	$ (105)
Net income (loss) attributable to NCI on consolidated VIEs	**$ 348**	$ 42	$ (6)

7. Variable Interest Entities

Nonconsolidated VIEs. At December 31, 2020 and 2019, the Company's carrying value of assets and liabilities included on the consolidated statements of financial condition pertaining to nonconsolidated VIEs and its maximum risk of loss related to VIEs for which it held a variable interest, but for which it was not the PB, was as follows:

(in millions)				
At December 31, 2020	**Investments**	**Advisory Fee Receivables**	**Other Net Assets (Liabilities)**	**Maximum Risk of Loss(1)**
Sponsored investment products	**$ 662**	**$ 71**	**$ (13)**	**$ 750**
At December 31, 2019				
Sponsored investment products	$ 539	$ 71	$ (10)	$ 627

(1) At both December 31, 2020 and 2019, BlackRock's maximum risk of loss associated with these VIEs primarily related to BlackRock's investments and the collection of advisory fee receivables.

The net assets of sponsored investment products that are nonconsolidated VIEs approximated $16 billion and $12 billion at December 31, 2020 and 2019, respectively.

8. Fair Value Disclosures

Fair Value Hierarchy

Assets and liabilities measured at fair value on a recurring basis

December 31, 2020 *(in millions)*	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV(1)	Other(2)	December 31, 2020
Assets:						
Investments:						
Debt securities:						
Held-to-maturity investments	$ —	$ —	$ —	$ —	$ 310	**$ 310**
Trading securities	—	1,953	11	—	—	**1,964**
Total debt securities	—	1,953	11	—	310	**2,274**
Equity securities at FVTNI:						
Equity securities/mutual funds	2,317	—	—	—	—	**2,317**
Equity method:						
Equity and fixed income mutual funds	235	—	—	—	—	**235**
Hedge funds/funds of hedge funds	—	—	—	309	—	**309**
Private equity funds	—	—	—	315	—	**315**
Real assets funds	—	—	—	218	—	**218**
Other	—	—	—	4	—	**4**
Total equity method	235	—	—	846	—	**1,081**
Bank loans	—	16	232	—	—	**248**
Federal Reserve Bank Stock	—	—	—	—	94	**94**
Carried interest	—	—	—	—	627	**627**
Other investments(3)	—	—	9	94	175	**278**
Total investments	2,552	1,969	252	940	1,206	**6,919**
Other assets(4)	205	13	—	—	—	**218**
Separate account assets	71,392	32,404	—	—	867	**104,663**
Separate account collateral held under securities lending agreements:						
Equity securities	13,126	—	—	—	—	**13,126**
Debt securities	—	3,381	—	—	—	**3,381**
Total separate account collateral held under securities lending agreements	13,126	3,381	—	—	—	**16,507**
Total	$ 87,275	$ 37,767	$ 252	$ 940	$ 2,073	**128,307**
Liabilities:						
Separate account collateral liabilities under securities lending agreements	$ 13,126	$ 3,381	$ —	$ —	$ —	**$ 16,507**
Other liabilities(5)	—	68	272	—	—	**340**
Total	$ 13,126	$ 3,449	$ 272	$ —	$ —	**$ 16,847**

(1) Amounts are comprised of certain investments measured at fair value using NAV (or its equivalent) as a practical expedient.

(2) Amounts are comprised of investments held at amortized cost and cost, adjusted for observable price changes, carried interest and certain equity method investments, which include sponsored investment funds and other assets, which are not accounted for under a fair value measure. In accordance with GAAP, certain equity method investees do not account for both their financial assets and liabilities under fair value measures; therefore, the Company's investment in such equity method investees may not represent fair value.

(3) Level 3 amounts primarily include direct investments in private equity companies held by consolidated private equity funds.

(4) Level 1 amount includes a minority investment in a publicly traded company.

(5) Level 2 amount primarily includes fair value of derivatives (See Note 9, *Derivatives and Hedging*, for more information). Level 3 amounts primarily include borrowings of a consolidated CLO classified based on the significance of unobservable inputs used for calculating the fair value of consolidated CLO assets, and contingent liabilities related to certain acquisitions (see Note 16, *Commitments and Contingencies*, for more information).

Assets and liabilities measured at fair value on a recurring basis

December 31, 2019 (in millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV(1)	Other(2)	December 31, 2019
Assets:						
Investments:						
Debt securities:						
Held-to-maturity investments	$ —	$ —	$ —	$ —	$ 249	$ 249
Trading securities	—	1,241	8	—	—	1,249
Total debt securities	—	1,241	8	—	249	1,498
Equity securities at FVTNI:						
Equity securities/mutual funds	1,926	—	—	—	—	1,926
Equity method:						
Equity and fixed income mutual funds	157	—	—	—	—	157
Hedge funds/funds of hedge funds	—	—	—	220	—	220
Private equity funds	—	—	—	248	—	248
Real assets funds	—	—	—	296	—	296
Other	12	—	—	10	—	22
Total equity method	169	—	—	774	—	943
Bank loans	—	27	177	—	—	204
Federal Reserve Bank Stock	—	—	—	—	93	93
Carried interest	—	—	—	—	528	528
Other investments(3)	—	—	9	98	190	297
Total investments	2,095	1,268	194	872	1,060	5,489
Other assets(4)	173	—	—	—	—	173
Separate account assets	72,515	29,582	—	—	747	102,844
Separate account collateral held under securities lending agreements:						
Equity securities	10,209	—	—	—	—	10,209
Debt securities	—	5,257	—	—	—	5,257
Total separate account collateral held under securities lending agreements	10,209	5,257	—	—	—	15,466
Total	$ 84,992	$ 36,107	$ 194	$ 872	$ 1,807	$ 123,972
Liabilities:						
Separate account collateral liabilities under securities lending agreements	$ 10,209	$ 5,257	$ —	$ —	$ —	$ 15,466
Other liabilities(5)	—	10	388	—	—	398
Total	$ 10,209	$ 5,267	$ 388	$ —	$ —	$ 15,864

(1) Amounts are comprised of certain investments measured at fair value using NAV (or its equivalent) as a practical expedient.
(2) Amounts are comprised of investments held at amortized cost and cost, adjusted for observable price changes, carried interest and certain equity method investments, which include sponsored investment funds and other assets, which are not accounted for under a fair value measure. In accordance with GAAP, certain equity method investees do not account for both their financial assets and liabilities under fair value measures; therefore, the Company's investment in such equity method investees may not represent fair value.
(3) Level 3 amounts include direct investments in private equity companies held by consolidated private equity funds.
(4) Level 1 amount includes a minority investment in a publicly traded company.
(5) Level 3 amount primarily includes contingent liabilities related to certain acquisitions (see Note 16, *Commitments and Contingencies*, for more information) and borrowings of a consolidated CLO classified based on the significance of unobservable inputs used for calculating the fair value of consolidated CLO assets.

Level 3 Assets. Level 3 assets may include investments in CLOs and bank loans of consolidated CLOs, which were valued based on single-broker nonbinding quotes and direct private equity investments, which were valued using the market or income approach.

Level 3 investments of $252 million and $*194* million at December 31, 2020 and 2019, respectively, primarily included bank loans of a consolidated CLO.

Level 3 Liabilities. Level 3 liabilities primarily include borrowings of a consolidated CLO, which were valued based on the fair value of the assets of the consolidated CLO less the fair value of the Company's economic interest in the CLO, and contingent liabilities related to certain acquisitions, which were valued based upon discounted cash flow analyses using unobservable market data inputs.

Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis for 2020

(in millions)	December 31, 2019	Realized and Unrealized Gains (Losses)	Purchases	Sales and Maturities	Issuances and Other Settlements(1)	Transfers into Level 3	Transfers out of Level 3	December 31, 2020	Total Net Unrealized Gains (Losses) Included in Earnings(2)
Assets:									
Investments:									
Debt securities:									
Trading	$ 8	$ —	$ 3	$ —	$ —	$ —	$ —	**$ 11**	$ —
Total debt securities	8	—	3	—	—	—	—	**11**	—
Private equity	9	—	8	(8)	—	—	—	**9**	—
Bank loans	177	—	75	(34)	—	20	(6)	**232**	—
Total investments	194	—	86	(42)	—	20	(6)	**252**	—
Total Level 3 assets	$ 194	$ —	$ 86	$ (42)	$ —	$ 20	$ (6)	**$ 252**	$ —
Liabilities:									
Other liabilities	$ 388	$ (23)	$ —	$ —	$ (139)	$ —	$ —	**$ 272**	$ (5)
Total Level 3 liabilities	$ 388	$ (23)	$ —	$ —	$ (139)	$ —	$ —	**$ 272**	$ (5)

(1) Amounts include contingent liability payments related to certain acquisitions and proceeds from borrowings of a consolidated CLO.
(2) Earnings attributable to the change in unrealized gains (losses) relating to assets and liabilities still held at the reporting date.

Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis for 2019

(in millions)	December 31, 2018	Realized and Unrealized Gains (Losses)	Purchases	Sales and Maturities	Issuances and Other Settlements(1)	Transfers into Level 3	Transfers out of Level 3(2)	December 31, 2019	Total Net Unrealized Gains (Losses) Included in Earnings(3)
Assets:									
Investments:									
Debt securities:									
Trading	$ 4	$ —	$ 10	$ —	$ —	$ —	$ (6)	$ 8	$ —
Total debt securities	4	—	10	—	—	—	(6)	8	—
Private equity	82	—	—	—	—	—	(73)	9	—
Bank loans	70	—	107	—	—	—	—	177	—
Total investments	156	—	117	—	—	—	(79)	194	—
Total Level 3 assets	$ 156	$ —	$ 117	$ —	$ —	$ —	$ (79)	$ 194	$ —
Liabilities:									
Other liabilities	$ 371	$ (53)	$ —	$ —	$ (36)	$ —	$ —	$ 388	$ (53)
Total Level 3 liabilities	$ 371	$ (53)	$ —	$ —	$ (36)	$ —	$ —	$ 388	$ (53)

(1) Amounts include proceeds from borrowings of a consolidated CLO and contingent liability payments, related to certain acquisitions.
(2) Amounts include an investment in a consolidated entity that no longer qualifies as an investment company and is no longer accounted for under a fair value measure.
(3) Earnings attributable to the change in unrealized gains (losses) relating to assets and liabilities still held at the reporting date.

Realized and Unrealized Gains (Losses) for Level 3 Assets and Liabilities. Realized and unrealized gains (losses) recorded for Level 3 assets and liabilities are reported in nonoperating income (expense) on the consolidated statements of income. A portion of net income (loss) for consolidated sponsored investment funds are allocated to noncontrolling interests to reflect net income (loss) not attributable to the Company.

Transfers in and/or out of Levels. Transfers in and/or out of levels are reflected when significant inputs, including market inputs or performance attributes, used for the fair value measurement become observable/unobservable, or when the carrying value of certain equity method investments no longer represents fair value as determined under valuation methodologies.

Disclosures of Fair Value for Financial Instruments Not Held at Fair Value. At December 31, 2020 and 2019, the fair value of the Company's financial instruments not held at fair value are categorized in the table below.

	December 31, 2020		December 31, 2019		
(in millions)	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Fair Value Hierarchy
Financial Assets(1):					
Cash and cash equivalents	$ 8,664	$ 8,664	$ 4,829	$ 4,829	Level 1 (2)(3)
Other assets	69	69	68	68	Level 1 (2)(4)
Financial Liabilities:					
Long-term borrowings	7,264	7,883	4,955	5,254	Level 2 (5)

(1) See Note 5, *Investments*, for further information on investments not held at fair value.
(2) Cash and cash equivalents are carried at either cost or amortized cost, which approximates fair value due to their short-term maturities.
(3) At December 31, 2020 and 2019, approximately $1,249 million and $674 million of money market funds were recorded within cash and cash equivalents on the consolidated statements of financial condition. Money market funds are valued based on quoted market prices, or $1.00 per share, which generally is the NAV of the fund.
(4) Other assets include restricted cash and cash collateral deposited with certain derivative counterparties. The carrying values of these assets approximate fair value due to their short-term maturities.
(5) Long-term borrowings are recorded at amortized cost, net of debt issuance costs. The fair value of the long-term borrowings, including the current portion of long-term borrowings, is determined using market prices at the end of December 2020 and 2019, respectively. See Note 15, *Borrowings*, for the fair value of each of the Company's long-term borrowings.

Investments in Certain Entities that Calculate NAV Per Share

As a practical expedient to value certain investments that do not have a readily determinable fair value and have attributes of an investment company, the Company uses NAV as the fair value. The following tables list information regarding all investments that use a fair value measurement to account for both their financial assets and financial liabilities in their calculation of a NAV per share (or equivalent).

December 31, 2020

(in millions)	Ref	Fair Value	Total Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity method:(1)					
Hedge funds/funds of hedge funds	(a)	$ 309	$ 96	Daily/Monthly (21%) Quarterly (21%) N/R (58%)	1 – 90 days
Private equity funds	(b)	315	372	N/R	N/R
Real assets funds	(c)	218	205	Quarterly (31%) N/R (69%)	60 days
Other		4	5	N/R	N/R
Consolidated sponsored investment products:					
Private equity funds of funds	(d)	16	7	N/R	N/R
Hedge fund	(a)	3	—	Quarterly	90 days
Real assets funds	(c)	75	94	NR	NR
Total		$ 940	$ 779		

December 31, 2019

(in millions)	Ref	Fair Value	Total Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity method:(1)					
Hedge funds/funds of hedge funds	(a)	$ 220	$ 120	Daily/Monthly (27%) Quarterly (15%) N/R (58%)	1 – 90 days
Private equity funds	(b)	248	212	N/R	N/R
Real assets funds	(c)	296	120	Quarterly (57%) N/R (43%)	60 days
Other		10	9	N/R	N/R
Consolidated sponsored investment products:					
Private equity funds of funds	(d)	23	9	N/R	N/R
Hedge fund	(a)	3	—	Quarterly	90 days
Real assets funds	(c)	72	83	NR	NR
Total		$ 872	$ 553		

N/R – not redeemable

(1) Comprised of equity method investments, which include investment companies that account for their financial assets and most financial liabilities under fair value measures; therefore, the Company's investment in such equity method investees approximates fair value.

(a) This category includes hedge funds and funds of hedge funds that invest primarily in equities, fixed income securities, distressed credit, opportunistic and mortgage instruments and other third-party hedge funds. The fair values of the investments have been estimated using the NAV of the Company's ownership interest in partners' capital. The liquidation period for the investments in the funds that are not subject to redemption is unknown at both December 31, 2020 and 2019.

(b) This category includes private equity funds that initially invest in nonmarketable securities of private companies, which ultimately may become public in the future. The fair values of these investments have been estimated using capital accounts representing the Company's ownership interest in the funds as well as other performance inputs. The Company's investment in each fund is not subject to redemption and is normally returned through distributions as a result of the liquidation of the underlying assets of the private equity funds. The liquidation period for the investments in these funds is unknown at both December 31, 2020 and 2019.

(c) This category includes several real assets funds that invest directly and indirectly in real estate or infrastructure. The fair values of the investments have been estimated using capital accounts representing the Company's ownership interest in the funds. The Company's investments that are not subject to redemption or are not currently redeemable are normally returned through distributions and realizations of the underlying assets of the funds. The liquidation period for the investments in the funds that are not subject to redemptions is unknown at both December 31, 2020 and 2019. The total remaining unfunded commitments to real assets funds were $299 million and $203 million at December 31, 2020 and 2019, respectively. The Company's portion of the total remaining unfunded commitments was $267 million and $172 million at December 31, 2020 and 2019, respectively.

(d) This category includes the underlying third-party private equity funds within consolidated BlackRock sponsored private equity funds of funds. The fair values of the investments in the third-party funds have been estimated using capital accounts representing the Company's ownership interest in each fund in the portfolio as well as other performance inputs. These investments are not subject to redemption or are not currently redeemable; however, for certain funds, the Company may sell or transfer its interest, which may need approval by the general partner of the underlying funds. Due to the nature of the investments in this category, the Company reduces its investment by distributions that are received through the realization of the underlying assets of the funds. The liquidation period for the underlying assets of these funds is unknown at both December 31, 2020 and 2019. The total remaining unfunded commitments to other third-party funds were $7 million and $9 million at December 31, 2020 and 2019, respectively. The Company had contractual obligations to the consolidated funds of $17 million and $22 million at December 31, 2020 and 2019, respectively.

Fair Value Option

At December 31, 2020 and 2019, the Company elected the fair value option for certain investments in CLOs of approximately $35 million and $37 million, respectively, reported within investments.

In addition, the Company elected the fair value option for bank loans and borrowings of a consolidated CLO, recorded within investments and other liabilities, respectively. The following table summarizes the information related to these bank loans and borrowings at December 31, 2020 and 2019:

(in millions)		December 31, 2020		December 31, 2019
CLO Bank loans:				
Aggregate principal amounts outstanding	$	250	$	204
Fair value		248		204
Aggregate unpaid principal balance in excess of (less than) fair value	$	2	$	—
CLO Borrowings:				
Aggregate principal amounts outstanding	$	244	$	195
Fair value	$	246	$	195

At December 31, 2020, the principal amounts outstanding of the borrowings issued by the CLOs mature in 2030.

During the year ended December 31, 2020 and 2019, the net gains (losses) from the change in fair value of the bank loans and borrowings held by the consolidated CLO were not material and were recorded in net gain (loss) on the consolidated statements of income. The change in fair value of the assets and liabilities included interest income and expense, respectively.

9. Derivatives and Hedging

The Company maintains a program to enter into swaps to hedge against market price and interest rate exposures with respect to certain seed investments in sponsored investment products. At December 31, 2020 and 2019, the Company had outstanding total return swaps with aggregate notional values of approximately $833 million and $644 million, respectively.

The Company executes forward foreign currency exchange contracts to mitigate the risk of certain foreign exchange movements. At December 31, 2020 and 2019, the Company had outstanding forward foreign currency exchange contracts with aggregate notional values of approximately $2.8 billion and $3.4 billion, respectively and with expiration dates in January 2021 and January 2020, respectively.

At both December 31, 2020 and 2019, the Company had a derivative providing credit protection with a notional amount of approximately $17 million to a counterparty, representing the Company's maximum risk of loss with respect to the derivative. The Company carries the derivative at fair value based on the expected discounted future cash outflows under the arrangement.

The following table presents the fair values of derivative instruments recognized in the consolidated statements of financial condition at December 31, 2020:

(in millions)	December 31, 2020					
	Assets			Liabilities		
Derivative instruments	Statement of Financial Condition Classification		Fair Value	Statement of Financial Condition Classification		Fair Value
Total return swaps	Other assets	$	—	Other liabilities	$	50
Forward foreign currency exchange contracts	Other assets		13	Other liabilities		5
Total		**$**	**13**		**$**	**55**

The fair values of the outstanding total return swaps and forward foreign currency exchange contracts were not material to the consolidated statement of financial condition at December 31, 2019.

The following table presents realized and unrealized gains (losses) recognized in the consolidated statements of income on derivative instruments:

(in millions)		Gains (Losses)					
Derivative Instruments	Statement of Income Classification		2020		2019		2018
Total return swaps	Nonoperating income (expense)	$	(93)	$	(106)	$	54
Forward foreign currency exchange contracts	General and administration expense		47		55		(124)
Total gain (loss) from derivative instruments		$	(46)	$	(51)	$	(70)

The Company consolidates certain sponsored investment funds, which may utilize derivative instruments as a part of the funds' investment strategies. The change in fair value of such derivatives, which is recorded in nonoperating income (expense), was not material for 2020, 2019 and 2018.

See Note 15, *Borrowings*, for more information on the Company's net investment hedge.

10. Property and Equipment

Property and equipment consists of the following:

(in millions)	Estimated useful life-in years	December 31, 2020	2019
Property and equipment:			
Land	N/A	$ 6	$ 6
Building	39	33	33
Building improvements	15	30	30
Leasehold improvements	1-15	593	565
Equipment and computer software	3	822	672
Other transportation equipment	10	179	136
Furniture and fixtures	7	70	70
Construction in progress	N/A	46	83
Total		1,779	1,595
Less: accumulated depreciation and amortization		1,098	880
Property and equipment, net		$ 681	$ 715

N/A – Not Applicable

Qualifying software costs of approximately $95 million, $93 million and $77 million have been capitalized within equipment and computer software during 2020, 2019 and 2018, respectively, and are being amortized over an estimated useful life of three years.

Depreciation and amortization expense was $232 million, $182 million and $154 million for 2020, 2019 and 2018, respectively.

11. Goodwill

Goodwill activity during 2020 and 2019 was as follows:

(in millions)	2020	2019
Beginning of year balance	$ 14,562	$ 13,526
Acquisition(1)	—	1,044
Goodwill adjustments related to Quellos and other(2)	(11)	(8)
End of year balance	$ 14,551	$ 14,562

(1) In 2019, the $1,044 million increase in goodwill resulted from the eFront Transaction. See Note 3, *Acquisition*, for information on the eFront Transaction.

(2) Amounts primarily resulted from a decline related to tax benefits realized from tax-deductible goodwill in excess of book goodwill from the acquisition of the fund-of-funds business of Quellos Group, LLC in October 2007 (the "Quellos Transaction"). Goodwill related to the Quellos Transaction will continue to be reduced in future periods by the amount of tax benefits realized from tax-deductible goodwill in excess of book goodwill from the Quellos Transaction. The balance of the Quellos tax-deductible goodwill in excess of book goodwill was approximately $74 million and $106 million at December 31, 2020 and 2019, respectively.

BlackRock assessed its goodwill for impairment as of July 31, 2020, 2019 and 2018 and considered such factors as the book value and the market capitalization of the Company. The impairment assessment indicated no impairment charges were required. The Company continues to monitor its book value per share compared with closing prices of its common stock for potential indicators of impairment. At December 31, 2020, the Company's common stock closed at a market price of $721.54, which exceeded its book value of approximately $231.31 per share.

12. Intangible Assets

Intangible assets at December 31, 2020 and 2019 consisted of the following:

(in millions)	Remaining Weighted-Average Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
At December 31, 2020				
Indefinite-lived intangible assets:				
Management contracts	N/A	$ 16,169	$ —	$ 16,169
Trade names/trademarks	N/A	1,403	—	1,403
License	N/A	6	—	6
Total indefinite-lived intangible assets		17,578	—	17,578
Finite-lived intangible assets:				
Management contracts	4.0	283	172	111
Investor/customer relationships	8.2	476	88	388
Technology-related	6.4	203	25	178
Trade names/trademarks	2.3	14	6	8
Total finite-lived intangible assets	7.0	976	291	685
Total intangible assets		$ 18,554	$ 291	$ 18,263
At December 31, 2019				
Indefinite-lived intangible assets:				
Management contracts	N/A	$ 16,169	$ —	$ 16,169
Trade names/trademarks	N/A	1,403	—	1,403
License	N/A	6	—	6
Total indefinite-lived intangible assets		17,578	—	17,578
Finite-lived intangible assets:				
Management contracts	4.8	283	135	148
Investor/customer relationships	9.2	476	39	437
Technology-related	7.4	203	9	194
Trade names/trademarks	3.3	14	2	12
Total finite-lived intangible assets	7.8	976	185	791
Total intangible assets		$ 18,554	$ 185	$ 18,369

N/A – Not Applicable

The impairment tests performed for intangible assets as of July 31, 2020, 2019 and 2018 indicated no impairment charges were required.

Estimated amortization expense for finite-lived intangible assets for each of the five succeeding years is as follows:

(in millions) **Year**	**Amount**
2021	$ 107
2022	103
2023	97
2024	92
2025	87

In 2019, in connection with the eFront Transaction, the Company acquired $400 million of finite-lived customer relationships, $203 million of finite-lived technology-related intangible assets and $14 million of a finite-lived trade name, with weighted-average estimated lives of approximately 10 years, eight years and four years, respectively. See Note 3, *Acquisition*, for information on the eFront Transaction.

13. Leases

The following table presents components of lease cost included in general and administration expense on the consolidated statements of income:

(in millions)	2020	2019
Lease cost(1):		
Operating lease cost(2)	$ 147	$ 141
Variable lease cost(3)	40	39
Total lease cost	$ 187	$ 180

(1) Rent expense and certain office equipment expense under lease agreements amounted to $135 million in 2018.
(2) Amounts include short-term leases, which are immaterial for both 2020 and 2019.
(3) Amounts include operating lease payments, which may be adjusted based on usage, changes in an index or market rate, as well as common area maintenance charges and other variable costs not included in the measurement of ROU assets and operating lease liabilities.

The following table presents operating leases included on the consolidated statement of financial condition:

(in millions)	Statement of Financial Condition Classification	December 31, 2020	December 31, 2019
Statement of Financial Condition information:			
Operating lease ROU assets	Other assets	$ 649	$ 669
Operating lease liabilities	Other liabilities	$ 755	$ 776

Supplemental information related to operating leases is summarized below:

(in millions)	December 31, 2020	December 31, 2019
Supplemental cash flow information:		
Cash paid for amounts included in the measurement of operating lease liabilities	$ 154	$ 142
Supplemental noncash information:		
ROU assets in exchange for operating lease liabilities in connection with the adoption of ASU 2016-02, *"Leases"*	$ —	$ 661
ROU assets in exchange for operating lease liabilities	$ 93	$ 117

	December 31, 2020	December 31, 2019
Lease term and discount rate:		
Weighted-average remaining lease term	8 years	9 years
Weighted-average discount rate	3 %	3 %

(in millions) Maturity of operating lease liabilities at December 31, 2020	Amount (1)
2021	$ 162
2022	159
2023	107
2024	74
2025	58
Thereafter	305
Total lease payments	$ 865
Less: imputed interest	110
Present value of lease liabilities	$ 755

(1) Amount excludes $1.4 billion of legally binding minimum lease payments for leases signed but not yet commenced.

In May 2017, the Company entered into an agreement with 50 HYMC Owner LLC, for the lease of approximately 847,000 square feet of office space located at 50 Hudson Yards, New York, New York. The term of the lease includes 20 years of cash rental payments expected to begin in May 2023, with the option to renew for a specified term. The lease requires annual base rental payments of approximately $51 million per year during the first five years of the lease term, increasing every five years to $58 million, $66 million and $74 million per year (or approximately $1.2 billion in base rent over a 20-year period). In November 2019, the Company exercised its initial expansion option with respect to two additional floors aggregating approximately 122,000 square feet of office space. The additional space requires approximately $185 million in base rent over the 20-year period.

14. Other Assets

PennyMac

On February 13, 2020, BlackRock announced the establishment of The BlackRock Foundation (the "Foundation") and the contribution of its remaining 20% stake in PennyMac Financial Services, Inc. ("PennyMac") to the Foundation and the BlackRock Charitable Fund, which BlackRock established in 2013 (together, the "Charitable Contribution"). The Charitable Contribution resulted in an operating expense of $589 million, which was offset by a $122 million noncash, nonoperating pre-tax gain on the contributed shares and a tax benefit of $241 million in the consolidated statement of income for 2020.

The Company accounted for its interest in PennyMac as an equity method investment. At December 31, 2019, the Company's investment in PennyMac was included in other assets on the consolidated statements of financial condition. The carrying value and market value of the Company's interest (approximately 20% or 16 million shares) was approximately $451 million and $530 million, respectively, at December 31, 2019. The market value of the Company's interest reflected the PennyMac stock price at December 31, 2019 (a Level 1 input). As a result of the Charitable Contribution, the Company no longer recorded an investment in PennyMac at December 31, 2020.

iCapital

On March 10, 2020, in connection with a recapitalization of iCapital Network, Inc. ("iCapital"), BlackRock received additional stock in exchange for certain securities it held, which resulted in a nonoperating pre-tax gain of approximately $240 million in the consolidated statement of income for 2020. Following this transaction, the Company accounts for its interest in iCapital as an equity method investment, which is included in other assets on the consolidated statements of financial condition. At December 31, 2020, the carrying value of the Company's interest in iCapital was approximately $296 million.

15. Borrowings

Short-Term Borrowings

2020 Revolving Credit Facility. The Company's credit facility has an aggregate commitment amount of $4 billion and was amended in March 2020 to extend the maturity date to March 2025 (the "2020 credit facility"). The 2020 credit facility permits the Company to request up to an additional $1 billion of borrowing capacity, subject to lender credit approval, increasing the overall size of the 2020 credit facility to an aggregate principal amount not to exceed $5 billion. Interest on borrowings outstanding accrues at a rate based on the applicable London Interbank Offered Rate plus a spread. The 2020 credit facility requires the Company not to exceed a maximum leverage ratio (ratio of net debt to earnings before interest, taxes, depreciation and amortization, where net debt equals total debt less unrestricted cash) of 3 to 1, which was satisfied with a ratio of less than 1 to 1 at December 31, 2020. The 2020 credit facility provides back-up liquidity to fund ongoing working capital for general corporate purposes and various investment opportunities. At December 31, 2020, the Company had no amount outstanding under the 2020 credit facility.

Commercial Paper Program. The Company can issue unsecured commercial paper notes (the "CP Notes") on a private-placement basis up to a maximum aggregate amount outstanding at any time of $4 billion. The commercial paper program is currently supported by the 2020 credit facility. At December 31, 2020, BlackRock had no CP Notes outstanding.

Long-Term Borrowings

The carrying value and fair value of long-term borrowings determined using market prices and EUR/USD foreign exchange rate at December 31, 2020 included the following:

(in millions)	Maturity Amount	Unamortized Discount and Debt Issuance Costs	Carrying Value	Fair Value
4.25% Notes due 2021	$ 750	$ —	$ 750	$ 761
3.375% Notes due 2022	750	(2)	748	782
3.50% Notes due 2024	1,000	(3)	997	1,098
1.25% Notes due 2025	856	(3)	853	911
3.20% Notes due 2027	700	(5)	695	790
3.25% Notes due 2029	1,000	(11)	989	1,146
2.40% Notes due 2030	1,000	(7)	993	1,090
1.90% Notes due 2031	1,250	(11)	1,239	1,305
Total Long-term Borrowings	$ 7,306	$ (42)	$ 7,264	$ 7,883

Long-term borrowings at December 31, 2019 had a carrying value of $5.0 billion and a fair value of $5.3 billion determined using market prices at the end of December 2019.

2031 Notes. In April 2020, the Company issued $1.25 billion in aggregate principal amount of 1.90% senior unsecured and unsubordinated notes maturing on January 28, 2031 (the "2031 Notes"). The net proceeds of the 2031 Notes are being used for general corporate purposes, which may include the future repayment of all or a portion of the $750 million 4.25% Notes due May 2021. Interest of approximately $24 million per year is payable semi-annually on January 28 and July 28 of each year, which commenced on July 28, 2020. The 2031 Notes may be redeemed prior to October 28, 2030 in whole or in part at any time, at the option of the Company, at a "make-whole" redemption price or at 100% of the principal amount of the 2031 Notes thereafter. The unamortized discount and debt issuance costs are being amortized over the remaining term of the 2031 Notes.

2030 Notes. In January 2020, the Company issued $1 billion in aggregate principal amount of 2.40% senior unsecured and unsubordinated notes maturing on April 30, 2030 (the "2030 Notes"). The net proceeds of the 2030 Notes were used for general corporate purposes. Interest of approximately $24 million per year is payable semi-annually on April 30 and October 30 of each year, which commenced on April 30, 2020. The 2030 Notes may be redeemed prior to January 30, 2030 in whole or in part at any time, at the option of the Company, at a "make-whole" redemption price or at 100% of the principal amount of the 2030 Notes thereafter. The unamortized discount and debt issuance costs are being amortized over the remaining term of the 2030 Notes.

2029 Notes. In April 2019, the Company issued $1 billion in aggregate principal amount of 3.25% senior unsecured and unsubordinated notes maturing on April 30, 2029 (the "2029 Notes"). The net proceeds of the 2029 Notes were used for general corporate purposes, which included a portion of the purchase price of the eFront Transaction, repayment of a portion of the $1 billion 5.00% notes in December 2019 and repayment of borrowings under its commercial paper program. Interest is payable semi-annually on April 30 and October 30 of each year, which commenced on October 30, 2019, and is approximately $33 million per year. The 2029 Notes may be redeemed prior to January 30, 2029 in whole or in part at any time, at the option of the Company, at a "make-whole" redemption price or at par thereafter. The unamortized discount and debt issuance costs are being amortized over the remaining term of the 2029 Notes.

2027 Notes. In March 2017, the Company issued $700 million in aggregate principal amount of 3.20% senior unsecured and unsubordinated notes maturing on March 15, 2027 (the "2027 Notes"). The net proceeds of the 2027 Notes were used to fully repay $700 million in aggregate principal amount outstanding of 6.25% notes in April 2017 prior to their maturity in September 2017. Interest is payable semi-annually on March 15 and September 15 of each year, and is approximately $22 million per year. The 2027 Notes may be redeemed prior to maturity at any time in whole or in part at the option of the Company at a "make-whole" redemption price. The unamortized discount and debt issuance costs are being amortized over the remaining term of the 2027 Notes.

2025 Notes. In May 2015, the Company issued €700 million of 1.25% senior unsecured notes maturing on May 6, 2025 (the "2025 Notes"). The notes are listed on the New York Stock Exchange. The net proceeds of the 2025 Notes were used for general corporate purposes, including refinancing of outstanding indebtedness. Interest of approximately $11 million per year based on current exchange rates is payable annually on May 6 of each year. The 2025 Notes may be redeemed in whole or in part prior to maturity at any time at the option of the Company at a "make-whole" redemption price. The unamortized discount and debt issuance costs are being amortized over the remaining term of the 2025 Notes.

Upon conversion to US dollars the Company designated the €700 million debt offering as a net investment hedge to offset its currency exposure relating to its net investment in certain euro functional currency operations. A loss of $54 million (net of tax benefit of $17 million), a gain of $11 million (net of tax expense of $3 million), and a gain of $30 million (net of tax expense of $10 million) were recognized in other comprehensive income for 2020, 2019 and 2018, respectively. No hedge ineffectiveness was recognized during 2020, 2019, and 2018.

2024 Notes. In March 2014, the Company issued $1 billion in aggregate principal amount of 3.50% senior unsecured and unsubordinated notes maturing on March 18, 2024 (the "2024 Notes"). The net proceeds of the 2024 Notes were used to refinance certain indebtedness which matured in the fourth quarter of 2014. Interest is payable semi-annually in arrears on March 18 and September 18 of each year, or approximately $35 million per year. The 2024 Notes may be redeemed prior to maturity at any time in whole or in part at the option of the Company at a "make-whole" redemption price. The unamortized discount and debt issuance costs are being amortized over the remaining term of the 2024 Notes.

2022 Notes. In May 2012, the Company issued $1.5 billion in aggregate principal amount of unsecured unsubordinated obligations. These notes were issued as two separate series of senior debt securities, including $750 million of 1.375% notes, which were repaid in June 2015 at maturity, and $750 million of 3.375% notes maturing in June 2022 (the "2022 Notes"). Net proceeds were used to fund the repurchase of BlackRock's common stock and Series B Preferred from Barclays and affiliates and for general corporate purposes. Interest on the 2022 Notes of approximately $25 million per year is payable semi-annually on June 1 and December 1 of each year. The 2022 Notes may be redeemed prior to maturity at any time in whole or in part at the option of the Company at a "make-whole" redemption price. The "make-whole" redemption price represents a price, subject to the specific terms of the 2022 Notes and related indenture, that is the greater of (a) par value and (b) the present value of future payments that will not be paid because of an early redemption, which is discounted at a fixed spread over a comparable Treasury security. The unamortized discount and debt issuance costs are being amortized over the remaining term of the 2022 Notes.

2021 Notes. In May 2011, the Company issued $1.5 billion in aggregate principal amount of unsecured unsubordinated obligations. These notes were issued as two separate series of senior debt securities, including $750 million of 4.25% notes maturing in May 2021 and $750 million of floating rate notes, which were repaid in May 2013 at maturity. Net proceeds of this offering were used to fund the repurchase of BlackRock's Series B Preferred from affiliates of Merrill Lynch & Co., Inc. Interest on the 4.25% notes due in 2021 ("2021 Notes") is payable semi-annually on May 24 and November 24 of each year, and is approximately $32 million per year. The 2021 Notes may be redeemed prior to maturity at any time in whole or in part at the option of the Company at a "make-whole" redemption price. The unamortized discount and debt issuance costs are being amortized over the remaining term of the 2021 Notes.

16. Commitments and Contingencies

Investment Commitments. At December 31, 2020, the Company had $789 million of various capital commitments to fund sponsored investment products, including consolidated sponsored investment products. These products include private equity funds, real assets funds and opportunistic funds. This amount excludes additional commitments made by consolidated funds of funds to underlying third-party funds as third-party noncontrolling interest holders have the legal obligation to fund the respective commitments of such funds of funds. Generally, the timing of the funding of these commitments is unknown and the commitments are callable on demand at any time prior to the expiration of the commitment. These unfunded commitments are not recorded on the consolidated statements of financial condition. These commitments do not include potential future commitments approved by the Company that are not yet legally binding. The Company intends to make additional capital commitments from time to time to fund additional investment products for, and with, its clients.

Contingencies

Contingent Payments Related to Business Acquisitions. In connection with certain acquisitions, BlackRock is required to make contingent payments, subject to achieving specified performance targets, which may include revenue related to acquired contracts or new capital commitments for certain products. The fair value of the remaining aggregate contingent payments at December 31, 2020 totaled $26 million and is included in other liabilities on the consolidated statements of financial condition.

Other Contingent Payments. The Company acts as the portfolio manager in a series of derivative transactions and has a maximum potential exposure of $17 million between the Company and counterparty. See Note 9, *Derivatives and Hedging*, for further discussion.

Legal Proceedings. From time to time, BlackRock receives subpoenas or other requests for information from various US federal and state governmental and regulatory authorities and international governmental and regulatory authorities in connection with industry-wide or other investigations or proceedings. It is BlackRock's policy to cooperate fully with such matters. The Company, certain of its subsidiaries and employees have been named as defendants in various legal actions, including arbitrations and other litigation arising in connection with BlackRock's activities. Additionally, BlackRock-advised investment portfolios may be subject to lawsuits, any of which potentially could harm the investment returns of the applicable portfolio or result in the Company being liable to the portfolios for any resulting damages.

On April 5, 2017, BlackRock, Inc., BlackRock Institutional Trust Company, N.A. ("BTC"), the BlackRock, Inc. Retirement Committee and various sub-committees, and a BlackRock employee were named as defendants in a purported class action lawsuit brought in the US District Court for the Northern District of California by a former employee on behalf of all participants and beneficiaries in the BlackRock employee 401(k) Plan (the "Plan") from April 5, 2011 to the present. The lawsuit generally alleges that the defendants breached their duties towards Plan participants in violation of the Employee Retirement Income Security Act of 1974 by, among other things, offering investment options that were overly expensive, underperformed unaffiliated peer funds, focused disproportionately on active versus passive strategies, and were unduly concentrated in investment options managed by BlackRock. On October 18, 2017, the plaintiffs filed an Amended Complaint, which, among other things, added as defendants certain current and former members of the BlackRock Retirement and Investment Committees. The Amended Complaint also included a new purported class claim on behalf of investors in certain CTFs managed by BTC. Specifically, the plaintiffs allege that BTC, as fiduciary to the CTFs, engaged in self-dealing by, most significantly, selecting itself as the securities lending agent on terms that the plaintiffs claim were excessive. The Amended Complaint also alleged that BlackRock took undue risks in its management of securities lending cash reinvestment vehicles during the financial crisis. On August 23, 2018, the court granted permission to the plaintiffs to file a Second Amended Complaint ("SAC") which added as defendants the BlackRock, Inc. Management Development and Compensation Committee, the Plan's independent investment consultant and the Plan's Administrative Committee and its members. On October 22, 2018, BlackRock filed a motion to dismiss the SAC, and on June 3, 2019, the plaintiffs filed a motion seeking to certify both the Plan and the CTF classes. On September 3, 2019, the court granted BlackRock's motion to dismiss part of the plaintiffs' claim seeking to recover alleged losses in the securities lending vehicles but denied the motion to dismiss in all other respects. On February 11, 2020, the court denied the plaintiffs' motion to certify the CTF class and granted their motion to certify the Plan class. On April 27, 2020, the Ninth Circuit denied the plaintiffs' request to immediately appeal the class certification ruling. On September 24, 2020, the parties cross-moved for summary judgment, both of which were denied on January 12, 2021. On February 5, 2021, the parties reached a settlement in principle that will resolve the lawsuit, and are negotiating final terms for presentation to the court, which must approve the settlement for it to be effective.

Management, after consultation with legal counsel, currently does not anticipate that the aggregate liability arising out of regulatory matters or lawsuits will have a material effect on BlackRock's results of operations, financial position, or cash flows. However, there is no assurance as to whether any such pending or threatened matters will have a material effect on BlackRock's results of operations, financial position or cash flows in any future reporting period. Due to uncertainties surrounding the outcome of these matters, management cannot reasonably estimate the possible loss or range of loss that may arise from these matters.

Indemnifications. In the ordinary course of business or in connection with certain acquisition agreements, BlackRock enters into contracts pursuant to which it may agree to indemnify third parties in certain circumstances. The terms of these indemnities vary from contract to contract and the amount of indemnification liability, if any, cannot be determined or the likelihood of any liability is considered remote. Consequently, no liability has been recorded on the consolidated statements of financial condition.

In connection with securities lending transactions, BlackRock has agreed to indemnify certain securities lending clients against potential loss resulting from a borrower's failure to fulfill its obligations under the securities lending agreement should the value of the collateral pledged by the borrower at the time of default be insufficient to cover the borrower's obligation under the securities lending agreement. The amount of securities on loan as of December 31, 2020 and subject to this type of indemnification was $270 billion. In the Company's capacity as lending agent, cash and securities totaling $289 billion was held as collateral for indemnified securities on loan at December 31, 2020. The fair value of these indemnifications was not material at December 31, 2020.

17. Revenue

The table below presents detail of revenue for 2020, 2019 and 2018 and includes the product mix of investment advisory, administration fees and securities lending revenue and performance fees.

(in millions)	2020	2019	2018
Investment advisory, administration fees and securities lending revenue:			
Equity:			
Active	$ 1,737	$ 1,554	$ 1,654
iShares ETFs	3,499	3,495	3,549
Non-ETF index	664	667	685
Equity subtotal	5,900	5,716	5,888
Fixed income:			
Active	1,957	1,918	1,840
iShares ETFs	1,119	963	825
Non-ETF index	463	405	387
Fixed income subtotal	3,539	3,286	3,052
Multi-asset	1,163	1,148	1,176
Alternatives:			
Illiquid alternatives	577	488	348
Liquid alternatives	502	413	384
Currency and commodities(1)	168	108	98
Alternatives subtotal	1,247	1,009	830
Long-term	11,849	11,159	10,946
Cash management	790	618	607
Total investment advisory, administration fees and securities lending revenue	12,639	11,777	11,553
Investment advisory performance fees:			
Equity	91	36	91
Fixed income	35	10	8
Multi-asset	35	19	19
Alternatives:			
Illiquid alternatives	83	136	70
Liquid alternatives	860	249	224
Alternatives subtotal	943	385	294
Total performance fees	1,104	450	412
Technology services revenue	1,139	974	785
Distribution fees:			
Retrocessions	736	658	709
12b-1 fees (US mutual fund distribution fees)	337	358	406
Other	58	53	40
Total distribution fees	1,131	1,069	1,155
Advisory and other revenue:			
Advisory	68	99	113
Other	124	170	180
Total advisory and other revenue	192	269	293
Total revenue	$ 16,205	$ 14,539	$ 14,198

(1) Amounts include commodity *iShares* ETFs.

The tables below present the investment advisory, administration fees and securities lending revenue by client type and investment style:

(in millions)	2020	2019	2018
By client type:			
Retail	$ 3,651	$ 3,411	$ 3,413
iShares ETFs	4,788	4,564	4,468
Institutional:			
Active	2,342	2,172	2,044
Index	1,068	1,012	1,021
Total institutional	3,410	3,184	3,065
Long-term	11,849	11,159	10,946
Cash management	790	618	607
Total	$ 12,639	$ 11,777	$ 11,553
By investment style:			
Active	$ 5,914	$ 5,510	$ 5,391
Index and *iShares* ETFs	5,935	5,649	5,555
Long-term	11,849	11,159	10,946
Cash management	790	618	607
Total	$ 12,639	$ 11,777	$ 11,553

Investment advisory and administration fees – remaining performance obligation

The tables below present estimated investment advisory and administration fees expected to be recognized in the future related to the unsatisfied portion of the performance obligations at December 31, 2020 and 2019:

December 31, 2020

(in millions)	2021	2022	2023	Thereafter	Total
Investment advisory and administration fees:					
Alternatives(1)(2)	$ 148	$ 144	$ 112	$ 107	$ 511

December 31, 2019

(in millions)	2020	2021	2022	Thereafter	Total
Investment advisory and administration fees:					
Alternatives(1)(2)	$ 98	$ 88	$ 74	$ 107	$ 367

(1) Investment advisory and administration fees include management fees related to certain alternative products, which are based on contractual committed capital outstanding at December 31, 2020 and 2019. Actual management fees could be higher to the extent additional committed capital is raised. These fees are generally billed on a quarterly basis in arrears.
(2) The Company elected the following practical expedients and therefore does not include amounts related to (1) performance obligations with an original duration of one year or less, and (2) variable consideration related to future service periods.

Change in deferred carried interest liability

The table below presents changes in the deferred carried interest liability, which is included in other liabilities on the consolidated statements of financial condition, for the year ended December 31, 2020 and 2019:

(in millions)	2020	2019
Beginning balance	**$ 483**	$ 293
Net increase (decrease) in unrealized allocations	**150**	259
Performance fee revenue recognized	**(49)**	(75)
Other	**—**	6
Ending balance	**$ 584**	$ 483

Technology services revenue – remaining performance obligation

The tables below present estimated technology services revenue expected to be recognized in the future related to the unsatisfied portion of the performance obligations at December 31, 2020 and 2019:

December 31, 2020

(in millions)	2021	2022	2023	Thereafter	Total
Technology services revenue(1)(2)	$ 118	$ 58	$ 33	$ 22	$ 231

December 31, 2019

(in millions)	2020	2021	2022	Thereafter	Total
Technology services revenue(1)(2)	$ 117	$ 53	$ 31	$ 20	$ 221

(1) Technology services revenue primarily includes upfront payments from customers, which the Company generally recognizes as services are performed.
(2) The Company elected the following practical expedients and therefore does not include amounts related to (1) performance obligations with an original duration of one year or less, and (2) variable consideration related to future service periods.

In addition to amounts disclosed in the table above, certain technology services contracts require fixed minimum fees, which are billed on a monthly or quarterly basis in arrears. The Company recognizes such revenue as services are performed. As of December 31, 2020, the estimated fixed minimum fees for 2021 for outstanding contracts approximated $730 million. The term for these contracts, which are either in their initial or renewal period, ranges from one to five years.

The table below presents changes in the technology services deferred revenue liability for the year ended December 31, 2020 and 2019, which is included in other liabilities on the consolidated statements of financial condition:

(in millions)	2020	2019
Beginning balance	**$ 116**	$ 70
Additions(1)	**89**	86
Revenue recognized that was included in the beginning balance	**(82)**	(40)
Ending balance	**$ 123**	$ 116

(1) Amounts are net of revenue recognized.

18. Stock-Based Compensation

The components of stock-based compensation expense are as follows:

(in millions)	2020	2019	2018
Stock-based compensation:			
Restricted stock and RSUs	$ 593	$ 532	$ 514
Long-term incentive plans to be funded by PNC(1)	—	—	14
Stock options	29	35	36
Total stock-based compensation	$ 622	$ 567	$ 564

(1) The PNC Financial Services Group, Inc. ("PNC")

Stock Award and Incentive Plan. Pursuant to the BlackRock, Inc. Second Amended and Restated 1999 Stock Award and Incentive Plan (the "Award Plan"), options to purchase shares of the Company's common stock at an exercise price not less than the market value of BlackRock's common stock on the date of grant in the form of stock options, restricted stock or RSUs may be granted to employees and nonemployee directors. A maximum of 41,500,000 shares of common stock were authorized for issuance under the Award Plan. Of this amount, 6,068,624 shares remain available for future awards at December 31, 2020. Upon exercise of employee stock options, the issuance of restricted stock or the vesting of RSUs, the Company issues shares out of treasury to the extent available.

Restricted Stock and RSUs. Pursuant to the Award Plan, restricted stock grants and RSUs may be granted to certain employees. Substantially all restricted stock and RSUs vest over periods ranging from one to three years and are expensed using the straight-line method over the requisite service period for each separately vesting portion of the award as if the award was, in-substance, multiple awards. Restricted stock and RSUs are not considered participating securities for purposes of calculating EPS as the dividend equivalents are subject to forfeiture prior to vesting of the award.

Restricted stock and RSU activity for 2020 is summarized below.

Outstanding at	Restricted Stock and RSUs	Weighted-Average Grant Date Fair Value
December 31, 2019	2,236,452	$ 444.02
Granted	969,095	$ 533.31
Converted	(981,385)	$ 429.48
Forfeited	(84,232)	$ 477.29
December 31, 2020	**2,139,930**	**$ 489.81**

The Company values restricted stock and RSUs at their grant-date fair value as measured by BlackRock's common stock price. The total fair market value of RSUs/restricted stock granted to employees during 2020, 2019 and 2018 was $517 million, $508 million and $492 million, respectively. The total grant-date fair market value of RSUs/restricted stock converted to common stock during 2020, 2019 and 2018 was $421 million, $398 million and $443 million, respectively.

RSUs/restricted stock granted in connection with annual incentive compensation under the Award Plan primarily related to the following:

	2020	2019	2018
Awards granted that vest ratably over three years from the date of grant	504,403	674,206	527,337
Awards granted that cliff vest 100% on:			
January 31, 2021	—	—	209,201
January 31, 2022	—	377,291	—
January 31, 2023	393,161	—	—
	897,564	1,051,497	736,538

In addition, the Company also granted RSUs of 71,531, 174,752 and 155,403 during 2020, 2019 and 2018, respectively, with varying vesting periods.

At December 31, 2020, the intrinsic value of outstanding RSUs was $1.5 billion, reflecting a closing stock price of $721.54.

At December 31, 2020, total unrecognized stock-based compensation expense related to unvested RSUs was $379 million. The unrecognized compensation cost is expected to be recognized over the remaining weighted-average period of 1.1 years.

In January 2021, the Company granted under the Award Plan:

- 470,253 RSUs or shares of restricted stock to employees as part of annual incentive compensation that vest ratably over three years from the date of grant; and
- 247,621 RSUs or shares of restricted stock to employees that cliff vest 100% on January 31, 2024.
- 55,994 RSUs or shares of restricted stock to employees with various vesting schedules.

Performance-Based RSUs. Pursuant to the Award Plan, performance-based RSUs may be granted to certain employees. Each performance-based award consists of a "base" number of RSUs granted to the employee. The number of shares that an employee ultimately receives at vesting will be equal to the base number of performance-based RSUs granted, multiplied by a predetermined percentage determined in accordance with the level of attainment of Company performance measures during the performance period and could be higher or lower than the original RSU grant. Performance-based RSUs are not considered participating securities as the dividend equivalents are subject to forfeiture prior to vesting of the award.

In the first quarter of 2020, 2019 and 2018, the Company granted 238,478, 283,014, and 199,068, respectively, performance-based RSUs to certain employees that cliff vest 100% on January 31, 2023, 2022, and 2021 respectively. These awards are amortized over a service period of three years. The number of shares distributed at vesting could be higher or lower than the original grant based on the level of attainment of predetermined Company performance measures. In January 2020, the Company granted 30,600 additional RSUs to certain employees based on the attainment of Company performance measures during the performance period.

Performance-based RSU activity for 2020 is summarized below.

Outstanding at	Performance-Based RSUs		Weighted-Average Grant Date Fair Value
December 31, 2019	742,918	$	436.84
Granted	238,478	$	533.58
Additional shares granted due to attainment of performance measures	30,600	$	375.26
Converted	(311,779)	$	375.26
December 31, 2020	**700,217**	**$**	**494.51**

The Company initially values performance-based RSUs at their grant-date fair value as measured by BlackRock's common stock price. The total grant-date fair market value of performance-based RSUs granted to employees during 2020, 2019 and 2018 was $139 million, $117 million and $121 million, respectively.

At December 31, 2020, the intrinsic value of outstanding performance-based RSUs was $505 million reflecting a closing stock price of $721.54.

At December 31, 2020, total unrecognized stock-based compensation expense related to unvested performance-based awards was $132 million. The unrecognized compensation cost is expected to be recognized over the remaining weighted-average period of 1.2 years.

In January 2021, the Company granted 162,029 performance-based RSUs to certain employees that cliff vest 100% on January 31, 2024. These awards are amortized over a service period of three years. The number of shares distributed at vesting could be higher or lower than the original grant based on the level of attainment of predetermined Company performance measures.

Performance-based Stock Options. Pursuant to the Award Plan, performance-based stock options may be granted to certain employees. Vesting of the performance-based stock options is contingent upon the achievement of obtaining 125% of BlackRock's grant-date stock price within five years from the grant date and the attainment of Company performance measures during the four-year performance period. If both hurdles are achieved, the award will vest in three equal installments at the end of years five, six and seven. Vested options can then be exercised up to nine years following the grant date. At December 31, 2020, the weighted average remaining life of the awards is approximately 5.9 years. The awards are generally forfeited if the employee leaves the Company before the respective vesting date. The expense for each tranche is amortized over the respective requisite service period. The Company assumes the performance condition will be achieved. If such condition is not met, no compensation cost is recognized and any recognized compensation cost is reversed. Stock option activity for 2020 is summarized below.

Outstanding at	Shares Under Option		Weighted Average Exercise Price
December 31, 2019	1,941,145	$	513.50
Forfeited	(25,353)	$	513.50
December 31, 2020	**1,915,792**	**$**	**513.50**

The options have a strike price of $513.50, which was the closing price of the shares on the grant date. The grant-date fair value of the awards issued in 2017 was $208 million and was estimated using a Monte Carlo simulation with an embedded lattice model using the assumptions included in the following table:

Grant Year	Expected Term (Years)	Expected Stock Volatility	Expected Dividend Yield	Risk-Free Interest Rate
2017	6.56	22.23%	2.16%	2.33%

The expected term was derived using a Monte Carlo simulation with the embedded lattice model and represents the period of time that options granted are expected to be outstanding. The expected stock volatility was based upon an average of historical stock price fluctuations of BlackRock's common stock and an implied volatility at the grant date. The dividend yield was calculated as the most recent quarterly dividend divided by the average three-month stock price as of the grant date. The risk-free interest rate is based on the US Treasury Constant Maturities yield curve at date of grant.

At December 31, 2020, total unrecognized stock-based compensation expense related to unvested performance-based stock options was $82 million. The unrecognized compensation cost is expected to be recognized over the remaining weighted-average period of 2.9 years.

Employee Stock Purchase Plan ("ESPP"). The ESPP allows eligible employees to purchase the Company's common stock at 95% of the fair market value on the last day of each three-month offering period. The Company does not record compensation expense related to employees purchasing shares under the ESPP.

19. Employee Benefit Plans

Deferred Compensation Plans

Voluntary Deferred Compensation Plan. The Company adopted a Voluntary Deferred Compensation Plan ("VDCP") that allows eligible employees in the United States to elect to defer between 1% and 100% of their annual cash incentive compensation. The participants must specify a deferral period of up to 10 years from the year of deferral and additionally, elect to receive distributions in the form of a lump sum or in up to 10 annual installments. The Company may fund the obligation through the rabbi trust on behalf of the plan's participants.

The rabbi trust established for the VDCP, with assets totaling $6 million and $23 million at December 31, 2020 and 2019, respectively, is reflected in investments on the consolidated statements of financial condition. Such investments are classified as trading investments. The liability balance of $82 million and $80 million at December 31, 2020 and 2019, respectively, is reflected on the consolidated statements of financial condition as accrued compensation and benefits. Earnings in the rabbi trust, including unrealized appreciation or depreciation, are reflected as nonoperating income (expense) and changes in the liability are reflected as employee compensation and benefits expense on the consolidated statements of income.

Leadership Retention Carry Plan. In 2019, the Company adopted a carried interest retention incentive program referred to as the BlackRock Leadership Retention Carry Plan, pursuant to which senior-level employees (but not including the Chief Executive Officer), as may be determined by the Company from time to time, will be eligible to receive a portion of the cash payments, based on their percentage points, in the total carried interest distributions payable to the Company from participating carry funds. Cash payments, if any, with respect to these percentage points will be made following the recipient's termination of employment due to qualified retirement, death or disability, subject to his or her execution of a release of claims and continued compliance with his or her restrictive covenant obligations following termination. There was no impact to the consolidated financial statements.

Other Deferred Compensation Plans. The Company has additional compensation plans for the purpose of providing deferred compensation and retention incentives to certain employees. For these plans, the final value of the deferred amount to be distributed in cash upon vesting is associated with investment returns of certain investment funds. The liabilities for these plans were $339 million and $311 million at December 31, 2020 and 2019, respectively, and are reflected in the consolidated statements of financial condition as accrued compensation and benefits. In January 2021, the Company granted approximately $321 million of additional deferred compensation that will fluctuate with investment returns and will vest ratably over three years from the date of grant.

Defined Contribution Plans

The Company has several defined contribution plans primarily in the United States and United Kingdom.

Certain of the Company's US employees participate in a defined contribution plan. Employee contributions of up to 8% of eligible compensation, as defined by the plan and subject to Internal Revenue Code limitations, are matched by the Company at 50% up to a maximum of $5,000 annually. In addition, the Company makes an annual retirement contribution to eligible participants equal to 3-5% of eligible compensation. The Company's contribution expense related to this plan was $93 million in 2020, $66 million in 2019, and $63 million in 2018.

Certain United Kingdom ("UK") wholly owned subsidiaries of the Company contribute to defined contribution plans for their employees. The contributions range between 6% and 15% of each employee's eligible compensation. The Company's contribution expense related to these plans was $45 million in 2020, $41 million in 2019, and $35 million in 2018.

In addition, the contribution expense related to defined contribution plans in other regions was $34 million in 2020, $29 million in 2019 and $22 million in 2018.

Defined Benefit Plans. The Company has several defined benefit pension plans with plan assets of approximately $36 million and $28 million at December 31, 2020 and 2019, respectively. The underfunded obligations at December 31, 2020 and 2019 were not material. Benefit payments for the next five years and in aggregate for the five years thereafter are not expected to be material.

20. Related Party Transactions

Determination of Related Parties

PNC. The Company considered PNC, along with its affiliates, to be a related party based on its level of capital stock ownership prior to the secondary offering in May 2020 by PNC of shares of the Company's stock. See Note 23, *Capital Stock*, for more information on PNC secondary offering. At December 31, 2020, PNC did not own any of the Company's capital stock and is no longer considered a related party.

Registered Investment Companies and Equity Method Investments. The Company considers the registered investment companies that it manages, which include mutual funds and exchange-traded funds, to be related parties as a result of the Company's advisory relationship. In addition, equity method investments are considered related parties, due to the Company's influence over the financial and operating policies of the investee.

Revenue from Related Parties

Revenue for services provided by the Company to these and other related parties are as follows:

(in millions)		2020		2019		2018
Investment advisory, administration fees and securities lending revenue(1)	**$**	**9,079**	$	8,323	$	8,226
Investment advisory performance fees(1)		**301**		131		112
Technology services revenue(2)		**4**		9		9
Advisory and other revenue(3)		**19**		59		65
Total revenue from related parties	**$**	**9,403**	$	8,522	$	8,412

(1) Amounts primarily include revenue from registered investment companies/and equity method investees.
(2) Amounts primarily include revenue from PNC and affiliates.
(3) Amounts primarily include revenue from equity method investees.

The Company provides investment advisory and administration services to its open- and closed-end funds and other commingled or pooled funds and separate accounts in which related parties invest.

Receivables and Payables with Related Parties. Due from related parties, which is included within other assets on the consolidated statements of financial condition was $109 million and $119 million at December 31, 2020 and 2019, respectively, and primarily represented receivables from certain investment products managed by BlackRock. Accounts receivable at December 31, 2020 and 2019 included $1.1 billion and $995 million, respectively, related to receivables from BlackRock mutual funds and *iShares* ETFs, for investment advisory and administration services.

Due to related parties, which is included within other liabilities on the consolidated statements of financial condition, was $17 million and $12 million at December 31, 2020 and 2019, respectively, and primarily represented payables to certain investment products managed by BlackRock.

21. Net Capital Requirements

The Company is required to maintain net capital in certain regulated subsidiaries within a number of jurisdictions, which is partially maintained by retaining cash and cash equivalent investments in those subsidiaries or jurisdictions. As a result, such subsidiaries of the Company may be restricted in their ability to transfer cash between different jurisdictions and to their parents. Additionally, transfers of cash between international jurisdictions may have adverse tax consequences that could discourage such transfers.

Banking Regulatory Requirements. BTC, a wholly owned subsidiary of the Company, is chartered as a national bank whose powers are limited to trust and other fiduciary activities and which is subject to regulatory capital requirements administered by the US Office of the Comptroller of the Currency. Federal banking regulators would be required to take certain actions and permitted to take other actions in the event of BTC's failure to meet minimum capital requirements that, if undertaken, could have a direct material effect on the Company's consolidated financial statements.

Quantitative measures established by regulators to ensure capital adequacy require BTC to maintain a minimum Common Equity Tier 1 capital and Tier 1 leverage ratio, as well as Tier 1 and total risk-based capital ratios. Based on BTC's calculations as of December 31, 2020 and 2019, it exceeded the applicable capital adequacy requirements.

	Actual			For Capital Adequacy Purposes			To Be Well Capitalized Under Prompt Corrective Action Provisions		
(in millions)	Amount		Ratio	Amount		Ratio	Amount		Ratio
December 31, 2020									
Total capital (to risk weighted assets)	**$**	**740**	**184.6%**	**$**	**32**	**8.0%**	**$**	**40**	**10.0%**
Common Equity Tier 1 capital (to risk weighted assets)	**$**	**740**	**184.6%**	**$**	**18**	**4.5%**	**$**	**26**	**6.5%**
Tier 1 capital (to risk weighted assets)	**$**	**740**	**184.6%**	**$**	**24**	**6.0%**	**$**	**32**	**8.0%**
Tier 1 capital (to average assets)	**$**	**740**	**71.3%**	**$**	**41**	**4.0%**	**$**	**52**	**5.0%**
December 31, 2019									
Total capital (to risk weighted assets)	$	686	137.7%	$	40	8.0%	$	50	10.0%
Common Equity Tier 1 capital (to risk weighted assets)	$	686	137.7%	$	22	4.5%	$	32	6.5%
Tier 1 capital (to risk weighted assets)	$	686	137.7%	$	30	6.0%	$	40	8.0%
Tier 1 capital (to average assets)	$	686	72.8%	$	38	4.0%	$	47	5.0%

Broker-dealers. BlackRock Investments, LLC and BlackRock Execution Services are registered broker-dealers and wholly owned subsidiaries of BlackRock that are subject to the Uniform Net Capital requirements under the Securities Exchange Act of 1934, which requires maintenance of certain minimum net capital levels.

Capital Requirements. At December 31, 2020 and 2019, the Company was required to maintain approximately $2.2 billion and $1.9 billion, respectively, in net capital in certain regulated subsidiaries, including BTC, entities regulated by the Financial Conduct Authority and Prudential Regulation Authority in the United Kingdom, and the Company's broker-dealers. The Company was in compliance with all applicable regulatory net capital requirements.

22. Accumulated Other Comprehensive Income (Loss)

The following table presents changes in AOCI by component for 2020, 2019 and 2018:

(in millions)	2020	2019	2018
Beginning balance	**$ (571)**	$ (691)	$ (432)
Foreign currency translation adjustments(1)	**234**	120	(253)
Reclassification as a result of adoption of accounting guidance	**—**	—	(6)
Ending balance	**$ (337)**	$ (571)	$ (691)

(1) Amount for 2020 includes a loss from a net investment hedge of $54 million (net of tax benefit of $17 million). Amounts for 2019 and 2018 include gains from a net investment hedge of $11 million (net of tax expense of $3 million) and $30 million (net of tax expense of $10 million), respectively.

23. Capital Stock

The Company's authorized common stock and nonvoting participating preferred stock, $0.01 par value, ("Preferred") consisted of the following:

	December 31, 2020	December 31, 2019
Common Stock	**500,000,000**	500,000,000
Nonvoting Participating Preferred Stock		
Series A Preferred	**—**	20,000,000
Series B Preferred	**—**	150,000,000
Series C Preferred	**—**	6,000,000
Series D Preferred	**—**	20,000,000

May 2020 PNC Secondary Offering and Share Repurchase. On May 15, 2020, a subsidiary of PNC completed the secondary offering of 31,628,573 shares of the Company's common stock at a price of $420 per share, which included 823,188 shares of common stock issued upon the conversion of the Company's Series B Convertible Participating Preferred Stock and 2,875,325 shares of common stock under the fully exercised underwriters' option to purchase additional shares. Also on May 15, 2020, PNC completed the sale of 2,650,857 shares to the Company at a price of $414.96 per share. The shares repurchased by the Company were in addition to the share repurchase authorization under the Company's existing share repurchase program. The secondary offering and the Company's share repurchase resulted in PNC's exit of its entire ownership position in the Company.

Elimination of Preferred Stock. As a result of PNC's exit of its entire ownership position in the Company, on October 6, 2020, the Company filed a Certificate of Elimination to its Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation") with the Secretary of State for the state of Delaware eliminating each of the Company's Series A, B and C Convertible Participating Preferred Stock and Series D Participating Preferred Stock (collectively, the "Preferred Stock"). As of October 6, 2020 (the date of filing the Certificate of Elimination), there were no outstanding shares of the Preferred Stock.

PNC Capital Contribution. During 2019, PNC surrendered to BlackRock 143,458 shares of BlackRock Series C Preferred to fund certain long-term incentive plans ("LTIP") awards and completed its share delivery obligation in connection with its share surrender agreement.

Cash Dividends for Common and Preferred Shares / RSUs. During 2020, 2019 and 2018, the Company paid cash dividends of $14.52 per share (or $2,260 million), $13.20 per share (or $2,096 million) and $12.02 per share (or $1,968 million), respectively.

Share Repurchases. During 2020, the Company repurchased an aggregate of approximately $1.5 billion of common shares, including the repurchase from PNC described above and 0.8 million common shares under the Company's existing share repurchase program for $412 million. At December 31, 2020, there were 5.1 million shares still authorized to be repurchased under the program.

The Company's common and preferred shares issued and outstanding and related activity consist of the following:

	Shares Issued				Shares Outstanding		
	Common Shares	Treasury Common Shares	Series B Preferred	Series C Preferred	Common Shares	Series B Preferred	Series C Preferred
December 31, 2017	171,252,185	(11,275,070)	823,188	246,522	159,977,115	823,188	246,522
Shares repurchased	—	(3,511,603)	—	—	(3,511,603)	—	—
Net issuance of common shares related to employee stock transactions	—	1,087,989	—	—	1,087,989	—	—
PNC LTIP capital contribution	—	—	—	(103,064)	—	—	(103,064)
December 31, 2018	171,252,185	(13,698,684)	823,188	143,458	157,553,501	823,188	143,458
Shares repurchased	—	(4,018,905)	—	—	(4,018,905)	—	—
Net issuance of common shares related to employee stock transactions	—	841,184	—	—	841,184	—	—
PNC LTIP capital contribution	—	—	—	(143,458)	—	—	(143,458)
December 31, 2019	171,252,185	(16,876,405)	823,188	—	154,375,780	823,188	—
Shares repurchased	—	(3,445,554)	—	—	(3,445,554)	—	—
Net issuance of common shares related to employee stock transactions	—	779,471	—	—	779,471	—	—
Exchange of preferred shares series B for common shares	823,188	—	(823,188)	—	823,188	(823,188)	—
December 31, 2020	**172,075,373**	**(19,542,488)**	—	—	**152,532,885**	—	—

24. Restructuring Charge

A restructuring charge of $60 million ($47 million after-tax), comprised of $53 million of severance and $7 million of expense related to the accelerated amortization of previously granted equity compensation awards, was recorded in the fourth quarter of 2018 in connection with an initiative to modify the size and shape of the workforce.

The table below presents a rollforward of the Company's restructuring liability for the year ended December 31, 2019, which is included in other liabilities on the consolidated statements of financial condition:

(in millions)		
Liability as of December 31, 2018	$	53
Cash payments		(53)
Liability as of December 31, 2019	$	—

25. Income Taxes

The components of income tax expense for 2020, 2019 and 2018, are as follows:

(in millions)	2020	2019	2018
Current income tax expense:			
Federal	**$ 720**	$ 735	$ 605
State and local	**86**	109	97
Foreign	**589**	400	600
Total net current income tax expense	**1,395**	1,244	1,302
Deferred income tax expense (benefit):			
Federal	**(66)**	15	(71)
State and local	**6**	7	(1)
Foreign	**(97)**	(5)	(154)
Total net deferred income tax expense (benefit)	**(157)**	17	(226)
Total income tax expense	**$ 1,238**	$ 1,261	$ 1,076

Income tax expense has been based on the following components of income before taxes, less net income (loss) attributable to NCI:

(in millions)	2020	2019	2018
Domestic	**$ 3,805**	$ 3,766	$ 3,536
Foreign	**2,365**	1,971	1,845
Total	**$ 6,170**	$ 5,737	$ 5,381

The foreign income before taxes includes countries that have statutory tax rates that are different than the US federal statutory tax rate of 21%, such as the United Kingdom, Ireland, Canada and Germany.

A reconciliation of income tax expense with expected federal income tax expense computed at the applicable federal income tax rate of 21% for 2020, 2019 and 2018 is as follows:

(in millions)	2020		2019		2018	
Statutory income tax expense	$ 1,296	21%	$ 1,205	21%	$ 1,130	21%
Increase (decrease) in income taxes resulting from:						
State and local taxes (net of federal benefit)	81	1	96	2	99	2
Impact of federal, foreign, state, and local tax rate changes on deferred taxes	78	1	5	—	—	—
Stock-based compensation awards	(36)	—	(23)	—	(64)	(1)
Charitable Contribution	(128)	(2)	—	—	—	—
Effect of foreign tax rates	(100)	(2)	(76)	(1)	(119)	(2)
Other	47	1	54	—	30	—
Income tax expense	$ 1,238	20%	$ 1,261	22%	$ 1,076	20%

Deferred income taxes are provided for the effects of temporary differences between the tax basis of an asset or liability and its reported amount in the consolidated financial statements. These temporary differences result in taxable or deductible amounts in future years.

The components of deferred income tax assets and liabilities are shown below:

(in millions)	December 31, 2020	December 31, 2019
Deferred income tax assets:		
Compensation and benefits	$ 295	$ 282
Unrealized investment losses	20	—
Loss carryforwards	80	84
Other	659	481
Gross deferred tax assets	1,054	847
Less: deferred tax valuation allowances	(26)	(51)
Deferred tax assets net of valuation allowances	1,028	796
Deferred income tax liabilities:		
Goodwill and acquired indefinite-lived intangibles	4,096	3,971
Acquired finite-lived intangibles	159	179
Unrealized investment gains	—	63
Other	142	142
Gross deferred tax liabilities	4,397	4,355
Net deferred tax (liabilities)	$ (3,369)	$ (3,559)

Deferred income tax assets and liabilities are recorded net when related to the same tax jurisdiction. At December 31, 2020, the Company recorded on the consolidated statement of financial condition deferred income tax assets, within other assets, and deferred income tax liabilities of $304 million and $3,673 million, respectively. At December 31, 2019, the Company recorded on the consolidated statement of financial condition deferred income tax assets, within other assets, and deferred income tax liabilities of $175 million and $3,734 million, respectively.

Income tax expense for 2020 included a discrete tax benefit of $241 million recognized in connection with the Charitable Contribution, partially offset by a noncash net expense of approximately $79 million associated with the revaluation of certain deferred income tax assets and liabilities related to the legislation enacted in the United Kingdom increasing its corporate tax rate and state and local income tax changes. Income tax expense for 2020 also included $139 million of net discrete tax benefits, including benefits related to changes in the Company's organizational entity structure and stock-based compensation awards. Income tax expense for 2019 included $28 million of discrete tax benefits, primarily related to stock-based compensation awards.

At December 31, 2020 and 2019, the Company had available state net operating loss carryforwards of $2.0 billion and $1.9 billion, respectively, which will begin to expire in 2022. At December 31, 2020 and 2019, the Company had foreign net operating loss carryforwards of $102 million and $110 million, respectively, of which $2 million will begin to expire in 2021

At December 31, 2020 and 2019, the Company had $26 million and $51 million of valuation allowances for deferred income tax assets, respectively, recorded on the consolidated statements of financial condition.

Goodwill recorded in connection with the Quellos Transaction has been reduced during the period by the amount of tax benefit realized from tax-deductible goodwill. See Note 11, *Goodwill*, for further discussion.

Current income taxes are recorded net on the consolidated statements of financial condition when related to the same tax jurisdiction. At December 31, 2020, the Company had current income taxes receivable and payable of $175 million and $131 million, respectively, recorded in other assets and accounts payable and accrued liabilities, respectively. At December 31, 2019, the Company had current income taxes receivable and payable of $282 million and $293 million, respectively, recorded in other assets and accounts payable and accrued liabilities, respectively.

The following tabular reconciliation presents the total amounts of gross unrecognized tax benefits:

(in millions)		2020		2019		2018
Balance at January 1	$	**900**	$	795	$	629
Additions for tax positions of prior years		**31**		99		82
Reductions for tax positions of prior years		**(8)**		(27)		(15)
Additions based on tax positions related to current year		**60**		47		102
Lapse of statute of limitations		**(3)**		(4)		(3)
Settlements		**(40)**		(10)		—
Balance at December 31	$	**940**	$	900	$	795

Included in the balance of unrecognized tax benefits at December 31, 2020, 2019 and 2018, respectively, are $565 million, $513 million and $462 million of tax benefits that, if recognized, would affect the effective tax rate.

The Company recognizes interest and penalties related to income tax matters as a component of income tax expense. Related to the unrecognized tax benefits noted above, the Company accrued interest and penalties of $31 million during 2020 and in total, as of December 31, 2020, had recognized a liability for interest and penalties of $164 million. The Company accrued interest and penalties of $27 million during 2019 and in total, as of December 31, 2019, had recognized a liability for interest and penalties of $133 million. The Company accrued interest and penalties of $30 million during 2018 and in total, as of December 31, 2018, had recognized a liability for interest and penalties of $106 million.

BlackRock is subject to US federal income tax, state and local income tax, and foreign income tax in multiple jurisdictions. Tax years after 2011 remain open to US federal income tax examination.

In June 2014, the Internal Revenue Service commenced its examination of BlackRock's 2010 through 2012 tax years of which 2010 – 2011 examination is closed. During 2019 and 2020, the Internal Revenue Service commenced its examination of BlackRock's 2013 through 2015 tax years and 2017 through 2018 tax years, respectively. While the examination impact on the Company's consolidated financial statements is undetermined, it is not expected to be material.

The Company is currently under audit in several state and local jurisdictions. The significant state and local income tax examinations are in New York State for tax years 2012 through 2014, New York City for tax years 2009 through 2011, and California for tax years 2015 through 2016. No state and local income tax audits cover years earlier than 2009. No state and local income tax audits are expected to result in an assessment material to BlackRock's consolidated financial statements.

Upon conclusion of its examination, Her Majesty's Revenue and Customs ("HMRC") issued a closure notice during 2017 for various UK BlackRock subsidiaries for tax years 2009 and years after. At that time, the Company decided to pursue litigation for the tax matters included on such notice. During 2020, the Company received a favorable decision from the First Tier Tribunal, however, HMRC has received permission to appeal to the Upper Tribunal. BlackRock does not expect the ultimate resolution to result in a material impact to the consolidated financial statements.

From time to time, BlackRock may receive or be subject to tax authorities' assessments and challenges related to income taxes. BlackRock does not currently expect the ultimate resolution of any existing matters to be material to the consolidated financial statements.

At December 31, 2020, it is reasonably possible the total amounts of unrecognized tax benefits will change within the next twelve months due to completion of tax authorities' exams or the expiration of statues of limitations. Management estimates that the existing liability for uncertain tax positions could decrease by approximately $5 million to $15 million within the next twelve months.

26. Earnings Per Share

The following table sets forth the computation of basic and diluted EPS for 2020, 2019 and 2018:

(in millions, except shares and per share data)		2020		2019		2018
Net income attributable to BlackRock, Inc.	$	**4,932**	$	4,476	$	4,305
Basic weighted-average shares outstanding		**153,489,422**		156,014,343		160,301,116
Dilutive effect of:						
Nonparticipating RSUs		**1,275,733**		1,445,203		1,647,616
Stock options		**75,427**		—		—
Total diluted weighted-average shares outstanding		**154,840,582**		157,459,546		161,948,732
Basic earnings per share	$	**32.13**	$	28.69	$	26.86
Diluted earnings per share	$	**31.85**	$	28.43	$	26.58

Anti-dilutive RSUs and stock options for 2020, 2019 and 2018 were immaterial. Certain performance-based RSUs were excluded from diluted EPS calculation because the designated contingency was not met for 2020, 2019 and 2018, respectively. In addition, performance-based stock options were excluded from diluted EPS calculation for 2019 and 2018 because the designated contingency was not met.

27. Segment Information

The Company's management directs BlackRock's operations as one business, the asset management business. The Company utilizes a consolidated approach to assess performance and allocate resources. As such, the Company operates in one business segment.

The following table illustrates total revenue for 2020, 2019 and 2018 by geographic region. These amounts are aggregated on a legal entity basis and do not necessarily reflect where the customer resides or affiliated services are provided.

(in millions)

Revenue	2020		2019		2018	
Americas	$	**10,593**	$	9,703	$	9,303
Europe		**4,940**		4,158		4,217
Asia-Pacific		**672**		678		678
Total revenue	$	**16,205**	$	14,539	$	14,198

See Note 17, *Revenue*, for further information on the Company's sources of revenue.

The following table illustrates long-lived assets that consist of goodwill and property and equipment at December 31, 2020 and 2019 by geographic region. These amounts are aggregated on a legal entity basis and do not necessarily reflect where the asset is physically located.

(in millions)

Long-lived Assets	2020		2019	
Americas	$	**13,784**	$	13,830
Europe		**1,360**		1,360
Asia-Pacific		**88**		87
Total long-lived assets	$	**15,232**	$	15,277

Americas is primarily comprised of the United States, Latin America and Canada, while Europe is primarily comprised of the United Kingdom, the Netherlands, France and Luxembourg. Asia-Pacific is primarily comprised of Hong Kong, Australia, Japan and Singapore.

28. Subsequent Events

On January 21, 2021, the Board of Directors approved BlackRock's quarterly dividend of $4.13 per share to be paid on March 23, 2021 to stockholders of record at the close of business on March 5, 2021.

On February 1, 2021, the Company completed the acquisition of 100% of the equity interests of Aperio, a pioneer in customizing tax-optimized index equity separately managed accounts ("SMAs") for approximately $1.1 billion in cash, using existing cash resources. The acquisition of Aperio increased BlackRock's SMA assets and is expected to expand the breadth of the Company's capabilities via tax-managed strategies across factors, broad market indexing, and investor Environmental, Social, and Governance preferences across all asset classes. In connection with the acquisition, the Company recorded an initial estimate of purchase price allocation at the date of the transaction primarily related to goodwill of approximately $0.8 billion and $0.3 billion of finite-lived intangible assets (mainly customer relationships), which will be amortized over their estimated lives, which range from 10 to 12 years, with a weighted-average estimated life of approximately 10 years. The goodwill recognized in connection with the acquisition is primarily attributable to anticipated synergies from the transaction. The amount of goodwill expected to be deductible for tax purposes is approximately $0.5 billion.

The Company conducted a review for additional subsequent events and determined that no subsequent events had occurred that would require accrual or additional disclosures.