UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2022
or

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

For the transition period from to

Commission file number 001-09718

The PNC Financial Services Group, Inc.

(Exact name of registrant as specified in its charter)

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

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

(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 July 13, 2022, there were 410,124,004 shares of the registrant's common stock ($5 par value) outstanding.

Cross-Reference Index to Second Quarter 2022 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 2021 Annual Report on Form 10-K (2021 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 2021 Form 10-K; Item 1A Risk Factors included in our 2021 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 our first quarter 2022 Form 10-Q and Item 8 of our 2021 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 2021 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 13 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 98 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 June 30 2022	March 31 2022	June 30 2021	Six months ended June 30 2022	June 30 2021
Financial Results (a)					
Net interest income	$ 3,051	$ 2,804	$ 2,581	$ 5,855	$ 4,929
Noninterest income	2,065	1,888	2,086	3,953	3,958
Total revenue	5,116	4,692	4,667	9,808	8,887
Provision for (recapture of) credit losses	36	(208)	302	(172)	(249)
Noninterest expense	3,244	3,172	3,050	6,416	5,624
Income before income taxes and noncontrolling interests	$ 1,836	$ 1,728	$ 1,315	$ 3,564	$ 3,512
Income taxes	340	299	212	639	583
Net income	$ 1,496	$ 1,429	$ 1,103	$ 2,925	$ 2,929
Net income attributable to common shareholders	$ 1,409	$ 1,361	$ 1,042	$ 2,770	$ 2,800
Per Common Share					
Basic	$ 3.39	$ 3.23	$ 2.43	$ 6.62	$ 6.54
Diluted	$ 3.39	$ 3.23	$ 2.43	$ 6.61	$ 6.53
Book value per common share	$ 101.39	$ 106.47	$ 120.25		
Performance Ratios					
Net interest margin (b)	2.50 %	2.28 %	2.29 %	2.39 %	2.28 %
Noninterest income to total revenue	40 %	40 %	45 %	40 %	45 %
Efficiency	63 %	68 %	65 %	65 %	63 %
Return on:					
Average common shareholders' equity	13.52 %	11.64 %	8.32 %	12.53 %	11.29 %
Average assets	1.10 %	1.05 %	0.88 %	1.07 %	1.21 %

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

Table 1: Consolidated Financial Highlights (Continued) (a)

Dollars in millions, except as noted Unaudited	June 30 2022	December 31 2021	June 30 2021
Balance Sheet Data			
Assets	$ 540,786	$ 557,191	$ 554,212
Loans	$ 310,800	$ 288,372	$ 294,704
Allowance for loan and lease losses	$ 4,462	$ 4,868	$ 5,730
Interest-earning deposits with banks	$ 28,404	$ 74,250	$ 72,447
Investment securities	$ 132,732	$ 132,962	$ 126,543
Total deposits	$ 440,811	$ 457,278	$ 452,883
Borrowed funds	$ 35,984	$ 30,784	$ 34,813
Total shareholders' equity	$ 47,652	$ 55,695	$ 54,627
Common shareholders' equity	$ 41,648	$ 50,685	$ 51,107
Other Selected Ratios			
Common equity Tier 1	9.6 %	10.3 %	10.1 %
Loans to deposits	71 %	63 %	65 %
Common shareholders' equity to total assets	7.7 %	9.1 %	9.2 %

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

Executive Summary

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

Key Strategic Goals

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

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

We are focused on our strategic priorities, which are designed to enhance value over the long term, and consist of:

- Expanding our leading banking franchise to new markets and digital platforms,
- Deepening customer relationships by delivering a superior banking experience and financial solutions, and
- Leveraging technology to innovate and enhance products, services, security and processes.

Our capital and liquidity priorities are to support customers, fund business investments and return excess capital to shareholders, while maintaining appropriate capital in light of economic conditions, the Basel III framework and other regulatory expectations. For more detail, see the Capital Highlights portion of this Executive Summary, the Liquidity and Capital Management portion of the Risk Management section of this Financial Review and the Supervision and Regulation section in Item 1 Business of our 2021 Form 10-K.

Presentation of Noninterest Income

Effective for the first quarter of 2022, PNC updated the presentation of its noninterest income categorization to be based on product and service type, and accordingly, has changed the basis of presentation of its noninterest income revenue streams to: (i) Asset management and brokerage, (ii) Capital markets related, (iii) Card and cash management, (iv) Lending and deposit services, (v) Residential and commercial mortgage and (vi) Other noninterest income. For a description of each updated noninterest income revenue stream, see Note 1 Accounting Policies in the Notes To Consolidated Financial Statements included in Item 1 of this Report.

Acquisition of BBVA USA Bancshares, Inc.

On June 1, 2021, PNC acquired BBVA USA Bancshares, Inc. (BBVA), a U.S. financial holding company conducting its business operations primarily through its U.S. banking subsidiary, BBVA USA. PNC paid $11.5 billion in cash as consideration for the acquisition.

On October 8, 2021, BBVA USA merged into PNC Bank. On October 12, 2021, PNC converted approximately 2.6 million customers, 9,000 employees and over 600 branches across seven states. Our results of operations and balance sheets for all periods presented in this Report reflect the benefit of BBVA's acquired businesses for the period since the acquisition closed on June 1, 2021.

For additional information on the acquisition of BBVA, see Note 2 Acquisition Activity in the Notes To Consolidated Financial Statements included in Item 1 of this Report and Note 2 Acquisition and Divestiture Activity in the Notes To Consolidated Financial Statements included in Item 8 of our 2021 Form 10-K.

Income Statement Highlights

Net income of $1.5 billion, or $3.39 per diluted common share for the second quarter of 2022 increased $67 million, or 5%, compared to $1.4 billion, or $3.23 per diluted common share for the first quarter of 2022, driven by higher net interest and noninterest income, partially offset by a higher provision for credit losses and higher expenses.

- For the three months ended June 30, 2022 compared to the three months ended March 31, 2022:
  - Total revenue increased $424 million, or 9%, to $5.1 billion.
    - Net interest income of $3.1 billion increased $247 million, or 9%, driven by higher yields on interest-earning assets and increased loan balances, partially offset by higher funding costs.
      - Net interest margin increased 22 basis points to 2.50% due to higher yields on interest-earning assets.
    - Noninterest income increased $177 million, or 9%, to $2.1 billion, primarily due to increases in capital markets related fees.
    - The second quarter of 2022 included a provision for credit losses of $36 million. The first quarter of 2022 included a provision recapture of $208 million.
  - Noninterest expense increased $72 million, or 2%, to $3.2 billion, driven by increased business activity, annual employee merit increases and higher marketing spend.
  - We generated positive operating leverage of 7% in the second quarter of 2022 compared to the first quarter of 2022.

Net income of $2.9 billion, or $6.61 per diluted common share for the first six months of 2022 decreased $4 million, compared to $2.9 billion, or $6.53 per diluted common share for the six months ended 2021, as higher net interest income was largely offset by higher expenses and a lower provision recapture.

- For the six months ended June 30, 2022 compared to the six months ended June 30, 2021:
  - Total revenue increased $921 million, or 10%, to $9.8 billion.
    - Net interest income increased $926 million, or 19%, as a result of higher interest-earning asset balances, reflecting the benefit of BBVA, and higher yields, partially offset by higher funding costs.
      - Net interest margin increased 11 basis points, due to higher yields on interest-earning assets.
    - Noninterest income decreased $5 million.
  - Noninterest expense increased $792 million, or 14%, driven by the addition of BBVA operating expenses and increased business activity, partially offset by lower integration expenses.

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

Balance Sheet Highlights

Our balance sheet was well positioned at June 30, 2022. In comparison to December 31, 2021:

- Total assets decreased $16.4 billion, or 3%, to $540.8 billion.
- Total loans increased $22.4 billion, or 8%, to $310.8 billion.
  - Total commercial loans increased $19.4 billion, or 10%, to $212.5 billion, driven by new production, and higher utilization of loan commitments, partially offset by PPP loan forgiveness.
    - PPP loans outstanding were $1.0 billion and $3.4 billion at June 30, 2022 and December 31, 2021, respectively.
  - Total consumer loans increased $3.0 billion to $98.3 billion, primarily due to increases in residential mortgages and home equity, partially offset by declines in the remaining portfolios as paydowns outpaced new originations.
- Investment securities decreased $0.2 billion to $132.7 billion, resulting from net unrealized losses, which reflected the impact of higher interest rates, partially offset by net purchase activity.
- Interest-earning deposits with banks, primarily with the Federal Reserve Bank, decreased $45.8 billion, or 62%, to $28.4 billion, reflecting higher loans outstanding and lower deposits, partially offset by an increase in borrowed funds.
- Total deposits decreased $16.5 billion, to $440.8 billion reflecting deposit outflows and seasonal declines.
- Borrowed funds increased $5.2 billion, or 17%, to $36.0 billion, primarily due to increased FHLB borrowings, partially offset by lower bank notes and senior debt.

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

Credit Quality Highlights

The second quarter of 2022 reflected strong credit quality performance.

- At June 30, 2022 compared to December 31, 2021:
  - Nonperforming assets of $2.1 billion decreased $431 million, or 17%, primarily driven by lower nonperforming commercial loans.
  - Overall loan delinquencies of $1.5 billion decreased $474 million, or 24%, driven by lower consumer and commercial delinquencies, which included the resolution of BBVA USA conversion-related administrative and operational delays.
  - The ACL related to loans, which consists of the ALLL and the allowance for unfunded lending related commitments, decreased to $5.1 billion, or 1.65% of total loans, at June 30, 2022, compared to $5.5 billion, or 1.92% of total loans at December 31, 2021. The decrease was primarily driven by the impacts from portfolio changes and improved COVID-19 related economic conditions.
- Net charge-offs of $83 million, or 0.11% of average loans in the second quarter of 2022 decreased $54 million, or 39%, compared to $137 million, or 0.19% of average loans, for the first quarter of 2022, driven by lower consumer net charge-offs, primarily within auto.

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 position.

- Common shareholders' equity of $41.6 billion at June 30, 2022, decreased $9.1 billion, or 18%, compared to December 31, 2021 as net income was more than offset by a decrease in AOCI, reflecting the impact of higher interest rates on net unrealized losses on securities and swaps. The decline was also attributable to common share repurchases and dividends paid.
- In the second quarter, we returned $1.4 billion of capital to shareholders through common share repurchases of $737 million, representing 4.3 million shares, and dividends on common shares of $627 million.
  - The SCB framework allows for capital returns in amounts up to the level of capital in excess of the firm's SCB plus the regulatory minimum level of capital (e.g., CET1 of 4.5%). Consistent with the flexibility provided under the SCB framework, our Board of Directors has recently authorized a new share repurchase structure, under the already approved authorization for repurchases of up to 100 million common shares, of which approximately 59% were still available at June 30, 2022. This framework and our capital flexibility allow for the continuation of our recent quarterly average share repurchase levels in dollars as well as the ability to increase those levels should conditions warrant. PNC's SCB for the four-quarter period beginning October 1, 2022 is 2.9%.
- On July 1, 2022, the PNC Board of Directors declared a quarterly cash dividend on common stock of $1.50 per share payable on August 5, 2022.
- Our CET1 ratio decreased to 9.6% at June 30, 2022 from 10.3% at December 31, 2021.
  - Capital was impacted by our election to delay the estimated impact of CECL on CET1 capital through December 31, 2021, followed by a three-year transition period. CECL's estimated impact on CET1 capital is defined as the change in retained earnings at adoption plus or minus 25% of the change in CECL ACL at the balance sheet date, excluding

the initial allowance for PCD loans from BBVA, compared to CECL ACL at adoption. Effective for the first quarter of 2022, PNC is now in the three-year transition period, and the full impact of the CECL standard is being phased-in to regulatory capital through December 31, 2024.

See the Liquidity and Capital Management portion of the Risk Management section of this Financial Review for more detail on our 2022 liquidity and capital actions as well as our capital ratios.

PNC's ability to take certain capital actions, including returning capital to shareholders, is subject to PNC meeting or exceeding an SCB established by the Federal Reserve Board in connection with the Federal Reserve Board's CCAR process. For additional information, see Capital Management in the Risk Management section in this Financial Review and the Supervision and Regulation section in Item 1 Business and Item 1A Risk Factors of our 2021 Form 10-K.

Business Outlook

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

- The U.S. economy continues to recover from the pandemic-caused recession in the first half of 2020. Growth is likely to be lower than the economy's long-run average throughout this year. Consumer spending growth will remain solid in 2022 due to good underlying fundamentals.
- Supply-chain difficulties will gradually ease over the course of 2022. Labor shortages will remain a constraint this year, although strong wage growth will support consumer spending.
- Inflation accelerated in the second half of 2021 to its fastest pace in decades. Inflation will slow in the second half of 2022 as pandemic-related supply and demand imbalances recede and energy prices stabilize. However, inflation will also broaden throughout the economy due to wage growth. The annual inflation rate will end 2022 above the Federal Reserve's long-run objective of 2%.
- The FOMC raised the federal funds rate by 0.75% in July, to a range of 2.25% to 2.50%. PNC expects further increases in the federal funds rate through the rest of this year, to a range of 3.25% to 3.50% at the end of 2022. The federal funds rate is expected to peak between 3.50% and 3.75% in mid-early 2023, before falling in the second half of next year as inflation ebbs and economic growth slows.
- Uncertainty about the outlook has increased with the Russian invasion of Ukraine. It has created additional risk to higher inflation this year, which could lead the FOMC to tighten more aggressively than currently anticipated. In addition, risks to growth and the likelihood of a recession in late 2022 or 2023 have increased.

For the third quarter of 2022, compared to the second quarter of 2022, we expect:
- Average loans to be up 1% to 2%,
- Net interest income to be up 10% to 12%,
- Noninterest income, excluding net securities gains and Visa activity, to be down 3% to 5%,
- Revenue to be up 4% to 6%,
- Noninterest expense to be stable to up 1%, and
- Net loan charge-offs to be between $125 million and $175 million.

For the full year 2022, compared to full year 2021, we expect:
- Average loans to be up approximately 13%,
- Period-end loans to be up approximately 8%,
- Revenue to be up 9% to 11%,
- Noninterest expense, excluding integration expense, to be up 4% to 6%, and
- The effective tax rate to be approximately 19%.

See the Cautionary Statement Regarding Forward-Looking Information section in this Financial Review and Item 1A Risk Factors in our 2021 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 of $1.5 billion, or $3.39 per diluted common share for the second quarter of 2022 increased $67 million, or 5%, compared to $1.4 billion, or $3.23 per diluted common share for the first quarter of 2022, driven by higher net interest and noninterest income, partially offset by a higher provision for credit losses and higher expenses. Net income of $2.9 billion, or $6.61 per diluted common share for the first six months of 2022 decreased $4 million, compared to $2.9 billion, or $6.53 per diluted common share, for the same period in 2021, as higher net interest income was largely offset by higher expenses and a lower provision recapture.

Net Interest Income

Table 2: Summarized Average Balances and Net Interest Income (a)

Three months ended Dollars in millions	June 30, 2022			March 31, 2022		
	Average Balances	Average Yields/ Rates	Interest Income/ Expense	Average Balances	Average Yields/ Rates	Interest Income/ Expense
Assets						
Interest-earning assets						
Investment securities	$ 134,724	1.89 %	$ 636	$ 133,897	1.64 %	$ 548
Loans	304,790	3.29 %	2,524	290,701	3.19 %	2,311
Interest-earning deposits with banks	39,689	0.79 %	78	62,540	0.19 %	29
Other	9,935	2.76 %	68	9,417	2.07 %	48
Total interest-earning assets/interest income	$ 489,138	2.69 %	3,306	$ 496,555	2.37 %	2,936
Liabilities						
Interest-bearing liabilities						
Interest-bearing deposits	$ 297,096	0.12 %	88	$ 299,543	0.04 %	27
Borrowed funds	35,656	1.58 %	142	30,312	1.10 %	83
Total interest-bearing liabilities/interest expense	$ 332,752	0.27 %	230	$ 329,855	0.13 %	110
Net interest margin/income (non-GAAP)		2.50 %	3,076		2.28 %	2,826
Taxable-equivalent adjustments			(25)			(22)
Net interest income (GAAP)			$ 3,051			$ 2,804

Six months ended Dollars in millions	June 30, 2022			June 30, 2021		
	Average Balances	Average Yields/ Rates	Interest Income/ Expense	Average Balances	Average Yields/ Rates	Interest Income/ Expense
Assets						
Interest-earning assets						
Investment securities	$ 134,313	1.76 %	$ 1,184	$ 97,511	1.85 %	$ 901
Loans	297,785	3.24 %	4,835	246,919	3.38 %	4,175
Interest-earning deposits with banks	51,120	0.42 %	107	81,947	0.10 %	43
Other	9,677	2.42 %	116	7,955	2.40 %	95
Total interest-earning assets/interest income	$ 492,895	2.53 %	6,242	$ 434,332	2.40 %	5,214
Liabilities						
Interest-bearing liabilities						
Interest-bearing deposits	$ 298,313	0.08 %	115	$ 260,804	0.05 %	70
Borrowed funds	32,998	1.36 %	225	34,670	1.06 %	185
Total interest-bearing liabilities/interest expense	$ 331,311	0.20 %	340	$ 295,474	0.17 %	255
Net interest margin/income (non-GAAP)		2.39 %	5,902		2.28 %	4,959
Taxable-equivalent adjustments			(47)			(30)
Net interest income (GAAP)			$ 5,855			$ 4,929

(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 $247 million, or 9%, for the second quarter of 2022 compared to the first quarter of 2022, driven by higher yields on interest-earning assets and increased loan balances, partially offset by higher funding costs. Net interest income increased $926 million, or 19%, for the first six months of 2022 compared to the same period in 2021, as a result of higher interest-earning asset balances, reflecting the benefit of BBVA, and higher yields, partially offset by higher funding costs.

Net interest margin in the quarterly and year-to-date comparisons increased 22 basis points and 11 basis points, respectively. In both comparisons, the increase was primarily due to higher yields on interest-earning assets.

Average investment securities for the second quarter of 2022 increased $827 million, or 1% compared to the first quarter of 2022 reflecting net purchases, primarily of agency residential mortgage-backed securities. Average investment securities increased $36.8 million, or 38% in the year-to-date comparison, due to net securities purchases, primarily of U.S. Treasury and government agency securities purchases and the addition of BBVA. Average investment securities represented 28% of average interest-earning assets for the second quarter of 2022 compared to 27% for the first quarter of 2022, and 27% for the first six months of 2022 compared to 22% for the first six months of 2021.

In the quarterly and year-to-date comparisons, average loans increased $14.1 billion, or 5%, and $50.9 billion, or 21%, respectively. In both comparisons, the increase was due to growth in commercial and consumer loans, partially offset by PPP loan forgiveness. The increase in the year-to-date comparison also reflects the impact of the BBVA acquisition. Average loans represented 62% of average interest-earning assets for the second quarter of 2022 compared to 59% for the first quarter of 2022, and 60% for the first six months of 2022 compared to 57% for the first six months of 2021.

Average interest-earning deposits with banks for the second quarter of 2022 decreased $22.9 billion, or 37%, compared to the first quarter of 2022, primarily due to higher loans outstanding and lower deposits. In the year-to-date comparison, average interest-earning deposits with banks decreased $30.8 billion, or 38%, reflecting higher loan and securities balances, partially offset by higher deposits.

Average interest-bearing deposits for the second quarter of 2022 decreased $2.4 billion, or 1%, compared to the first quarter of 2022. The decrease was driven by lower commercial deposits reflecting deposit outflows and seasonal declines. Average interest-bearing deposits increased $37.5 billion, or 14% in the year-to-date comparison, primarily attributable to the BBVA acquisition. In total, average interest-bearing deposits represented 89% of average interest-bearing liabilities for the second quarter of 2022 compared to 91% for the first quarter of 2022, and 90% for the first six months of 2022 compared to 88% for the first six months of 2021.

Average borrowed funds for the second quarter of 2022 increased $5.3 billion, or 18%, compared to the first quarter of 2022 due to increased FHLB borrowings. Average borrowed funds for the first six months of 2022 decreased $1.7 billion, or 5%, compared to the first six months of 2021, reflecting lower bank notes and senior debt, partially offset by higher FHLB borrowings.

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				Six months ended			
	June 30	March 31	Change		June 30	June 30	Change	
Dollars in millions	2022	2022	$	%	2022	2021	$	%
Noninterest income								
Asset management and brokerage	$ 365	$ 377	$ (12)	(3)%	$ 742	$ 678	$ 64	9 %
Capital markets related	409	252	157	62 %	661	635	26	4 %
Card and cash management	671	620	51	8 %	1,291	1,089	202	19 %
Lending and deposit services	282	269	13	5 %	551	524	27	5 %
Residential and commercial mortgage	161	159	2	1 %	320	393	(73)	(19)%
Other	177	211	(34)	(16)%	388	639	(251)	(39)%
Total noninterest income	$ 2,065	$ 1,888	$ 177	9 %	$ 3,953	$ 3,958	$ (5)	—

Noninterest income as a percentage of total revenue was 40% for the second and first quarters of 2022, and 40% for the first six months of 2022 compared to 45% for the same period in 2021.

Asset management and brokerage fees decreased compared to the first quarter of 2022, primarily as a result of lower average equity markets. The increase in the year-to-date comparison was due to higher average equity markets and the benefit of BBVA. PNC's discretionary client assets under management of $167 billion at June 30, 2022 decreased from $182 billion at March 31, 2022 and $183 billion at June 30, 2021, primarily driven by lower spot equity markets.

Capital markets related revenue increased in the quarterly and year-to-date comparisons, and included higher merger and acquisition advisory fees.

Card and cash management revenue increased compared to the first quarter of 2022, due to higher consumer spending and increased treasury management product revenue. The increase compared to the first six months of 2021 also reflected the addition of BBVA customers.

Lending and deposit services increased compared to the first quarter of 2022 and included lower integration related fee waivers. The increase in the year-to-date comparison was due to the benefit of BBVA, partially offset by the impact of Low Cash Mode® on overdraft fees and integration related fee waivers.

Residential and commercial mortgage increased compared to the first quarter of 2022 as higher revenue from commercial mortgage banking activities was largely offset by lower residential mortgage loan sales revenue. The decrease in the year-to-date comparison was due to lower residential and commercial mortgage banking activities.

Other noninterest income decreased compared to the first quarter of 2022, and included $16 million of negative Visa Class B derivative fair value adjustments related to litigation escrow funding and other valuation changes. The first quarter of 2022 included $4 million of positive Visa Class B fair value adjustments. The decrease in the year-to-date comparison included the impact of lower private equity revenue.

Noninterest Expense

Table 4: Noninterest Expense

	Three months ended				Six months ended			
	June 30	March 31	Change		June 30	June 30	Change	
Dollars in millions	2022	2022	$	%	2022	2021	$	%
Noninterest expense								
Personnel	$ 1,779	$ 1,717	$ 62	4 %	$ 3,496	$ 3,117	$ 379	12 %
Occupancy	246	258	(12)	(5)%	504	432	72	17 %
Equipment	351	331	20	6 %	682	619	63	10 %
Marketing	95	61	34	56 %	156	119	37	31 %
Other	773	805	(32)	(4)%	1,578	1,337	241	18 %
Total noninterest expense	$ 3,244	$ 3,172	$ 72	2 %	$ 6,416	$ 5,624	$ 792	14 %

Noninterest expense increased compared to the first quarter of 2022, driven by increased business activity, annual employee merit increases and higher marketing spend. These increases were partially offset by seasonally lower occupancy expenses and lower other expenses as we continued our focus on expense management. The increase in the first six months of 2022 compared to the same period of 2021 was driven by the addition of BBVA operating expenses and increased business activity, partially offset by lower integration expenses.

Effective Income Tax Rate

The effective income tax rate was 18.5% in the second quarter of 2022, compared to 17.3% in the first quarter of 2022, and 17.9% in the first six months of 2022 compared to 16.6% for the same period in 2021.

Provision For (Recapture of) Credit Losses

Table 5: Provision for (Recapture of) Credit Losses

	Three months ended			Six months ended		
	June 30	March 31	Change	June 30	June 30	Change
Dollars in millions	2022	2022	$	2022	2021	$
Provision for (recapture of) credit losses						
Loans and leases	$ (10)	$ (172)	$ 162	$ (182)	$ (296)	$ 114
Unfunded lending related commitments	42	(23)	65	19	15	4
Investment securities	3	1	2	4	26	(22)
Other financial assets	1	(14)	15	(13)	6	(19)
Total provision for (recapture of) credit losses	$ 36	$ (208)	$ 244	$ (172)	$ (249)	$ 77

The second quarter of 2022 included a provision for credit losses of $36 million. The first quarter of 2022 included a provision recapture of $208 million.

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	June 30 2022	December 31 2021	Change $	Change %
Assets				
Interest-earning deposits with banks	$ 28,404	$ 74,250	$ (45,846)	(62)%
Loans held for sale	1,191	2,231	(1,040)	(47)%
Investment securities	132,732	132,962	(230)	—
Loans	310,800	288,372	22,428	8 %
Allowance for loan and lease losses	(4,462)	(4,868)	406	8 %
Mortgage servicing rights	2,608	1,818	790	43 %
Goodwill	10,916	10,916		—
Other	58,597	51,510	7,087	14 %
Total assets	$ 540,786	$ 557,191	$ (16,405)	(3)%
Liabilities				
Deposits	$ 440,811	$ 457,278	$ (16,467)	(4)%
Borrowed funds	35,984	30,784	5,200	17 %
Allowance for unfunded lending related commitments	681	662	19	3 %
Other	15,622	12,741	2,881	23 %
Total liabilities	493,098	501,465	(8,367)	(2)%
Equity				
Total shareholders’ equity	47,652	55,695	(8,043)	(14)%
Noncontrolling interests	36	31	5	16 %
Total equity	47,688	55,726	(8,038)	(14)%
Total liabilities and equity	$ 540,786	$ 557,191	$ (16,405)	(3)%

Our balance sheet was well-positioned at June 30, 2022 and December 31, 2021.

- Total assets decreased primarily due to lower balances held with the Federal Reserve Bank, partially offset by higher loans.
- Total liabilities decreased driven by lower commercial and consumer deposits, partially offset by higher borrowed funds.
- Total equity decreased as net income and the issuance of preferred stock were more than offset by a decrease in AOCI, reflecting the impact of higher interest rates on net unrealized losses on securities and swaps. The decline was also attributable to common share repurchases and dividends paid.

The ACL related to loans totaled $5.1 billion at June 30, 2022, a decrease of $0.4 billion since December 31, 2021, primarily driven by the impacts from portfolio changes and improved COVID-19 related economic conditions. 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 2021 Form 10-K.

Loans

Table 7: Loans

Dollars in millions	June 30 2022	December 31 2021	Change $	Change %
Commercial				
Commercial and industrial	$ 171,831	$ 152,933	$ 18,898	12 %
Commercial real estate	34,452	34,015	437	1 %
Equipment lease financing	6,240	6,130	110	2 %
Total commercial	212,523	193,078	19,445	10 %
Consumer				
Residential real estate	43,717	39,712	4,005	10 %
Home equity	24,693	24,061	632	3 %
Automobile	15,323	16,635	(1,312)	(8)%
Credit card	6,650	6,626	24	—
Education	2,332	2,533	(201)	(8)%
Other consumer	5,562	5,727	(165)	(3)%
Total consumer	98,277	95,294	2,983	3 %
Total loans	$ 310,800	$ 288,372	$ 22,428	8 %

Commercial loans increased driven by new production and higher utilization of loan commitments, partially offset by PPP loan forgiveness. PPP loans outstanding were $1.0 billion and $3.4 billion at June 30, 2022 and December 31, 2021, respectively.

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 increases in residential mortgages and home equity, partially offset by declines in the remaining 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 the Credit Risk Management portion of the Risk Management section in this Item 1 and 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 $132.7 billion at June 30, 2022 decreased $0.2 billion compared to December 31, 2021, resulting from net unrealized losses, which reflected the impact of higher interest rates, partially offset by net purchase activity.

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

Table 8: Investment Securities

	June 30, 2022		December 31, 2021		Ratings as of June 30, 2022 (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	$ 45,459	$ 44,231	$ 47,024	$ 47,054	100 %				
Agency residential mortgage-backed	71,120	68,227	67,326	67,632	100 %				
Non-agency residential mortgage-backed	1,050	1,207	927	1,158	8 %		1 %	38 %	53 %
Agency commercial mortgage-backed	2,126	2,032	1,740	1,773	100 %				
Non-agency commercial mortgage-backed (c)	3,238	3,175	3,423	3,436	85 %	1 %	2 %		12 %
Asset-backed (d)	6,802	6,764	6,380	6,409	95 %	1 %		3 %	1 %
Other (e)	5,928	5,762	5,404	5,596	49 %	31 %	17 %		3 %
Total investment securities (f)	$ 135,723	$ 131,398	$ 132,224	$ 133,058	97 %	1 %	1 %		1 %

(a) Ratings percentages allocated based on amortized cost, net of allowance for investment securities.
(b) Amortized cost is presented net of the allowance for investment securities, which totaled $137 million at June 30, 2022 and primarily related to non-agency commercial mortgage-backed securities. The comparable amount at December 31, 2021 was $133 million.
(c) Collateralized primarily by office buildings, multifamily housing, retail properties, lodging properties and industrial properties.
(d) Collateralized primarily by corporate debt, government guaranteed education loans and other consumer credit products.
(e) Includes state and municipal securities.
(f) Includes available for sale and held to maturity securities, which are recorded on our balance sheet at fair value and amortized cost, respectively.

Table 8 presents the distribution of our investment securities portfolio by amortized cost and fair value, as well as by credit rating. The relationship of fair value to amortized cost at June 30, 2022 compared to December 31, 2021 primarily reflected the impact of higher interest rates on the valuation of fixed rate securities. 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 allowance for investment securities.

In the first and second quarters of 2022, we transferred securities with a fair value of $18.7 billion and $59.1 billion, respectively, from available for sale to held to maturity. We changed our intent and committed to hold these high-quality securities to maturity in order to reduce the impact of price volatility on AOCI and tangible capital. See Note 3 Investment Securities in the Notes To Consolidated Financial Statements included in Item 1 of this Report for additional details regarding this transfer.

On July 28, 2022, we transferred an additional $5.0 billion of available for sale securities to held to maturity. See Note 17 Subsequent Events in the Notes To Consolidated Financial Statements in this Report for additional details on this transfer.

The duration of investment securities was 4.5 years at June 30, 2022. We estimate that at June 30, 2022 the effective duration of investment securities was 4.5 years for an immediate 50 basis points parallel increase in interest rates and 4.5 years for an immediate 50 basis points parallel decrease in interest rates. Comparable amounts at December 31, 2021 for the effective duration of investment securities were 3.8 years and 3.5 years, respectively.

Based on expected prepayment speeds, the weighted-average expected maturity of the investment securities portfolio was 5.4 years at June 30, 2022 compared to 4.4 years at December 31, 2021.

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

June 30, 2022	Years
Agency residential mortgage-backed	6.6
Non-agency residential mortgage-backed	9.1
Agency commercial mortgage-backed	4.9
Non-agency commercial mortgage-backed	1.7
Asset-backed	2.7

Additional information regarding our investment securities portfolio is included in Note 3 Investment Securities and Note 12 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	June 30 2022	December 31 2021	Change $	Change %
Deposits				
Noninterest-bearing	$ 146,438	$ 155,175	$ (8,737)	(6)%
Interest-bearing				
Money market	59,425	61,229	(1,804)	(3)%
Demand	116,359	115,910	449	—
Savings	108,471	107,598	873	1 %
Time deposits	10,118	17,366	(7,248)	(42)%
Total interest-bearing deposits	294,373	302,103	(7,730)	(3)%
Total deposits	440,811	457,278	(16,467)	(4)%
Borrowed funds				
Federal Home Loan Bank borrowings	10,000		10,000	—
Bank notes and senior debt	14,358	20,661	(6,303)	(31)%
Subordinated debt	7,487	6,996	491	7 %
Other	4,139	3,127	1,012	32 %
Total borrowed funds	35,984	30,784	5,200	17 %
Total funding sources	$ 476,795	$ 488,062	$ (11,267)	(2)%

Total deposits decreased as a result of lower commercial and consumer deposits, reflecting deposit outflows and seasonal declines.

Borrowed funds increased primarily due to increased FHLB borrowings, partially offset by lower bank notes and senior debt.

The level and composition of borrowed funds fluctuates over time based on many factors including market conditions, loan, investment securities and deposit growth, and capital considerations. We manage our borrowed funds to provide a reliable source of liquidity for our banking and other activities, considering our LCR and NSFR requirements and other internal and external guidelines and constraints.

See the Liquidity and Capital Management portion of the Risk Management section of this Financial Review for additional information regarding our 2022 liquidity and capital activities. See Note 8 Borrowed Funds in the Notes To Consolidated Financial Statements in this Report and Note 10 Borrowed Funds in the Notes To Consolidated Financial Statements in Item 8 of our 2021 Form 10-K for additional information related to our borrowings.

Shareholders' Equity

Total shareholders' equity was $47.7 billion at June 30, 2022, a decrease of $8.0 billion compared to December 31, 2021 as increases related to net income of $2.9 billion and a preferred stock issuance of $1.0 billion were more than offset by a decrease in AOCI of $8.8 billion, reflecting the impact of higher interest rates on net unrealized losses on securities and swaps. The decline was also attributable to common share repurchases of $1.9 billion and preferred stock dividends of $1.2 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 15 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 15, primarily due to the presentation in this Financial Review of business net interest income on a taxable-equivalent basis.

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

Total business segment financial results differ from total consolidated net income. The impact of these differences is reflected in the “Other” category as shown in Table 78 in Note 15 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 forward financially. We aim to grow our primary checking and transaction relationships through strong customer acquisition and retention. We seek to deepen relationships by meeting the broad range of our customers' financial needs with savings, liquidity, lending, payments, investment and retirement solutions. A strategic priority for us is to differentiate the customer experience, leveraging technology to make banking easier for our customers. A key element of our strategy is to expand the use of lower-cost alternative distribution channels, with an emphasis on digital capabilities and ATM access, while continuing to optimize the traditional branch network. In addition, we are focused on consistently engaging both our employees and customers, which is a strong driver of customer growth, retention and relationship expansion.

Table 11: Retail Banking Table

(Unaudited) Six months ended June 30 Dollars in millions, except as noted	2022	2021	Change $	Change %
Income Statement				
Net interest income	$ 3,193	$ 2,859	$ 334	12 %
Noninterest income	1,493	1,360	133	10 %
Total revenue	4,686	4,219	467	11 %
Provision for (recapture of) credit losses	(26)	(43)	17	40 %
Noninterest expense	3,805	3,153	652	21 %
Pretax earnings	907	1,109	(202)	(18)%
Income taxes	214	256	(42)	(16)%
Noncontrolling interests	31	14	17	121 %
Earnings	$ 662	$ 839	$ (177)	(21)%
Average Balance Sheet				
Loans held for sale	$ 1,070	$ 1,150	$ (80)	(7)%
Loans				
Consumer				
Residential real estate	$ 32,389	$ 19,573	$ 12,816	65 %
Home equity	22,673	21,957	716	3 %
Automobile	15,918	14,392	1,526	11 %
Credit card	6,455	5,860	595	10 %
Education	2,470	2,875	(405)	(14)%
Other consumer	2,261	2,036	225	11 %
Total consumer	82,166	66,693	15,473	23 %
Commercial	11,325	14,272	(2,947)	(21)%
Total loans	$ 93,491	$ 80,965	$ 12,526	15 %
Total assets	$ 112,415	$ 96,942	$ 15,473	16 %
Deposits				
Noninterest-bearing	$ 64,833	$ 49,578	$ 15,255	31 %
Interest-bearing	201,916	171,211	30,705	18 %
Total deposits	$ 266,749	$ 220,789	$ 45,960	21 %
Performance Ratios				
Return on average assets	1.19 %	1.75 %		
Noninterest income to total revenue	32 %	32 %		
Efficiency	81 %	75 %		

At or for six months ended June 30 Dollars in millions, except as noted	2022	2021	Change $	Change %
Supplemental Noninterest Income Information				
Asset management and brokerage	$ 269	$ 212	$ 57	27 %
Card and cash management	$ 659	$ 588	$ 71	12 %
Lending and deposit services	$ 331	$ 282	$ 49	17 %
Residential and commercial mortgage	$ 170	$ 208	$ (38)	(18)%
Residential Mortgage Information				
Residential mortgage servicing statistics (in billions, except as noted) (a)				
Serviced portfolio balance (b)	$ 145	$ 145		—
Serviced portfolio acquisitions	$ 21	$ 40	$ (19)	(48)%
MSR asset value (b)	$ 1.6	$ 1.1	$ 0.5	45 %
MSR capitalization value (in basis points) (b)	112	77	35	45 %
Servicing income: (in millions)				
Servicing fees, net (c)	$ 69	$ 2	$ 67	*
Mortgage servicing rights valuation, net of economic hedge	$ 15	$ 38	$ (23)	(61)%
Residential mortgage loan statistics				
Loan origination volume (in billions)	$ 9.9	$ 10.8	$ (0.9)	(8)%
Loan sale margin percentage	2.18 %	2.92 %		
Percentage of originations represented by:				
Purchase volume (d)	57 %	43 %		
Refinance volume	43 %	57 %		
Other Information (b)				
Customer-related statistics (average)				
Non-teller deposit transactions (e)	64 %	66 %		
Digital consumer customers (f)	78 %	80 %		
Credit-related statistics				
Nonperforming assets	$ 1,088	$ 1,245	$ (157)	(13)%
Net charge-offs - loans and leases	$ 229	$ 187	$ 42	22 %
Other statistics				
ATMs	9,301	9,636	(335)	(3)%
Branches (g)	2,535	2,724	(189)	(7)%
Brokerage account client assets (in billions) (h)	$ 68	$ 83	$ (15)	(18)%

*- Not Meaningful
(a) Represents mortgage loan servicing balances for third parties and the related income.
(b) Presented as of period end, except for average customer-related statistics and net charge-offs, which are both shown for the six months ended.
(c) Servicing fees net of impact of decrease in MSR value due to passage of time, including the impact from 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 earnings for the first six months of 2022 decreased $177 million compared with the same period in 2021 primarily due to increased noninterest expense, partially offset by higher net interest and noninterest income.

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 increased due to higher card and cash management revenue, increased asset management and brokerage fees and higher lending and deposit related fees. All of these categories benefited from the addition of BBVA customers and increased business activity.

Noninterest expense increased primarily due to the impact of BBVA operating expenses, increased business activity and continued investments in strategic initiatives.

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 six months of 2022, average total deposits increased compared to the same period in 2021 primarily driven by growth in demand and savings deposits which included the impact of the BBVA acquisition.

Retail Banking average total loans increased in the first six months of 2022 compared with the same period in 2021. Average consumer loans increased 23% due to the impact of the BBVA acquisition on all loan classes except education loans, which BBVA did not have in their loan portfolio. In addition, average residential real estate loans increased due to continued strength in portfolio originations. Average commercial loans decreased primarily due to forgiveness of PPP loans.

As part of our strategic focus on growing customers and meeting their financial needs, we have established a coast-to-coast network of retail branches and ATMs that operate alongside PNC's suite of digital capabilities. Over time, we plan to continue to convert a portion of these branches to solution centers, which have a distinctive layout and the capability to support transactions, sales and advice using a combination of technology and personalized banker assistance. PNC began to deploy solution centers in 2018.

Retail Banking continues to enhance the customer experience with refinements to product and service offerings that drive value for consumers and small businesses. We are focused on meeting the financial needs of customers by providing a broad range of liquidity, banking, payments and investment products. In 2021, we successfully rolled out Low Cash Mode® to all Virtual Wallet® customers providing them with the ability to avoid unnecessary overdraft fees through real-time 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.

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 96 branches in the first six months of 2022, consistent with our plan.

Corporate & Institutional Banking

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

Table 12: Corporate & Institutional Banking Table

(Unaudited) Six months ended June 30 Dollars in millions	2022	2021	Change $	Change %
Income Statement				
Net interest income	$ 2,413	$ 2,093	$ 320	15 %
Noninterest income	1,772	1,674	98	6 %
Total revenue	4,185	3,767	418	11 %
Provision for (recapture of) credit losses	(135)	(178)	43	24 %
Noninterest expense	1,771	1,524	247	16 %
Pretax earnings	2,549	2,421	128	5 %
Income taxes	583	547	36	7 %
Noncontrolling interests	7	7		—
Earnings	$ 1,959	$ 1,867	$ 92	5 %
Average Balance Sheet				
Loans held for sale	$ 559	$ 627	$ (68)	(11)%
Loans				
Commercial				
Commercial and industrial	$ 147,819	$ 118,106	$ 29,713	25 %
Commercial real estate	32,640	28,658	3,982	14 %
Equipment lease financing	6,150	6,332	(182)	(3)%
Total commercial	186,609	153,096	33,513	22 %
Consumer	11	10	1	10 %
Total loans	$ 186,620	$ 153,106	$ 33,514	22 %
Total assets	$ 210,171	$ 176,182	$ 33,989	19 %
Deposits				
Noninterest-bearing	$ 83,589	$ 71,142	$ 12,447	17 %
Interest-bearing	66,780	69,555	(2,775)	(4)%
Total deposits	$ 150,369	$ 140,697	$ 9,672	7 %
Performance Ratios				
Return on average assets	1.88 %	2.14 %		
Noninterest income to total revenue	42 %	44 %		
Efficiency	42 %	40 %		
Other Information				
Consolidated revenue from: (a)				
Treasury Management (b)	$ 1,205	$ 1,017	$ 188	18 %
Commercial mortgage banking activities:				
Commercial mortgage loans held for sale (c)	$ 36	$ 59	$ (23)	(39)%
Commercial mortgage loan servicing income (d)	138	156	(18)	(12)%
Commercial mortgage servicing rights valuation, net of economic hedge	46	50	(4)	(8)%
Total	$ 220	$ 265	$ (45)	(17)%
MSR asset value (e)	$ 988	$ 682	$ 306	45 %
Average loans by C&IB business				
Corporate Banking	$ 98,079	$ 75,806	$ 22,273	29 %
Real Estate	43,710	39,799	3,911	10 %
Business Credit	27,395	22,263	5,132	23 %
Commercial Banking	9,751	11,919	(2,168)	(18)%
Other	7,685	3,319	4,366	132 %
Total average loans	$ 186,620	$ 153,106	$ 33,514	22 %
Credit-related statistics				
Nonperforming assets (e)	$ 674	$ 1,274	$ (600)	(47)%
Net charge-offs - loans and leases	$ 10	$ 277	$ (267)	(96)%

(a) See the additional revenue discussion regarding treasury management and commercial mortgage banking activities in the Product Revenue section of this Corporate & Institutional Banking section.
(b) Amounts are reported in net interest income and noninterest income.
(c) Represents commercial mortgage banking income for valuations on commercial mortgage loans held for sale and related commitments, derivative valuations, origination fees, gains on sale of loans held for sale and net interest income on loans held for sale.

(d) Represents net interest income and noninterest income from loan servicing, net of reduction in commercial mortgage servicing rights due to amortization expense and payoffs. Commercial mortgage servicing rights valuation, net of economic hedge is shown separately.
(e) As of June 30.

Corporate & Institutional Banking earnings in the first six months of 2022 increased $92 million compared with the same period in 2021 driven by higher net interest income and noninterest income, partially offset by higher noninterest expense and a lower provision recapture.

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

Noninterest income increased in the comparison primarily driven by higher treasury management product revenue and capital markets related fees, partially offset by lower commercial mortgage banking activities.

Provision recapture in the first six months of 2022 was primarily driven by the impacts from improvements in credit quality and COVID-19 related economic conditions, partially offset by loan growth.

Noninterest expense increased in the comparison largely due to the addition of BBVA operating expenses, higher variable costs associated with increased business activity and continued investments in strategic initiatives.

Average loans increased compared with the six months ended June 30, 2021 due to increases in Corporate Banking, Business Credit and Real Estate, partially offset by a decrease in Commercial Banking:

- 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 increased reflecting loans from BBVA, strong new production and higher average utilization of loan commitments.
- Business Credit provides asset-based lending and equipment financing solutions. The loan and lease portfolio is relatively high yielding, with acceptable risk as the loans are mainly secured by business assets. Average loans for this business increased primarily driven by loans from BBVA, higher utilization of loan commitments and new production.
- Real Estate provides banking, financing and servicing solutions for commercial real estate clients across the country. Average loans for this business increased reflecting loans from BBVA, partially offset by lower commercial mortgage lending.
- Commercial Banking provides lending, treasury management and capital markets related products and services to smaller corporations and businesses. Average loans for this business declined primarily driven by PPP loan forgiveness, partially offset by loans from BBVA.

The deposit strategy of Corporate & Institutional Banking is to remain disciplined on pricing and focused on growing and retaining relationship-based balances over time, executing on customer and segment-specific deposit growth strategies and continuing to provide funding and liquidity to PNC. Average total deposits increased in the comparison reflecting deposits from BBVA. We continue to actively monitor the interest rate environment and make adjustments to evolving market conditions, bank funding needs and client relationship dynamics.

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

Product Revenue
In addition to credit and deposit products for commercial customers, Corporate & Institutional Banking offers other services, including treasury management, capital markets 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 and 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 treasury management and commercial mortgage banking services. A discussion of the consolidated revenue from these services follows.

The Treasury Management business provides corporations with cash and investment management services, receivables and disbursement management services, funds transfer services, international payment services and access to online/mobile information management and reporting services. Within Treasury Management, PNC Global Transfers provides wholesale money transfer processing capabilities between the U.S. and Mexico and other countries primarily in Central 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 six months of 2021, treasury management revenue increased due to higher noninterest income and higher deposit balances, including the impact of the BBVA acquisition and wider interest rate spreads on the value of deposits.

Commercial mortgage banking activities include revenue derived from commercial mortgage servicing (both net interest income and noninterest income), revenue derived from commercial mortgage loans held for sale and hedges related to those activities. Total revenue from commercial mortgage banking activities decreased in the comparison primarily due to lower revenue from commercial mortgage loans held for sale and lower commercial mortgage servicing income.

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 noninterest income generated from these revenue streams is reflected in the capital markets related category on the Consolidated Income Statement. Compared with the first six months of 2021, capital markets related noninterest income increased due to higher merger and acquisition fees, higher fees on customer-related derivatives activities and higher loan syndication fees. These increases were partially offset by lower equity capital markets advisory fees, lower underwriting fees and lower credit valuation on customer-related derivatives activities.

Asset Management Group

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

Table 13: Asset Management Group Table

(Unaudited) Six months ended June 30 Dollars in millions, except as noted	2022	2021	Change $	Change %
Income Statement				
Net interest income	$ 291	$ 205	$ 86	42 %
Noninterest income	482	473	9	2 %
Total revenue	773	678	95	14 %
Provision for credit losses	7	14	(7)	(50)%
Noninterest expense	521	421	100	24 %
Pretax earnings	245	243	2	1 %
Income taxes	57	57		—
Earnings	$ 188	$ 186	$ 2	1 %
Average Balance Sheet				
Loans				
Consumer				
Residential real estate	$ 7,414	$ 4,040	$ 3,374	84 %
Other consumer	4,587	4,099	488	12 %
Total consumer	12,001	8,139	3,862	47 %
Commercial	1,704	1,087	617	57 %
Total loans	$ 13,705	$ 9,226	$ 4,479	49 %
Total assets	$ 14,126	$ 9,761	$ 4,365	45 %
Deposits				
Noninterest-bearing	$ 3,140	$ 2,148	$ 992	46 %
Interest-bearing	29,331	19,865	9,466	48 %
Total deposits	$ 32,471	$ 22,013	$ 10,458	48 %
Performance Ratios				
Return on average assets	2.68 %	3.84 %		
Noninterest income to total revenue	62 %	70 %		
Efficiency	67 %	62 %		
Supplemental Noninterest Income Information				
Asset management fees	$ 469	$ 465	$ 4	1 %
Brokerage fees	4	2	2	100 %
Total	$ 473	$ 467	$ 6	1 %
Other Information				
Nonperforming assets (a)	$ 114	$ 85	$ 29	34 %
Net charge-offs - loans and leases	$ 1	$ 2	$ (1)	(50)%
Brokerage account client assets (in billions) (a)	$ 4	$ 5	$ (1)	(20)%
Client Assets Under Administration (in billions) (a) (b)				
Discretionary client assets under management	$ 167	$ 183	$ (16)	(9)%
Nondiscretionary client assets under administration	153	172	(19)	(11)%
Total	$ 320	$ 355	$ (35)	(10)%
Discretionary client assets under management				
PNC Private Bank	$ 103	$ 119	$ (16)	(13)%
Institutional Asset Management	64	64		—
Total	$ 167	$ 183	$ (16)	(9)%

(a) As of June 30.
(b) Excludes brokerage account client assets.

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

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

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

With the inclusion of BBVA, PNC Private Bank has approximately 100 offices operating in nine out of the ten most affluent states in the U.S. with a majority co-located with retail banking branches.

Asset Management Group earnings in the first six months of 2022 increased $2 million compared with the same period in 2021 driven by higher net interest income, higher noninterest income and lower provision for credit losses, partially offset by increases in noninterest expense.

Net interest income increased in the comparison due to growth in average deposit and loan balances, reflecting the BBVA acquisition and organic growth.

Noninterest income increased in the comparison primarily attributable to increases in the average equity markets and the benefit of BBVA.

Noninterest expense increased in the comparison due to the impact of BBVA operations and higher personnel expense.

Discretionary client assets under management decreased in comparison to the prior year, primarily due to lower equity markets as of June 30, 2022.

RISK MANAGEMENT

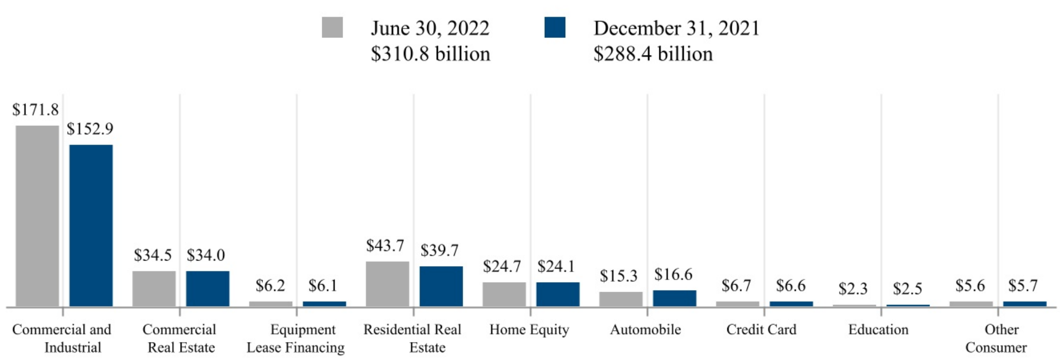
The Risk Management section included in Item 7 of our 2021 Form 10-K describes our enterprise risk management framework including risk culture, enterprise strategy, risk governance and oversight framework, risk identification, risk assessments, risk controls and monitoring, and risk aggregation and reporting. Additionally, our 2021 Form 10-K provides an analysis of the firm's Capital Management and our key areas of risk, which include but are not limited to Credit, Market, Liquidity and Operational (including Compliance and Information Security).

Credit Risk Management

Credit risk, including our credit risk management processes, is described in further detail in the Credit Risk Management section of our 2021 Form 10-K. The following provides additional information around our loan portfolio, which is our most significant concentration of credit risk.

Loan Portfolio Characteristics and Analysis

Table 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 55% and 53% of our total loan portfolio at June 30, 2022 and December 31, 2021, respectively. The majority of our commercial and industrial loans are secured by collateral that provides a secondary source of repayment for the loan should the borrower experience cash generation difficulties. Examples of this collateral include short-term assets, such as accounts receivable, inventory and securities, and long-lived assets, such as equipment, owner-occupied real estate and other business assets.

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

Table 15: Commercial and Industrial Loans by Industry

	June 30, 2022		December 31, 2021	
Dollars in millions	Amount	% of Total	Amount	% of Total
Commercial and industrial				
Manufacturing	$ 27,179	16 %	$ 22,597	15 %
Retail/wholesale trade	26,475	15	22,803	15
Service providers	21,184	12	20,750	14
Financial services	19,594	11	17,950	12
Technology, media & telecommunications	16,249	10	10,070	7
Real estate related (a)	16,179	10	15,123	10
Health care	10,153	6	9,944	7
Transportation and warehousing	7,604	4	7,136	5
Other industries	27,214	16	26,560	15
Total commercial and industrial loans	$ 171,831	100 %	$ 152,933	100 %

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

Commercial and industrial loan growth from December 31, 2021 was driven by new production and higher utilization of loan commitments, partially offset by PPP loan forgiveness. PPP loans outstanding totaled $1.0 billion and $3.4 billion at June 30, 2022 and December 31, 2021, respectively.

Commercial Real Estate
Commercial real estate loans comprised $20.2 billion related to commercial mortgages on income-producing properties, $6.7 billion of real estate construction project loans and $7.6 billion of intermediate-term financing loans as of June 30, 2022. Comparable amounts as of December 31, 2021 were $18.6 billion, $7.3 billion and $8.1 billion, respectively.

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

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

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

	June 30, 2022		December 31, 2021	
Dollars in millions	Amount	% of Total	Amount	% of Total
Geography (a)				
California	$ 5,925	17 %	$ 5,561	16 %
Texas	3,708	11	3,458	10
Florida	2,920	8	2,987	9
Virginia	1,653	5	1,720	5
Maryland	1,590	5	1,557	5
Pennsylvania	1,550	4	1,482	4
Illinois	1,360	4	970	3
Ohio	1,168	3	1,219	4
Colorado	1,142	3	1,126	3
New Jersey	986	3	982	3
Other	12,450	37	12,953	38
Total commercial real estate loans	$ 34,452	100 %	$ 34,015	100 %
Property Type (a)				
Multifamily	$ 11,744	34 %	$ 10,581	31 %
Office	9,406	27	9,547	28
Industrial/warehouse	3,265	9	2,413	7
Retail	3,071	9	3,570	10
Seniors housing	2,298	7	2,602	8
Hotel/motel	1,976	6	2,008	6
Mixed use	723	2	724	2
Other	1,969	6	2,570	8
Total commercial real estate loans	$ 34,452	100 %	$ 34,015	100 %

(a) Presented in descending order based on loan balances at June 30, 2022.

As remote work continues to be a feasible alternative and notable portions of leased space remain unoccupied, real estate related to the office sector is an area of growing uncertainty. Evolving conditions suggest a structural change for office demand moving forward; however, the change is anticipated to develop over time. PNC continues to closely monitor our exposure in the office sector as these concerns develop, and while internal risk assessments have moved moderately higher, we have not seen a notable change in performance at this time.

Consumer

Residential Real Estate

Residential real estate loans primarily consisted of residential mortgage loans at both June 30, 2022 and December 31, 2021.

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

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

Table 17: Residential Real Estate Loan Statistics

	June 30, 2022		December 31, 2021	
Dollars in millions	Amount	% of Total	Amount	% of Total
Geography (a)				
California	$ 17,245	39 %	$ 15,041	38 %
Texas	4,223	10	4,397	11
Florida	3,263	7	3,124	8
Washington	2,564	6	1,909	5
New Jersey	1,805	4	1,660	4
New York	1,446	3	1,279	3
Arizona	1,398	3	1,435	4
Colorado	1,147	3	1,145	3
Pennsylvania	1,131	3	1,069	3
Illinois	936	2	957	2
Other	8,559	20	7,696	19
Total residential real estate loans	$ 43,717	100 %	$ 39,712	100 %
	June 30, 2022		December 31, 2021	
Weighted-average loan origination statistics (b)				
Loan origination FICO score		772		775
LTV of loan originations		68 %		67 %

(a) Presented in descending order based on loan balances at June 30, 2022.
(b) Weighted-averages calculated for the twelve months ended June 30, 2022 and December 31, 2021, respectively.

We originate residential mortgage loans nationwide through our national mortgage business as well as within our branch network. Residential mortgage loans underwritten to agency standards, including conforming loan amount limits, are typically sold with servicing retained by us. We also originate nonconforming residential mortgage loans that do not meet agency standards, which we retain on our balance sheet. Our portfolio of originated nonconforming residential mortgage loans totaled $38.4 billion at June 30, 2022 with 44% located in California. Comparable amounts at December 31, 2021 were $34.9 billion and 42%, respectively.

Home Equity

Home equity loans comprised $17.6 billion of primarily variable-rate home equity lines of credit and $7.1 billion of closed-end home equity installment loans at June 30, 2022. Comparable amounts were $15.8 billion and $8.3 billion as of December 31, 2021, 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.

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

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

Table 18: Home Equity Loan Statistics

	June 30, 2022		December 31, 2021	
Dollars in millions	Amount	% of Total	Amount	% of Total
Geography (a)				
Pennsylvania	$ 5,105	21 %	$ 5,108	21 %
New Jersey	3,188	13	3,117	13
Ohio	2,364	10	2,398	10
Florida	1,854	8	1,701	7
Michigan	1,262	5	1,246	5
Maryland	1,220	5	1,206	5
Illinois	1,125	5	1,154	5
Texas	999	4	978	4
North Carolina	941	4	918	4
California	881	4	705	3
Other	5,754	21	5,530	23
Total home equity loans	$ 24,693	100 %	$ 24,061	100 %
Lien type				
1st lien		62 %		62 %
2nd lien		38		38
Total		100 %		100 %
Weighted-average loan origination statistics (b)	June 30, 2022		December 31, 2021	
Loan origination FICO score		777		782
LTV of loan originations		67 %		66 %

(a) Presented in descending order based on loan balances at June 30, 2022.
(b) Weighted-averages calculated for the twelve months ended June 30, 2022 and December 31, 2021, respectively.

<u>*Automobile*</u>
Auto loans comprised $14.2 billion in the indirect auto portfolio and $1.1 billion in the direct auto portfolio as of June 30, 2022. Comparable amounts as of December 31, 2021 were $15.4 billion and $1.2 billion, respectively. The indirect auto portfolio consists of loans originated primarily through franchised dealers, including from expansion into new markets. This business is strategically aligned with our core retail banking business.

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

Table 19: Auto Loan Statistics (a)

	June 30, 2022	December 31, 2021
Weighted-average loan origination FICO score (b)		
Indirect auto	786	791
Direct auto	777	775
Weighted-average term of loan originations - in months		
Indirect auto	73	72
Direct auto	62	62

(a) Weighted-averages calculated for the twelve months ended June 30, 2022 and December 31, 2021, respectively.
(b) Calculated using the auto enhanced FICO scale.

We continue to focus on borrowers with strong credit profiles as evidenced by the weighted-average loan origination FICO scores noted in Table 19. We offer both new and used auto financing to customers through our various channels. At June 30, 2022, the portfolio balance was composed of 52% new vehicle loans and 48% used vehicle loans. Comparable amounts at December 31, 2021 were 53% and 47%, respectively.

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

Nonperforming Assets and Loan Delinquencies

Nonperforming Assets

Nonperforming assets include nonperforming loans and leases for which ultimate collectability of the full amount of contractual principal and interest is not probable and include nonperforming TDRs and PCD loans, OREO and foreclosed assets. Loans held for sale, certain government insured or guaranteed loans and loans accounted for under the fair value option are excluded from nonperforming loans. See Note 1 Accounting Policies in the Notes To Consolidated Financial Statements included in Item 8 of our 2021 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

			Change	
Dollars in millions	June 30, 2022	December 31, 2021	$	%
Nonperforming loans				
Commercial	$ 815	$ 1,168	$ (353)	(30)%
Consumer (a)	1,231	1,312	(81)	(6)%
Total nonperforming loans	2,046	2,480	(434)	(18)%
OREO and foreclosed assets	29	26	3	12 %
Total nonperforming assets	$ 2,075	$ 2,506	$ (431)	(17)%
TDRs included in nonperforming loans	$ 715	$ 988	$ (273)	(28)%
Percentage of total nonperforming loans	35 %	40 %		
Nonperforming loans to total loans	0.66 %	0.86 %		
Nonperforming assets to total loans, OREO and foreclosed assets	0.67 %	0.87 %		
Nonperforming assets to total assets	0.38 %	0.45 %		
Allowance for loan and lease losses to nonperforming loans	218 %	196 %		
Allowance for credit losses to nonperforming loans (b)	251 %	223 %		

(a) Excludes most unsecured consumer loans and lines of credit, which are charged off after 120 to 180 days past due and are not placed on nonperforming status.
(b) Calculated excluding allowances for investment securities and other financial assets.

The following table provides details on the change in nonperforming assets for the six months ended June 30, 2022 and 2021:

Table 21: Change in Nonperforming Assets

In millions	2022	2021
January 1	$ 2,506	$ 2,337
Acquired nonperforming assets (a)		880
New nonperforming assets	739	456
Charge-offs and valuation adjustments	(117)	(131)
Principal activity, including paydowns and payoffs	(547)	(450)
Asset sales and transfers to loans held for sale	(27)	(101)
Returned to performing status	(479)	(173)
June 30	$ 2,075	$ 2,818

(a) Represents the June 30, 2021 balance of nonperforming assets attributable to BBVA.

As of June 30, 2022, approximately 98% of total nonperforming loans were secured by collateral which lessened reserve requirements and is expected to reduce credit losses.

Within consumer nonperforming loans, residential real estate TDRs comprised 46% of total residential real estate nonperforming loans while home equity TDRs comprised 32% of home equity nonperforming loans at June 30, 2022. Comparable amounts at December 31, 2021 were 42% and 36%, respectively. TDRs generally remain in nonperforming status until a borrower has made at least six consecutive months of both principal and interest payments under the modified terms or ultimate resolution occurs. Loans where borrowers have been discharged from personal liability through Chapter 7 bankruptcy and have not formally reaffirmed their loan obligations to us and loans to borrowers not currently obligated to make both principal and interest payments under the restructured terms are not returned to accrual status. See Troubled Debt Restructurings and Loan Modifications within this Credit Risk

Management section for more information on how certain loans to borrowers experiencing COVID-19 related difficulties were treated prior to the expiration of CARES Act TDR relief.

Loan Delinquencies

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

We manage credit risk based on the risk profile of the borrower, repayment sources, underlying collateral, and other support given current events, economic conditions and expectations. We refine our practices to meet the changing environment resulting from rising inflation levels, supply chain disruptions, higher rates, and secular changes fostered by the COVID-19 pandemic. To mitigate losses and enhance customer support, we have customer assistance, loan modification and collection programs that align with the CARES Act and subsequent interagency guidance. As a result, under the CARES Act credit reporting rules, certain loans modified due to COVID-19 related hardships are not being reported as past due as of June 30, 2022 and December 31, 2021 based on the contractual terms of the loan, even where borrowers may not be making payments on their loans during the modification period.

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

Table 22: Accruing Loans Past Due (a)

	Amount		Change		% of Total Loans Outstanding	
Dollars in millions	June 30 2022	December 31 2021	$	%	June 30 2022	December 31 2021
Early stage loan delinquencies						
Accruing loans past due 30 to 59 days	$ 696	$ 1,011	$ (315)	(31)%	0.22 %	0.35 %
Accruing loans past due 60 to 89 days	345	355	(10)	(3)%	0.11 %	0.12 %
Total early stage loan delinquencies	1,041	1,366	(325)	(24)%	0.33 %	0.47 %
Late stage loan delinquencies						
Accruing loans past due 90 days or more	470	619	(149)	(24)%	0.15 %	0.21 %
Total accruing loans past due	$ 1,511	$ 1,985	$ (474)	(24)%	0.49 %	0.69 %

(a) Past due loan amounts include government insured or guaranteed loans of $0.4 billion and $0.5 billion at June 30, 2022 and December 31, 2021, respectively.

The decline in accruing loans past due from December 31, 2021 was due to reductions in both consumer and commercial delinquencies, driven by the resolution of BBVA conversion-related administrative and operational delays.

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 met certain criteria under the CARES Act were not categorized as TDRs during the relief period, which expired on January 1, 2022. Consistent with the expiration of the CARES Act TDR relief (and as amended by the Consolidated Appropriations Act), loans that experience a COVID-19 related hardship and are restructured after January 1, 2022 are subject to existing GAAP guidance related to TDRs.

The following table provides a summary of troubled debt restructurings at June 30, 2022 and December 31, 2021, respectively:

Table 23: Summary of Troubled Debt Restructurings (a)

Dollars in millions	June 30 2022	December 31 2021	Change $	Change %
Commercial	$ 517	$ 672	$ (155)	(23)%
Consumer	867	919	(52)	(6)%
Total TDRs	$ 1,384	$ 1,591	$ (207)	(13)%
Nonperforming	$ 715	$ 988	$ (273)	(28)%
Accruing (b)	669	603	66	11 %
Total TDRs	$ 1,384	$ 1,591	$ (207)	(13)%

(a) Amounts in table do not include associated valuation allowances.
(b) Accruing loans include consumer credit card loans and certain loans that have demonstrated a period of at least six months of performance under the restructured terms and are excluded from nonperforming loans.

Nonperforming TDRs represented approximately 35% of total nonperforming loans and 52% of total TDRs at June 30, 2022. Comparable amounts at December 31, 2021 were 40% and 62%, respectively. The remaining portion of TDRs represents TDRs that have been returned to accrual status after performing under the restructured terms for at least six consecutive months.

See Note 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
PNC provides relief to our customers through a variety of solutions. Commercial loan and lease modifications are based on each individual borrower's situation and may involve reduction of the interest rate, extension of the loan term and/or forgiveness of principal. Consumer loan modifications are evaluated under our hardship relief programs, including COVID-19 related hardships that extended beyond the initial relief period.

See Troubled Debt Restructurings within this Credit Risk Management section for more information on how certain loans to borrowers experiencing COVID-19 related difficulties were treated prior to the expiration of CARES Act TDR relief.

For additional information related to loan modifications granted in response to the economic impacts of COVID-19, see the Credit Risk Management portion of the Risk Management section of our 2021 Form 10-K.

Allowance for Credit Losses
Our determination of the ACL is based on historical loss and performance experience, current economic conditions, reasonable and supportable forecasts of future conditions and other relevant factors, including current borrower and/or transaction characteristics. We maintain the ACL at an appropriate level for expected losses on our existing investment securities, loans, equipment finance leases, trade receivables and other financial assets and off-balance sheet credit exposures and determine this allowance based on 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 2021 Form 10-K and the Credit Risk Management section within Item 7 of our 2021 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 June 30, 2022.

The following table summarizes our ACL related to loans:

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

	June 30, 2022			December 31, 2021		
Dollars in millions	Allowance Amount	Total Loans	% of Total Loans	Allowance Amount	Total Loans	% of Total Loans
Allowance for loans and lease losses						
Commercial						
Commercial and industrial	$ 1,853	$ 171,831	1.08 %	$ 1,879	$ 152,933	1.23 %
Commercial real estate	993	34,452	2.88 %	1,216	34,015	3.57 %
Equipment lease financing	91	6,240	1.46 %	90	6,130	1.47 %
Total commercial	2,937	212,523	1.38 %	3,185	193,078	1.65 %
Consumer						
Residential real estate	36	43,717	0.08 %	21	39,712	0.05 %
Home equity	190	24,693	0.77 %	149	24,061	0.62 %
Automobile	254	15,323	1.66 %	372	16,635	2.24 %
Credit card	715	6,650	10.75 %	712	6,626	10.75 %
Education	63	2,332	2.70 %	71	2,533	2.80 %
Other consumer	267	5,562	4.80 %	358	5,727	6.25 %
Total consumer	1,525	98,277	1.55 %	1,683	95,294	1.77 %
Total	4,462	$ 310,800	1.44 %	4,868	$ 288,372	1.69 %
Allowance for unfunded lending related commitments	681			662		
Allowance for credit losses	$ 5,143			$ 5,530		
Allowance for credit losses to total loans			1.65 %			1.92 %
Commercial			1.68 %			1.94 %
Consumer			1.60 %			1.87 %

(a) Excludes allowances for investment securities and other financial assets, which together totaled $163 million and $171 million at June 30, 2022 and December 31, 2021, respectively.

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

Table 25: Loan Charge-Offs and Recoveries

Six months ended June 30 Dollars in millions	Gross Charge-offs	Recoveries	Net Charge-offs / (Recoveries)	% of Average Loans (Annualized)
2022				
Commercial				
Commercial and industrial	$ 71	$ 45	$ 26	0.03 %
Commercial real estate	15	2	13	0.08 %
Equipment lease financing	3	6	(3)	(0.10) %
Total commercial	89	53	36	0.04 %
Consumer				
Residential real estate	7	11	(4)	(0.02) %
Home equity	6	39	(33)	(0.27) %
Automobile	86	70	16	0.20 %
Credit card	135	31	104	3.24 %
Education	8	3	5	0.41 %
Other consumer	115	19	96	3.45 %
Total consumer	357	173	184	0.39 %
Total	$ 446	$ 226	$ 220	0.15 %
2021				
Commercial				
Commercial and industrial	$ 304	$ 43	$ 261	0.39 %
Commercial real estate	33	3	30	0.20 %
Equipment lease financing	6	6		
Total commercial	343	52	291	0.34 %
Consumer				
Residential real estate	7	11	(4)	(0.03) %
Home equity	14	38	(24)	(0.20) %
Automobile	87	79	8	0.11 %
Credit card	134	23	111	3.81 %
Education	8	4	4	0.28 %
Other consumer	78	12	66	2.75 %
Total consumer	328	167	161	0.42 %
Total	$ 671	$ 219	$ 452	0.37 %

Total net charge-offs decreased $232 million, or 51%, for the first six months of 2022 compared to the same period in 2021. Commercial net charge-offs in the comparative period included $248 million attributable to BBVA, which were largely the result of required purchase accounting treatment for the acquisition.

See Note 1 Accounting Policies in the Notes To Consolidated Financial Statements included in Item 8 of our 2021 Form 10-K and Note 4 Loans and Related Allowance for Credit Losses in the Notes To Consolidated Financial Statements included in this Report for additional information.

Liquidity and Capital Management

Liquidity risk, including our liquidity monitoring measures and tools, is described in further detail in the Liquidity and Capital Management section of our 2021 Form 10-K.

One of the ways we monitor our liquidity is by reference to the LCR, a regulatory minimum liquidity requirement designed to ensure that covered banking organizations maintain an adequate level of liquidity to meet net liquidity needs over the course of a hypothetical 30-day stress scenario. PNC and PNC Bank calculate the LCR daily, and as of June 30, 2022, the LCR for PNC and PNC Bank exceeded the minimum requirement of 100%.

The NSFR is designed to measure the stability of the maturity structure of assets and liabilities of banking organizations over a one-year time horizon. PNC and PNC Bank are required to calculate the NSFR on an ongoing basis, and as of June 30, 2022, the NSFR for PNC and PNC Bank exceeded the minimum requirement of 100%.

We provide additional information regarding regulatory liquidity requirements and their potential impact on us in the Supervision and Regulation section of Item 1 Business and Item 1A Risk Factors of our 2021 Form 10-K.

Sources of Liquidity
Our largest source of liquidity on a consolidated basis is the customer deposit base generated by our banking businesses. These deposits provide relatively stable and low-cost funding. Total deposits decreased to $440.8 billion at June 30, 2022 from $457.3 billion at December 31, 2021, driven by decreases in both noninterest-bearing and interest-bearing deposits. 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 June 30, 2022, our liquid assets consisted of cash and due from banks and short-term investments (federal funds sold, resale agreements, trading securities and interest-earning deposits with banks) totaling $40.8 billion and securities available for sale totaling $53.0 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 an insignificant amount 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, $21.2 billion of securities held to maturity were also pledged as collateral.

We also obtain liquidity through various forms of funding, including long-term debt (senior notes, subordinated debt and FHLB borrowings) and short-term borrowings (securities sold under repurchase agreements, commercial paper and other short-term borrowings). See the Funding Sources section of the Consolidated Balance Sheet Review in this Financial Review, Note 8 Borrowed Funds in the Notes To Consolidated Financial Statements included in this Report and Note 10 Borrowed Funds in the Notes To Consolidated Financial Statements included in Item 8 of our 2021 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 26: Senior and Subordinated Debt

In billions	2022
January 1	$ 27.7
Issuances	0.9
Calls and maturities	(5.3)
Other	(1.5)
June 30	$ 21.8

Bank Liquidity
Under PNC Bank’s 2014 bank note program, as amended, PNC Bank may from time to time offer up to $40.0 billion aggregate principal amount outstanding at any one time of its unsecured senior and subordinated notes with maturity dates more than nine months (in the case of senior notes) and five years or more (in the case of subordinated notes) from their date of issue. At June 30, 2022, PNC Bank had $10.2 billion of notes outstanding under this program of which $5.2 billion were senior bank notes and $5.0 billion were subordinated bank notes.

The following table details PNC Bank note redemptions in the second quarter of 2022:

Table 27: PNC Bank Notes Redeemed

Redemption Date	Amount	Description of Redemption
May 31, 2022	$750 million	All outstanding senior bank notes with an original scheduled maturity date of June 29, 2022. The securities had a distribution rate of 2.875%. The redemption price was equal to $1,000 per $1,000 in principal amount, plus any accrued and unpaid distributions to the redemption date of May 31, 2022.
June 28, 2022	$750 million	All outstanding senior bank notes with an original scheduled maturity date of July 28, 2022. The securities had a distribution rate of 2.450%. The redemption price was equal to $1,000 per $1,000 in principal amount, plus any accrued and unpaid distributions to the redemption date of June 28, 2022.

PNC Bank maintains additional secured borrowing capacity with the FHLB-Pittsburgh and through the Federal Reserve Bank discount window. The Federal Reserve Bank, however, is not viewed as a primary means of funding our routine business activities, but rather as a potential source of liquidity in a stressed environment or during a market disruption. At June 30, 2022, our unused secured borrowing capacity at the FHLB-Pittsburgh and the Federal Reserve Bank totaled $79.5 billion.

PNC Bank has the ability to offer up to $10.0 billion of its commercial paper to provide additional liquidity. At June 30, 2022, there were no issuances outstanding under this program.

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

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

At June 30, 2022, available parent company liquidity totaled $8.2 billion. Parent company liquidity is held in intercompany cash and investments. For investments with longer durations, the related maturities are aligned with scheduled cash needs, such as the maturity of parent company debt obligations.

The principal source of parent company liquidity is the dividends or other capital distributions it receives from PNC Bank, which may be impacted by the following:
- Bank-level capital needs,
- Laws, regulations and the results of supervisory activities,
- Corporate policies,
- Contractual restrictions, and
- Other factors.

There are statutory and regulatory limitations on the ability of a national bank to pay dividends or make other capital distributions or to extend credit to the parent company or its non-bank subsidiaries. The amount available for dividend payments by PNC Bank to the parent company without prior regulatory approval was $2.1 billion at June 30, 2022. See Note 20 Regulatory Matters in the Notes To Consolidated Financial Statements included in Item 8 of our 2021 Form 10-K for further discussion of these limitations.

In addition to dividends from PNC Bank, other sources of parent company liquidity include cash and investments, as well as dividends and loan repayments from other subsidiaries and dividends or distributions from equity investments. We can also generate liquidity for the parent company and PNC's non-bank subsidiaries through the issuance of debt and equity securities, including certain capital instruments, in public or private markets and commercial paper. Authorized by the Board of Directors, the parent company has the ability to offer up to $5.0 billion of commercial paper to provide additional liquidity. At June 30, 2022, there were no commercial paper issuances outstanding.

The following table details Parent Company note issuances in the second quarter of 2022:

Table 28: Parent Company Notes Issued

Issuance Date	Amount	Description of Issuance
June 6, 2022	$850 million	$850 million of subordinated fixed-to-floating rate notes with a maturity date of June 6, 2033. Interest is payable semi-annually in arrears at a fixed rate of 4.626% per annum, on June 6 and December 9 of each year, beginning on December 6, 2022. Beginning on June 6, 2032, interest is payable quarterly in arrears at a floating rate per annum equal to Compounded SOFR (determined with respect to each quarterly interest period using the SOFR Index), plus 1.850%, on September 6, 2032, December 6, 2032, March 6, 2033 and at the maturity date.

Parent company senior and subordinated debt outstanding totaled $10.4 billion and $11.4 billion at June 30, 2022 and December 31, 2021, respectively.

Contractual Obligations and Commitments
We have contractual obligations representing required future payments on borrowed funds, time deposits, leases, pension and postretirement benefits and purchase obligations. See the Liquidity and Capital Management portion of the Risk Management section of our 2021 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 9 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 June 30, 2022:

Table 29: Credit Ratings for PNC and PNC Bank

	June 30, 2022		
	Moody's	Standard & Poor's	Fitch
PNC			
Senior debt	A3	A-	A
Subordinated debt	A3	BBB+	A-
Preferred stock	Baa2	BBB-	BBB
PNC Bank			
Senior debt	A2	A	A+
Subordinated debt	A3	A-	A
Long-term deposits	Aa3	A	AA-
Short-term deposits	P-1	A-1	F1+
Short-term notes	P-1	A-1	F1

Capital Management
Detailed information on our capital management processes and activities is included in the Supervision and Regulation section of Item 1 of our 2021 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 April 26, 2022, PNC issued 1,000,000 depositary shares each representing 1/100th ownership in a share of 6.000% fixed-rate reset non-cumulative perpetual preferred stock, Series U, with a par value of $1 per share.

In the second quarter of 2022, PNC returned $1.4 billion of capital to shareholders through $737 million of common share repurchases, representing 4.3 million shares, and $627 million of dividends on common shares. Consistent with the SCB framework, which allows for capital return in amounts in excess of the SCB minimum levels, our Board of Directors recently authorized a new repurchase framework under the previously approved repurchase program of up to 100 million common shares, of which approximately 59% were still available for repurchase at June 30, 2022. This framework and our capital flexibility allow for the continuation of our recent quarterly average share repurchase levels in dollars as well as the ability to increase those levels should conditions warrant. PNC's SCB for the four-quarter period beginning October 1, 2022 is 2.9%.

On July 1, 2022, the PNC Board of Directors declared a quarterly cash dividend on common stock of $1.50 per share payable on August 5, 2022.

Table 30: Basel III Capital

Dollars in millions	June 30, 2022 Basel III (a)	June 30, 2022 Fully Implemented (estimated) (b)
Common equity Tier 1 capital		
Common stock plus related surplus, net of treasury stock	(1,834)	(1,834)
Retained earnings	52,564	51,841
Goodwill, net of associated deferred tax liabilities	(10,699)	(10,699)
Other disallowed intangibles, net of deferred tax liabilities	(395)	(395)
Other adjustments/(deductions)	(99)	(107)
Common equity Tier 1 capital (c)	39,537	38,806
Additional Tier 1 capital		
Preferred stock plus related surplus	6,004	6,004
Tier 1 capital	45,541	44,810
Additional Tier 2 capital		
Qualifying subordinated debt	3,793	3,793
Eligible credit reserves includable in Tier 2 capital	4,070	4,785
Total Basel III capital	$ 53,404	$ 53,388
Risk-weighted assets		
Basel III standardized approach risk-weighted assets (d)	$ 413,432	$ 413,706
Average quarterly adjusted total assets	$ 539,996	$ 539,265
Supplementary leverage exposure (e)	$ 637,236	$ 637,229
Basel III risk-based capital and leverage ratios (f)		
Common equity Tier 1	9.6 %	9.4 %
Tier 1	11.0 %	10.8 %
Total	12.9 %	12.9 %
Leverage (g)	8.4 %	8.3 %
Supplementary leverage ratio (e)	7.1 %	7.0 %

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

PNC's regulatory risk-based capital ratios are calculated using the standardized approach for determining risk-weighted assets. Under the standardized approach for determining credit risk-weighted assets, exposures are generally assigned a pre-defined risk weight. Exposures to high volatility commercial real estate, nonaccruals, 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, excluding the initial allowance for PCD loans from BBVA, compared to CECL ACL at adoption. Effective for the first quarter of 2022, PNC is now in the three-year transition period, and the full impact of the CECL standard is being phased-in to regulatory capital through December 31, 2024. See additional discussion of this rule in the Supervision and Regulation section of Item 1 Business and Item 1A Risk Factors of our 2021 Form 10-K.

At June 30, 2022, PNC and PNC Bank were considered "well capitalized," based on applicable U.S. regulatory capital ratio requirements. To qualify as "well capitalized", PNC must have Basel III capital ratios of at least 6% for Tier 1 risk-based capital and 10% for Total risk-based capital, and PNC Bank must have Basel III capital ratios of at least 6.5% for 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 June 30, 2022 capital levels were aligned with them.

We provide additional information regarding regulatory capital requirements and some of their potential impacts on us in the Supervision and Regulation section of Item 1 Business, Item 1A Risk Factors and Note 20 Regulatory Matters in the Notes To Consolidated Financial Statements in Item 8 of our 2021 Form 10-K.

Market Risk Management

See the Market Risk Management portion of the Risk Management Section in our 2021 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 second quarters of 2022 and 2021 follow:

Table 31: Interest Sensitivity Analysis

	Second Quarter 2022	Second Quarter 2021
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	3.2 %	5.2 %
100 basis point decrease (a)	(3.4)%	N/A
Effect on net interest income in second year from gradual interest rate change over the preceding 12 months of:		
100 basis point increase	5.6 %	13.1 %
100 basis point decrease (a)	(6.4)%	N/A

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

In addition to measuring the effect on net interest income assuming parallel changes in current interest rates, we routinely simulate the effects of a number of nonparallel interest rate environments. Table 32 reflects the percentage change in net interest income over the next two 12-month periods, assuming (i) the PNC Economist's most likely rate forecast, (ii) implied market forward rates and (iii) yield curve slope flattening (a 100 basis point yield curve slope flattening between one-month and ten-year rates superimposed on current base rates) scenario.

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

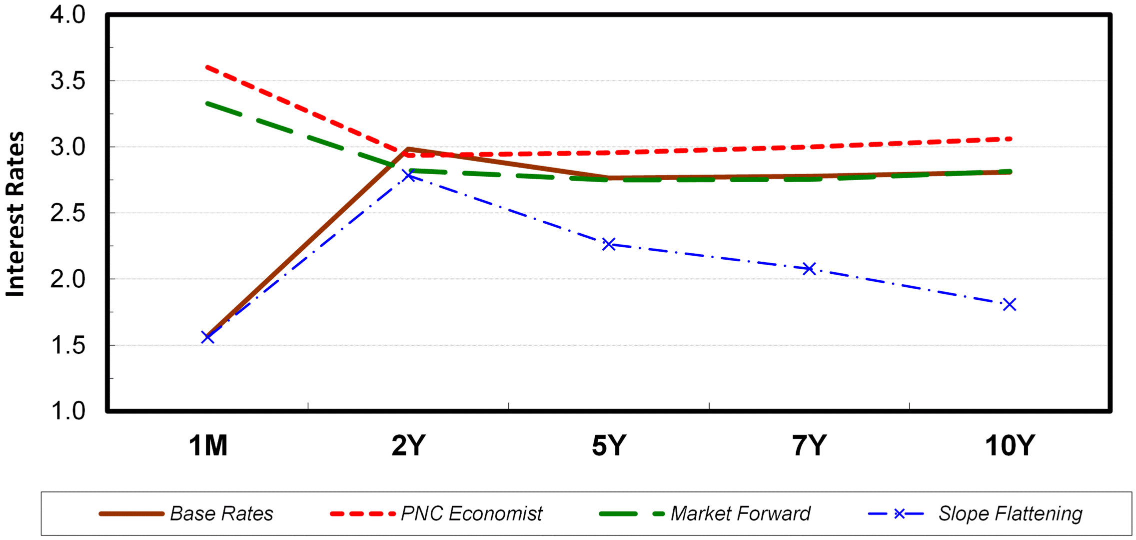
Table 32: Net Interest Income Sensitivity to Alternative Rate Scenarios

	June 30, 2022		
	PNC Economist	Market Forward	Slope Flattening
First year sensitivity	5.8 %	6.5 %	(0.8) %
Second year sensitivity	(0.5) %	(1.2)%	(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 31 and 32. These simulations assume that as assets and liabilities mature, they are replaced or repriced at then current market rates.

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

Table 33: Alternate Interest Rate Scenarios: One Year Forward



The second quarter 2022 interest sensitivity analyses indicate that our Consolidated Balance Sheet is positioned to benefit from an increase in interest rates and an upward sloping interest rate yield curve. We believe that we have the deposit funding base and balance sheet flexibility to adjust, where appropriate and permissible, to changing interest rates and market conditions.

LIBOR Transition

The scheduled discontinuance of the requirement that banks submit rates for the calculation of LIBOR after June 30, 2023 presents risks to the financial instruments originated, held or serviced by PNC that use LIBOR as a reference rate. For more discussion regarding the transition from LIBOR, see the Risk Management section in Item 7 of our 2021 Form 10-K.

Key efforts related to our transition plan to date have 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,
- Monitoring developments associated with LIBOR alternatives and industry practices related to LIBOR-indexed instruments,
- Incorporating BBVA into PNC's LIBOR transition effort, and
- Initiating the offering of instruments referencing alternative rates in order to align with regulatory guidance encouraging the transition away from the use of USD LIBOR in new contracts after December 31, 2021.

PNC began offering conforming adjustable rate mortgages using SOFR instead of USD LIBOR, in line with Fannie Mae and Freddie Mac requirements, and nonconforming adjustable rate residential mortgages using SOFR and private education 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. The focus for 2022 is planning for the cessation event in 2023 for all lines of business. Corporate & Institutional Banking has initiated amending contracts with inadequate fallback language, working on systems enhancements and continuing with client outreach and education. 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. 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 2021 Form 10-K for more information on our models used to calculate VaR and our backtesting process.

Customer-related trading revenue was $198 million for the six months ended June 30, 2022, compared to $179 million for the six months ended June 30, 2021. The increase was primarily due to improved interest rate derivative and foreign exchange client sales revenues, partially offset by the impact of changes in credit valuations for customer-related derivative activities.

Market Risk Management – Equity And Other Investment Risk

Equity investment risk is the risk of potential losses associated with investing in both private and public equity markets. In addition to extending credit, taking deposits, underwriting securities and trading financial instruments, we make and manage direct investments in a variety of transactions, including management buyouts, recapitalizations and growth financings in a variety of industries. We also have investments in affiliated and non-affiliated funds that make similar investments in private equity, consistent with regulatory limitations. The economic and/or book value of these investments and other assets are directly affected by changes in market factors.

Various PNC business units manage our equity and other investment activities. Our businesses are responsible for making investment decisions within the approved policy limits and associated guidelines.

A summary of our equity investments follows:

Table 34: Equity Investments Summary

Dollars in millions	June 30 2022	December 31 2021	Change $	Change %
Tax credit investments	$ 4,081	$ 3,954	$ 127	3 %
Private equity and other	4,360	4,226	134	3 %
Total	$ 8,441	$ 8,180	$ 261	3 %

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 $2.3 billion and $2.2 billion at June 30, 2022 and December 31, 2021, respectively. These unfunded commitments are included in Other liabilities on our Consolidated Balance Sheet.

Note 5 Loan Sale and Servicing Activities and Variable Interest Entities in the Notes To Consolidated Financial Statements in Item 8 of our 2021 Form 10-K has further information on tax credit investments.

Private Equity and Other

The largest component of our other equity investments is our private equity portfolio. The private equity portfolio is an illiquid portfolio consisting of mezzanine and equity investments that vary by industry, stage and type of investment. Private equity investments carried at estimated fair value totaled $2.0 billion and $1.8 billion at June 30, 2022 and December 31, 2021, respectively. As of June 30, 2022, $1.9 billion was invested directly in a variety of companies and $0.1 billion was invested indirectly through various private equity funds.

Included in our other equity investments are Visa Class B common shares, which are recorded at cost. Visa Class B common shares that we own are transferable only under limited circumstances until they can be converted into shares of the publicly-traded Class A common shares, which cannot happen until the resolution of the pending interchange litigation. Based upon the June 30, 2022 per share closing price of $196.89 for a Visa Class A common share, the estimated value of our total investment in the Class B common shares was approximately $1.1 billion at the current conversion rate of Visa B shares to Visa A shares, while our cost basis was insignificant. See Note 15 Fair Value and Note 21 Legal Proceedings in the Notes To Consolidated Financial Statements in Item 8 of our 2021 Form 10-K for additional information regarding our Visa agreements. The estimated value does not represent fair value of the Visa B common shares given the shares' limited transferability and the lack of observable transactions in the marketplace.

We also have certain other equity investments, the majority of which represent investments in affiliated and non-affiliated funds with both traditional and alternative investment strategies. Net gains related to these investments were $23 million for the six months ended June 30, 2022 and $42 million for the six months ended June 30, 2021.

Financial Derivatives
We use a variety of financial derivatives as part of the overall asset and liability risk management process to help manage exposure to market (primarily interest rate) and credit risk inherent in our business activities. We also enter into derivatives with customers to facilitate their risk management activities.

Financial derivatives involve, to varying degrees, market and credit risk. Derivatives represent contracts between parties that usually require little or no initial net investment and result in one party delivering cash or another type of asset to the other party based on a notional and an underlying as specified in the contract. Therefore, cash requirements and exposure to credit risk are significantly less than the notional amount on these instruments.

Further information on our financial derivatives is presented in Note 1 Accounting Policies, Note 15 Fair Value and Note 16 Financial Derivatives in our Notes To Consolidated Financial Statements in Item 8 of our 2021 Form 10-K and in Note 12 Fair Value and Note 13 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

Capital, Capital Planning, and Liquidity
In June 2022, the Federal Reserve announced the results of its supervisory stress tests conducted as part of the 2022 CCAR process. PNC remained well above its risk-based minimum capital requirements in the supervisory stress tests, and PNC's SCB for the four-quarter period beginning October 1, 2022, is 2.9%. See the Liquidity and Capital Management portion of the Risk Management section in this Financial Review for a discussion of PNC's capital actions.

Other Developments
In May 2022, the federal banking agencies issued a notice of proposed rulemaking to amend the regulations implementing the Community Reinvestment Act (CRA), which requires the agencies to assess a bank's record of meeting the credit needs of the communities in which they do business, including low- and moderate-income neighborhoods. The proposal would significantly expand the number of areas in which a bank is evaluated, materially change the tests used to evaluate the bank in those areas, and expand the data a bank must collect and report. The proposal, if finalized, could increase PNC Bank's obligations and compliance costs necessary to achieve a "Satisfactory" or "Outstanding" rating under the CRA framework, which factor into the ability of banks to expand and engage in new activities.

In June 2022, the FDIC issued a notice of proposed rulemaking to increase the assessment rates on deposit insurance by two basis points for all insured depository institutions like PNC Bank. Under the proposal, the new assessment rate schedule would begin with the first assessment period of 2023 and continue until the Deposit Insurance Fund reaches a reserve ratio of two percent.

Critical Accounting Estimates and Judgments

Note 1 Accounting Policies in our 2021 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 level 3 fair value measurements are described in Critical Accounting Estimates and Judgments in Item 7 of our 2021 Form 10-K. The following details the critical estimates and judgments around the ACL.

Allowance for Credit Losses

We maintain the ACL at levels that we believe to be appropriate as of the balance sheet date to absorb expected credit losses on our existing investment securities, loans, equipment finance leases, other financial assets and unfunded lending related commitments, for the remaining contractual term of the assets or exposures, taking into consideration expected prepayments. Our determination of the ACL is based on historical loss and performance experience, as well as current borrower and transaction characteristics including collateral type and quality, current economic conditions, reasonable and supportable forecasts of future conditions and other relevant factors. We use methods sensitive to changes in economic conditions to interpret these factors and to estimate expected credit losses. We evaluate and, when appropriate, enhance the quality of our data and models and other methods used to estimate the ACL on an ongoing basis. We 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: Our forecast of expected losses depends on economic conditions as of the estimation date. As current economic conditions evolve, forecasted losses could be materially affected.
- Scenario weights and design: Our loss estimates are sensitive to the shape, direction and rate of change of macroeconomic forecasts and thus vary significantly between upside and downside scenarios. Changes to probability weights assigned to these scenarios and timing of peak business cycles reflected by the scenarios could materially affect our loss estimates.
- Current borrower quality: Our forecast of expected losses depends on current borrower and transaction characteristics, including credit metrics and collateral type/quality. As borrower quality evolves, forecasted losses could be materially affected.
- Portfolio volume and mix: Changes to portfolio volume and mix could materially affect our estimates, as CECL reserves would be recognized upon origination or acquisition.

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 2021 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 also determines and approves CECL scenarios' weights for use for the current reporting period.

The scenarios used for the period ended June 30, 2022 reflect an increase in downside risk compared to December 31, 2021. The current outlook considers the inflationary pressures that have broadened and intensified in recent months, along with our expectation that the FOMC will raise interest rates more aggressively than what was expected at December 31, 2021, increasing the risk of a broader-ranged economic slowdown. Though the most-likely expectation continues to be that the U.S. economy avoids recession, growth is expected to slow noticeably from current levels, and the primary downside risk to the outlook has shifted from the pandemic to monetary policy tightening and inflation.

We used a number of economic variables in our scenarios, with the most significant drivers being Real GDP and the U.S. unemployment rate. The following table presents a comparison of these two economic variables based on the weighted-average scenario forecasts used in determining our ACL at June 30, 2022 and December 31, 2021.

Table 35: Key Macroeconomic Variables in CECL Weighted-Average Scenarios

	Assumptions as of June 30, 2022		
	2022	2023	2024
U.S. Real GDP (a)	1.6%	0.5%	1.2%
U.S. Unemployment Rate (b)	3.6%	4.5%	4.5%
	Assumptions as of December 31, 2021		
	2022	2023	2024
U.S. Real GDP (a)	2.8%	1.4%	1.3%
U.S. Unemployment Rate (b)	4.4%	4.1%	3.9%

(a) Represents year-over-year growth rates.
(b) Represents quarterly average rate at December 31, 2022, 2023 and 2024, respectively.

Real GDP growth is expected to end 2022 at 1.6% on a weighted average basis, down from the 2.8% assumed at December 31, 2021 due primarily to weaker expected growth in the second half of 2022, along with the unexpected contraction of GDP in the first quarter of 2022. Growth continues to slow to 0.5% and 1.2% in 2023 and 2024. In line with the slowing in overall economic activity, the weighted average unemployment rate is expected to increase modestly to 4.5% in 2023, remaining at that level through 2024.

The economy has seen significant improvement from the onset of the pandemic, as containment of the virus has permitted recovery in many industries. However, the pandemic fostered structural/secular changes that persist in certain subsegments of the economy. Additionally, recent challenges related to inflation, increased pressure on supply chain and rising interest rates have emerged. The current state of the economy has created considerable uncertainty around losses for certain portions of our commercial and consumer portfolios. For commercial borrowers, supply chain, inflation, rising rates and advancing secular changes are the primary drivers of uncertainty. For consumer borrowers, higher inflation risk, rising interest rates and the fading effects of government stimulus could reduce consumer liquidity and change payment hierarchy. 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 effectively reflect the distribution of potential economic outcomes. Additionally, through in-depth and granular analysis we have addressed reserve requirements for the specific populations most affected in the current environment. Through this approach, we believe the reserve levels appropriately reflect the expected credit losses in the portfolio as of the balance sheet date.

See the following for additional details on the components of our ACL:
- Allowance For Credit Losses in the Credit Risk Management section of this Financial Review, and
- Note 3 Investment Securities and Note 4 Loans and Related Allowance for Credit Losses in the Notes To Consolidated Financial Statements included in this Report.

Recently Issued Accounting Standards

Accounting Standards Update	Description	Financial Statement Impact
Troubled Debt Restructurings and Vintage Disclosures - ASU 2022-02 Issued March 2022	• Required effective date of January 1, 2023; early adoption is permitted. • Eliminates the accounting guidance for TDRs and requires an entity to apply the loan refinancing and restructuring guidance to determine whether a modification results in a new loan or a continuation of an existing loan. • Enhances disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. • Requires disclosure of current-period gross writeoffs by year of origination for financing receivables and net investments in leases within the scope of CECL. • Requires a prospective transition approach to all amendments except those related to the recognition and measurement of TDRs (which allow a modified retrospective transition approach through a cumulative-effect adjustment to retained earnings in the period of adoption).	• We do not expect the adoption of this standard to materially impact our consolidated results of operations or our consolidated financial position. The amendments will require changes to disclosures on information related to loan modifications and current-period gross write-offs.

Recently Adopted Accounting Pronouncements

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

Internal Controls And Disclosure Controls And Procedures

As of June 30, 2022, we performed an evaluation under the supervision of and with the participation of our management, including the Chairman, President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures and of changes in our internal control over financial reporting.

Based on that evaluation, our Chairman, President and Chief Executive Officer and our Executive Vice President and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) were effective as of June 30, 2022, and that there has been no change in PNC’s internal control over financial reporting that occurred during the second quarter of 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Cautionary Statement Regarding Forward-Looking Information

We make statements in this Report, and we may from time to time make other statements, regarding our outlook for financial performance, such as earnings, revenues, expenses, tax rates, capital and liquidity levels and ratios, asset levels, asset quality, financial position, and other matters regarding or affecting us and our future business and operations that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. Forward-looking statements are typically identified by words such as “believe,” “plan,” “expect,” “anticipate,” “see,” “look,” “intend,” “outlook,” “project,” “forecast,” “estimate,” “goal,” “will,” “should” and other similar words and expressions.

Forward-looking statements are necessarily subject to numerous assumptions, risks and uncertainties, which change over time. Future events or circumstances may change our outlook and may also affect the nature of the assumptions, risks and uncertainties to which our forward-looking statements are subject. Forward-looking statements speak only as of the date made. We do not assume any duty and do not undertake any obligation to update forward-looking statements. Actual results or future events could differ, possibly materially, from those anticipated in forward-looking statements, as well as from historical performance. As a result, we caution against placing undue reliance on any forward-looking statements.

Our forward-looking statements are subject to the following principal risks and uncertainties.

- Our businesses, financial results and balance sheet values are affected by business and economic conditions, including:
  - Changes in interest rates and valuations in debt, equity and other financial markets,
  - Disruptions in the U.S. and global financial markets,
  - Actions by the Federal Reserve Board, U.S. Treasury and other government agencies, including those that impact money supply, market interest rates and inflation,
  - Changes in customer behavior due to changing business and economic conditions or legislative or regulatory initiatives,
  - Changes in customers’, suppliers’ and other counterparties’ performance and creditworthiness,
  - Impacts of tariffs and other trade policies of the U.S. and its global trading partners,
  - The impact of the Russia-Ukraine conflict, and associated sanctions, on the global and U.S. economy,
  - The length and extent of the economic impacts of the COVID-19 pandemic,
  - Impacts of changes in federal, state and local governmental policy, including on the regulatory landscape, capital markets, taxes, 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 views that:
  - The U.S. economy continues to recover from the pandemic-caused recession in the first half of 2020. Growth is likely to be lower than the economy’s long-run average throughout this year. Consumer spending growth will remain solid in 2022 due to good underlying fundamentals.
  - Supply-chain difficulties will gradually ease over the course of 2022. Labor shortages will remain a constraint this year, although strong wage growth will support consumer spending.
  - Inflation accelerated in the second half of 2021 to its fastest pace in decades. Inflation will slow in the second half of 2022 as pandemic-related supply and demand imbalances recede and energy prices stabilize. However, inflation will also broaden throughout the economy due to wage growth. The annual inflation rate will end 2022 above the Federal Reserve's long-run objective of 2%.
  - The FOMC raised the federal funds rate by 0.75% in July, to a range of 2.25% to 2.50%. PNC expects further increases in the federal funds rate through the rest of this year, to a range of 3.25% to 3.50% at the end of 2022. The federal funds rate is expected to peak between 3.50% and 3.75% in mid-early 2023, before falling in the second half of next year as inflation ebbs and economic growth slows.
  - Uncertainty about the outlook has increased with the Russian invasion of Ukraine. It has created additional risk to higher inflation this year, which could lead the FOMC to tighten more aggressively than currently anticipated. In addition, risks to growth and the likelihood of a recession in late 2022 or 2023 have increased.
- PNC’s ability to take certain capital actions, including returning capital to shareholders, is subject to PNC meeting or exceeding an SCB established by the Federal Reserve Board in connection with the Federal Reserve Board's CCAR process.
- PNC’s regulatory capital ratios in the future will depend on, among other things, the company’s financial performance, the scope and terms of final capital regulations then in effect and management actions affecting the composition of PNC’s balance sheet. In addition, PNC’s ability to determine, evaluate and forecast regulatory capital ratios, and to take actions (such as capital distributions) based on actual or forecasted capital ratios, will be dependent at least in part on the development, validation and regulatory review of related models.
- 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.
- 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. Many of these risks and uncertainties are present in our acquisition and integration of BBVA, including its U.S. banking subsidiary, BBVA USA.
- 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 2021 Form 10-K, first quarter 2022 Form 10-Q and elsewhere in this Report, including in the Risk Factors and Risk Management sections and the Legal Proceedings and Commitments Notes of the Notes To Consolidated Financial Statements in these reports. Our forward-looking statements may also be subject to other risks and uncertainties, including those discussed elsewhere in this Report or in our other filings with the SEC.

CONSOLIDATED INCOME STATEMENT

THE PNC FINANCIAL SERVICES GROUP, INC.

Unaudited In millions, except per share data	Three months ended June 30 2022	 2021	Six months ended June 30 2022	 2021
Interest Income				
Loans	$ 2,504	$ 2,160	$ 4,797	$ 4,156
Investment securities	631	469	1,175	890
Other	146	72	223	138
Total interest income	3,281	2,701	6,195	5,184
Interest Expense				
Deposits	88	30	115	70
Borrowed funds	142	90	225	185
Total interest expense	230	120	340	255
Net interest income	3,051	2,581	5,855	4,929
Noninterest Income				
Asset management and brokerage	365	350	742	678
Capital markets related	409	324	661	635
Card and cash management	671	597	1,291	1,089
Lending and deposit services	282	270	551	524
Residential and commercial mortgage	161	206	320	393
Other	177	339	388	639
Total noninterest income	2,065	2,086	3,953	3,958
Total revenue	5,116	4,667	9,808	8,887
Provision For (Recapture of) Credit Losses	36	302	(172)	(249)
Noninterest Expense				
Personnel	1,779	1,640	3,496	3,117
Occupancy	246	217	504	432
Equipment	351	326	682	619
Marketing	95	74	156	119
Other	773	793	1,578	1,337
Total noninterest expense	3,244	3,050	6,416	5,624
Income before income taxes and noncontrolling interests	1,836	1,315	3,564	3,512
Income taxes	340	212	639	583
Net income	1,496	1,103	2,925	2,929
Less: Net income attributable to noncontrolling interests	15	12	36	22
Preferred stock dividends	71	48	116	105
Preferred stock discount accretion and redemptions	1	1	3	2
Net income attributable to common shareholders	$ 1,409	$ 1,042	$ 2,770	$ 2,800
Earnings Per Common Share				
Basic	$ 3.39	$ 2.43	$ 6.62	$ 6.54
Diluted	$ 3.39	$ 2.43	$ 6.61	$ 6.53
Average Common Shares Outstanding				
Basic	414	427	417	426
Diluted	414	427	417	427

See accompanying Notes To Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

THE PNC FINANCIAL SERVICES GROUP, INC.

Unaudited In millions	Three months ended June 30 2022	Three months ended June 30 2021	Six months ended June 30 2022	Six months ended June 30 2021
Net income	$ 1,496	$ 1,103	$ 2,925	$ 2,929
Other comprehensive income (loss), before tax and net of reclassifications into Net income				
Net change in debt securities	(2,715)	46	(9,030)	(1,148)
Net change in cash flow hedge derivatives	(701)	222	(2,459)	(553)
Pension and other postretirement benefit plan adjustments	8	(43)	62	(13)
Net change in Other	(4)		(7)	1
Other comprehensive income (loss), before tax and net of reclassifications into Net income	(3,412)	225	(11,434)	(1,713)
Income tax benefit (expense) related to items of other comprehensive income	785	(52)	2,667	406
Other comprehensive income (loss), after tax and net of reclassifications into Net income	(2,627)	173	(8,767)	(1,307)
Comprehensive income (loss)	(1,131)	1,276	(5,842)	1,622
Less: Comprehensive income attributable to noncontrolling interests	15	12	36	22
Comprehensive income (loss) attributable to PNC	$ (1,146)	$ 1,264	$ (5,878)	$ 1,600

See accompanying Notes To Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET

THE PNC FINANCIAL SERVICES GROUP, INC.

Unaudited In millions, except par value	June 30 2022	December 31 2021
Assets		
Cash and due from banks	$ 8,582	$ 8,004
Interest-earning deposits with banks	28,404	74,250
Loans held for sale (a)	1,191	2,231
Investment securities – available for sale	52,984	131,536
Investment securities – held to maturity	79,748	1,426
Loans (a)	310,800	288,372
Allowance for loan and lease losses	(4,462)	(4,868)
Net loans	306,338	283,504
Equity investments	8,441	8,180
Mortgage servicing rights	2,608	1,818
Goodwill	10,916	10,916
Other (a)	41,574	35,326
Total assets	$ 540,786	$ 557,191
Liabilities		
Deposits		
Noninterest-bearing	$ 146,438	$ 155,175
Interest-bearing	294,373	302,103
Total deposits	440,811	457,278
Borrowed funds		
Federal Home Loan Bank borrowings	10,000	
Bank notes and senior debt	14,358	20,661
Subordinated debt	7,487	6,996
Other (b)	4,139	3,127
Total borrowed funds	35,984	30,784
Allowance for unfunded lending related commitments	681	662
Accrued expenses and other liabilities	15,622	12,741
Total liabilities	493,098	501,465
Equity		
Preferred stock (c)		
Common stock ($5 par value, Authorized 800 shares, issued 543 shares)	2,714	2,713
Capital surplus	18,531	17,457
Retained earnings	51,841	50,228
Accumulated other comprehensive income (loss)	(8,358)	409
Common stock held in treasury at cost: 132 and 123 shares	(17,076)	(15,112)
Total shareholders' equity	47,652	55,695
Noncontrolling interests	36	31
Total equity	47,688	55,726
Total liabilities and equity	$ 540,786	$ 557,191

(a) Our consolidated assets included the following for which we have elected the fair value option: Loans held for sale of $ 1.0 billion, Loans held for investment of $ 1.3 billion and Other assets of $ 0.1 billion at June 30, 2022. Comparable amounts at December 31, 2021 were $1.9 billion, $ 1.5 billion and $0.1 billion, respectively.

(b) Our consolidated liabilities included the following for which we have elected the fair value option: Other borrowed funds of less than $ 0.1 billion and Other liabilities of $ 0.1 billion at June 30, 2022. Comparable amounts at December 31, 2021 were less than $0.1 billion and zero.

(c) Par value less than $ 0.5 million at each date.

See accompanying Notes To Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

THE PNC FINANCIAL SERVICES GROUP, INC.

Unaudited In millions	Six months ended June 30 2022	2021
Operating Activities		
Net income	$ 2,925	$ 2,929
Adjustments to reconcile net income to net cash provided (used) by operating activities		
Provision for (recapture of) credit losses	(172)	(249)
Depreciation and amortization	529	794
Deferred income taxes (benefit)	203	165
Net losses (gains) on sales of securities	4	(35)
Changes in fair value of mortgage servicing rights	(435)	(47)
Net change in		
Trading securities and other short-term investments	(1,325)	776
Loans held for sale and related securitization activity	997	(439)
Other assets	(2,989)	(784)
Accrued expenses and other liabilities	1,491	(782)
Other	415	(133)
Net cash provided (used) by operating activities	$ 1,643	$ 2,195
Investing Activities		
Sales		
Securities available for sale	$ 2,575	$ 7,495
Loans	525	1,011
Repayments/maturities		
Securities available for sale	9,403	15,970
Securities held to maturity	1,395	46
Purchases		
Securities available for sale	(22,145)	(44,380)
Securities held to maturity	(1,289)	(75)
Loans	(1,298)	(1,291)
Net change in		
Federal funds sold and resale agreements	(919)	(75)
Interest-earning deposits with banks	45,846	26,039
Loans	(21,929)	9,739
Net cash paid for acquisition		(10,511)
Other	(1,147)	(1,018)
Net cash provided (used) by investing activities	$ 11,017	$ 2,950

(continued on following page)

CONSOLIDATED STATEMENT OF CASH FLOWS

THE PNC FINANCIAL SERVICES GROUP, INC.

(continued from previous page)

Unaudited In millions	Six months ended June 30 2022	2021
Financing Activities		
Net change in		
Noninterest-bearing deposits	$ (8,717)	$ 5,771
Interest-bearing deposits	(7,730)	(3,730)
Federal funds purchased and repurchase agreements	(5)	75
Other borrowed funds	1,098	94
Sales/issuances		
Federal Home Loan Bank borrowings	10,000	
Bank notes and senior debt		996
Subordinated debt	847	
Other borrowed funds	435	353
Preferred stock	990	
Common and treasury stock	34	36
Repayments/maturities		
Federal Home Loan Bank borrowings		(3,680)
Bank notes and senior debt	(5,250)	(1,850)
Other borrowed funds	(435)	(346)
Acquisition of treasury stock	(2,076)	(67)
Preferred stock cash dividends paid	(116)	(105)
Common stock cash dividends paid	(1,157)	(985)
Net cash provided (used) by financing activities	$ (12,082)	$ (3,438)
Net Increase (Decrease) In Cash And Due From Banks And Restricted Cash	$ 578	$ 1,707
Cash and due from banks and restricted cash at beginning of period	8,004	7,017
Cash and due from banks and restricted cash at end of period	$ 8,582	$ 8,724
Cash and due from banks and restricted cash		
Cash and due from banks at end of period (unrestricted cash)	$ 7,950	$ 8,128
Restricted cash	632	596
Cash and due from banks and restricted cash at end of period	$ 8,582	$ 8,724
Supplemental Disclosures		
Interest paid	$ 420	$ 336
Income taxes paid	$ 62	$ 384
Income taxes refunded	$ 8	$ 65
Leased assets obtained in exchange for new operating lease liabilities	$ 103	$ 248
Non-cash Investing and Financing Items		
Transfer from securities available for sale to securities held to maturity (a)	$ 83,419	
Transfer from loans to loans held for sale, net	$ 330	$ 489
Transfer from loans to foreclosed assets	$ 25	$ 15

(a) During the first six months of 2022, we transferred securities from available for sale to held to maturity in non-cash transactions. The amount of $ 83.4 billion includes the aggregate fair value of the securities of $77.8 billion and aggregate net pretax unrealized losses of $ 5.6 billion included in AOCI at transfer. See Note 3 Investment Securities for more detailed information on the transfers.

See accompanying Notes To Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THE PNC FINANCIAL SERVICES GROUP, INC.
Unaudited

See page 98 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 of operations and balance sheets for all periods presented in this Report reflect the benefit of BBVA's acquired businesses for the period since the acquisition closed on June 1, 2021. See Note 2 Acquisition Activity for additional information related to this acquisition.

We prepared these consolidated financial statements in accordance with GAAP. We have eliminated intercompany accounts and transactions. We have also reclassified certain prior year amounts to conform to the current period presentation, which did not have a material impact on our consolidated financial condition or results of operations.

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 2021 Form 10-K. Reference is made to Note 1 Accounting Policies in our 2021 Form 10-K for a detailed description of significant accounting policies. These interim consolidated financial statements serve to update our 2021 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 2021 Form 10-K.

Noninterest Income Presentation

Effective for the first quarter of 2022, PNC updated the presentation of its noninterest income categorization to be based on product and service type, and accordingly, has changed the basis of presentation of its noninterest income revenue streams to: (i) Asset management and brokerage, (ii) Capital markets related, (iii) Card and cash management, (iv) Lending and deposit services, (v) Residential and commercial mortgage and (vi) Other noninterest income. A description of each revenue stream follows:

Asset management and brokerage includes revenue from our asset management and retail brokerage businesses. Asset management services include investment management, custody, retirement planning, family planning, trust management and retirement administration. Brokerage services offer retail customers a wide range of investment options, including mutual funds, annuities, stock, bonds and managed accounts.

Capital markets related includes revenue from services and activities primarily related to merger and acquisition advisory, equity capital markets advisory, asset-backed financing, loan syndication, securities underwriting, credit valuation adjustments related to the derivatives portfolio and customer-related trading.

Card and cash management includes revenue primarily from debit and credit card activities, inclusive of credit card points and rewards, treasury management services and ATM fees. Debit and credit card activities include interchange revenue and merchant service fees. Treasury management services include cash and investment management, receivables and disbursement management, funds transfer, international payment and access to online/mobile information management and reporting.

Lending and deposit services includes revenue primarily related to service charges on deposits, loan commitment and usage fees, the issuance of standby letters of credit, operating lease income and long-term care and insurance products.

Residential and commercial mortgage includes the gain and loss on sale of mortgages, revenue related to our mortgage servicing responsibilities, mortgage servicing rights valuation adjustments and net gains on originations and sales of loans held for sale.

Other noninterest income is primarily composed of private equity revenue, net securities gains and losses, activity related to our equity investment in Visa and gains and losses on asset sales.

See Note 16 Fee-based Revenue from Contracts with Customers for additional details related to these revenue streams within the scope of ASC 606 - Revenue from Contracts with Customers.

Use of Estimates

We prepared these consolidated financial statements using financial information available at the time of preparation, which requires us to make estimates and assumptions that affect the amounts reported. Our most significant estimates pertain to the ACL and our fair value measurements, including for the BBVA acquisition. Actual results may differ from the estimates and the differences may be material to the consolidated financial statements.

Recently Adopted Accounting Standards

Accounting Standards Update	Description	Financial Statement Impact
Reference Rate Reform - ASU 2020-04 Issued March 2020 **Reference Rate Reform Scope - ASU 2021-01** Issued January 2021	• Provides optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform (codified in ASC 848). • Includes optional expedients related to contract modifications that allow an entity to account for modifications (if certain criteria are met) as if the modifications were only minor (assets within the scope of ASC 310, *Receivables*), were not substantial (assets within the scope of ASC 470, *Debt*) and/or did not result in remeasurements or reclassifications (assets within the scope of ASC 842, *Leases*, and other Topics) of the existing contract. • Includes optional expedients related to hedging relationships within the scope of ASC 815, *Derivatives & Hedging*, whereby changes to the critical terms of a hedging relationship do not require dedesignation if certain criteria are met. In addition, potential sources of ineffectiveness as a result of reference rate reform may be disregarded when performing some effectiveness assessments. • Includes optional expedients and exceptions for contract modifications and hedge accounting that apply to derivative instruments impacted by the market-wide discounting transition. • Guidance in these ASUs are effective as of March 12, 2020 through December 31, 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 2021 Form 10-K for more information on elections of optional expedients that occurred in 2020 and 2021. • We did not make any additional elections for the second quarter of 2022. We expect to continue to elect various optional expedients for contract modifications and hedge relationships affected by reference rate reform through the effective date of this guidance.

NOTE 2 ACQUISITION 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.

On October 12, 2021, PNC converted approximately 2.6 million customers, 9,000 employees and over 600 branches across seven states, merging BBVA USA into PNC Bank.

PNC incurred merger and integration costs of $14 million and $45 million for the three and six months ended June 30, 2022, in connection with the transaction. These costs are recorded as contra-revenue and expense on the Consolidated Income Statement. The integration expenses are primarily related to retail services and realty expenses. Cumulative costs through June 30, 2022 were $850 million.

The following table includes the fair value of the identifiable tangible and intangible assets and liabilities from BBVA:

Table 36: Acquisition Consideration

In millions		June 1, 2021 Fair Value
Fair value of acquisition consideration	$	11,480
Assets		
Cash and due from banks	$	969
Interest-earning deposits with banks		13,313
Loans held for sale		463
Investment securities – available for sale		18,358
Net loans		61,423
Equity investments		723
Mortgage servicing rights		35
Core deposit intangibles and other intangible assets		378
Other		3,527
Total assets	$	99,189
Liabilities		
Deposits	$	85,562
Borrowed funds		2,449
Accrued expenses and other liabilities		1,275
Total liabilities	$	89,286
Noncontrolling interests		22
Less: Net assets	$	9,881
Goodwill	$	1,599

Goodwill of $1.6 billion recorded in connection with the transaction resulted from the reputation, operating model and expertise of BBVA. The amount of goodwill recorded 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 and is not deductible for income tax purposes. See Note 6 Goodwill and Mortgage Servicing Rights in Item 8 of our 2021 Form 10-K for additional information on the allocation of goodwill to the segments.

For a description of the fair value and unpaid principal balance of loans from the BBVA acquisition, as well as the methods used to determine the fair values of significant assets and liabilities, see Note 2 Acquisition and Divestiture Activity in Item 8 of our 2021 Form 10-K.

NOTE 3 INVESTMENT SECURITIES

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

Table 37: Investment Securities Summary (a)

	June 30, 2022				December 31, 2021			
		Unrealized				Unrealized		
In millions	Amortized Cost (b)	Gains	Losses	Fair Value	Amortized Cost (b)	Gains	Losses	Fair Value
Securities Available for Sale								
U.S. Treasury and government agencies	$ 13,877	$ 15	$ (849)	$ 13,043	$ 46,210	$ 324	$ (370)	$ 46,164
Residential mortgage-backed								
Agency	34,240	13	(2,074)	32,179	67,326	695	(389)	67,632
Non-agency	762	167	(4)	925	927	231		1,158
Commercial mortgage-backed								
Agency	2,040	1	(94)	1,947	1,740	39	(6)	1,773
Non-agency	1,396		(46)	1,350	3,423	31	(18)	3,436
Asset-backed	112	32	(1)	143	6,380	60	(31)	6,409
Other	3,548	48	(199)	3,397	4,792	186	(14)	4,964
Total securities available for sale	$ 55,975	$ 276	$ (3,267)	$ 52,984	$ 130,798	$ 1,566	$ (828)	$ 131,536
Securities Held to Maturity								
U.S. Treasury and government agencies	$ 31,582	$ 13	$ (407)	$ 31,188	$ 814	$ 76		$ 890
Residential mortgage-backed								
Agency	36,880	8	(840)	36,048				
Non-agency	288		(6)	282				
Commercial mortgage-backed								
Agency	86		(1)	85				
Non-agency	1,842	3	(20)	1,825				
Asset-backed	6,690	3	(72)	6,621				
Other	2,380	11	(26)	2,365	612	27	$ (7)	632
Total securities held to maturity (c) (d)	$ 79,748	$ 38	$ (1,372)	$ 78,414	$ 1,426	$ 103	$ (7)	$ 1,522

(a) At June 30, 2022, the accrued interest associated with our held to maturity and available for sale portfolios totaled $191 million and $162 million, respectively. The comparable amounts at December 31, 2021 were $ 5 million and $322 million, respectively. These amounts are included in Other assets on the Consolidated Balance Sheet.
(b) Amortized cost is presented net of allowance of $133 million for securities available for sale and $ 4 million for securities held to maturity at June 30, 2022. The comparable amounts at December 31, 2021 are $ 130 million and $3 million, respectively.
(c) Credit ratings represent a primary credit quality indicator used to monitor and manage credit risk. 99% and 86% of our securities held to maturity were rated AAA/AA at June 30, 2022 and December 31, 2021, respectively.
(d) Held to maturity securities transferred from available for sale are included in held to maturity at fair value at the time of the transfer. The amortized cost of held to maturity securities included net unrealized losses of $5.4 billion, at June 30, 2022, related to securities transferred, which are offset in AOCI, net of tax.

The fair value of investment securities is impacted by interest rates, credit spreads, market volatility and liquidity conditions. Securities available for sale are carried at fair value with net unrealized gains and losses included in Total shareholders' equity as AOCI, unless credit related. Net unrealized gains and losses are determined by taking the difference between the fair value of a security and its amortized cost, net of any allowance. Securities held to maturity are carried at amortized cost less any allowance. Investment securities at June 30, 2022 included $0.4 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 June 30, 2021 was $0.3 billion.

In the first quarter of 2022, we transferred securities with a fair value of $18.7 billion from available for sale to held to maturity. The securities transferred included $9.2 billion of U.S. Treasury and government agency securities and $9.5 billion of agency residential mortgage-backed securities. During the second quarter of 2022, we transferred securities with a fair value of $59.1 billion from available for sale to held to maturity. The securities transferred included $21.5 billion of U.S. Treasury and government agency securities, $27.9 billion of agency residential mortgage-backed securities, $6.3 billion of asset-backed securities and $3.4 billion of other securities. We changed our intent and committed to hold these high-quality securities to maturity in order to reduce the impact of price volatility on AOCI and tangible capital. The securities were reclassified at fair value at the time of the transfer and the transfers represented non-cash transactions. AOCI at June 30, 2022 included pretax unrealized losses of $5.4 billion related to the transfers. These unrealized losses will be amortized, consistent with the amortization of the discount on these securities, over the remaining life as an adjustment of yield, resulting in no impact to net interest income or net income.

We maintain the allowance for investment securities at levels that we believe to be appropriate as of the balance sheet date to absorb expected credit losses on our portfolio. At June 30, 2022, the allowance for investment securities was $137 million and primarily related to non-agency commercial mortgage-backed securities in the available for sale portfolio. The comparable amount at December 31, 2021 was $33 million. See Note 1 Accounting Policies included in Item 8 of our 2021 Form 10-K for a discussion of the methodologies used to determine the allowance for investment securities.

At June 30, 2022, AOCI included pretax losses of $141 million from derivatives that hedged the purchase of investment securities classified as held to maturity. The losses will be accreted to interest income as an adjustment of yield on the securities.

Table 38 presents the gross unrealized losses and fair value of securities available for sale that do not have an associated allowance for investment securities at June 30, 2022 and December 31, 2021. These securities are segregated between investments that had been in a continuous unrealized loss position for less than twelve months and twelve months or more, based on the point in time that the fair value declined below the amortized cost basis. All securities included in the table have been evaluated to determine if a credit loss exists. As part of that assessment, as of June 30, 2022, we concluded that we do not intend to sell and believe we will not be required to sell these securities prior to recovery of the amortized cost basis.

Table 38: Gross Unrealized Loss and Fair Value of Securities Available for Sale Without an Allowance for Credit Losses

	Unrealized loss position less than 12 months		Unrealized loss position 12 months or more		Total	
In millions	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value
June 30, 2022						
U.S. Treasury and government agencies	$ (729)	$ 10,450	$ (120)	$ 1,239	$ (849)	$ 11,689
Residential mortgage-backed						
Agency	(1,811)	28,806	(263)	2,135	(2,074)	30,941
Non-agency	(2)	101	(2)	19	(4)	120
Commercial mortgage-backed						
Agency	(88)	1,720	(6)	136	(94)	1,856
Non-agency	(31)	1,078	(3)	140	(34)	1,218
Asset-backed						
Other	(153)	2,311	(5)	36	(158)	2,347
Total securities available for sale	$ (2,814)	$ 44,466	$ (399)	$ 3,705	$ (3,213)	$ 48,171
December 31, 2021						
U.S. Treasury and government agencies	$ (370)	$ 32,600			$ (370)	$ 32,600
Agency residential mortgage-backed	(369)	41,521	$ (20)	$ 1,489	(389)	43,010
Commercial mortgage-backed						
Agency	(5)	451	(1)	60	(6)	511
Non-agency	(4)	1,453	(3)	474	(7)	1,927
Asset-backed	(29)	3,465	(2)	188	(31)	3,653
Other	(13)	1,405			(13)	1,405
Total securities available for sale	$ (790)	$ 80,895	$ (26)	$ 2,211	$ (816)	$ 83,106

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

Table 39: Gains (Losses) on Sales of Securities Available for Sale

Six months ended June 30 In millions	Gross Gains	Gross Losses	Net Gains (Losses)	Tax Expense (Benefit)
2022	$ 11	$ (15)	$ (4)	$ (1)
2021	$ 201	$ (166)	$ 35	$ 7

The following table presents, by remaining contractual maturity, the amortized cost, fair value and weighted-average yield of debt securities at June 30, 2022:

Table 40: Contractual Maturity of Debt Securities

June 30, 2022 Dollars in millions	1 Year or Less	After 1 Year through 5 Years	After 5 Years through 10 Years	After 10 Years	Total
Securities Available for Sale					
U.S. Treasury and government agencies	$ 2,783	$ 5,835	$ 3,124	$ 2,135	$ 13,877
Residential mortgage-backed					
Agency	2	83	3,046	31,109	34,240
Non-agency			2	760	762
Commercial mortgage-backed					
Agency	62	243	1,363	372	2,040
Non-agency		7	224	1,165	1,396
Asset-backed			11	101	112
Other	148	2,243	971	186	3,548
Total securities available for sale at amortized cost	$ 2,995	$ 8,411	$ 8,741	$ 35,828	$ 55,975
Fair value	$ 2,988	$ 8,056	$ 8,209	$ 33,731	$ 52,984
Weighted-average yield, GAAP basis (a)	2.01 %	1.58 %	2.16 %	2.68 %	2.40 %
Securities Held to Maturity					
U.S. Treasury and government agencies	$ 474	$ 23,231	$ 7,484	$ 393	$ 31,582
Residential mortgage-backed					
Agency		12	34	36,834	36,880
Non-agency				288	288
Commercial mortgage-backed					
Agency			86		86
Non-agency		137	8	1,697	1,842
Asset-backed	16	1,872	1,609	3,193	6,690
Other	182	906	561	731	2,380
Total securities held to maturity at amortized cost	$ 672	$ 26,158	$ 9,782	$ 43,136	$ 79,748
Fair value	$ 671	$ 25,964	$ 9,603	$ 42,176	$ 78,414
Weighted-average yield, GAAP basis (a)	1.08 %	1.10 %	1.76 %	2.38 %	1.87 %

(a) Weighted-average yields are based on amortized cost with effective yields weighted for the contractual maturity of each security. Actual maturities and yields may differ as certain securities may be prepaid.

At June 30, 2022, there were no securities of a single issuer, other than FNMA and FHLMC, that exceeded 10% of Total shareholders' equity. The FNMA and FHLMC investments had a total amortized cost of $36.5 billion and $28.5 billion and fair value of $35.0 billion and $27.4 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 41: Fair Value of Securities Pledged and Accepted as Collateral

illions	June 30 2022	December 31 2021
dged to others	$ 20,603	$ 27,349
cepted from others:		
ermitted by contract or custom to sell or repledge	$ 1,588	$ 707
ermitted amount repledged to others	$ 1,588	$ 707

The securities pledged to others include positions held in our portfolio of investment securities, trading securities and securities accepted as collateral from others that we are permitted by contract or custom to sell or repledge, and were used to secure public and trust deposits, repurchase agreements and for other purposes. See Note 13 Financial Derivatives in the Notes To Consolidated Financial Statements in Item 1 of this Report for information related to securities pledged and accepted as collateral for derivatives.

NOTE 4 LOANS AND RELATED ALLOWANCE FOR CREDIT LOSSES

Loan Portfolio

Our loan portfolio consists oftwo portfolio segments – Commercial and Consumer. Each of these segments comprises multiple loan classes. Classes are characterized by similarities in risk attributes and the manner in which we monitor and assess credit risk.

Commercial	Consumer
• Commercial and industrial • Commercial real estate • Equipment lease financing	• Residential real estate • Home equity • Automobile • Credit card • Education • Other consumer

See Note 1 Accounting Policies included in Item 8 of our 2021 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 42 presents the composition and delinquency status of our loan portfolio at June 30, 2022 and December 31, 2021. We manage credit risk based on the risk profile of the borrower, repayment sources, underlying collateral and other support given current events, economic conditions and expectations. We refine our practices to meet the changing environment resulting from rising inflation levels, supply chain disruptions, higher rates, and secular changes fostered by the COVID-19 pandemic. To mitigate losses and enhance customer support, we have customer assistance, loan modification and collection programs that align with the CARES Act and subsequent interagency guidance. As a result, under the CARES Act credit reporting rules, certain loans modified due to COVID-19 related hardships are not being reported as past due as of June 30, 2022 and December 31, 2021 based on the contractual terms of the loan, even where borrowers may not be making payments on their loans during the modification period.

Table 42: 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)
June 30, 2022								
Commercial								
Commercial and industrial	$ 170,817	$ 99	$ 128	$ 138	$ 365	$ 649		$ 171,831
Commercial real estate	34,252	28	11		39	161		34,452
Equipment lease financing	6,224	7	4		11	5		6,240
Total commercial	211,293	134	143	138	415	815		212,523
Consumer								
Residential real estate	42,067	298	95	202	595 (c)	457	$ 598	43,717
Home equity	23,994	43	14		57	556	86	24,693
Automobile	15,016	102	24	6	132	175		15,323
Credit card	6,528	37	25	54	116	6		6,650
Education	2,207	44	23	58	125 (c)			2,332
Other consumer	5,454	38	21	12	71	37		5,562
Total consumer	95,266	562	202	332	1,096	1,231	684	98,277
Total	$ 306,559	$ 696	$ 345	$ 470	$ 1,511	$ 2,046	$ 684	$ 310,800
Percentage of total loans	98.63 %	0.22 %	0.11 %	0.15 %	0.49 %	0.66 %	0.22 %	100.00 %
December 31, 2021								
Commercial								
Commercial and industrial	$ 151,698	$ 235	$ 72	$ 132	$ 439	$ 796		$ 152,933
Commercial real estate	33,580	46	24	1	71	364		34,015
Equipment lease financing	6,095	25	2		27	8		6,130
Total commercial	191,373	306	98	133	537	1,168		193,078
Consumer								
Residential real estate	37,706	379	119	328	826 (c)	517	$ 663	39,712
Home equity	23,305	53	18		71	596	89	24,061
Automobile	16,252	146	40	14	200	183		16,635
Credit card	6,475	49	33	62	144	7		6,626
Education	2,400	43	25	65	133 (c)			2,533
Other consumer	5,644	35	22	17	74	9		5,727
Total consumer	91,782	705	257	486	1,448	1,312	752	95,294
Total	$ 283,155	$ 1,011	$ 355	$ 619	$ 1,985	$ 2,480	$ 752	$ 288,372
Percentage of total loans	98.19 %	0.35 %	0.12 %	0.21 %	0.69 %	0.86 %	0.26 %	100.00 %

(a) Amounts in table represent loans held for investment and do not include any associated ALLL.
(b) The accrued interest associated with our loan portfolio totaled $ 0.8 billion and $0.7 billion at June 30, 2022 and December 31, 2021, respectively. These amounts are included in Other assets on the Consolidated Balance Sheet.
(c) Past due loan amounts include government insured or guaranteed Residential real estate loans and Education loans totaling $ 0.3 billion and $0.1 billion at June 30, 2022. Comparable amounts at December 31, 2021 were $ 0.4 billion and $0.1 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 $ 0.7 billion at both June 30, 2022 and December 31, 2021.
(f) Collateral dependent loans totaled $ 1.2 billion and $ 1.7 billion at June 30, 2022 and December 31, 2021, respectively.

At June 30, 2022, we pledged $24.9 billion of commercial and other loans to the Federal Reserve Bank and $85.9 billion of residential real estate and other loans to the FHLB as collateral for the ability to borrow, if necessary. The comparable amounts at December 31, 2021 were $25.7 billion and $66.2 billion, respectively. Amounts pledged reflect the unpaid principal balances.

Nonperforming Assets

Nonperforming assets include nonperforming loans and leases, OREO and foreclosed assets. Nonperforming loans are those loans accounted for at amortized cost whose credit quality has deteriorated to the extent that full collection of contractual principal and interest is not probable and include nonperforming TDRs and PCD loans. Interest income is not recognized on these loans. Loans accounted for under the fair value option are reported as performing loans; however, when nonaccrual criteria is met, interest income is not recognized on these loans. Additionally, certain government insured or guaranteed loans for which we expect to collect substantially all principal and interest are not reported as nonperforming loans and continue to accrue interest. See Note 1 Accounting Policies included in Item 8 of our 2021 Form 10-K for additional information on our nonperforming loan and lease policies.

The following table presents our nonperforming assets as of June 30, 2022 and December 31, 2021, respectively:

Table 43: Nonperforming Assets

Dollars in millions	June 30 2022	December 31 2021
Nonperforming loans		
Commercial	$ 815	$ 1,168
Consumer (a)	1,231	1,312
Total nonperforming loans (b)	2,046	2,480
OREO and foreclosed assets	29	26
Total nonperforming assets	$ 2,075	$ 2,506
Nonperforming loans to total loans	0.66 %	0.86 %
Nonperforming assets to total loans, OREO and foreclosed assets	0.67 %	0.87 %
Nonperforming assets to total assets	0.38 %	0.45 %

(a) Excludes most unsecured consumer loans and lines of credit, which are charged off after 120 to 180 days past due and are not placed on nonperforming status.
(b) Nonperforming loans for which there is no related ALLL totaled $ 0.8 billion at June 30, 2022 and primarily include loans with a fair value of collateral that exceeds the amortized cost basis. The comparable amount at December 31, 2021 was $1.0 billion.

Nonperforming loans include certain loans whose terms have been restructured in a manner that grants a concession to a borrower experiencing financial difficulties. In accordance with applicable accounting guidance, these loans are considered TDRs. See Note 1 Accounting Policies included in Item 8 of our 2021 Form 10-K and the Troubled Debt Restructurings section of this Note 4 for additional information on TDRs.

Total nonperforming loans in Table 43 include TDRs of $0.7 billion and $1.0 billion at June 30, 2022 and December 31, 2021, respectively. TDRs that are performing, including consumer credit card TDR loans, are excluded from nonperforming loans and totaled $0.7 billion and $0.6 billion at June 30, 2022 and December 31, 2021, respectively.

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 2021 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 44: Commercial Credit Quality Indicators (a)

June 30, 2022 In millions	Term Loans by Origination Year 2022	2021	2020	2019	2018	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Commercial and industrial									
Pass Rated	$ 20,359	$ 16,777	$ 10,272	$ 9,215	$ 5,342	$ 16,371	$ 86,988	$ 74	$ 165,398
Criticized	315	398	325	649	460	863	3,397	26	6,433
Total commercial and industrial	20,674	17,175	10,597	9,864	5,802	17,234	90,385	100	171,831
Commercial real estate									
Pass Rated	4,241	3,869	3,793	6,134	3,359	8,553	260		30,209
Criticized	240	158	260	748	883	1,905	49		4,243
Total commercial real estate	4,481	4,027	4,053	6,882	4,242	10,458	309		34,452
Equipment lease financing									
Pass Rated	817	1,078	1,065	788	556	1,730			6,034
Criticized	15	51	56	43	25	16			206
Total equipment lease financing	832	1,129	1,121	831	581	1,746			6,240
Total commercial	$ 25,987	$ 22,331	$ 15,771	$ 17,577	$ 10,625	$ 29,438	$ 90,694	$ 100	$ 212,523

December 31, 2021 In millions	Term Loans by Origination Year 2021	2020	2019	2018	2017	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Commercial and industrial									
Pass Rated	$ 27,104	$ 12,053	$ 10,731	$ 6,698	$ 6,355	$ 11,759	$ 71,230	$ 90	$ 146,020
Criticized	283	368	815	649	496	824	3,448	30	6,913
Total commercial and industrial	27,387	12,421	11,546	7,347	6,851	12,583	74,678	120	152,933
Commercial real estate									
Pass Rated	4,110	4,109	6,355	4,234	2,634	7,562	436		29,440
Criticized	294	298	999	820	566	1,552	46		4,575
Total commercial real estate	4,404	4,407	7,354	5,054	3,200	9,114	482		34,015
Equipment lease financing									
Pass Rated	1,212	1,190	942	682	507	1,410			5,943
Criticized	37	54	41	29	19	7			187
Total equipment lease financing	1,249	1,244	983	711	526	1,417			6,130
Total commercial	$ 33,040	$ 18,072	$ 19,883	$ 13,112	$ 10,577	$ 23,114	$ 75,160	$ 120	$ 193,078

(a) Loans in our commercial portfolio are classified as Pass Rated or Criticized based on the regulatory definitions, which are driven by the PD and LGD ratings that we assign. The Criticized classification includes loans that were rated special mention, substandard or doubtful as of June 30, 2022 and December 31, 2021.

Consumer Loan Classes

See Note 4 Loans and Related Allowance for Credit Losses included in Item 8 of our 2021 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 and home equity loan classes:

Table 45: Credit Quality Indicators for Residential Real Estate and Home Equity Loan Classes

June 30, 2022 In millions	Term Loans by Origination Year 2022	2021	2020	2019	2018	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Residential real estate									
Current estimated LTV ratios									
Greater than 100%		$ 65	$ 43	$ 15	$ 6	$ 46			$ 175
Greater than or equal to 80% to 100%	$ 1,083	682	323	112	47	135			2,382
Less than 80%	5,893	16,007	7,312	2,471	877	7,896			40,456
No LTV available		48	1			9			58
Government insured or guaranteed loans	1	6	37	32	24	546			646
Total residential real estate	$ 6,977	$ 16,808	$ 7,716	$ 2,630	$ 954	$ 8,632			$ 43,717
Updated FICO scores									
Greater than or equal to 780	$ 3,782	$ 12,363	$ 5,486	$ 1,721	$ 508	$ 4,469			$ 28,329
720 to 779	2,839	3,473	1,498	503	204	1,609			10,126
660 to 719	317	699	380	218	113	825			2,552
Less than 660	35	113	111	88	65	834			1,246
No FICO score available	3	154	204	68	40	349			818
Government insured or guaranteed loans	1	6	37	32	24	546			646
Total residential real estate	$ 6,977	$ 16,808	$ 7,716	$ 2,630	$ 954	$ 8,632			$ 43,717
Home equity									
Current estimated LTV ratios									
Greater than 100%		$ 1	$ 15	$ 10	$ 2	$ 19	$ 246	$ 87	$ 380
Greater than or equal to 80% to 100%		5	65	38	6	43	795	945	1,897
Less than 80%		184	2,213	1,040	315	3,200	7,701	7,763	22,416
Total home equity		$ 190	$ 2,293	$ 1,088	$ 323	$ 3,262	$ 8,742	$ 8,795	$ 24,693
Updated FICO scores									
Greater than or equal to 780		$ 115	$ 1,457	$ 608	$ 172	$ 2,020	$ 5,177	$ 4,694	$ 14,243
720 to 779		51	570	280	73	638	2,234	2,323	6,169
660 to 719		20	212	144	46	324	1,013	1,098	2,857
Less than 660		4	51	55	31	270	298	608	1,317
No FICO score available			3	1	1	10	20	72	107
Total home equity		$ 190	$ 2,293	$ 1,088	$ 323	$ 3,262	$ 8,742	$ 8,795	$ 24,693

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December 31, 2021 In millions	Term Loans by Origination Year 2021	2020	2019	2018	2017	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Residential real estate									
Current estimated LTV ratios									
Greater than 100%	$ 10	$ 52	$ 21	$ 12	$ 13	$ 77			$ 185
Greater than or equal to 80% to 100%	1,460	560	221	86	66	190			2,583
Less than 80%	15,213	7,822	2,834	1,004	1,570	7,385			35,828
No LTV available	275	6	1	1		22			305
Government insured or guaranteed loans	3	33	37	30	39	669			811
Total residential real estate	$ 16,961	$ 8,473	$ 3,114	$ 1,133	$ 1,688	$ 8,343			$ 39,712
Updated FICO scores									
Greater than or equal to 780	$ 11,110	$ 5,898	$ 1,996	$ 596	$ 1,029	$ 4,052			$ 24,681
720 to 779	4,921	1,735	643	247	345	1,619			9,510
660 to 719	717	463	255	136	133	796			2,500
Less than 660	83	103	96	75	94	848			1,299
No FICO score available	127	241	87	49	48	359			911
Government insured or guaranteed loans	3	33	37	30	39	669			811
Total residential real estate	$ 16,961	$ 8,473	$ 3,114	$ 1,133	$ 1,688	$ 8,343			$ 39,712
Home equity									
Current estimated LTV ratios									
Greater than 100%	$ 1	$ 16	$ 14	$ 3	$ 2	$ 25	$ 329	$ 90	$ 480
Greater than or equal to 80% to 100%	7	85	62	13	11	66	990	674	1,908
Less than 80%	204	2,487	1,189	370	549	3,200	7,868	5,806	21,673
Total home equity	$ 212	$ 2,588	$ 1,265	$ 386	$ 562	$ 3,291	$ 9,187	$ 6,570	$ 24,061
Updated FICO scores									
Greater than or equal to 780	$ 124	$ 1,619	$ 692	$ 201	$ 364	$ 2,035	$ 5,490	$ 3,320	$ 13,845
720 to 779	61	666	348	96	116	642	2,283	1,679	5,891
660 to 719	23	248	167	56	53	327	1,071	872	2,817
Less than 660	4	53	57	32	28	277	325	615	1,391
No FICO score available		2	1	1	1	10	18	84	117
Total home equity	$ 212	$ 2,588	$ 1,265	$ 386	$ 562	$ 3,291	$ 9,187	$ 6,570	$ 24,061

Automobile, Credit Card, Education and Other Consumer

The following table presents credit quality indicators for the automobile, credit card, education and other consumer loan classes:

Table 46: Credit Quality Indicators for Automobile, Credit Card, Education and Other Consumer Loan Classes

June 30, 2022 In millions	Term Loans by Origination Year 2022	2021	2020	2019	2018	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Updated FICO Scores									
Automobile									
FICO score greater than or equal to 780	$ 1,391	$ 2,543	$ 1,186	$ 1,032	$ 371	$ 161			$ 6,684
720 to 779	868	1,702	738	745	340	139			4,532
660 to 719	392	817	446	552	278	109			2,594
Less than 660	51	291	267	459	313	132			1,513
Total automobile	$ 2,702	$ 5,353	$ 2,637	$ 2,788	$ 1,302	$ 541			$ 15,323
Credit card									
FICO score greater than or equal to 780							$ 1,864	$ 2	$ 1,866
720 to 779							1,912	8	1,920
660 to 719							1,807	16	1,823
Less than 660							897	33	930
No FICO score available or required (a)							108	3	111
Total credit card							$ 6,588	$ 62	$ 6,650
Education									
FICO score greater than or equal to 780	$ 10	$ 58	$ 54	$ 67	$ 55	$ 391			$ 635
720 to 779	8	28	26	32	26	159			279
660 to 719	3	7	8	10	9	68			105
Less than 660	1	2	2	2	2	25			34
No FICO score available or required (a)	3	8	9	6	1	1			28
Education loans using FICO credit metric	25	103	99	117	93	644			1,081
Other internal credit metrics						1,251			1,251
Total education	$ 25	$ 103	$ 99	$ 117	$ 93	$ 1,895			$ 2,332
Other consumer									
FICO score greater than or equal to 780	$ 116	$ 144	$ 86	$ 76	$ 28	$ 28	$ 58	$ 2	$ 538
720 to 779	151	179	107	102	38	21	99	3	700
660 to 719	124	138	98	106	49	15	99	2	631
Less than 660	6	51	49	57	33	9	44	1	250
Other consumer loans using FICO credit metric	397	512	340	341	148	73	300	8	2,119
Other internal credit metrics	60	46	35	58	15	44	3,158	27	3,443
Total other consumer	$ 457	$ 558	$ 375	$ 399	$ 163	$ 117	$ 3,458	$ 35	$ 5,562

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December 31, 2021 In millions	Term Loans by Origination Year 2021	2020	2019	2018	2017	Prior	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Updated FICO Scores									
Automobile									
FICO score greater than or equal to 780	$ 3,247	$ 1,496	$ 1,380	$ 533	$ 226	$ 79			$ 6,961
720 to 779	2,119	983	1,030	499	195	62			4,888
660 to 719	969	609	772	413	155	44			2,962
Less than 660	277	315	583	429	162	58			1,824
Total automobile	$ 6,612	$ 3,403	$ 3,765	$ 1,874	$ 738	$ 243			$ 16,635
Credit card									
FICO score greater than or equal to 780							$ 1,815	$ 2	$ 1,817
720 to 779							1,836	9	1,845
660 to 719							1,856	19	1,875
Less than 660							943	29	972
No FICO score available or required (a)							114	3	117
Total credit card							$ 6,564	$ 62	$ 6,626
Education									
FICO score greater than or equal to 780	$ 37	$ 60	$ 77	$ 62	$ 48	$ 392			$ 676
720 to 779	20	29	37	30	21	160			297
660 to 719	7	9	11	11	7	73			118
Less than 660	1	1	2	2	2	25			33
No FICO score available or required (a)	11	10	7	2		1			31
Education loans using FICO credit metric	76	109	134	107	78	651			1,155
Other internal credit metrics						1,378			1,378
Total education	$ 76	$ 109	$ 134	$ 107	$ 78	$ 2,029			$ 2,533
Other consumer									
FICO score greater than or equal to 780	$ 199	$ 131	$ 123	$ 47	$ 12	$ 32	$ 95	$ 1	$ 640
720 to 779	250	172	167	68	15	19	125		816
660 to 719	190	145	165	82	16	11	122		731
Less than 660	50	62	85	54	10	6	50	1	318
Other consumer loans using FICO credit metric	689	510	540	251	53	68	392	2	2,505
Other internal credit metrics	87	31	35	23	22	48	2,955	21	3,222
Total other consumer	$ 776	$ 541	$ 575	$ 274	$ 75	$ 116	$ 3,347	$ 23	$ 5,727

(a) Loans with no FICO score available or required generally refers to new accounts issued to borrowers with limited credit history, accounts for which we cannot obtain an updated FICO score (e.g., recent profile changes), cards issued with a business name and/or cards secured by collateral. Management proactively assesses the risk and size of this loan category and, when necessary, takes actions to mitigate the credit risk.

Troubled Debt Restructurings

Table 47 quantifies the number of loans that were classified as TDRs as well as the change in the loans' balance as a result of becoming a TDR during the three and six months ended June 30, 2022 and June 30, 2021. 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 2021 Form 10-K for additional discussion of TDRs.

Table 47: Financial Impact and TDRs by Concession Type (a)

			Post-TDR Amortized Cost Basis (c)			
During the three months ended June 30, 2022 Dollars in millions	Number of Loans	Pre-TDR Amortized Cost Basis (b)	Principal Forgiveness	Rate Reduction	Other	Total
Commercial	15	$ 35	$ 9		$ 22	$ 31
Consumer	3,025	50		$ 40	5	45
Total TDRs	3,040	$ 85	$ 9	$ 40	$ 27	$ 76
During the six months ended June 30, 2022 Dollars in millions						
Commercial	27	$ 88	$ 9		$ 68	$ 77
Consumer	5,920	86		$ 66	12	78
Total TDRs	5,947	$ 174	$ 9	$ 66	$ 80	$ 155

			Post-TDR Amortized Cost Basis (c)			
During the three months ended June 30, 2021 Dollars in millions	Number of Loans	Pre-TDR Amortized Cost Basis (b)	Principal Forgiveness	Rate Reduction	Other	Total
Commercial	11	$ 104			$ 82	$ 82
Consumer	1,386	23		$ 12	9	21
Total TDRs	1,397	$ 127		$ 12	$ 91	$ 103
During the six months ended June 30, 2021 Dollars in millions						
Commercial	30	$ 197			$ 176	$ 176
Consumer	3,482	55		$ 28	21	49
Total TDRs	3,512	$ 252		$ 28	$ 197	$ 225

(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 June 30, 2022 and June 30, 2021.

Table 48: Subsequently Defaulted TDRs

In millions	2022	2021
Three months ended June 30	$ 20	$ 14
Six months ended June 30	$ 27	$ 26

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 2021 Form 10-K for a discussion of the methodologies used to determine this allowance. A rollforward of the ACL related to loans follows:

Table 49: Rollforward of Allowance for Credit Losses

In millions	Three months ended June 30						Six months ended June 30					
	2022			2021			2022			2021		
	Commercial	Consumer	Total	Commercial	Consumer	Total	Commercial	Consumer	Total	Commercial	Consumer	Total
Allowance for loan and lease losses												
Beginning balance	$ 3,003	$ 1,555	$ 4,558	$ 3,083	$ 1,631	$ 4,714	$ 3,185	$ 1,683	$ 4,868	$ 3,337	$ 2,024	$ 5,361
Acquisition PCD reserves				828	287	1,115				828	287	1,115
Charge-offs	(37)	(158)	(195)	(274)	(154)	(428)	(89)	(357)	(446)	(343)	(328)	(671)
Recoveries	19	93	112	34	88	122	53	173	226	52	167	219
Net (charge-offs)	(18)	(65)	(83)	(240)	(66)	(306)	(36)	(184)	(220)	(291)	(161)	(452)
Provision for (recapture of) credit losses	(45)	35	(10)	140	66	206	(208)	26	(182)	(64)	(232)	(296)
Other	(3)		(3)	1		1	(4)		(4)	2		2
Ending balance	$ 2,937	$ 1,525	$ 4,462	$ 3,812	$ 1,918	$ 5,730	$ 2,937	$ 1,525	$ 4,462	$ 3,812	$ 1,918	$ 5,730
Allowance for unfunded lending related commitments (a)												
Beginning balance	$ 587	$ 52	$ 639	$ 403	$ 104	$ 507	$ 564	$ 98	$ 662	$ 485	$ 99	$ 584
Acquisition PCD reserves				43	3	46				43	3	46
Provision for (recapture of) credit losses	43	(1)	42	87	5	92	66	(47)	19	5	10	15
Ending balance	$ 630	$ 51	$ 681	$ 533	$ 112	$ 645	$ 630	$ 51	$ 681	$ 533	$ 112	$ 645
Allowance for credit losses at June 30 (b)	$ 3,567	$ 1,576	$ 5,143	$ 4,345	$ 2,030	$ 6,375	$ 3,567	$ 1,576	$ 5,143	$ 4,345	$ 2,030	$ 6,375

(a) See Note 8 Commitments for additional information about the underlying commitments related to this allowance.
(b) Represents the ALLL plus allowance for unfunded lending related commitments and excludes allowances for investment securities and other financial assets, which together totaled $163 million and $138 million at June 30, 2022 and 2021, respectively.

The ACL related to loans at June 30, 2022 totaled $5.1 billion, a decrease of $0.4 billion since December 31, 2021. This decline was primarily driven by the impacts from portfolio changes and improved COVID-19 related economic conditions. The following summarizes the changes in these factors that influenced the ACL during the six months ended June 30, 2022:

- Portfolio changes that drove reserve declines at June 30, 2022 reflected improvements in credit quality, partially offset by the impact from loan growth in the commercial and industrial portfolio.
- The improved COVID-19 related economic conditions reduced reserves at June 30, 2022 for specific high-risk segments of our commercial and consumer portfolios impacted by the pandemic. This decline was partially offset by increased reserves to account for the elevated risks associated with inflation and supply chain disruptions.

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 2021 Form 10-K, we have transferred residential and commercial mortgage loans in securitization or sales transactions in which we have continuing involvement. Our continuing involvement in the FNMA, FHLMC and GNMA securitizations, Non-agency securitizations and loan sale transactions generally consists of servicing, repurchasing previously transferred loans under certain conditions and loss share arrangements, and, in limited circumstances, holding of mortgage-backed securities issued by the securitization SPEs.

We earn servicing and other ancillary fees for our role as servicer and, depending on the contractual terms of the servicing arrangement, we can be terminated as servicer with or without cause. At the consummation date of each type of loan transfer where we retain the servicing, we recognize a servicing right at fair value. See Note 9 Commitments and Note 12 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 50: Cash Flows Associated with Loan Sale and Servicing Activities

In millions	Residential Mortgages	Commercial Mortgages (a)
Cash Flows - Three months ended June 30, 2022		
Sales of loans and related securitization activity (b)	$ 1,454	$ 929
Repurchases of previously transferred loans (c)	$ 57	
Servicing fees (d)	$ 91	$ 47
Servicing advances recovered/(funded), net	$ 1	$ (17)
Cash flows on mortgage-backed securities held (e)	$ 1,029	$ 14
Cash Flows - Three months ended June 30, 2021		
Sales of loans and related securitization activity (b)	$ 2,283	$ 735
Repurchases of previously transferred loans (c)	$ 51	$ 9
Servicing fees (d)	$ 83	$ 38
Servicing advances recovered/(funded), net	$ (5)	$ (26)
Cash flows on mortgage-backed securities held (e)	$ 2,660	$ 19
Cash Flows - Six months ended June 30, 2022		
Sales of loans and related securitization activity (b)	$ 3,348	$ 1,839
Repurchases of previously transferred loans (c)	$ 105	$ 27
Servicing fees (d)	$ 184	$ 89
Servicing advances recovered/(funded), net	$ 33	$ 4
Cash flows on mortgage-backed securities held (e)	$ 2,325	$ 28
Cash Flows - Six months ended June 30, 2021		
Sales of loans and related securitization activity (b)	$ 3,522	$ 1,723
Repurchases of previously transferred loans (c)	$ 144	$ 42
Servicing fees (d)	$ 165	$ 76
Servicing advances recovered/(funded), net	$ 12	$ (36)
Cash flows on mortgage-backed securities held (e)	$ 5,215	$ 48

(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 $ 19.1 billion, $17.6 billion and $17.5 billion in residential mortgage-backed securities and $ 0.8 billion, $0.6 billion and $0.7 billion in commercial mortgage-backed securities at June 30, 2022, December 31, 2021 and June 30, 2021.

Table 51 presents information about the principal balances of transferred loans that we service and are not recorded on our Consolidated Balance Sheet. We would only experience a loss on these transferred loans if we were required to repurchase a loan, where the repurchase price exceeded the loan's fair value, due to a breach in representations and warranties or a loss sharing arrangement associated with our continuing involvement with these loans. The estimate of losses related to breaches in representations and warranties was insignificant at June 30, 2022.

Table 51: Principal Balance, Delinquent Loans and Net Charge-offs Related to Serviced Loans For Others

In millions	Residential Mortgages	Commercial Mortgages (a)
June 30, 2022		
Total principal balance	$ 41,868	$ 39,661
Delinquent loans (b)	$ 401	$ 4
December 31, 2021		
Total principal balance	$ 42,726	$ 39,551
Delinquent loans (b)	$ 569	$ 42
Three months ended June 30, 2022		
Net charge-offs (c)	$ 1	$ 3
Three months ended June 30, 2021		
Net charge-offs (c)	$ 1	$ 25
Six months ended June 30, 2022		
Net charge-offs (c)	$ 2	$ 3
Six months ended June 30, 2021		
Net charge-offs (c)	$ 3	$ 178

(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 the process of foreclosure.
(c) Net charge-offs for Residential mortgages represent credit losses less recoveries distributed and as reported to investors during the period. Net charge-offs for Commercial mortgages represent credit losses less recoveries distributed and as reported by the trustee for commercial mortgage-backed securitizations. Realized losses for Agency securitizations are not reflected as we do not manage the underlying real estate upon foreclosure and, as such, do not have access to loss information.

Variable Interest Entities (VIEs)

As discussed in Note 5 Loan Sale and Servicing Activities and Variable Interest Entities included in Item 8 of our 2021 Form 10-K, we are involved with various entities in the normal course of business that are deemed to be VIEs.

The following table provides a summary of non-consolidated VIEs with which we have significant continuing involvement but are not the primary beneficiary. We have excluded certain transactions with non-consolidated VIEs from the balances presented in Table 52 where we have determined that our continuing involvement is insignificant. We do not consider our continuing involvement to be significant when it relates to a VIE where we only invest in securities issued by the VIE and were not involved in the design of the VIE or where no transfers have occurred between us and the VIE. In addition, where we only have lending arrangements in the normal course of business with entities that could be VIEs, we have excluded these transactions with non-consolidated entities from the balances presented in Table 52. These loans are included as part of the asset quality disclosures that we make in Note 4 Loans and Related Allowance for Credit Losses.

Table 52 : Non-Consolidated VIEs

In millions	PNC Risk of Loss (a)	Carrying Value of Assets Owned by PNC	Carrying Value of Liabilities Owned by PNC
June 30, 2022			
Mortgage-backed securitizations (b)	$ 20,191	$ 20,191 (c)	$ 1
Tax credit investments and other	4,158	3,985 (d)	1,919 (e)
Total	$ 24,349	$ 24,176	$ 1,920
December 31, 2021			
Mortgage-backed securitizations (b)	$ 18,708	$ 18,708 (c)	$ 1
Tax credit investments and other	3,865	3,893 (d)	1,798 (e)
Total	$ 22,573	$ 22,601	$ 1,799

(a) Represents loans, investments and other assets related to non-consolidated VIEs, net of collateral (if applicable). The risk of loss excludes any potential tax recapture associated with tax credit investments.
(b) Amounts reflect involvement with securitization SPEs where we transferred to and/or service loans for an SPE and we hold securities issued by that SPE. Values disclosed in the PNC Risk of Loss column represent our maximum exposure to loss for those securities' holdings.
(c) Included in Investment securities, Mortgage servicing rights and Other assets on our Consolidated Balance Sheet.
(d) Included in Investment securities, Loans, Equity investments and Other assets on our Consolidated Balance Sheet.
(e) Included in Deposits and Other liabilities on our Consolidated Balance Sheet.

We make certain equity investments in various tax credit limited partnerships or LLCs. The purpose of these investments is to achieve a satisfactory return on capital and to assist us in achieving goals associated with the Community Reinvestment Act. Within Income taxes, during both the six months ended June 30, 2022 and June 30, 2021, we recognized less than $0.1 billion of amortization, tax credits and other tax benefits associated with qualified investments in LIHTCs.

NOTE 6 GOODWILL AND MORTGAGE SERVICING RIGHTS

Goodwill

See Note 6 Goodwill and Mortgage Servicing Rights in the Notes To Consolidated Financial Statements included in Item 8 of our 2021 Form 10-K for more information regarding our goodwill.

Mortgage Servicing Rights

We recognize the right to service mortgage loans for others as an intangible asset when the servicing income we receive is more than our projected servicing costs. MSRs are recognized either when purchased or when originated loans are sold with servicing retained. MSRs totaled $2.6 billion at June 30, 2022 and $1.8 billion at December 31, 2021, and consisted of loan servicing contracts for commercial and residential mortgages measured at fair value.

MSRs are subject to changes in value from actual or expected prepayment of the underlying loans and defaults, as well as market driven changes in interest rates. We manage this risk by economically hedging the fair value of MSRs with securities, derivative instruments and resale agreements which are expected to increase (or decrease) in value when the value of MSRs decreases (or increases).

See the Sensitivity Analysis section of this Note 6 for more detail on our fair value measurement of MSRs. See Note 6 Goodwill and Mortgage Servicing Rights and Note 15 Fair Value in the Notes To Consolidated Financial Statements included in Item 8 of our 2021 Form 10-K for more detail on our fair value measurement and our accounting of MSRs.

Changes in the commercial and residential MSRs follow:

Table 53: Mortgage Servicing Rights

	Commercial MSRs		Residential MSRs	
In millions	2022	2021	2022	2021
January 1	$ 740	$ 569	$ 1,078	$ 673
Additions:				
BBVA Acquisition				35
From loans sold with servicing retained	35	39	38	37
Purchases	25	21	257	372
Changes in fair value due to:				
Time and payoffs (a)	(74)	(57)	(123)	(160)
Other (b)	262	110	370	154
June 30	$ 988	$ 682	$ 1,620	$ 1,111
Related unpaid principal balance at June 30	$ 281,671	$ 262,856	$ 144,533	$ 145,312
Servicing advances at June 30	$ 459	$ 473	$ 143	$ 134

(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 June 30, 2022 and December 31, 2021 are shown in Tables 54 and 55. The expected and actual rates of mortgage loan prepayments are significant factors driving the fair value. Management uses both internal proprietary models and a third-party model to estimate future commercial mortgage loan prepayments and a third-party model to estimate future residential mortgage loan prepayments. These models have been refined based on current market conditions and management judgment. Future interest rates are another important factor in the valuation of MSRs. Management utilizes market implied forward interest rates to estimate the future direction of mortgage and discount rates. The forward rates utilized are derived from the current yield curve for U.S. dollar interest rate swaps and are consistent with pricing of capital markets instruments. Changes in the shape and slope of the forward curve in future periods may result in volatility in the fair value estimate.

A sensitivity analysis of the hypothetical effect on the fair value of MSRs to adverse changes in key assumptions is presented in Tables 54 and 55. These sensitivities do not include the impact of the related hedging activities. Changes in fair value generally cannot be extrapolated because the relationship of the change in the assumption to the change in fair value may not be linear. Also, the effect of a variation in a particular assumption on the fair value of the MSRs is calculated independently without changing any other assumption. In reality, changes in one factor may result in changes in another (*e.g.*, changes in mortgage interest rates, which drive changes in prepayment rate estimates, could result in changes in the interest rate spread), which could either magnify or counteract the sensitivities.

The following tables set forth the fair value of commercial and residential MSRs and the sensitivity analysis of the hypothetical effect on the fair value of MSRs to immediate adverse changes of 10% and 20% in those assumptions.

Table 54: Commercial Mortgage Servicing Rights – Key Valuation Assumptions

Dollars in millions	June 30 2022	December 31 2021
Fair value	$ 988	$ 740
Weighted-average life (years)	4.1	4.2
Weighted-average constant prepayment rate	4.85 %	5.49 %
Decline in fair value from 10% adverse change	$ 11	$ 12
Decline in fair value from 20% adverse change	$ 20	$ 21
Effective discount rate	8.94 %	7.75 %
Decline in fair value from 10% adverse change	$ 29	$ 20
Decline in fair value from 20% adverse change	$ 58	$ 40

Table 55: Residential Mortgage Servicing Rights – Key Valuation Assumptions

Dollars in millions	June 30 2022	December 31 2021
Fair value	$ 1,620	$ 1,078
Weighted-average life (years)	7.4	5.7
Weighted-average constant prepayment rate	8.08 %	12.63 %
Decline in fair value from 10% adverse change	$ 42	$ 46
Decline in fair value from 20% adverse change	$ 82	$ 89
Weighted-average option adjusted spread	818 bps	857 bps
Decline in fair value from 10% adverse change	$ 50	$ 31
Decline in fair value from 20% adverse change	$ 97	$ 60

Fees from mortgage loan servicing, which include contractually specified servicing fees, late fees and ancillary fees were $0.2 billion and $0.1 billion for the three months ended June 30, 2022 and 2021, and $0.3 billion and $0.2 billion for the six months ended June 30, 2022 and 2021, respectively.We also generate servicing fees from fee-based activities provided to others for which we do not have an associated servicing asset. Fees from commercial and residential MSRs are reported within Noninterest income on our Consolidated Income Statement in Residential and commercial mortgage.

Note 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 2021 Form 10-K.

Table 56: Lessor Income

	Three months ended June 30		Six months ended June 30	
In millions	2022	2021	2022	2021
Sales-type and direct financing leases (a)	$ 57	$ 61	$ 116	$ 123
Operating leases (b)	16	20	33	40
Lease income	$ 73	$ 81	$ 149	$ 163

(a) Included in Loans interest income on the Consolidated Income Statement.
(b) Included in Lending and deposit services on the Consolidated Income Statement.

NOTE 8 BORROWED FUNDS

The following table shows the carrying value of total borrowed funds of $36.0 billion at June 30, 2022 (including adjustments related to accounting hedges and unamortized original issuance discounts) by remaining contractual maturity:

Table 57: Borrowed Funds

In billions		
Less than 1 year	$	5.9
1 to 2 years	$	2.6
2 to 3 years	$	5.2
3 to 4 years	$	9.6
4 to 5 years	$	2.3
Over 5 years	$	10.4

The following table presents the contractual rates and maturity dates of our FHLB borrowings, senior debt and subordinated debt as of June 30, 2022, and the carrying values as of June 30, 2022 and December 31, 2021.

Table 58: FHLB Borrowings, Senior Debt and Subordinated Debt

	Stated Rate	Maturity	Carrying Value	
Dollars in millions	2022	2022	2022	2021
Parent Company				
Senior debt	1.15% - 3.50%	2022 - 2032	$ 8,641	$ 10,369
Subordinated debt	3.90% - 4.63%	2024 - 2033	1,580	777
Junior subordinated debt	2.17 %	2028	205	205
Subtotal			10,426	11,351
Bank				
Federal Home Loan Bank borrowings (a)	1.87% - 1.93%	2025 - 2026	10,000	
Senior debt	0.80% -3.50%	2022 - 2043	5,717	10,292
Subordinated debt	2.70% - 5.90%	2022 - 2029	5,702	6,014
Subtotal			21,419	16,306
Total			$ 31,845	$ 27,657

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

In Table 58, the carrying values for Parent Company senior and subordinated debt include basis adjustments of $(462) million and $(9) million, respectively, whereas Bank senior and subordinated debt include basis adjustments of $(128) million and $(117) million, respectively, related to fair value accounting hedges as of June 30, 2022.

Certain borrowings are reported at fair value. Refer to Note 12 Fair Value for more information on those borrowings.

For further information regarding junior subordinated debentures refer to Note 10 Borrowed Funds in Item 8 of our 2021 Form 10-K.

NOTE 9 COMMITMENTS

In the normal course of business, we have various commitments outstanding, certain of which are not included on our Consolidated Balance Sheet. The following table presents our outstanding commitments to extend credit along with other commitments as of June 30, 2022 and December 31, 2021, respectively.

Table 59: Commitments to Extend Credit and Other Commitments

In millions	June 30 2022	December 31 2021
Commitments to extend credit		
Commercial	$ 186,684	$ 176,248
Home equity lines of credit	20,547	19,410
Credit card	32,873	32,499
Other	8,108	9,081
Total commitments to extend credit	248,212	237,238
Net outstanding standby letters of credit (a)	9,821	9,303
Standby bond purchase agreements (b)	1,250	1,268
Other commitments (c)	3,117	3,045
Total commitments to extend credit and other commitments	$ 262,400	$ 250,854

(a) Net outstanding standby letters of credit include $ 3.9 billion and $3.3 billion at June 30, 2022 and December 31, 2021, respectively, which support remarketing programs.
(b) We enter into standby bond purchase agreements to support municipal bond obligations.
(c) Includes $2.1 billion and $2.0 billion related to investments in qualified affordable housing projects for June 30, 2022 and December 31, 2021, respectively.

Commitments to Extend Credit

Commitments to extend credit, or net unfunded loan commitments, represent arrangements to lend funds or provide liquidity subject to specified contractual conditions. These commitments generally have fixed expiration dates, may require payment of a fee, and generally contain termination clauses in the event the customer's credit quality deteriorates.

Net Outstanding Standby Letters of Credit

We issue standby letters of credit and share in the risk of standby letters of credit issued by other financial institutions, in each case to support obligations of our customers to third parties, such as insurance requirements and the facilitation of transactions involving capital markets product execution. Approximately 98% of our net outstanding standby letters of credit were rated as Pass as of June 30, 2022, with the remainder rated as Criticized. An internal credit rating of Pass indicates the expected risk of loss is currently low, while a rating of Criticized indicates a higher degree of risk.

If the customer fails to meet its financial or performance obligation to the third party under the terms of the contract or there is a need to support a remarketing program, then upon a draw by a beneficiary, subject to the terms of the letter of credit, we would be obligated to make payment to them. The standby letters of credit outstanding on June 30, 2022 had terms ranging from less than one year to eight years.

As of June 30, 2022, assets of $1.3 billion secured certain specifically identified standby letters of credit. In addition, a portion of the remaining standby letters of credit issued on behalf of specific customers is also secured by collateral or guarantees that secure the customers' other obligations to us. The carrying amount of the liability for our obligations related to standby letters of credit and participations in standby letters of credit was $0.1 billion at June 30, 2022 and is included in Other liabilities on our Consolidated Balance Sheet.

Note 10 Total Equity And Other Comprehensive Income

Activity in total equity for the three and six months ended June 30, 2022 and 2021 is as follows:

Table 60: Rollforward of Total Equity

		Shareholders' Equity							
In millions	Shares Outstanding Common Stock	Common Stock	Capital Surplus - Preferred Stock	Capital Surplus - Common Stock and Other	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Non-controlling Interests	Total Equity
Three months ended									
Balance at March 31, 2021 (a)	425	$ 2,713	$ 3,518	$ 12,361	$ 48,113	$ 1,290	$ (14,146)	$ 30	$ 53,879
Net income					1,091			12	1,103
Other comprehensive income, net of tax						173			173
Cash dividends declared - Common					(492)				(492)
Cash dividends declared - Preferred					(48)				(48)
Preferred stock discount accretion			1		(1)				
Common stock activity				12					12
Treasury stock activity				4			6		10
Other				32				16	48
Balance at June 30, 2021 (a)	425	$ 2,713	$ 3,519	$ 12,409	$ 48,663	$ 1,463	$ (14,140)	$ 58	$ 54,685
Balance at March 31, 2022 (a)	415	$ 2,713	$ 5,011	$ 12,476	$ 51,058	$ (5,731)	$ (16,346)	$ 35	$ 49,216
Net income					1,481			15	1,496
Other comprehensive income (loss), net of tax						(2,627)			(2,627)
Cash dividends declared - Common					(626)				(626)
Cash dividends declared - Preferred					(71)				(71)
Preferred stock discount accretion			1		(1)				
Preferred stock issuance (b)			992						992
Common stock activity		1		14					15
Treasury stock activity	(4)			5			(730)		(725)
Other				32				(14)	18
Balance at June 30, 2022 (a)	411	$ 2,714	$ 6,004	$ 12,527	$ 51,841	$ (8,358)	$ (17,076)	$ 36	$ 47,688
Six months ended									
Balance at December 31, 2020 (a)	424	$ 2,713	$ 3,517	$ 12,367	$ 46,848	$ 2,770	$ (14,205)	$ 31	$ 54,041
Net income					2,907			22	2,929
Other comprehensive income (loss), net of tax						(1,307)			(1,307)
Cash dividends declared - Common					(985)				(985)
Cash dividends declared - Preferred					(105)				(105)
Preferred stock discount accretion			2		(2)				
Common stock activity				12					12
Treasury stock activity	1			73			65		138
Other				(43)				5	(38)
Balance at June 30, 2021 (a)	425	$ 2,713	$ 3,519	$ 12,409	$ 48,663	$ 1,463	$ (14,140)	$ 58	$ 54,685
Balance at December 31, 2021 (a)	420	$ 2,713	$ 5,009	$ 12,448	$ 50,228	$ 409	$ (15,112)	$ 31	$ 55,726
Net income					2,889			36	2,925
Other comprehensive income (loss), net of tax						(8,767)			(8,767)
Cash dividends declared - Common					(1,157)				(1,157)
Cash dividends declared - Preferred					(116)				(116)
Preferred stock discount accretion			3		(3)				
Preferred stock issuance (b)			992						992
Common stock activity		1		14					15
Treasury stock activity	(9)			50			(1,964)		(1,914)
Other				15				(31)	(16)
Balance at June 30, 2022 (a)	411	$ 2,714	$ 6,004	$ 12,527	$ 51,841	$ (8,358)	$ (17,076)	$ 36	$ 47,688

(a) The par value of our preferred stock outstanding was less than $ 0.5 million at each date and, therefore, is excluded from this presentation.
(b) On April 26, 2022, PNC issued 1,000,000 depositary shares each representing 1/100th ownership in a share of 6.000% fixed-rate reset non-cumulative perpetual preferred stock, Series U, with a par value of $ 1 per share.

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

Table 61: Other Comprehensive Income (Loss)

	Three months ended June 30						Six months ended June 30					
	2022			2021			2022			2021		
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	$ (2,929)	$ 690	$ (2,239)	$ 55	$ (13)	$ 42	$ (9,247)	$ 2,179	$ (7,068)	$ (1,126)	$ 265	$ (861)
Less: Net realized gains (losses) reclassified to earnings (a)	(214)	50	(164)	9	(2)	7	(217)	51	(166)	22	(5)	17
Net change	(2,715)	640	(2,075)	46	(11)	35	(9,030)	2,128	(6,902)	(1,148)	270	(878)
Cash flow hedge derivatives												
Net unrealized gains (losses) on cash flow hedge derivatives	(676)	159	(517)	330	(78)	252	(2,332)	549	(1,783)	(310)	73	(237)
Less: Net realized gains (losses) reclassified to earnings (a)	25	(6)	19	108	(25)	83	127	(30)	97	243	(57)	186
Net change	(701)	165	(536)	222	(53)	169	(2,459)	579	(1,880)	(553)	130	(423)
Pension and other postretirement benefit plan adjustments												
Net pension and other postretirement benefit plan activity and other reclassified to earnings (b)	8	(2)	6	(43)	10	(33)	62	(15)	47	(13)	3	(10)
Net change	8	(2)	6	(43)	10	(33)	62	(15)	47	(13)	3	(10)
Other												
Net unrealized gains (losses) on other transactions	(4)	(18)	(22)		2	2	(7)	(25)	(32)	1	3	4
Net change	(4)	(18)	(22)		2	2	(7)	(25)	(32)	1	3	4
Total other comprehensive income (loss)	$ (3,412)	$ 785	$ (2,627)	$ 225	$ (52)	$ 173	$ (11,434)	$ 2,667	$ (8,767)	$ (1,713)	$ 406	$ (1,307)

(a) Reclassifications for pre-tax debt securities and cash flow hedges are recorded in Interest income and Noninterest income on the Consolidated Income Statement.
(b) Reclassifications include amortization of actuarial losses (gains) and amortization of prior period services costs (credits) which are recorded in noninterest expense on the Consolidated Income Statement.

Table 62: Accumulated Other Comprehensive Income (Loss) Components

In millions, after-tax	Debt securities	Cash flow hedge derivatives	Pension and other postretirement benefit plan adjustments	Other	Total
Three months ended					
Balance at March 31, 2021	$ 1,549	$ 67	$ (322)	$ (4)	$ 1,290
Net activity	35	169	(33)	2	173
Balance at June 30, 2021	$ 1,584	$ 236	$ (355)	$ (2)	$ 1,463
Balance at March 31, 2022	$ (4,238)	$ (1,545)	$ 68	$ (16)	$ (5,731)
Net activity	(2,075)	(536)	6	(22)	(2,627)
Balance at June 30, 2022 (a)	$ (6,313)	$ (2,081)	$ 74	$ (38)	$ (8,358)
Six months ended					
Balance at December 31, 2020	$ 2,462	$ 659	$ (345)	$ (6)	$ 2,770
Net activity	(878)	(423)	(10)	4	(1,307)
Balance at June 30, 2021	$ 1,584	$ 236	$ (355)	$ (2)	$ 1,463
Balance at December 31, 2021	$ 589	$ (201)	$ 27	$ (6)	$ 409
Net activity	(6,902)	(1,880)	47	(32)	(8,767)
Balance at June 30, 2022 (a)	$ (6,313)	$ (2,081)	$ 74	$ (38)	$ (8,358)

(a) At June 30, 2022, AOCI included pretax losses of $ 141 million from derivatives that hedged the purchase of investment securities classified as held to maturity.

The following table provides the dividends per share for PNC's common and preferred stock:

Table 63: Dividends Per Share (a)

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Common Stock	$ 1.50	$ 1.15	$ 2.75	$ 2.30
Preferred Stock				
Series B	$ 0.45	$ 0.45	$ 0.90	$ 0.90
Series O	$ 987		$ 1,961	$ 3,375
Series P	$ 1,532	$ 1,532	$ 3,063	$ 3,063
Series R	$ 2,425	$ 2,425	$ 2,425	$ 2,425
Series S	$ 2,500	$ 2,500	$ 2,500	$ 2,500
Series T	$ 850		$ 1,700	

(a) Dividends are payable quarterly other than Series R and Series S preferred stock, which are payable semiannually. On April 26, 2022, PNC issued 1,000,000 depositary shares each representing 1/100th ownership in a share of 6.000% fixed-rate reset non-cumulative perpetual preferred stock, Series U, with a par value of $ 1 per share. Beginning on August 15, 2022, dividends will be paid on the Series U on a quarterly basis (February 15, May 15, August 15, and November 15 of each year).

On July 1, 2022, the PNC Board of Directors declared a quarterly cash dividend on common stock of $1.50 per share payable on August 5, 2022.

NOTE 11 EARNINGS PER SHARE

Table 64: Basic and Diluted Earnings Per Common Share

	Three months ended June 30		Six months ended June 30	
In millions, except per share data	2022	2021	2022	2021
Basic				
Net income	$ 1,496	$ 1,103	$ 2,925	$ 2,929
Less:				
Net income attributable to noncontrolling interests	15	12	36	22
Preferred stock dividends	71	48	116	105
Preferred stock discount accretion and redemptions	1	1	3	2
Net income attributable to common shareholders	1,409	1,042	2,770	2,800
Less: Dividends and undistributed earnings allocated to nonvested restricted shares	7	5	13	13
Net income attributable to basic common shareholders	$ 1,402	$ 1,037	$ 2,757	$ 2,787
Basic weighted-average common shares outstanding	414	427	417	426
Basic earnings per common share (a)	$ 3.39	$ 2.43	$ 6.62	$ 6.54
Diluted				
Net income attributable to diluted common shareholders	$ 1,402	$ 1,037	$ 2,757	$ 2,787
Basic weighted-average common shares outstanding	414	427	417	426
Dilutive potential common shares				1
Diluted weighted-average common shares outstanding	414	427	417	427
Diluted earnings per common share (a)	$ 3.39	$ 2.43	$ 6.61	$ 6.53

(a) Basic and diluted earnings per share under the two-class method are determined on net income reported on the income statement less earnings allocated to nonvested restricted shares and restricted share units with nonforfeitable dividends and dividend rights (participating securities).

NOTE 12 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 2021 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 the Notes To Consolidated Financial Statements included in Item 8 of our 2021 Form 10-K.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

For more information on the valuation methodologies used to measure assets and liabilities at fair value on a recurring basis, see Note 15 Fair Value in Item 8 of our 2021 Form 10-K. The following table summarizes our assets and liabilities measured at fair value on a recurring basis, including instruments for which we have elected the fair value option.

Table 65: Fair Value Measurements – Recurring Basis Summary

	June 30, 2022				December 31, 2021			
In millions	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value
Assets								
Residential mortgage loans held for sale		$ 793	$ 83	$ 876		$ 1,221	$ 81	$ 1,302
Commercial mortgage loans held for sale		68	38	106		526	49	575
Securities available for sale								
U.S. Treasury and government agencies	$ 11,820	1,223		13,043	$ 41,873	4,291		46,164
Residential mortgage-backed								
Agency		32,179		32,179		67,632		67,632
Non-agency			925	925		61	1,097	1,158
Commercial mortgage-backed								
Agency		1,947		1,947		1,773		1,773
Non-agency		1,347	3	1,350		3,433	3	3,436
Asset-backed		5	138	143		6,246	163	6,409
Other		3,330	67	3,397		4,895	69	4,964
Total securities available for sale	11,820	40,031	1,133	52,984	41,873	88,331	1,332	131,536
Loans		488	804	1,292		617	884	1,501
Equity investments (a)	1,269		1,867	3,318	1,373		1,680	3,231
Residential mortgage servicing rights			1,620	1,620			1,078	1,078
Commercial mortgage servicing rights			988	988			740	740
Trading securities (b)	829	1,402		2,231	250	1,601		1,851
Financial derivatives (b) (c)	10	5,369	13	5,392	5	5,109	38	5,152
Other assets	351	85		436	404	114		518
Total assets (d)	$ 14,279	$ 48,236	$ 6,546	$ 69,243	$ 43,905	$ 97,519	$ 5,882	$ 147,484
Liabilities								
Other borrowed funds	$ 1,561	$ 166	$ 3	$ 1,730	$ 725	$ 45	$ 3	$ 773
Financial derivatives (c) (e)	9	7,368	213	7,590		3,285	285	3,570
Other liabilities			182	182			175	175
Total liabilities (f)	$ 1,570	$ 7,534	$ 398	$ 9,502	$ 725	$ 3,330	$ 463	$ 4,518

(a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.
(b) Included in Other assets on the Consolidated Balance Sheet.
(c) Amounts at June 30, 2022 and December 31, 2021 are presented gross and are not reduced by the impact of legally enforceable master netting agreements that allow us to net positive and negative positions and cash collateral held or placed with the same counterparty. See Note 13 Financial Derivatives for additional information related to derivative offsetting.
(d) Total assets at fair value as a percentage of total consolidated assets was 13% and 26% as of June 30, 2022 and December 31, 2021, respectively. Level 3 assets as a percentage of total assets at fair value was 10% and 4% at June 30, 2022 and December 31, 2021, respectively. Level 3 assets as a percentage of total consolidated assets was 1% at both June 30, 2022 and December 31, 2021 respectively.
(e) Included in Other liabilities on the Consolidated Balance Sheet.
(f) Total liabilities at fair value as a percentage of total consolidated liabilities was 2% and 1% at June 30, 2022 and December 31, 2021, respectively. Level 3 liabilities as a percentage of total liabilities at fair value was 4% and 10% at June 30, 2022 and December 31, 2021, respectively. Level 3 liabilities as a percentage of total consolidated liabilities was less than 1% at both June 30, 2022 and December 31, 2021 respectively.

Reconciliations of assets and liabilities measured at fair value on a recurring basis using Level 3 inputs for the six months ended June 30, 2022 and 2021 follow:

Table 66: Reconciliation of Level 3 Assets and Liabilities

Three Months Ended June 30, 2022

		Total realized / unrealized gains or losses for the period (a)									
Level 3 Instruments Only In millions	Fair Value Mar. 31, 2022	Included in Earnings	Included in Other comprehensive income (b)	Purchases	Sales	Issuances	Settlements	Transfers into Level 3	Transfers out of Level 3	Fair Value June 30, 2022	Unrealized gains / losses for the period on assets and liabilities held on Consolidated Balance Sheet at June 30, 2022 (a) (c)
Assets											
Residential mortgage loans held for sale	$ 108	$ (1)		$ 8	$ (30)		$ (4)	$ 9	$ (7) (d)	$ 83	$ (1)
Commercial mortgage loans held for sale	45						(7)			38	
Securities available for sale											
Residential mortgage-backed non-agency	1,019	7	$ (43)				(58)			925	
Commercial mortgage-backed non-agency	3									3	
Asset-backed	152	1	(9)				(6)			138	
Other	66		(1)	2						67	
Total securities available for sale	1,240	8	(53)	2			(64)			1,133	
Loans	851	10		7	(1)		(48)		(15) (d)	804	9
Equity investments	1,751	92		87	(63)					1,867	94
Residential mortgage servicing rights	1,322	163		181		$ 17	(63)			1,620	163
Commercial mortgage servicing rights	886	111		17		14	(40)			988	111
Financial derivatives	10	7		2			(6)			13	13
Total assets	$ 6,213	$ 390	$ (53)	$ 304	$ (94)	$ 31	$ (232)	$ 9	$ (22)	$ 6,546	$ 389
Liabilities											
Other borrowed funds	$ 3					$ 2	$ (2)			$ 3	
Financial derivatives	234	$ 18			$ 3		(42)			213	$ 19
Other liabilities	158	14				171	(161)			182	10
Total liabilities	$ 395	$ 32			$ 3	$ 173	$ (205)			$ 398	$ 29
Net gains (losses)		$ 358 (e)									$ 360 (f)

(continued from previous page)

Three Months Ended June 30, 2021

Level 3 Instruments Only In millions	Fair Value Mar. 31, 2021	Total realized / unrealized gains or losses for the period (a): Included in Earnings	Total realized / unrealized gains or losses for the period (a): Included in Other comprehensive income (b)	Purchases	Sales	Issuances	Settlements	Transfers into Level 3	Transfers out of Level 3	Impact from BBVA Acquisition	Fair Value June 30, 2021	Unrealized gains/losses for the period on assets and liabilities held on Consolidated Balance Sheet at June 30, 2021 (a) (c)
Assets												
Residential mortgage loans held for sale	$ 165	$ (1)		$ 3	$ (36)		$ (12)	$ 5	$ (5) (d)		$ 119	
Commercial mortgage loans held for sale	56	1			(6)		1				52	
Securities available for sale										$ 239	239	
Residential mortgage-backed non-agency	1,316	11					(90)				1,237	
Commercial mortgage-backed non-agency	11										11	
Asset-backed	194		$ 2				(21)				175	
Other	72		1	2			(2)				73	
Total securities available for sale	1,593	11	3	2			(113)				1,496	
Loans	711	10		9	(3)		(35)		(5) (d)	292	979	$ 10
Equity investments	1,343	157		92	(52)						1,540	136
Residential mortgage servicing rights	979	(141)		301		$ 24	(87)			35	1,111	(141)
Commercial mortgage servicing rights	701	(19)		8		21	(29)				682	(18)
Financial derivatives	63	60		2			(43)			5	87	57
Total assets	$ 5,611	$ 78	$ 3	$ 417	$ (97)	$ 45	$ (318)	$ 5	$ (10)	$ 571	$ 6,305	$ 44
Liabilities												
Other borrowed funds	$ 2										$ 2	
Financial derivatives	227	$ 4			$ 1		$ (39)			$ 7	200	$ 19
Other liabilities	73	28				$ 287	(264)				124	27
Total liabilities	$ 302	$ 32			$ 1	$ 287	$ (303)			$ 7	$ 326	$ 46
Net gains (losses)		$ 46 (e)										$ (2) (f)

(continued from previous page)

Six Months Ended June 30, 2022

Level 3 Instruments Only In millions	Fair Value Dec. 31, 2021	Total realized / unrealized gains or losses for the period (a) Included in Earnings	 Included in Other comprehensive income (b)	Purchases	Sales	Issuances	Settlements	Transfers into Level 3	Transfers out of Level 3	Fair Value June 30, 2022	Unrealized gains / losses for the period on assets and liabilities held on Consolidated Balance Sheet at June 30, 2022 (a) (c)
Assets											
Residential mortgage loans held for sale	$ 81	$ (2)		$ 45	$ (32)		$ (9)	$ 14	$ (14) (d)	$ 83	$ (2)
Commercial mortgage loans held for sale	49	(4)					(7)			38	(4)
Other consumer loans held for sale											
Securities available for sale											
Residential mortgage-backed non-agency	1,097	15	$ (66)				(121)			925	
Commercial mortgage-backed non-agency	3									3	
Asset-backed	163	1	(13)				(13)			138	
Other	69		(2)	3			(3)			67	
Total securities available for sale	1,332	16	(81)	3			(137)			1,133	
Loans	884	21		20	(8)		(97)		(16) (d)	804	21
Equity investments	1,680	145		116	(74)					1,867	146
Residential mortgage servicing rights	1,078	370		257		$ 38	(123)			1,620	371
Commercial mortgage servicing rights	740	262		25		35	(74)			988	262
Financial derivatives	38	(6)		3			(22)			13	12
Total assets	$ 5,882	$ 802	$ (81)	$ 469	$ (114)	$ 73	$ (469)	$ 14	$ (30)	$ 6,546	$ 806
Liabilities											
Other borrowed funds	$ 3					$ 4	$ (4)			$ 3	
Financial derivatives	285	$ 23			$ 6		(101)			213	$ 18
Other liabilities	175	21				242	(256)			182	15
Total liabilities	$ 463	$ 44			$ 6	$ 246	$ (361)			$ 398	$ 33
Net gains (losses)		$ 758 (e)									$ 773 (f)

(continued from previous page)

Six Months Ended June 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 June 30, 2021	Unrealized gains / losses for the period on assets and liabilities held on Consolidated Balance Sheet at June 30, 2022 (a) (c)
Assets												
Residential mortgage loans held for sale	$ 163			$ 38	$ (52)		$ (28)	$ 8	$ (10) (d)		$ 119	
Commercial mortgage loans held for sale	57				(6)		1				52	$ 1
Other consumer loans held for sale										$ 239	239	
Securities available for sale												
Residential mortgage-backed non-agency	1,365	$ 20	$ 16				(164)				1,237	
Commercial mortgage-backed non-agency	11										11	
Asset-backed	199	1	5				(30)				175	
Other	72		1	3			(3)				73	
Total securities available for sale	1,647	21	22	3			(197)				1,496	
Loans	647	20		97	(6)		(63) (d)		(8) (d)	292	979	20
Equity investments	1,263	224		132	(79)						1,540	199
Residential mortgage servicing rights	673	154		372		$ 37	(160)			35	1,111	154
Commercial mortgage servicing rights	569	110		21		39	(57)				682	111
Financial derivatives	118	46		3			(85)			5	87	46
Total assets	$ 5,137	$ 575	$ 22	$ 666	$ (143)	$ 76	$ (589)	$ 8	$ (18)	$ 571	$ 6,305	$ 531
Liabilities												
Other borrowed funds	$ 2					$ 1	$ (1)				$ 2	
Financial derivatives	273	$ (10)			$ 3		(73)			$ 7	200	$ (11)
Other liabilities	43	63				317	(299)				124	31
Total liabilities	$ 318	$ 53			$ 3	$ 318	$ (373)			$ 7	$ 326	$ 20
Net gains (losses)		$ 522 (e)										$ 511 (f)

(a) Losses for assets are bracketed while losses for liabilities are not.
(b) The difference in unrealized gains and losses for the period included in Other comprehensive income and changes in unrealized gains and losses for the period included in Other comprehensive income for securities available for sale held at the end of the reporting period were insignificant.
(c) The amount of the total gains or losses for the period included in earnings that is attributable to the change in unrealized gains or losses related to those assets and liabilities held at the end of the reporting period.
(d) Residential mortgage loan transfers out of Level 3 are primarily driven by residential mortgage loans transferring to OREO as well as reclassification of mortgage loans held for sale to held for investment.
(e) 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.
(f) 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 67: Fair Value Measurements – Recurring Quantitative Information

June 30, 2022

Level 3 Instruments Only Dollars in millions	Fair Value	Valuation Techniques	Unobservable Inputs	Range (Weighted-Average) (a)
Commercial mortgage loans held for sale	$ 38	Discounted cash flow	Spread over the benchmark curve (b)	565bps - 4,850bps (3,553bps)
Residential mortgage-backed non-agency securities	925	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 30.7% (10.2%)
			Constant default rate	0.0% - 13.0% (4.1%)
			Loss severity	15.0% - 96.4% (46.2%)
			Spread over the benchmark curve (b)	222bps weighted-average
Asset-backed securities	138	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 40.0% (11.1%)
			Constant default rate	0.7% - 7.3% (2.5%)
			Loss severity	15.0% - 100.0% (48.9%)
			Spread over the benchmark curve (b)	265bps weighted-average
Loans - Residential real estate	589	Consensus pricing (c)	Cumulative default rate	3.6% - 100.0% (69.8%)
			Loss severity	0.0% - 100.0% (5.9%)
			Discount rate	4.9% - 6.9% (5.3%)
Loans - Residential real estate	78	Discounted cash flow	Loss severity	6.0% weighted-average
			Discount rate	6.1% weighted-average
Loans - Home equity	27	Consensus pricing (c)	Cumulative default rate	3.6% -100.0% (74.8%)
			Loss severity	0.0% - 100.0% (18.9%)
			Discount rate	4.9% - 6.9% (5.9%)
Loans - Home equity	110	Consensus pricing (c)	Credit and liquidity discount	0.4% - 100.0% (45.5%)
Equity investments	1,867	Multiple of adjusted earnings	Multiple of earnings	5.0x - 16.8x (9.2x)
Residential mortgage servicing rights	1,620	Discounted cash flow	Constant prepayment rate	0.0% - 44.5% (8.1%)
			Spread over the benchmark curve (b)	268bps - 1,729bps (818bps)
Commercial mortgage servicing rights	988	Discounted cash flow	Constant prepayment rate	4.3% - 11.1% (4.9%)
			Discount rate	6.9% - 9.2% (8.9%)
Financial derivatives - Swaps related to sales of certain Visa Class B common shares	(197)	Discounted cash flow	Estimated conversion factor of Visa Class B shares into Class A shares	160.6% weighted-average
			Estimated annual growth rate of Visa Class A share price	16.0%
			Estimated length of litigation resolution date	Q2 2023
Insignificant Level 3 assets, net of liabilities (d)	(35)			
Total Level 3 assets, net of liabilities (e)	$ 6,148			

(continued from previous page)

December 31, 2021

Level 3 Instruments Only Dollars in millions	Fair Value	Valuation Techniques	Unobservable Inputs	Range (Weighted-Average) (a)
Commercial mortgage loans held for sale	$ 49	Discounted cash flow	Spread over the benchmark curve (b)	555bps - 15,990bps (9,996bps)
Residential mortgage-backed non-agency securities	1,097	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 30.7% (11.3%)
			Constant default rate	0.0% - 16.9% (4.6%)
			Loss severity	20.0% - 96.4% (47.6%)
			Spread over the benchmark curve (b)	163bps weighted-average
Asset-backed securities	163	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% -40.0% (11.1%)
			Constant default rate	1.4% - 20.0% (3.2%)
			Loss severity	8.0% - 100.0% (57.4%)
			Spread over the benchmark curve (b)	182bps weighted-average
Loans - Residential real estate	622	Consensus pricing (c)	Cumulative default rate	3.6% - 100.0% (74.2%)
			Loss severity	0.0% - 100.0% (6.9%)
			Discount rate	4.8% - 6.8% (5.2%)
Loans - Residential real estate	109	Discounted cash flow	Loss severity	6.0% weighted-average
			Discount rate	3.5% weighted-average
Loans - Home equity	28	Consensus pricing (c)	Cumulative default rate	3.6% - 100.0% (75.8%)
			Loss severity	0.0% - 98.4% (17.7%)
			Discount rate	4.8% - 6.8% (6.0%)
Loans - Home equity	125	Consensus pricing (c)	Credit and Liquidity discount	0.5% - 100.0% (47.3%)
Equity investments	1,680	Multiple of adjusted earnings	Multiple of earnings	5.0x - 14.4x (8.8x)
Residential mortgage servicing rights	1,078	Discounted cash flow	Constant prepayment rate	0.0% - 41.0% (12.6%)
			Spread over the benchmark curve (b)	249bps - 2,218bps (857bps)
Commercial mortgage servicing rights	740	Discounted cash flow	Constant prepayment rate	5.0% - 15.5% (5.5%)
			Discount rate	5.4% - 8.0% (7.8%)
Financial derivatives - Swaps related to sales of certain Visa Class B common shares	(277)	Discounted cash flow	Estimated conversion factor of Visa Class B shares into Class A shares	161.8% weighted-average
			Estimated annual growth rate of Visa Class A share price	16.0%
			Estimated length of litigation resolution date	Q2 2023
Insignificant Level 3 assets, net of liabilities (d)	5			
Total Level 3 assets, net of liabilities (e)	$ 5,419			

(a) Unobservable inputs were weighted by the relative fair value of the instruments.
(b) The assumed yield spread over the benchmark curve for each instrument is generally intended to incorporate non-interest rate risks, such as credit and liquidity risks.
(c) Consensus pricing refers to fair value estimates that are generally internally developed using information such as dealer quotes or other third-party provided valuations or comparable asset prices.
(d) Represents the aggregate amount of Level 3 assets and liabilities measured at fair value on a recurring basis that are individually and in the aggregate insignificant. The amount includes certain financial derivative assets and liabilities, trading securities, other securities, residential mortgage loans held for sale, other assets, other borrowed funds and other liabilities.
(e) Consisted of total Level 3 assets of $6.5 billion and total Level 3 liabilities of $0.4 billion as of June 30, 2022 and $5.9 billion and $0.5 billion as of December 31, 2021, respectively.

Financial Assets Accounted for at Fair Value on a Nonrecurring Basis

We may be required to measure certain financial assets at fair value on a nonrecurring basis. These adjustments to fair value usually result from the application of lower of amortized cost or fair value accounting or write-downs of individual assets due to impairment and are included in Table 68. For more information regarding the valuation methodologies of our financial assets measured at fair value on a nonrecurring basis, see Note 15 Fair Value in Item 8 of our 2021 Form 10-K.

Assets measured at fair value on a nonrecurring basis follow:

Table 68: Fair Value Measurements – Nonrecurring (a) (b) (c)

In millions	Fair Value June 30 2022	Fair Value December 31 2021	Gains (Losses) Three months ended June 30 2022	Gains (Losses) Three months ended June 30 2021	Gains (Losses) Six months ended June 30 2022	Gains (Losses) Six months ended June 30 2021
Assets						
Nonaccrual loans	$ 159	$ 348	$ (19)	$ 5	$ (28)	$ (4)
Equity investments	48		1			
OREO and foreclosed assets	8	6				
Long-lived assets	9	103	(3)	(9)	(5)	(11)
Total assets	$ 224	$ 457	$ (21)	$ (4)	$ (33)	$ (15)

(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.

<u>Financial Instruments Accounted for under Fair Value Option</u>

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 2021 Form 10-K.

Fair values and aggregate unpaid principal balances of certain items for which we elected the fair value option follow:

Table 69: Fair Value Option – Fair Value and Principal Balances

In millions	June 30, 2022 Fair Value	June 30, 2022 Aggregate Unpaid Principal Balance	June 30, 2022 Difference	December 31, 2021 Fair Value	December 31, 2021 Aggregate Unpaid Principal Balance	December 31, 2021 Difference
Assets						
Residential mortgage loans held for sale						
Accruing loans less than 90 days past due	$ 802	$ 806	$ (4)	$ 1,249	$ 1,219	$ 30
Accruing loans 90 days or more past due	11	11		6	6	
Nonaccrual loans	63	75	(12)	47	57	(10)
Total	$ 876	$ 892	$ (16)	$ 1,302	$ 1,282	$ 20
Commercial mortgage loans held for sale (a) (b)						
Accruing loans less than 90 days past due	$ 106	$ 135	$ (29)	$ 575	$ 580	$ (5)
Loans						
Accruing loans less than 90 days past due	$ 440	$ 451	$ (11)	$ 487	$ 498	$ (11)
Accruing loans 90 days or more past due	168	181	(13)	262	278	(16)
Nonaccrual loans	684	928	(244)	752	1,028	(276)
Total	$ 1,292	$ 1,560	$ (268)	$ 1,501	$ 1,804	$ (303)
Other assets	$ 85	$ 84	$ 1	$ 105	$ 107	$ (2)
Liabilities						
Other borrowed funds	$ 21	$ 22	$ (1)	$ 30	$ 30	
Other liabilities	$ 121		$ 121			

(a) There were no accruing loans 90 days or more past due within this category at June 30, 2022 or December 31, 2021.
(b) There were no nonaccrual loans within this category at June 30, 2022 or December 31, 2021.

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

Table 70: Fair Value Option – Changes in Fair Value (a)

In millions	Gains (Losses) Three months ended June 30 2022	June 30 2021	Gains (Losses) Six months ended June 30 2022	June 30 2021
Assets				
Residential mortgage loans held for sale	$ (23)	$ 57	$ (63)	$ 73
Commercial mortgage loans held for sale	$ 14	$ 26	$ 20	$ 46
Loans	$ 15	$ 17	$ 36	$ 31
Other assets	$ (11)	$ 8	$ (18)	$ 22
Liabilities				
Other liabilities	$ (10)		$ (16)	

(a) The impact on earnings of offsetting hedged items or hedging instruments is not reflected in these amounts.

Additional Fair Value Information Related to Financial Instruments Not Recorded at Fair Value

The following table presents the carrying amounts and estimated fair values, as well as the level within the fair value hierarchy, of all other financial instruments that are not recorded on our Consolidated Balance Sheet at fair value as of June 30, 2022 and December 31, 2021. For more information regarding the methods and assumptions used to estimate the fair values of financial instruments included in Table 71, see Note 15 Fair Value in Item 8 of our 2021 Form 10-K.

Table 71: Additional Fair Value Information Related to Other Financial Instruments

In millions	Carrying Amount	Fair Value Total	Level 1	Level 2	Level 3
June 30, 2022					
Assets					
Cash and due from banks	$ 8,582	$ 8,582	$ 8,582		
Interest-earning deposits with banks	28,404	28,404		$ 28,404	
Securities held to maturity	79,753	78,414	28,349	49,933	$ 132
Net loans (excludes leases)	298,807	299,021			299,021
Other assets	6,432	6,432		6,429	3
Total assets	$ 421,978	$ 420,853	$ 36,931	$ 84,766	$ 299,156
Liabilities					
Time deposits	$ 10,118	$ 9,842		$ 9,842	
Borrowed funds	34,176	33,845		32,123	$ 1,722
Unfunded lending related commitments	681	681			681
Other liabilities	450	450		450	
Total liabilities	$ 45,425	$ 44,818		$ 42,415	$ 2,403
December 31, 2021					
Assets					
Cash and due from banks	$ 8,004	$ 8,004	$ 8,004		
Interest-earning deposits with banks	74,250	74,250		$ 74,250	
Securities held to maturity	1,429	1,522	890	456	$ 176
Net loans (excludes leases)	275,874	280,498			280,498
Other assets	4,205	4,204		4,141	63
Total assets	$ 363,762	$ 368,478	$ 8,894	$ 78,847	$ 280,737
Liabilities					
Time deposits	$ 17,366	$ 17,180		$ 17,180	
Borrowed funds	30,011	30,616		28,936	$ 1,680
Unfunded lending related commitments	662	662			662
Other liabilities	449	449		449	
Total liabilities	$ 48,488	$ 48,907		$ 46,565	$ 2,342

The aggregate fair values in Table 71 represent only a portion of the total market value of our assets and liabilities as, in accordance with the guidance related to fair values about financial instruments, we exclude the following:

- financial instruments recorded at fair value on a recurring basis (as they are disclosed in Table 65),
- investments accounted for under the equity method,
- equity securities without a readily determinable fair value that apply for the alternative measurement approach to fair value under ASU 2016-01,
- real and personal property,
- lease financing,
- loan customer relationships,
- deposit customer intangibles,
- mortgage servicing rights (MSRs),
- retail branch networks,
- fee-based businesses, such as asset management and brokerage,
- trademarks and brand names,
- trade receivables and payables due in one year or less,
- deposit liabilities with no defined or contractual maturities under ASU 2016-01, and
- insurance contracts.

NOTE 13 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 2021 Form 10-K.

The following table presents the notional and gross fair value amounts of all derivative assets and liabilities held by us:

Table 72: Total Gross Derivatives (a)

In millions	June 30, 2022 Notional / Contract Amount	June 30, 2022 Asset Fair Value (b)	June 30, 2022 Liability Fair Value (c)	December 31, 2021 Notional / Contract Amount	December 31, 2021 Asset Fair Value (b)	December 31, 2021 Liability Fair Value (c)
Derivatives used for hedging						
Interest rate contracts (d):						
Fair value hedges	$ 21,579			$ 23,345		
Cash flow hedges	46,432	$ 19	$ 40	48,961	$ 15	$ 14
Foreign exchange contracts:						
Net investment hedges	1,235	85	1	1,113		24
Total derivatives designated for hedging	$ 69,246	$ 104	$ 41	$ 73,419	$ 15	$ 38
Derivatives not used for hedging						
Derivatives used for mortgage banking activities (e):						
Interest rate contracts:						
Swaps	$ 45,412		$ 3	$ 35,623		
Futures (f)	5,228			4,592		
Mortgage-backed commitments	6,189	$ 74	61	9,917	$ 55	$ 31
Other	18,456	124	15	12,225	46	12
Total interest rate contracts	75,285	198	79	62,357	101	43
Derivatives used for customer-related activities:						
Interest rate contracts:						
Swaps	320,717	1,259	3,459	297,711	3,335	1,520
Futures (f)	520			907		
Mortgage-backed commitments	2,181	10	8	4,147	5	6
Other	30,112	250	229	25,718	125	72
Total interest rate contracts	353,530	1,519	3,696	328,483	3,465	1,598
Commodity contracts:						
Swaps	8,917	2,469	2,567	8,840	1,150	1,161
Other	6,049	665	663	3,128	213	212
Total commodity contracts	14,966	3,134	3,230	11,968	1,363	1,373
Foreign exchange contracts and other	29,074	375	329	27,563	199	179
Total derivatives for customer-related activities	397,570	5,028	7,255	368,014	5,027	3,150
Derivatives used for other risk management activities:						
Foreign exchange contracts and other	11,192	62	215	11,512	9	339
Total derivatives not designated for hedging	$ 484,047	$ 5,288	$ 7,549	$ 441,883	$ 5,137	$ 3,532
Total gross derivatives	$ 553,293	$ 5,392	$ 7,590	$ 515,302	$ 5,152	$ 3,570
Less: Impact of legally enforceable master netting agreements		1,577	1,577		928	928
Less: Cash collateral received/paid		578	2,288		604	1,657
Total derivatives		$ 3,237	$ 3,725		$ 3,620	$ 985

(a) Centrally cleared derivatives are settled in cash daily and result in no derivative asset or derivative liability being recognized on our Consolidated Balance Sheet.
(b) Included in Other assets on our Consolidated Balance Sheet.
(c) Included in Other liabilities on our Consolidated Balance Sheet.
(d) Represents primarily swaps.
(e) Includes both residential and commercial mortgage banking activities.
(f) Futures contracts are settled in cash daily and result in no derivative asset or derivative liability being recognized on our Consolidated Balance Sheet.

All derivatives are carried on our Consolidated Balance Sheet at fair value. Derivative balances are presented on the Consolidated Balance Sheet on a net basis taking into consideration the effects of legally enforceable master netting agreements and, when appropriate, any related cash collateral exchanged with counterparties. Further discussion regarding the offsetting rights associated with these legally enforceable master netting agreements is included in the Offsetting and Counterparty Credit Risk section of this Note 13. Any nonperformance risk, including credit risk, is included in the determination of the estimated net fair value of the derivatives.

Derivatives Designated As Hedging Instruments

Certain derivatives used to manage interest rate and foreign exchange risk as part of our asset and liability risk management activities are designated as accounting hedges. Derivatives hedging the risks associated with changes in the fair value of assets or liabilities are considered fair value hedges, derivatives hedging the variability of expected future cash flows are considered cash flow hedges and derivatives hedging a net investment in a foreign subsidiary are considered net investment hedges. Designating derivatives as accounting hedges allows for gains and losses on those derivatives to be recognized in the same period and in the same income statement line item as the earnings impact of the hedged items.

Fair Value Hedges

We enter into receive-fixed, pay-variable interest rate swaps to hedge changes in the fair value of outstanding fixed-rate debt caused by fluctuations in market interest rates. We also enter into pay-fixed, receive-variable interest rate swaps and zero-coupon swaps to hedge changes in the fair value of fixed rate and zero-coupon investment securities caused by fluctuations in market interest rates. Gains and losses on the interest rate swaps designated in these hedge relationships, along with the offsetting gains and losses on the hedged items attributable to the hedged risk, are recognized in current earnings within the same income statement line item.

Cash Flow Hedges

We enter into receive-fixed, pay-variable interest rate swaps and interest rate caps and floors to modify the interest rate characteristics of designated commercial loans from variable to fixed in order to reduce the impact of changes in future cash flows due to market interest rate changes. We also periodically enter into forward purchase and sale contracts to hedge the variability of the consideration that will be paid or received related to the purchase or sale of investment securities. The forecasted purchase or sale is consummated upon gross settlement of the forward contract itself. For these cash flow hedges, gains and losses on the hedging instruments are recorded in AOCI and are then reclassified into earnings in the same period the hedged cash flows affect earnings and within the same income statement line as the hedged cash flows.

In the 12 months that follow June 30, 2022, we expect to reclassify net derivative losses of $816 million pretax, or $628 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 June 30, 2022. As of June 30, 2022, the maximum length of time over which forecasted transactions are hedged is ten years.

Further detail regarding gains (losses) related to our fair value and cash flow hedge derivatives is presented in the following table:

Table 73: Gains (Losses) Recognized on Fair Value and Cash Flow Hedges in the Consolidated Income Statement (a) (b)

	Location and Amount of Gains (Losses) Recognized in Income			
	Interest Income		Interest Expense	Noninterest Income
In millions	Loans	Investment Securities	Borrowed Funds	Other
For the three months ended June 30, 2022				
Total amounts in the Consolidated Income Statement	$ 2,504	$ 631	$ 142	$ 177
Gains (losses) on fair value hedges recognized on:				
Hedged items (c)		$ (28)	$ 443	
Derivatives		$ 30	$ (451)	
Amounts related to interest settlements on derivatives		$ (2)	$ 74	
Gains (losses) on cash flow hedges (d):				
Amount of derivative gains (losses) reclassified from AOCI	$ 25			
For the three months ended June 30, 2021				
Total amounts in the Consolidated Income Statement	$ 2,160	$ 469	$ 90	$ 339
Gains (losses) on fair value hedges recognized on:				
Hedged items (c)		$ 3	$ (106)	
Derivatives		$ (2)	$ 93	
Amounts related to interest settlements on derivatives		$ (1)	$ 131	
Gains (losses) on cash flow hedges (d):				
Amount of derivative gains (losses) reclassified from AOCI	$ 91	$ 16		$ 1
For the six months ended June 30, 2022				
Total amounts on the Consolidated Income Statement	$ 4,797	$ 1,175	$ 225	$ 388
Gains (losses) on fair value hedges recognized on:				
Hedged items (c)		$ (46)	$ 1,377	
Derivatives		$ 49	$ (1,395)	
Amounts related to interest settlements on derivatives		$ (3)	$ 184	
Gains (losses) on cash flow hedges (d):				
Amount of derivative gains (losses) reclassified from AOCI	$ 117	$ 10		
For the six months ended June 30, 2021				
Total amounts on the Consolidated Income Statement	$ 4,156	$ 890	$ 185	$ 639
Gains (losses) on fair value hedges recognized on:				
Hedged items (c)		$ (5)	$ 540	
Derivatives		$ 7	$ (571)	
Amounts related to interest settlements on derivatives		$ (2)	$ 265	
Gains (losses) on cash flow hedges (d):				
Amount of derivative gains (losses) reclassified from AOCI	$ 191	$ 38		$ 14

(a) For all periods presented, there were no components of derivative gains or losses excluded from the assessment of hedge effectiveness for any of the fair value or cash flow hedge strategies.
(b) All cash flow and fair value hedge derivatives were interest rate contracts for the periods presented.
(c) Includes an insignificant amount of fair value hedge adjustments related to discontinued hedge relationships.
(d) For all periods presented, there were no gains or losses from cash flow hedge derivatives reclassified to income because it became probable that the original forecasted transaction would not occur.

Detail regarding the impact of fair value hedge accounting on the carrying value of the hedged items is presented in the following table:

Table 74: Hedged Items - Fair Value Hedges

	June 30, 2022		December 31, 2021	
In millions	Carrying Value of the Hedged Items	Cumulative Fair Value Hedge Adjustment included in the Carrying Value of Hedged Items (a)	Carrying Value of the Hedged Items	Cumulative Fair Value Hedge Adjustment included in the Carrying Value of Hedged Items (a)
Investment securities - available for sale (b)	$ 3,277	$ (23)	$ 2,655	$ 23
Borrowed funds	$ 20,346	$ (715)	$ 24,259	$ 663

(a) Includes less than $(0.1) billion and $(0.1) billion of fair value hedge adjustments primarily related to discontinued borrowed funds hedge relationships at June 30, 2022 and December 31, 2021, respectively.
(b) Carrying value shown represents amortized cost.

Net Investment Hedges
We enter into foreign currency forward contracts to hedge non-U.S. dollar net investments in foreign subsidiaries against adverse changes in foreign exchange rates. We assess whether the hedging relationship is highly effective in achieving offsetting changes in the value of the hedge and hedged item by qualitatively verifying that the critical terms of the hedge and hedged item match at the inception of the hedging relationship and on an ongoing basis. Net investment hedge derivatives are classified as foreign exchange contracts. There were no components of derivative gains or losses excluded from the assessment of the hedge effectiveness for the periods presented.

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 2021 Form 10-K.

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

Table 75: Gains (Losses) on Derivatives Not Designated for Hedging

	Three months ended June 30		Six months ended June 30	
In millions	2022	2021	2022	2021
Derivatives used for mortgage banking activities:				
Interest rate contracts (a)	$ (190)	$ 216	$ (455)	$ (106)
Derivatives used for customer-related activities:				
Interest rate contracts	69	15	166	97
Foreign exchange contracts and other	(20)	43	24	65
Gains (losses) from customer-related activities (b)	49	58	190	162
Derivatives used for other risk management activities:				
Foreign exchange contracts and other (b)	216	(29)	263	19
Total gains (losses) from derivatives not designated as hedging instruments	$ 75	$ 245	$ (2)	$ 75

(a) Included in Residential and commercial mortgage noninterest income on our Consolidated Income Statement.
(b) Included in Capital markets related and Other noninterest income on our Consolidated Income Statement.

Offsetting and Counterparty Credit Risk

We generally utilize a net presentation on the Consolidated Balance Sheet for those derivative financial instruments entered into with counterparties under legally enforceable master netting agreements. The master netting agreements reduce credit risk by permitting the closeout netting of all outstanding derivative instruments under the master netting agreement with the same counterparty upon the occurrence of an event of default. The master netting agreement also may require the exchange of cash or marketable securities to collateralize either party's net position. For additional information on derivative offsetting and counterparty credit risk, see Note 16 Financial Derivatives in the Notes To Consolidated Financial Statements included in Item 8 of our 2021 Form 10-K.

Table 76 shows the impact legally enforceable master netting agreements had on our derivative assets and derivative liabilities at June 30, 2022 and December 31, 2021. The table includes cash collateral held or pledged under legally enforceable master netting agreements. The table also includes the fair value of any securities collateral held or pledged under legally enforceable master netting agreements. Cash and securities collateral amounts are included in the table only to the extent of the related net derivative fair values.

Table 76 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 76: Derivative Assets and Liabilities Offsetting

In millions	Gross Fair Value	Amounts Offset on the Consolidated Balance Sheet: Fair Value Offset Amount	Amounts Offset on the Consolidated Balance Sheet: Cash Collateral	Net Fair Value		Securities Collateral Held/Pledged Under Master Netting Agreements	Net Amounts
June 30, 2022							
Derivative assets							
Interest rate contracts:							
Over-the-counter cleared	$ 43			$ 43			$ 43
Over-the-counter	1,693	$ 634	$ 318	741		$ 23	718
Commodity contracts	3,134	676	138	2,320			2,320
Foreign exchange and other contracts	522	267	122	133			133
Total derivative assets	$ 5,392	$ 1,577	$ 578	$ 3,237	(a)	$ 23	$ 3,214
Derivative liabilities							
Interest rate contracts:							
Over-the-counter cleared	$ 28			$ 28			$ 28
Over-the-counter	3,787	$ 680	$ 761	2,346			2,346
Commodity contracts	3,230	802	1,513	915			915
Foreign exchange and other contracts	545	95	14	436			436
Total derivative liabilities	$ 7,590	$ 1,577	$ 2,288	$ 3,725	(b)		$ 3,725
December 31, 2021							
Derivative assets							
Interest rate contracts:							
Over-the-counter cleared	$ 20			$ 20			$ 20
Over-the-counter	3,561	$ 533	$ 593	2,435		$ 300	2,135
Commodity contracts	1,363	299	1	1,063			1,063
Foreign exchange and other contracts	208	96	10	102			102
Total derivative assets	$ 5,152	$ 928	$ 604	$ 3,620	(a)	$ 300	$ 3,320
Derivative liabilities							
Interest rate contracts:							
Over-the-counter cleared	$ 12			$ 12			$ 12
Over-the-counter	1,643	$ 569	$ 776	298			298
Commodity contracts	1,373	291	784	298			298
Foreign exchange and other contracts	542	68	97	377			377
Total derivative liabilities	$ 3,570	$ 928	$ 1,657	$ 985	(b)		$ 985

(a) Represents the net amount of derivative assets included in Other assets on our Consolidated Balance Sheet.
(b) Represents the net amount of derivative liabilities included in Other liabilities on our Consolidated Balance Sheet.

In addition to using master netting agreements and other collateral agreements to reduce credit risk associated with derivative instruments, we also seek to manage credit risk by evaluating credit ratings of counterparties and by using internal credit analysis, limits and monitoring procedures.

At June 30, 2022, cash and debt securities (primarily agency mortgage-backed securities) totaling $1.6 billion were pledged to us under master netting agreements and other collateral agreements to collateralize net derivative assets due from counterparties and to meet initial margin requirements, and we pledged cash and debt securities (primarily agency mortgage-backed securities) totaling $4.6 billion under these agreements to collateralize net derivative liabilities owed to counterparties and to meet initial margin requirements. These totals may differ from the amounts presented in the preceding offsetting table because these totals may include collateral exchanged under an agreement that does not qualify as a master netting agreement or because the total amount of collateral pledged exceeds the net derivative fair values with the counterparty as of the balance sheet date due to timing or other factors, such as initial margin. To the extent not netted against the derivative fair values under a master netting agreement, the receivable for cash pledged is included in Other assets and the obligation for cash held is included in Other liabilities on our Consolidated Balance Sheet. Securities pledged to us by counterparties are not recognized on our balance sheet. Likewise, securities we have pledged to counterparties remain on our balance sheet.

Credit-Risk Contingent Features

Certain derivative agreements contain various credit-risk related contingent provisions, such as those that require our debt to maintain a specified credit rating from one or more of the major credit rating agencies. If our debt ratings were to fall below such specified ratings, the counterparties to the derivative instruments could request immediate payment or demand immediate and ongoing full collateralization on derivative instruments in net liability positions. The following table presents the aggregate fair value of derivative instruments with credit-risk-related contingent features, the associated collateral posted in the normal course of business and the maximum amount of collateral we would be required to post if the credit-risk-related contingent features underlying these agreements had been triggered on June 30, 2022 and December 31, 2021.

Table 77: Credit-Risk Contingent Features

In billions	June 30 2022	December 31 2021
Net derivative liabilities with credit-risk contingent features	$ 5.6	$ 2.4
Collateral posted	3.0	1.8
Maximum additional amount of collateral exposure	$ 2.6	$ 0.6

NOTE 14 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 2021 Form 10-K and in Note 13 Legal Proceedings in Part I, Item 1 of our first quarter 2022 Form 10-Q (such prior disclosure referred to as "Prior Disclosure")). For Disclosed Matters where we are able to estimate such possible losses or ranges of possible losses, as of June 30, 2022, we estimate that it is reasonably possible that we could incur losses in excess of related accrued liabilities, if any, in an aggregate amount less than $300 million. The estimates included in this amount are based on our analysis of currently available information and are subject to significant judgment and a variety of assumptions and uncertainties. As new information is obtained we may change our estimates. Due to the inherent subjectivity of the assessments and unpredictability of outcomes of legal proceedings, any amounts accrued or included in this aggregate amount may not represent the ultimate loss to us from the legal proceedings in question. Thus, our exposure and ultimate losses may be higher, and possibly significantly so, than the amounts accrued or this aggregate amount.

As a result of the types of factors described in Note 21 Legal Proceedings in Part II, Item 8 of our 2021 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.

USAA Patent Infringement Litigation

In May 2022, following a jury trial in *United Services Automobile Association v. PNC Bank N.A.* (Case No. 2:20-cv-319) (the "first Texas case") and *United Services Automobile Association v. PNC Bank N.A.* (Case No. 2:21-cv-110) (together, "the first consolidated cases"), a jury found against PNC for willful infringement of at least one of the plaintiff's asserted patent claims and awarded approximately $218 million. The parties are in the process of submitting briefs on PNC's remaining equitable defenses.

In June 2022, the court opened a new case for PNC's patent infringement counterclaims (originally asserted in the first Texas case) ("the fourth Texas case") and consolidated the fourth Texas case into USAA's third lawsuit filed in July 2021 in the United States District Court for the Eastern District of Texas against PNC Bank for patent infringement (*United Services Automobile Association v. PNC Bank N.A.* (Case No. 2:21-cv-246)) ("the third Texas case," together with the fourth Texas case, "the second consolidated cases"). Trial in the second consolidated cases is presently scheduled to commence on August 22, 2022.

In June 2022, in *United Services Automobile Association v. BBVA USA* (Case No. 2:21-cv-311), the court entered a stipulation proposed by the parties, stayed all deadlines, and administratively closed the matter.

In May and June 2022, the Patent Trial and Appeal Board granted institution of inter partes review ("IPR") with respect to petitions filed by PNC for two of the three patents at issue in the third Texas case. The Patent Trial and Appeal Board denied institution of an IPR with respect to PNC's petitions for one of the three patents at issue in the third Texas case. IPR proceedings at the Patent Trial and Appeal Board, presently scheduled to commence on February 9 and March 13, 2023, will review the patentability of the claims in the two patents at issue in the third Texas case for which IPR has been granted.

Regulatory and Governmental Inquiries

We are the subject of investigations, audits, examinations and other forms of regulatory and governmental inquiry covering a broad range of issues in our consumer, mortgage, brokerage, securities and other financial services businesses, as well as other aspects of our operations. In some cases, these inquiries are part of reviews of specified activities at multiple industry participants; in others, they are directed at PNC individually. From time to time, these inquiries have involved and may in the future involve or lead to regulatory enforcement actions and other administrative proceedings. These inquiries have also led to and may in the future lead to civil or criminal judicial proceedings. Some of these inquiries result in remedies including fines, penalties, restitution, or alterations in our business practices, and in additional expenses and collateral costs and other consequences. Such remedies and other consequences typically have not been material to us from a financial standpoint, but could be in the future. Even if not financially material, they may result in significant reputational harm or other adverse consequences.

Our practice is to cooperate fully with regulatory and governmental investigations, audits and other inquiries, 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 15 SEGMENT REPORTING

We have three reportable business segments:

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

Results of individual businesses are presented based on our internal management reporting practices. There is no comprehensive, authoritative body of guidance for management accounting equivalent to GAAP; therefore, the financial results of our individual businesses are not necessarily comparable with similar information for any other company. We periodically refine our internal methodologies as management reporting practices are enhanced. To the extent significant and practicable, retrospective application of new methodologies is made to prior period reportable business segment results and disclosures to create comparability with the current period.

Total business segment financial results differ from total consolidated net income. These differences are reflected in the "Other" category in Table 78. "Other" includes residual activities that do not meet the criteria for disclosure as a separate reportable business, such as asset and liability management activities, including net securities gains or losses, ACL for investment securities, certain trading activities, certain runoff consumer loan portfolios, private equity investments, intercompany eliminations, certain corporate overhead, tax adjustments that are not allocated to business segments, exited businesses and differences between business segment performance reporting and financial statement reporting (GAAP). Assets, revenue and earnings attributable to foreign activities were not material in the periods presented for comparison.

Financial results are presented, to the extent practicable, as if each business operated on a 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 78: Results of Businesses

Three months ended June 30 In millions	Retail Banking	Corporate & Institutional Banking	Asset Management Group	Other	Consolidated (a)
2022					
Income Statement					
Net interest income	$ 1,662	$ 1,232	$ 153	$ 4	$ 3,051
Noninterest income	748	968	234	115	2,065
Total revenue	2,410	2,200	387	119	5,116
Provision for (recapture of) credit losses	55	(17)	5	(7)	36
Depreciation and amortization	83	51	8	147	289
Other noninterest expense	1,830	883	262	(20)	2,955
Income (loss) before income taxes (benefit) and noncontrolling interests	442	1,283	112	(1)	1,836
Income taxes (benefit)	105	277	26	(68)	340
Net income	337	1,006	86	67	1,496
Less: Net income (loss) attributable to noncontrolling interests	15	3		(3)	15
Net income excluding noncontrolling interests	$ 322	$ 1,003	$ 86	$ 70	$ 1,481
Average Assets	$ 113,068	$ 219,513	$ 14,449	$ 199,848	$ 546,878
2021					
Income Statement					
Net interest income	$ 1,497	$ 1,083	$ 112	$ (111)	$ 2,581
Noninterest income	706	867	244	269	2,086
Total revenue	2,203	1,950	356	158	4,667
Provision for (recapture of) credit losses	214	104	23	(39)	302
Depreciation and amortization	73	51	5	127	256
Other noninterest expense	1,604	762	214	214	2,794
Income (loss) before income taxes (benefit) and noncontrolling interests	312	1,033	114	(144)	1,315
Income taxes (benefit)	73	220	27	(108)	212
Net income (loss)	239	813	87	(36)	1,103
Less: Net income attributable to noncontrolling interests	7	4		1	12
Net income (loss) excluding noncontrolling interests	$ 232	$ 809	$ 87	$ (37)	$ 1,091
Average Assets	$ 100,948	$ 181,770	$ 10,640	$ 211,071	$ 504,429

(Continued from previous page)

Six months ended June 30 In millions	Retail Banking	Corporate & Institutional Banking	Asset Management Group	Other	Consolidated (a)
2022					
Income Statement					
Net interest income	$ 3,193	$ 2,375	$ 291	$ (4)	$ 5,855
Noninterest income	1,493	1,772	482	206	3,953
Total revenue	4,686	4,147	773	202	9,808
Provision for (recapture of) credit losses	(26)	(135)	7	(18)	(172)
Depreciation and amortization	157	103	14	292	566
Other noninterest expense	3,648	1,668	507	27	5,850
Income (loss) before income taxes (benefit) and noncontrolling interests	907	2,511	245	(99)	3,564
Income taxes (benefit)	214	545	57	(177)	639
Net income	693	1,966	188	78	2,925
Less: Net income (loss) attributable to noncontrolling interests	31	7		(2)	36
Net income excluding noncontrolling interests	$ 662	$ 1,959	$ 188	$ 80	$ 2,889
Average Assets	$ 112,415	$ 210,171	$ 14,126	$ 212,415	$ 549,127
2021					
Income Statement					
Net interest income	$ 2,859	$ 2,074	$ 205	$ (209)	$ 4,929
Noninterest income	1,360	1,674	473	451	3,958
Total revenue	4,219	3,748	678	242	8,887
Provision for (recapture of) credit losses	(43)	(178)	14	(42)	(249)
Depreciation and amortization	136	98	9	247	490
Other noninterest expense	3,017	1,426	412	279	5,134
Income (loss) before income taxes (benefit) and noncontrolling interests	1,109	2,402	243	(242)	3,512
Income taxes (benefit)	256	528	57	(258)	583
Net income	853	1,874	186	16	2,929
Less: Net income attributable to noncontrolling interests	14	7		1	22
Net income excluding noncontrolling interests	$ 839	$ 1,867	$ 186	$ 15	$ 2,907
Average Assets	$ 96,942	$ 176,182	$ 9,761	$ 203,540	$ 486,425

(a) There were no material intersegment revenues for the three and six months ended June 30, 2022 and 2021.

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 provides wholesale money transfer processing capabilities between the U.S., Mexico and other countries primarily in Central 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, trust management and administration. In addition, multi-generational family planning services are also provided to ultra high net worth individuals and their families which include estate, financial, tax, fiduciary and customized performance reporting through PNC Private Bank Hawthorn.
- Institutional Asset Management provides outsourced chief investment officer, custody, private real estate, cash and fixed income client solutions, retirement plan fiduciary investment services to institutional clients including corporations, healthcare systems, insurance companies, unions, municipalities and non-profits.

Note 16 Fee-based Revenue from Contracts with Customers

As more fully described in Note 24 Fee-based Revenue from Contracts with Customers in Item 8 of our 2021 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 ourthree reportable business segments: Retail Banking, Corporate & Institutional Banking and Asset Management Group. Interest income, income from lease contracts, fair value gains from financial instruments (including derivatives), income from mortgage servicing rights and guarantee products, letter of credit fees, non-refundable fees associated with acquiring or originating a loan and gains from the sale of financial assets are outside of the scope of Topic 606.

Effective for the first quarter of 2022, PNC updated the presentation of its noninterest income categorization to be based on product and service type, and accordingly, has changed the basis of presentation of its noninterest income revenue streams to: (i) Asset management and brokerage, (ii) Capital markets related, (iii) Card and cash management, (iv) Lending and deposit services, (v) Residential and commercial mortgage and (vi) Other noninterest income. For a description of each updated noninterest income revenue stream, see Note 1 Accounting Policies.

Table 79 presents the noninterest income recognized within the scope of Topic 606 for each of ourthree reportable business segments' principal products and services, along with the relationship to the noninterest income revenue streams shown on our Consolidated Income Statement. For a description of the fee-based revenue and how it is recognized for each segment's principal products and services, see Note 24 Fee-based Revenue from Contracts with Customers included in Item 8 of our 2021 Form 10-K.

Table 79: In-Scope Noninterest Income by Business Segment and Reconciliation to Consolidated Noninterest Income

In millions	Three Months Ended June 30, 2022 Retail Banking	Three Months Ended June 30, 2022 Corporate & Institutional Banking	Three Months Ended June 30, 2022 Asset Management Group	Three Months Ended June 30, 2021 Retail Banking	Three Months Ended June 30, 2021 Corporate & Institutional Banking	Three Months Ended June 30, 2021 Asset Management Group
Asset management and brokerage						
Asset management fees			$ 228			$ 239
Brokerage fees	$ 135		2	$ 109		2
Total asset management and brokerage	135		230	109		241
Card and cash management						
Treasury management fees	10	$ 327		11	$ 264	
Debit card fees	177			164		
Net credit card fees (a)	63			57		
Merchant services	52	14		47	15	
Other	27			30		
Total card and cash management	329	341		309	279	
Lending and deposit services						
Deposit account fees	145			129		
Other	17	9		15	10	
Total lending and deposit services	162	9		144	10	
Residential and commercial mortgage (b)		33			35	
Capital markets related		272			232	
Other		9			8	
Total revenue from contracts with customers	626	664	230	562	564	241
Out-of-scope noninterest income (c)	122	304	4	144	303	3
Noninterest income by business segment	$ 748	$ 968	$ 234	$ 706	$ 867	$ 244
Reconciliation to consolidated noninterest income						
Total business segment revenue from contracts with customers			$ 1,520			$ 1,367
Out-of-scope business segment noninterest income (c)			430			450
Noninterest income from other segments			115			269
Noninterest income as shown on the Consolidated Income Statement			$ 2,065			$ 2,086

(Continued from previous page)

In millions	Six Months Ended June 30, 2022 Retail Banking	Corporate & Institutional Banking	Asset Management Group	Six Months Ended June 30, 2021 Retail Banking	Corporate & Institutional Banking	Asset Management Group
Asset management and brokerage						
Asset management fees			$ 469			$ 465
Brokerage fees	$ 269		4	$ 211		2
Total asset management and brokerage	269		473	211		467
Card and cash management						
Treasury management fees	19	$ 629		18	$ 487	
Debit card fees	338			302		
Net credit card fees (a)	118			104		
Merchant services	93	31		79	27	
Other	50			57		
Total card and cash management	618	660		560	514	
Lending and deposit services						
Deposit account fees	287			248		
Other	34	17		27	20	
Total lending and deposit services	321	17		275	20	
Residential and commercial mortgage (b)		64			66	
Capital markets related		409			424	
Other		22			27	
Total revenue from contracts with customers	1,208	1,172	473	1,046	1,051	467
Out-of-scope noninterest income (c)	285	600	9	314	623	6
Noninterest income by business segment	$ 1,493	$ 1,772	$ 482	$ 1,360	$ 1,674	$ 473
Reconciliation to consolidated noninterest income						
Total business segment revenue from contracts with customers			$ 2,853			$ 2,564
Out-of-scope business segment noninterest income (c)			894			943
Noninterest income from other segments			206			451
Noninterest income as shown on the Consolidated Income Statement			$ 3,953			$ 3,958

(a) Net credit card fees consists of interchange fees of $ 172 million and $146 million and credit card reward costs of $ 109 million and $89 million for the three months ended June 30, 2022 and 2021, respectively. Net credit card fees consists of interchange fees of $320 million and $266 million and credit card reward costs of $ 202 million and $162 million for the six months ended June 30, 2022 and 2021, respectively.
(b) Residential mortgage noninterest income falls under the scope of other accounting and disclosure requirements outside of Topic 606 and is included within the out-of-scope noninterest income line for the Retail Banking segment.
(c) Out-of-scope noninterest income includes revenue streams that fall under the scope of other accounting and disclosure requirements outside of Topic 606.

Note 17 Subsequent Events

On July 28, 2022, we transferred securities with a fair value of $5.0 billion from available for sale to held to maturity as we changed our intent to hold these securities to maturity. AOCI included net pretax unrealized losses of $0.2 billion at transfer. These unrealized losses will be amortized, consistent with the amortization of the discount on these securities, over the remaining life as an adjustment of yield, resulting in no impact to net interest income or net income.

STATISTICAL INFORMATION (UNAUDITED)
THE PNC FINANCIAL SERVICES GROUP, INC.
Average Consolidated Balance Sheet And Net Interest Analysis (a) (b) (c)

	Six months ended June 30					
	2022			2021		
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	$ 52,308	$ 495	1.89 %	$ 50,700	$ 421	1.66 %
Non-agency	954	36	7.55 %	1,189	45	7.54 %
Commercial mortgage-backed	4,793	58	2.40 %	6,354	81	2.54 %
Asset-backed	4,296	32	1.49 %	5,581	55	1.96 %
U.S. Treasury and government agencies	32,391	210	1.29 %	27,392	200	1.45 %
Other	4,536	60	2.67 %	4,835	75	3.13 %
Total securities available for sale	99,278	891	1.79 %	96,051	877	1.82 %
Securities held to maturity						
Residential mortgage-backed	16,687	164	1.96 %			
Commercial mortgage-backed	591	7	2.29 %			
Asset-backed	2,071	20	1.91 %			
U.S. Treasury and government agencies	14,618	80	1.09 %	800	11	2.85 %
Other	1,068	22	4.19 %	660	13	3.91 %
Total securities held to maturity	35,035	293	1.67 %	1,460	24	3.33 %
Total investment securities	134,313	1,184	1.76 %	97,511	901	1.85 %
Loans						
Commercial and industrial	161,256	2,297	2.83 %	133,966	1,954	2.90 %
Commercial real estate	34,237	518	3.01 %	30,113	434	2.86 %
Equipment lease financing	6,150	113	3.68 %	6,332	121	3.83 %
Consumer	54,757	1,271	4.68 %	51,744	1,231	4.80 %
Residential real estate	41,385	636	3.07 %	24,764	435	3.51 %
Total loans	297,785	4,835	3.24 %	246,919	4,175	3.38 %
Interest-earning deposits with banks	51,120	107	0.42 %	81,947	43	0.10 %
Other interest-earning assets	9,677	116	2.42 %	7,955	95	2.40 %
Total interest-earning assets/interest income	492,895	6,242	2.53 %	434,332	5,214	2.40 %
Noninterest-earning assets	56,232			52,093		
Total assets	$ 549,127			$ 486,425		
Liabilities and Equity						
Interest-bearing liabilities:						
Interest-bearing deposits						
Money market	$ 60,295	31	0.10 %	$ 62,053	9	0.03 %
Demand	116,024	51	0.09 %	95,376	16	0.03 %
Savings	108,799	22	0.04 %	85,129	22	0.05 %
Time deposits	13,195	11	0.15 %	18,246	23	0.26 %
Total interest-bearing deposits	298,313	115	0.08 %	260,804	70	0.05 %
Borrowed funds						
Federal Home Loan Bank borrowings	3,508	22	1.24 %	1,332	3	0.42 %
Bank notes and senior debt	17,089	112	1.30 %	22,709	116	1.01 %
Subordinated debt	6,886	58	1.68 %	6,074	42	1.39 %
Other	5,515	33	1.22 %	4,555	24	1.07 %
Total borrowed funds	32,998	225	1.36 %	34,670	185	1.06 %
Total interest-bearing liabilities/interest expense	331,311	340	0.20 %	295,474	255	0.17 %
Noninterest-bearing liabilities and equity:						
Noninterest-bearing deposits	151,567			122,843		
Accrued expenses and other liabilities	16,245			14,508		
Equity	50,004			53,600		
Total liabilities and equity	$ 549,127			$ 486,425		
Interest rate spread			2.33 %			2.23 %
Impact of noninterest-bearing sources			0.06			0.05
Net interest income/margin		$ 5,902	2.39 %		$ 4,959	2.28 %

(continued on following page)

STATISTICAL INFORMATION (UNAUDITED)

THE PNC FINANCIAL SERVICES GROUP, INC.

Average Consolidated Balance Sheet And Net Interest Analysis (a) (b) (c)

	Three months ended June 30					
	2022			2021		
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	$ 37,285	$ 202	2.17 %	$ 56,042	$ 226	1.61 %
Non-agency	902	17	7.56 %	1,142	23	7.85 %
Commercial mortgage-backed	4,362	27	2.45 %	6,465	41	2.49 %
Asset-backed	2,388	11	1.84 %	5,855	31	2.07 %
U.S. Treasury and government agencies	17,480	70	1.60 %	32,419	106	1.30 %
Other	4,200	28	2.59 %	5,107	36	3.00 %
Total securities available for sale	66,617	355	2.13 %	107,030	463	1.73 %
Securities held to maturity						
Residential mortgage-backed	33,086	164	1.98 %			
Commercial mortgage-backed	1,175	7	2.30 %			
Asset-backed	4,119	20	1.92 %			
U.S. Treasury and government agencies	28,167	74	1.05 %	802	5	2.86 %
Other	1,560	16	4.21 %	671	7	3.67 %
Total securities held to maturity	68,107	281	1.65 %	1,473	12	3.23 %
Total investment securities	134,724	636	1.89 %	108,503	475	1.75 %
Loans						
Commercial and industrial	166,968	1,225	2.90 %	137,892	1,006	2.89 %
Commercial real estate	34,467	276	3.15 %	31,611	234	2.92 %
Equipment lease financing	6,200	56	3.62 %	6,332	59	3.76 %
Consumer	54,551	637	4.68 %	52,575	632	4.82 %
Residential real estate	42,604	330	3.11 %	27,197	238	3.50 %
Total loans	304,790	2,524	3.29 %	255,607	2,169	3.38 %
Interest-earning deposits with banks	39,689	78	0.79 %	78,522	22	0.11 %
Other interest-earning assets	9,935	68	2.76 %	8,079	50	2.46 %
Total interest-earning assets/interest income	489,138	3,306	2.69 %	450,711	2,716	2.40 %
Noninterest-earning assets	57,740			53,718		
Total assets	$ 546,878			$ 504,429		
Liabilities and Equity						
Interest-bearing liabilities:						
Interest-bearing deposits						
Money market	$ 58,019	$ 27	0.19 %	$ 64,990	$ 4	0.03 %
Demand	119,636	44	0.15 %	99,091	7	0.03 %
Savings	109,063	12	0.04 %	87,307	10	0.05 %
Time deposits	10,378	5	0.18 %	18,048	9	0.20 %
Total interest-bearing deposits	297,096	88	0.12 %	269,436	30	0.05 %
Borrowed funds						
Federal Home Loan Bank borrowings	6,978	22	1.24 %	265		0.35 %
Bank notes and senior debt	16,172	66	1.61 %	22,620	56	0.98 %
Subordinated debt	6,998	34	1.94 %	6,218	21	1.35 %
Other	5,508	20	1.46 %	5,046	13	0.97 %
Total borrowed funds	35,656	142	1.58 %	34,149	90	1.04 %
Total interest-bearing liabilities/interest expense	332,752	230	0.27 %	303,585	120	0.16 %
Noninterest-bearing liabilities and equity:						
Noninterest-bearing deposits	149,432			132,283		
Accrued expenses and other liabilities	17,116			14,755		
Equity	47,578			53,806		
Total liabilities and equity	$ 546,878			$ 504,429		
Interest rate spread			2.42 %			2.24 %
Impact of noninterest-bearing sources			0.08			0.05
Net interest income/margin		$ 3,076	2.50 %		$ 2,596	2.29 %

(a) Nonaccrual loans are included in loans, net of unearned income. The impact of financial derivatives used in interest rate risk management is included in the interest income/expense and average yields/rates of the related assets and liabilities. Basis adjustments related to hedged items are included in noninterest-earning assets and noninterest-bearing liabilities. Average balances of securities are based on amortized historical cost (excluding adjustments to fair value, which are included in other assets). Average balances for certain loans and borrowed funds accounted for at fair value are included in noninterest-earning assets and noninterest-bearing liabilities, with changes in fair value recorded in Noninterest income.

(b) Loan fees for the three months ended June 30, 2022 and June 30, 2021 were $38 million and $42 million, respectively. Loan fees for the six months ended June 30, 2022 and June 30, 2021 were $98 million and $97 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)

In millions	Six months ended June 30, 2022	Six months ended June 30, 2021	Three months ended June 30, 2022	Three months ended June 30, 2021
Net interest income (GAAP)	$ 5,855	$ 4,929	$ 3,051	$ 2,581
Taxable-equivalent adjustments	47	30	25	15
Net interest income (non-GAAP)	$ 5,902	$ 4,959	$ 3,076	$ 2,596

(a) The interest income earned on certain interest-earning assets is completely or partially exempt from federal income tax. As such, these tax-exempt instruments typically yield lower returns than taxable investments. To provide more meaningful comparisons of net interest income, we use interest income on a taxable-equivalent basis by increasing the interest income earned on tax-exempt assets to make it fully equivalent to interest income earned on taxable investments. This adjustment is not permitted under GAAP.

Glossary

Defined Terms

For a glossary of terms commonly used in our filings, please see the glossary of terms included inour 2021 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.	**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	**OREO**	Other real estate owned
bps	Basis points	**OTC**	Over-the-counter
CARES Act	Coronavirus Aid, Relief and Economic Security Act	**PCD**	Purchased credit deteriorated
CCAR	Comprehensive Capital Analysis and Review	**PD**	Probability of default
CECL	Current expected credit losses	**PPP**	Paycheck Protection Program
CET1	Common equity tier 1	**RAC**	PNC's Reserve Adequacy Committee
FHLB	Federal Home Loan Bank	**ROAP**	Removal of account provisions
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	**SOFR**	Secured Overnight Financing Rate
FOMC	Federal Open Market Committee	**SPE**	Special purpose entity
GAAP	Accounting principles generally accepted in the United States of America	**TDR**	Troubled debt restructuring
GDP	Gross Domestic Product	**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 14 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 2021 Form 10-K in response to Part II, Item 1A and Part I, Item 1A, respectively.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Unregistered Sales of Equity Securities

None.

Equity Security Repurchases

Details of our repurchases of PNC common stock during the second quarter of 2022 are included in the following table.

2022 period In thousands, except per share data	Total shares purchased (a)	Average price paid per share	Total shares purchased as part of publicly announced programs (b)	Maximum number of shares that may yet be purchased under the programs (b)
April 1 - 30	2,553	$ 178.24	2,542	61,214
May 1 - 31	848	$ 162.84	848	60,366
June 1 - 30	910	$ 160.50	910	59,456
Total	4,311	$ 171.47	4,300	

(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 2021 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, which includes setting PNC's SCB. The SCB framework allows for capital returns in amounts up to the level of capital in excess of the SCB minimum. Consistent with the flexibility provided under the SCB framework, our Board of Directors has recently authorized a new share repurchase structure, under the already approved authorization for repurchases of up to 100 million common shares, of which approximately 59% were still available at June 30, 2022. This structure allows for the continuation of our recent quarterly average share repurchase levels in dollars as well as the flexibility to increase those levels should conditions warrant.

ITEM 6. EXHIBITS

The following exhibit index lists Exhibits filed or furnished with this Quarterly Report on Form 10-Q:

EXHIBIT INDEX

10.34	2022 Form of Performance Share Units Award Agreement
10.35	2022 Form of Restricted Share Units Award Agreement
10.36	2022 Form of Restricted Share Units Award Agreement – Senior Leader Program
10.37	2022 Form of Performance Restricted Share Units Award Agreement
22	Subsidiary Issuers of Guaranteed Securities
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350
32.2	Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350
101.INS	Inline XBRL Instance Document *
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

*The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL.

You can obtain copies of these Exhibits electronically at the SEC's website at www.sec.gov. The Exhibits are also available as part of this Form 10-Q on PNC's corporate website at www.pnc.com/secfilings. Shareholders and bondholders may also obtain copies of Exhibits, without charge, by contacting 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 at “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 all of this information through filings with the SEC.

Other information posted on our corporate website that may not be available in our filings with the SEC includes information relating to our corporate governance and annual communications from our chairman to shareholders.

Where we have included internet addresses in this Report, such as our internet address and the internet address of the SEC, we have included those internet addresses as inactive textual references only. Except as specifically incorporated by reference into this Report, information on those websites is not part hereof.

Financial Information

We are subject to the informational requirements of the Exchange Act and, in accordance with the Exchange Act, we file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC File Number is 001-09718. You can obtain copies of these and other filings, including exhibits, electronically at the SEC’s internet website at www.sec.gov or on our corporate internet website at www.pnc.com/secfilings. Shareholders and bond holders may also obtain copies of these filings without charge by contacting PNC Investor Relations at 800-843-2206, via the request financial information form at www.pnc.com/investorrelations or via email to investor.relations@pnc.com.

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, Human Resources, 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, which includes setting PNC's SCB, as described in the Capital Management portion of the Risk Management section of the Financial Review of this Report and in the Supervision and Regulation section in Item 1 of our 2021 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 August 2, 2022 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)

EX 10.34

THE PNC FINANCIAL SERVICES GROUP, INC.
2016 INCENTIVE AWARD PLAN
* * *
PERFORMANCE SHARE UNITS AWARD AGREEMENT

This Agreement, which includes the attached appendices (this "Agreement") sets forth the terms and conditions of your performance share unit award made pursuant to The PNC Financial Services Group, Inc. 2016 Incentive Award Plan and any sub-plans thereto.

Appendix A to this Agreement sets forth additional terms and conditions of the Award, including restrictive covenant provisions. Appendix B to this Agreement sets forth certain definitions applicable to this Agreement generally. Appendix C to this Agreement sets forth the performance-based vesting conditions applicable to the Award and certain related definitions. Capitalized terms not otherwise defined in the body of this Agreement have the meaning ascribed to such terms in the Plan or Appendices A, B or C.

The Corporation and the Grantee named below (referenced in this Agreement as "you" or "your") agree as follows:

Subject to your timely acceptance of this Agreement (as described in Section A below), the Corporation grants to you the Award set forth below, subject to the terms and conditions of the Plan and this Agreement.

A.	**GRANT AND ACCEPTANCE OF PSUs**	
	GRANTEE	#ParticipantName#
	GRANT DATE	#GrantDate#
	AWARD	Performance share units ("PSUs"), each representing a right to receive one Share, and related Dividend Equivalents, payable in cash.
	TARGET	#QuantityGranted# PSUs and related Dividend Equivalents
	PERFORMANCE PERIOD	January 1, 2022- December 31, 2024 (other than limited exceptions in the event of death or a Change of Control, as described in Appendix C).

AWARD ACCEPTANCE; AWARD EFFECTIVE DATE	You must accept this Award by delivering an executed unaltered copy of this Agreement to the Corporation within 30 days of your receipt of this Agreement. Upon such execution and delivery of this Agreement by both you and the Corporation, this Agreement is effective as of the Grant Date (the "Award Effective Date"). If you do not properly accept this Award, the Corporation may, in its sole discretion, cancel the Award at any time thereafter.

B. VESTING REQUIREMENTS

B.1 ***An Award becomes vested only upon satisfaction of both the service-based vesting requirements and the performance-based vesting requirements set forth below.***

SERVICE-BASED VESTING REQUIREMENTS	Except as otherwise provided in this Agreement, you must remain continuously employed through and including the Committee-determined Final Award Date (as defined in Appendix B) or such earlier date as prescribed by Section B.2 below.
PERFORMANCE-BASED VESTING REQUIREMENTS	Provided the service-based vesting requirements have been met, the Award will vest and become payable on the applicable Final Award Date upon the achievement of the performance goals set forth in Appendix C to this Agreement.

B.2 EFFECT OF TERMINATION OF EMPLOYMENT PRIOR TO THE FINAL AWARD DATE ON VESTING REQUIREMENTS

RETIREMENT	Notwithstanding anything to the contrary in this Agreement, if your employment with PNC is terminated due to your Retirement, and not for Cause, then the service-based vesting requirements of the Award will be satisfied as of your Termination Date, but the Award will not vest and become payable until the Final Award Date, subject to satisfaction of the performance-based vesting requirements and your continued compliance with the terms and conditions of this Agreement.
DISABILITY	Notwithstanding anything to the contrary in this Agreement, if your employment with PNC is terminated by PNC due to your Disability, and not for Cause, then the service-based vesting

for Cause, then the service-based vesting requirements of the Award will be satisfied as of your Termination Date, but the Award will not vest and become payable until the Final Award Date, subject to satisfaction of the performance-based vesting requirements and your continued compliance with the terms and conditions of this Agreement.

DEATH	Notwithstanding anything to the contrary in this Agreement, if your employment with PNC ceases by reason of your death, or if you die after a termination of employment with PNC due to Disability or Retirement or following an Anticipatory Termination, but prior to the Final Award Date, then the service-based requirements of the Award will be satisfied as of your date of death, and the performance-based vesting requirements will be satisfied as further described in Appendix C.
ANTICIPATORY TERMINATION	Notwithstanding anything to the contrary in this Agreement, if your termination of employment with PNC is an Anticipatory Termination, then the service-based vesting requirements of the Award will be satisfied as of the Termination Date, but the Award will not vest and become payable until the Final Award Date, subject to satisfaction of the performance-based vesting requirements and your continued compliance with the terms of this Agreement.
TERMINATION FOLLOWING A CHANGE OF CONTROL	Notwithstanding anything to the contrary in this Agreement, if you have been continuously employed by PNC, including any successor entity, through the date of a Change of Control, and your employment with PNC is terminated following such Change of Control (but prior to the Final Award Date): (a) by PNC other than for Misconduct, (b) by you for Good Reason, or (c) for any reason (other than for Misconduct) on or after the first business day of the calendar year following the end of the Performance Period, (each, a "Qualifying Termination"), then the

service-based requirements of the Award will be satisfied as of your Termination Date, and the performance-based vesting requirements will be satisfied as further described in Appendix C.

For the avoidance of doubt, upon the occurrence of a Change of Control, the Award will not become vested until the service-based vesting requirements are satisfied, either as set forth in Section B.1. or as a result of your Retirement, your termination of employment by reason of death or Disability, or the occurrence of a Qualifying Termination.

C.		**FORFEITURE**
C.1	**FORFEITURE UPON FAILURE TO MEET SERVICE-BASED VESTING REQUIREMENTS**	Except as otherwise provided in Section B.2 above, if you cease to be an employee of PNC prior to an applicable Final Award Date, you will not have satisfied the service-based vesting requirements and the Award will be automatically forfeited and cancelled as of your Termination Date. Upon such forfeiture or cancellation, neither you nor your successors, heirs, assigns or legal representatives will have any further rights or interest in the Award under this Agreement.
C.2	**FORFEITURE IN CONNECTION WITH DETRIMENTAL CONDUCT**	At any time prior to the Final Award Date, to the extent that PNC (acting through a PNC Designated Person) determines in its sole discretion (a) that you have engaged in Detrimental Conduct and (b) to forfeit and cancel all or a specified portion of the outstanding Award as a result of such determination, then such portion will be forfeited and cancelled effective as of the date of such determination.
C.3	**FORFEITURE UPON FAILURE TO SATISFY PERFORMANCE CONDITIONS**	If the final Corporate Performance Factor (as defined in Appendix C) is determined by the Committee to be 0.00%, the Award will be eligible to be forfeited and cancelled without payment of any consideration by PNC as of the date of such determination.
D.		**DIVIDEND EQUIVALENTS**
D.1	**GENERALLY**	As of the Award Effective Date, you will be entitled to earn accrued cash Dividend Equivalents on the vested Payout Share Units (defined in

Appendix C), in an amount equal to the cash

		dividends that would have been paid (without interest or reinvestment) between the Grant Date and the Final Award Date, as though you were the record holder of such Payout Share Units, and such Payout Share Units had been issued and outstanding shares on the Grant Date through the Final Award Date.
D.2	**ACCRUED DIVIDEND EQUIVALENT PAYMENTS**	(a) Generally. Accrued Dividend Equivalents will vest and be paid out in cash, less the payment of any applicable withholding taxes pursuant to Section 6 of Appendix A, if and when the Award vests and pays out (at which point such Dividend Equivalents will terminate). Dividend Equivalents are subject to the same vesting requirements and payout size adjustments as the Award. If the PSUs to which such Dividend Equivalents relate are forfeited and cancelled, such related Dividend Equivalents will also be forfeited and cancelled. (b) Payment Upon a Change of Control. Accrual of Dividend Equivalents will cease as of the Change of Control. Upon a Change of Control, Dividend Equivalents accrued (without reinvestment or interest) between the Grant Date and the Change of Control will vest and be paid out in cash, less the payment of any applicable withholding taxes pursuant to Section 6 of Appendix A, if and when the Award vests and pays out, as if you were the record holder of the number of Shares equal to the number of vested Payout Share Units underlying the Award from the Grant Date through the date of the Change of Control.
E.	**PAYMENT OF THE AWARD**	
E.1	**PAYMENT TIMING**	Except as otherwise provided below, vested Payout Share Units that remain outstanding will be settled as soon as practicable following the applicable Final Award Date (and no later than (x) December 31st following the year of death, in the event of your death, or (y) March 15th following the year the Award vests).
E.2	**FORM OF PAYMENT; AMOUNT**	(a) Payment Generally. Except as provided in subsection (b) below, your Final Award will be settled at the time set forth in Section E.1 by

delivery to you of that number of whole Shares equal to the number of Payout Share Units under your Final Award, less the payment of any applicable withholding taxes pursuant to Section 6 of Appendix A.

(b) Payment On or After a Change of Control.

Upon vesting on or after a Change of Control, vested Payout Share Units will be settled at the time set forth in Section E.1 by payment to you of cash in an amount equal to that number of whole Shares equal to the number of vested Payout Share Units, multiplied by the then current Fair Market Value of a share of Common Stock on the date of the Change of Control (subject to any applicable adjustment pursuant to Section 2 of Appendix A), less the payment of any applicable withholding taxes pursuant to Section 6 of Appendix A. Related accrued Dividend Equivalent payments will be paid to you in cash as described in Section D.2(b).

No interest will be paid with respect to any such payments made pursuant to this Section E.

F. RESTRICTIVE COVENANTS

Upon your acceptance of this Award, you shall become subject to the restrictive covenant provisions set forth in Section 1 of Appendix A.

G. CLAWBACK

The Award, and any right to receive and retain any Shares (if applicable), cash or other value pursuant to the Award, is subject to rescission, cancellation or recoupment, in whole or in part, if and to the extent so provided under the Corporation's Incentive Compensation Adjustment and Clawback Policy, as in effect from time to time with respect to the Award, or any other applicable clawback, adjustment or similar policy in effect on or established after the Grant Date and to any clawback or recoupment that may be required by applicable law or regulation.

By accepting this Award, you agree that you are obligated to provide all assistance necessary to the Corporation to recover or recoup the Shares, cash or other value pursuant to the Award which are subject to recovery or recoupment pursuant to applicable law, government regulation, stock exchange listing requirement or PNC policy. Such assistance shall include completing any documentation necessary to recover or recoup the Shares, cash or other value pursuant to the Award from any accounts you maintain with PNC or any pending or future compensation.

A copy of the Incentive Compensation Adjustment and Clawback Policy is included in the materials distributed to you with this Agreement.

EX 10.34

THE PNC FINANCIAL SERVICES GROUP, INC.
2016 INCENTIVE AWARD PLAN

PERFORMANCE SHARE UNITS AWARD AGREEMENT

APPENDIX A

ADDITIONAL PROVISIONS

1. **Restrictive Covenants**. You and PNC acknowledge and agree that you have received adequate consideration with respect to enforcement of the provisions of this Section 1 by virtue of accepting this Award (regardless of whether the Award or any portion thereof is ultimately settled and paid to you); that such provisions are reasonable and properly required for the adequate protection of the business of PNC and its subsidiaries; and that enforcement of such provisions will not prevent you from earning a living.

(a) Non-Solicitation; No-Hire. You agree to comply with the provisions of this Section 1(a) during the period of your employment with PNC and the 12-month period following your Termination Date, regardless of the reason for such termination of employment, as follows:

i. *Non-Solicitation*. You will not, directly or indirectly, either for your own benefit or purpose or for the benefit or purpose of any Person other than PNC, solicit, call on, do business with, or actively interfere with PNC's relationship with, or attempt to divert or entice away, any Person that you should reasonably know (A) is a customer of PNC for which PNC provides any services as of your Termination Date, or (B) was a customer of PNC for which PNC provided any services at any time during the 12 months preceding your Termination Date, or (C) was, as of your Termination Date, considering retention of PNC to provide any services.

ii. *No-Hire*. You will not, directly or indirectly, either for your own benefit or purpose or for the benefit or purpose of any Person other than PNC, employ or offer to employ, call on, or actively interfere with PNC's relationship with, or attempt to divert or entice away, any employee of PNC. You also will not assist any other Person in such activities.

Notwithstanding Section 1(a)(i) and Section 1(a)(ii) above, if your termination of employment with PNC is an Anticipatory Termination, then commencing immediately after your Termination Date, the provisions of Section 1(a)(i) and Section 1(a)(ii) will no longer apply and will be replaced with the following provision:

"No-Hire. You agree that you will not, for a period of one year after your Termination Date, employ or offer to employ, solicit, actively interfere with PNC or any PNC affiliate's relationship with, or attempt to divert or entice away, any officer of PNC or any affiliate of PNC."

(b) Confidentiality. During your employment with PNC and thereafter regardless of the reason for termination of such employment, you will not disclose or use in any way any confidential business or technical information or trade secret acquired in the course of such employment, all of which is the exclusive and valuable property of PNC whether or not conceived of or prepared by you, other than (i) information generally known in PNC's industry or acquired from public sources, (ii) as required in the course of employment by PNC, (iii) as required by any court, supervisory authority, administrative agency or applicable law, or (iv) with the prior written consent of PNC. Nothing in this Agreement, including this Section 1(b), is intended to limit you from reporting possible violations of law or regulation to any governmental entity or any self-regulatory organization or making other disclosures that are protected under the whistleblower provisions of federal, state or local law or regulation. You further understand and agree that you are not required to contact or receive consent from PNC before engaging in such communications with any such authorities.

(c) Ownership of Inventions. You will promptly and fully disclose to PNC any and all inventions, discoveries, improvements, ideas or other works of inventorship or authorship, whether or not patentable, that have been or will be conceived and/or reduced to practice by you during the term of your employment with PNC, whether alone or with others, and that are (i) related directly or indirectly to the business or activities of PNC or (ii) developed with the use of any time, material, facilities or other resources of PNC ("Developments"). You agree to assign and hereby do assign to PNC or its designee all of your right, title and interest, including copyrights and patent rights, in and to all Developments. You will perform all actions and execute all instruments that PNC or any subsidiary will deem necessary to protect or record PNC's or its designee's interests in the Developments. The obligations of this Section 1(c) will be performed by you without further compensation and will continue beyond your Termination Date.

(d) Enforcement Provisions. You understand and agree to the following provisions regarding enforcement of Section 1 of this Agreement:

i. *Equitable Remedies*. A breach of the provisions of Sections 1(a) – 1(c) will cause PNC irreparable harm, and PNC will therefore be entitled to seek issuance of immediate, as well as permanent, injunctive relief restraining you, and each and every person and entity acting in concert or participating with you, from initiation and/or continuation of such breach.

ii. *Tolling Period*. If it becomes necessary or desirable for PNC to seek compliance with the provisions of Section 1(a) by legal proceedings, the period during which you will comply with said provisions will extend for a period of 12 months from the date PNC institutes legal proceedings for injunctive or other relief.

iii. *Reform*. If any of Sections 1(a) – 1(c) are determined by a court of competent jurisdiction to be unenforceable because unreasonable either as to length of time or area to which the restriction applies, it is the intent of both parties that the court reduce and reform the restriction so as to apply the greatest limitations considered enforceable by the court.

iv. *Waiver of Jury Trial*. Each of you and PNC hereby waives any right to trial by jury with regard to any suit, action or proceeding under or in connection with any of Sections 1(a) – 1(c).

v. *Application of Defend Trade Secrets Act*. Regardless of any other provision in this Agreement, you may be entitled to immunity and protection from retaliation under the Defend Trade Secrets Act of 2016 for disclosing trade secrets under certain limited circumstances, as set forth in PNC's Defend Trade Secrets Act policy. The policy is available for viewing on PNC's intranet under the "PNC Ethics" page.

2. **Capital Adjustments upon a Change of Control**. Upon the occurrence of a Change of Control, (a) the number, class and kind of PSUs then outstanding under the Award will automatically be adjusted to reflect the same changes as are made to outstanding shares of Common Stock generally, (b) the value per share unit of any share-denominated award amount will be measured by reference to the per share value of the consideration payable to a holder of Common Stock in connection with such Corporate Transaction or Transactions if applicable, and (c) with respect to stock-payable PSUs only, if the effect of the Corporate Transaction or Transactions on a holder of Common Stock is to convert that shareholder's holdings into consideration that does not consist solely (other than as to a minimal amount) of shares of Common Stock, then the entire value of any payment to be made to you will be made solely in cash at the applicable time specified in this Agreement.

3. **Fractional Shares**. No fractional Shares will be delivered to you. If the outstanding vested PSUs being settled in Shares include a fractional interest, such fractional interest will be eliminated by rounding down to the nearest whole share unit.

4. **No Rights as a Shareholder**. You will have no rights as a shareholder of the Corporation by virtue of this Award unless and until Shares are issued and delivered in settlement of the Award pursuant to and in accordance with this Agreement.

5. **Transfer Restrictions.**

(a) The Award may not be sold, assigned, transferred, exchanged, pledged, or otherwise alienated or hypothecated.

(b) If you are deceased at the time any outstanding vested PSUs are settled and paid out in accordance with the terms of this Agreement, such delivery of Shares, cash payment or other payment (as applicable) shall be made to the executor or administrator of your estate or to your other legal representative or, as permitted under the election procedures of the Plan's third-party administrator, to your designated beneficiary, in each case, as determined in good faith by the Corporation. Any delivery of Shares, cash payment or other payment made in good faith by the Corporation to your executor, other legal representative or permissible designated beneficiary, or retained by the Corporation for taxes pursuant to Section 6 of this Appendix A, shall extinguish all right to payment hereunder.

6. Withholding Taxes.

(a) You shall be solely responsible for any applicable taxes (including, without limitation, income and excise taxes), penalties and interest that you incur in connection hereunder. The Corporation will, at the time any withholding tax obligation arises in connection herewith, retain an amount sufficient to satisfy the minimum amount of taxes then required to be withheld by the Corporation in connection therewith from amounts then payable hereunder to you.

(b) If any such withholding is required prior to the time amounts are payable to you hereunder or if such amounts are not sufficient to satisfy such obligation in full, the withholding will be taken from other compensation then payable to you or as otherwise determined by PNC.

(c) The Corporation will withhold cash from any amounts then payable to you hereunder that are settled in cash. Unless the Committee or PNC Designated Person determines otherwise, with respect to stock-payable PSUs only, the Corporation will retain whole Shares from any amounts then payable to you hereunder (or pursuant to any other PSUs previously awarded to you under the Plan) in the form of Shares. For purposes of this Section 6(c), Shares retained to satisfy applicable withholding tax requirements will be valued at their Fair Market Value on the date the tax withholding obligation arises (as such date is determined by the Corporation).

7. Employment. Neither the granting of the Award nor any payment with respect to such Award authorized hereunder nor any term or provision of this Agreement shall constitute or be evidence of any understanding, expressed or implied, on the part of PNC to employ you for any period or in any way alter your status as an employee at will.

8. Miscellaneous.

(a) Subject to the Plan and Interpretations. In all respects the Award and this Agreement are subject to the terms and conditions of the Plan, which has been made available to you and is incorporated herein by reference. The terms of the Plan will not be considered an enlargement of any benefits under this Agreement. If the Plan and this Agreement conflict, the provisions of the Plan will govern. Interpretations of the Plan and this Agreement by the Committee are binding on you and PNC.

(b) Governing Law and Jurisdiction. This Agreement is governed by and construed under the laws of the Commonwealth of Pennsylvania, without reference to its conflict of laws provisions. Any dispute or claim arising out of or relating to this

Agreement or claim of breach hereof will be brought exclusively in the Federal court for the Western District of Pennsylvania or in the Court of Common Pleas of Allegheny County, Pennsylvania. By execution of this Agreement, you and PNC hereby consent to the exclusive jurisdiction of such courts and waive any right to challenge jurisdiction or venue in such courts with regard to any suit, action, or proceeding under or in connection with this Agreement.

(c) Headings; Entire Agreement. Headings used in this Agreement are provided for reference and convenience only, are not considered part of this Agreement, and will not be employed in the construction of this Agreement. This Agreement, including any appendices or exhibits attached hereto, constitutes the entire agreement between you and PNC with respect to the subject matters addressed herein, and supersedes all other discussions, negotiations, correspondence, representations, understandings and agreements between the parties concerning the subject matters hereof.

(d) Modification. Modifications or adjustments to the terms of this Agreement may be made by the Corporation as permitted in accordance with the Plan or as provided for in this Agreement. No other modification of the terms of this Agreement will be effective unless embodied in a separate, subsequent writing signed by you and by an authorized representative of the Corporation.

(e) No Waiver. Failure of PNC to demand strict compliance with any of the terms, covenants or conditions of this Agreement will not be deemed a waiver of such term, covenant or condition, nor will any waiver or relinquishment of any such term, covenant or condition on any occasion or on multiple occasions be deemed a waiver or relinquishment of such term, covenant or condition.

(f) Severability. The restrictions and obligations imposed by this Agreement are separate and severable, and it is the intent of both parties that if any restriction or obligation imposed by any of these provisions is deemed by a court of competent jurisdiction to be void for any reason whatsoever, the remaining provisions, restrictions and obligations will remain valid and binding upon you.

(g) Applicable Laws. Notwithstanding anything in this Agreement, PNC will not be required to comply with any term, covenant or condition of this Agreement if and to the extent prohibited by law, including but not limited to Federal banking and securities regulations, or as otherwise directed by one or more regulatory agencies having jurisdiction over PNC.

(h) Compliance with Section 409A of the Internal Revenue Code. It is the intention of the parties that the Award and this Agreement comply with the provisions of Section 409A of the Internal Revenue Code to the extent, if any, that such provisions are applicable. This Agreement will be administered in a manner consistent with this intent, including as set forth in Section 20 of the Plan. If the Award includes a "series of installment payments" (within the meaning of Section 1.409A-2(b)(2)(iii) of the Treasury

Regulations), your right to the series of installment payments will be treated as a right to a series of separate payments and not as a right to a single payment.

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EX 10.34

PNC

THE PNC FINANCIAL SERVICES GROUP, INC.
2016 INCENTIVE AWARD PLAN

PERFORMANCE SHARE UNITS AWARD AGREEMENT

APPENDIX B

DEFINITIONS

Certain Definitions. Except as otherwise provided, the following definitions apply for purposes of this Agreement.

"Anticipatory Termination" means a termination of employment where PNC terminates your employment with PNC (other than for Misconduct or Disability) prior to the date on which a Change of Control occurs, and you reasonably demonstrated that such termination of employment (i) was at the request of a third party that has taken steps reasonably calculated to effect a Change of Control or (ii) otherwise arose in connection with or in anticipation of a Change of Control.

"Award Effective Date" has the meaning set forth in Section A of this Agreement.

"Change of Control" means:

(a) Any Person becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (x) the then-outstanding shares of Common Stock (the "Outstanding PNC Common Stock") or (y) the combined voting power of the then-outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the "Outstanding PNC Voting Securities"). The following acquisitions will not constitute a Change of Control for purposes of this definition: (1) any acquisition directly from the Corporation, (2) any acquisition by the Corporation, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any company controlled by, controlling or under common control with the Corporation (an "Affiliated Company"), (4) any acquisition pursuant to an Excluded Combination (as defined below) or (5) an acquisition of beneficial ownership representing between 20% and 40%, inclusive, of the Outstanding PNC Voting Securities or Outstanding PNC Common Stock if the Incumbent Board (as defined below) as of immediately prior to any such acquisition approves such acquisition either prior to or immediately after its occurrence;

(b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied). For purposes of this definition, any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the shareholders of the Corporation, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board will be considered as though such individual was a member of the Incumbent Board, but

be considered as though such individual was a member of the incumbent Board, but

excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(c) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Corporation or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Corporation, or the acquisition of assets or stock of another entity by the Corporation or any of its subsidiaries (each, a "Business Combination"). A transaction otherwise meeting the definition of Business Combination will not be treated as a Change of Control if following completion of the transaction all or substantially all of the beneficial owners of the Outstanding PNC Common Stock and the Outstanding PNC Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of the then-outstanding shares of Common Stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Corporation or all or substantially all of the Corporation's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding PNC Common Stock and the Outstanding PNC Voting Securities, as the case may be (such a Business Combination, an "Excluded Combination"); or

(d) Approval by the shareholders of the Corporation of a complete liquidation or dissolution of the Corporation.

"Competitive Activity" means any participation in, employment by, ownership of any equity interest exceeding one percent in, or promotion or organization of, any Person other than PNC (1) engaged in business activities similar to some or all of the business activities of PNC during your employment or (2) engaged in business activities that you know PNC intends to enter within the next 12 months (or, if after your Termination Date, within the first 12 months after your Termination Date), in either case whether you are acting as agent, consultant, independent contractor, employee, officer, director, investor, partner, shareholder, proprietor or in any other individual or representative capacity therein. For purposes of Competitive Activity as defined herein (and as such similar term is defined in any equity-based award agreement held by you), the term "subsidiary" will not include any company in which PNC holds an interest pursuant to its merchant banking authority.

"Detrimental Conduct" means:

(a) You have engaged in, without the prior written consent of PNC (with consent to be given or withheld at PNC's sole discretion), in any Competitive Activity in the Restricted Territory at any time during the period of your employment with PNC and the 12-month period following your Termination Date;

the 12-month period following your Termination Date;

(b) any act of fraud, misappropriation, or embezzlement by you against PNC or one of its subsidiaries or any client or customer of PNC or one of its subsidiaries; or

(c) you are convicted (including a plea of guilty or of nolo contendere) of, or you enter into a pre-trial disposition with respect to, the commission of a felony that relates to or arises out of your employment or other service relationship with PNC.

You will be deemed to have engaged in Detrimental Conduct for purposes of this Agreement only if and when the Committee or other PNC Designated Person determines that you have engaged in conduct described in clause (a) or clause (b) above or that an event described in clause (c) above has occurred with respect to you. Detrimental Conduct will not apply to conduct by or activities of successors to the Award by will or the laws of descent and distribution in the event of your death.

No determination that you have engaged in Detrimental Conduct may be made (x) on or after your Termination Date if your termination of employment was an Anticipatory Termination or (y) between the time PNC enters into an agreement providing for a Change of Control and the time such agreement either terminates or results in a Change of Control.

"Final Award Date" means (a) the date on which the Committee makes its determination as to the size of the payout to be paid out to you in accordance with this Agreement (such payout amount, the "Final Award"), if any, following the end of the Performance Period, (b) in the event of your death prior to the last calendar year of the Performance Period, the date on which the Committee makes its determination of a Final Award, if any, following the calendar year of your death, or (c) if a Change of Control has occurred prior to the date described in (a) and a Final Award has been authorized, the date upon which the service requirements are satisfied.

"Good Reason" means the definition of Good Reason contained in the Change of Control Employment Agreement between you and PNC or any substitute employment agreement entered into between you and PNC then in effect or, if none, the occurrence of any of the following events without your consent:

(a) the assignment of any duties to you inconsistent in any material respect with your position (including status, offices, titles and reporting requirements), or any other material diminution in such position, authority, duties or responsibilities;

(b) any material reduction in your rate of base salary or the amount of your annual bonus opportunity (or, if less, the bonus opportunity established for PNC's similarly situated employees for any year), or a material reduction in the level of any other employee benefits for which you are eligible receive below those offered to PNC's similarly situated employees;

(c) PNC's requiring you to be based at any office or location outside of a fifty (50)-mile radius from the office where you were employed on the Grant Date;

(d) any action or inaction that constitutes a material breach by PNC of any agreement entered into between you and PNC; or

(e) the failure by PNC to require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of PNC to assume expressly and agree to perform this Agreement in the same manner and to the same extent that PNC would be required to perform it if no such succession had taken place.

Notwithstanding the foregoing, none of the events described above shall constitute Good Reason unless and until (i) you first notify PNC in writing describing in reasonable detail the condition which constitutes Good Reason within 90 days of its initial occurrence, (ii) PNC fails to cure such condition within 30 days after receipt of such written notice, and (iii) you terminate employment within two years of its initial occurrence.

Your mental or physical incapacity following the occurrence of an event described above in clauses (a) through (e) shall not affect your ability to terminate employment for Good Reason, and your death following delivery of a notice of termination for Good Reason shall not affect your estate's entitlement to severance payments benefits provided hereunder upon a termination of employment for Good Reason.

"Misconduct" means, as it relates to an Anticipatory Termination or following a Change of Control, (a) your willful and continued failure to substantially perform your duties with PNC (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to you by the Board or the CEO that specifically identifies the manner in which the Board or the CEO believes that you have not substantially performed your duties; or (b) your willful engagement in illegal conduct or gross misconduct that is materially and demonstrably injurious to PNC or any of its subsidiaries. For purposes of clauses (a) and (b), no act or failure to act, on your part, shall be considered willful unless it is done, or omitted to be done, by you in bad faith and without reasonable belief that your action or omission was in the best interests of PNC. Any act, or failure to act, based upon the instructions or prior approval of the Board, the CEO or your superior or based upon the advice of counsel for PNC, will be conclusively presumed to be done, or omitted to be done, by you in good faith and in the best interests of PNC.

Your cessation of employment will be deemed to be a termination of your employment with PNC for Misconduct only if and when there shall have been delivered to you, as part of the notice of your termination, a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board, at a Board meeting called and held for the purpose of considering such termination, finding on the basis of clear and convincing evidence that, in the good faith opinion of the Board, you are guilty of conduct described in clause (a) or clause (b) above and, in either case, specifying the

particulars thereof in detail. Such resolution shall be adopted only after (i) reasonable notice of such Board meeting is provided to you, together with written notice that PNC believes that you are guilty of conduct described in clause (a) or clause (b) above and, in either case, specifying the particulars thereof in detail, and (ii) you are given an opportunity, together with counsel, to be heard before the Board.

"Payout Share Units" refers to the performance-adjusted number of units that are eligible to vest.

"Person" means any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act.

"PNC Designated Person" means (a) the Committee or its delegate if you are (or were when you ceased to be an employee of PNC) either a Group 1 covered employee (Corporate Executive Group member) including any equivalent successor classification or subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to PNC securities (or both); or (b) the Committee, the CEO, or the Chief Human Resources Officer of PNC, or any other individual or group as may be designated by one of the foregoing to act as PNC Designated Person for purposes of this Agreement.

"Qualifying Termination" has the meaning set forth in Section B of this Agreement.

"Restricted Territory" means (a) if you are employed by (or, if you are not an employee, providing the majority of your services to) PNC in the United States or Canada as of the Termination Date, the United States and Canada, (b) if you are employed by (or, if you are not an employee, providing the majority of your services to) PNC in the United Kingdom as of the Termination Date, the United Kingdom or (c) if you are employed by (or, if you are not an employee, providing the majority of your services to) PNC in Germany as of the Termination Date, Germany or the United Kingdom.

"Retirement" means your termination of employment with PNC at any time for any reason (other than termination of employment by reason of your death, by PNC for Cause or by reason of termination of employment in connection with a divestiture of assets or a divestiture of one or more subsidiaries of PNC if the Committee or the CEO or his or her designee so determines prior to such divestiture) on or after the first date on which you have both attained at least age 55 and completed five years of service, where a year of service is determined in the same manner as the determination of a year of vesting service calculated under the provisions of The PNC Financial Services Group, Inc. Pension Plan.

"Termination Date" means the last day of your employment with PNC. If you are employed by a Subsidiary that ceases to be a Subsidiary or ceases to be a consolidated subsidiary of the Corporation under U.S. generally accepted accounting principles and you do not continue to be employed by or otherwise have a Service Relationship with PNC, then for purposes of this Agreement, your employment with PNC terminates effective at the time this occurs.

EX 10.34

THE PNC FINANCIAL SERVICES GROUP, INC.
2016 INCENTIVE AWARD PLAN

PERFORMANCE SHARE UNITS AWARD AGREEMENT

APPENDIX C

PERFORMANCE-BASED VESTING CONDITIONS

The following table sets forth the performance-based vesting conditions of the Award:

1.	*General Overview and Definitions*	Performance-based vesting and payout of your Award is determined based on the level of satisfaction of three performance metrics during the Performance Period – two corporate performance metrics and one risk-related performance metric. These metrics are described in more detail in the paragraphs below. "PNC" for purposes of this Appendix C as it refers to performance-based vesting conditions means the Corporation and its consolidated subsidiaries for financial reporting purposes. Each performance metric will be measured or reviewed on an annual basis for each calendar year (i.e., calendar year 2022, calendar year 2023 and calendar year 2024) during the Performance Period (each, a "Performance Year"). A Performance Year may refer to a partial calendar year in certain limited circumstances (e.g., in connection with death or a Change of Control) as further described in this Appendix C. The three performance metrics are: 1. *Relative Average EPS Growth* - Annual growth in earnings per share, measured for each Performance Year and then averaged for the Performance Period and compared to similar performance of other members of PNC's Peer Group based on PNC's percentile rank using a continuous percentile rank calculation ("Relative Average EPS Growth"), where for purposes of this definition:

a. "<u>EPS</u>" means the publicly-reported diluted earnings per share of PNC or other Peer Group members for the Performance Year, in each case as adjusted, on an after-tax basis, for the impact of the items set forth in paragraph 3 below (rounded to the nearest cent), and

b. "<u>EPS Growth</u>," with respect to a given Performance Year, means the growth or decline in EPS achieved by PNC or other Peer Group members for that Performance Year as compared to EPS for the comparable period of the prior calendar year, expressed as a percentage (rounded to the nearest one-hundredth).

c. "<u>Peer Group</u>" refers to the Committee-determined peer group as of the Grant Date. Performance will be measured based on the Peer Group on the last day of the Performance Period, taking into account name changes and the elimination from the Peer Group of any members since the beginning of the Performance Period (e.g., due to consolidation or merger). In the event of a merger of two members of the Peer Group during the Performance Period, the financial information of the resulting new company will be compared to that of the acquiring member of the Peer Group (as determined on a corporate accounting basis.)

The Peer Group for this Award consists of the following members: PNC, 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, Truist Financial Corp., U.S. Bancorp, and Wells Fargo & Company

2. *Average ROE* - Annual return on equity ("<u>ROE</u>"), with specified adjustments as described in paragraph 3, measured for each Performance Year and then averaged for the Performance Period ("<u>Average ROE</u>")

		and compared to specified performance targets established by the Committee. 3. *CET1 Ratio* - Whether PNC has met or exceeded the common equity Tier 1 capital spot ratio limit as then in effect and applicable to The PNC Financial Services Group, Inc. ("CET1 Ratio") (which may be on a pro forma fully phased-in basis, if applicable) as set forth in PNC's Enterprise Capital Management Policy (or any successor policy) and monitored at least quarterly. All performance metrics, including any adjustments, will be determined on the basis of: (x) with respect to PNC's absolute performance, PNC's internal financial information; (y) with respect to PNC's relative performance to other members of the Peer Group, either publicly-disclosed financial information or, in the case of PNC, internal financial information that is anticipated to be publicly disclosed in an upcoming filing with the SEC; and (z) with respect to other members of the Peer Group, publicly-disclosed financial information, in each case, only where such amounts can be reasonably determined as of the date immediately prior to the date the Committee makes its determination as to the size of the payout.
2.	*Calculating Corporate Performance Metrics*	*(a) Calculating Average ROE.* For each Performance Year, annual ROE (expressed as a percentage, rounded to the nearest one-hundredth) is calculated and adjusted for the items set forth in paragraph 3. At the end of the Performance Period, Average ROE is determined by calculating the average of PNC's annual ROE for each Performance Year, then rounding to the nearest one-hundredth. *(b) Calculating Relative Average EPS Growth.* Annual EPS Growth for PNC and each other member of the Peer Group is calculated for each Performance Year, adjusted for the items set forth in paragraph 3, expressed as a percentage and rounded to the nearest one-hundredth.

		At the end of the Performance Period, the annual EPS Growth percentages for each Performance Year are averaged. PNC's average EPS Growth is compared to the average of each other member of the Peer Group to determine PNC's percentile rank, based on a continuous percentile rank calculation and expressed as a percentage (rounded to the nearest one-hundredth). *(c) Calculating the Corporate Performance Factor.* (i) Once the Average ROE and Relative Average EPS Growth are determined, a corporate performance factor, expressed as a percentage, is calculated using the table attached as Exhibit 1, applying bilinear interpolation and rounding to the nearest one-hundredth (such percentage, the "Corporate Performance Factor"). The Corporate Performance Factor will range from 0.00% to 150.00%. The Corporate Performance Factor may be adjusted by the Committee as described in paragraph 7. (ii) In the event of your death or a Change of Control, the provisions of paragraph 8 will govern the calculation of the Corporate Performance Factor.
3.	*Adjustments to Corporate Performance Metrics*	For purposes of measuring (a) EPS Growth performance for PNC and other members of the Peer Group or (b) ROE for PNC, earnings or EPS performance results, as applicable, will be adjusted, on an after-tax basis, for the impact of any of the following where such impact occurs during a given Performance Year (or, if applicable, during the prior year comparison period for a given year): • discontinued operations (as such term is used under GAAP); • acquisition costs and merger integration costs; • in PNC's case, the net impact on PNC related to the sale of its equity stake in BlackRock; and • items resulting from a change in U.S. federal tax law, which includes one-time adjustments to U.S. federal tax law (i.e., benefits or losses associated with the revaluation of assets or liabilities due to a change in tax law), but does not include (i) any going-forward changes to run rate income as a result of a change in U.S. federal tax law, to the

		extent such going-forward changes are reasonably determinable, or (ii) benefits or losses realized from the resolution of certain outstanding tax matters (e.g., court decision that reverses an earlier tax position) or changes in a company's organizational tax structure. In the case of the EPS growth metric and the ROE performance metric, there will be an additional adjustment to add the amount disclosed as provision for credit losses (or the equivalent) and subtract the amount disclosed as total net charge-offs. In the case of the EPS growth metric, the impact of any stock splits (whether in the form of a stock split or a stock dividend) may result in an additional adjustment. Adjustments will be made if the impact of such events occurs during a Performance Year (or partial year, if applicable), or, for purposes of determining EPS Growth, during the prior year comparison period for a Performance Year. The Committee may also take into account other unusual or nonrecurring adjustments (applied on a consistent basis) in determining the Final Award. After-tax adjustments for PNC and, where applicable, other members of the Peer Group, will be calculated using the same methodology for making such adjustments on an after-tax basis.
4.	*Applying the Risk Performance Metric*	*(a) CET1 Ratio Generally*. The Award is subject to one risk performance factor based on whether PNC has met or exceeded the CET1 Ratio as of the last day of each Performance Year. The current CET1 Ratio is 7.0%. *(b) Determination of Annual CET1 Ratio*. As soon as practicable following the end of the Performance Period, PNC will present information to the Committee relating to (i) the CET1 Ratio compared to (ii) the actual CET1 Ratio achieved by PNC with respect to each Performance Year, based on PNC's publicly reported financial results for the period ending on the applicable end date.

		• If PNC meets or exceeds the CET1 Ratio for each Performance Year, the risk performance metric is satisfied. • If PNC does not meet the CET1 Ratio for a Performance Year, 1/3 of the target number of PSUs are eligible for forfeiture on the Final Award Date. The Committee will conduct a final review and adjust the target number of PSUs accordingly as of the Final Award Date.
5.	*Risk Performance Review Adjustment*	In addition, and independent from the CET1 Ratio performance metric described in paragraph 4 above, on or prior to the Final Award Date, the Committee has the discretion to conduct a risk performance review relating to a risk-related action of potentially material consequence to PNC. If the Committee exercises its discretion to conduct a risk performance review, the Committee will review and determine if a downward adjustment for risk performance is appropriate. If so, the Committee will determine the size of the risk adjustment to the Corporate Performance Factor (including reducing such Corporate Performance Factor to zero.) Any determination to conduct a risk performance review will be made shortly after the close of the Performance Period, but no later than the 45th day following the close of the Performance Period, and any required review will be conducted no later than the end of the first quarter following the close of the Performance Period.
6.	*Committee Discretion*	Notwithstanding the levels of corporate and risk performance achieved by PNC, the Committee may use its discretion to reduce or increase the number of Payout Share Units (including a reduction to zero) as it deems equitable to maintain the intended economics of the Award in light of changed circumstances. Such circumstances are limited to external events affecting PNC, its financial statements or members of its Peer Group

		that are substantially outside of PNC's control and could not reasonably be planned for as of the Grant Date. *Discretion in Connection with a Change of Control.* The Committee will have no discretion to adjust the calculated maximum Payout Share Units following a Change of Control or during a Change of Control Coverage Period. In the event (a) your termination of employment with PNC is an Anticipatory Termination, (b) a Change of Control is pending, and (c) the Committee-determined Final Award Date occurs prior to the Change of Control, the Committee will have no discretion to adjust your calculated maximum Payout Share Units under these circumstances.
7.	*Calculation of Payout Share Units and Determination of Final Award*	Following the end of the Performance Period, the Committee reviews performance against the performance metrics and makes its determination as to the Final Award, as follows: (1) *Application of Risk Performance Metric* - The Committee first determines whether or not to reduce the target number of PSUs under the Award, based on the application of the risk performance metric, as follows: (a) If PNC has met or exceeded the CET1 Ratio for each Performance Year, there is no reduction in the number of target PSUs under the Award. (b) If PNC has not met the CET1 Ratio for any Performance Year, then for each Performance Year the CET1 Ratio was not met, the Committee can elect to reduce the target number of PSUs by one-third. *(2) Committee Review of Performance Factor* - Next, the Committee determines whether to approve the calculated Corporate Performance Factor, a lower percentage or a higher percentage based on application of any risk-related adjustment (described in paragraph 5) or other Committee discretion consistent with paragraph 6. *(3) Final Award Determination* - Once the Committee approves the final Corporate Performance Factor, it applies this percentage to (x) the target number of PSUs (as reduced for any failure to meet the CET1 Ratio during the Performance Period), and rounds down to the nearest whole share unit. The resulting amount is the number of

		Payout Share Units that are eligible to vest and be settled on the Final Award Date (i.e., the Final Award). **In no event can the size of the Final Award be greater than 150.00% of the target number of PSUs.** *(4) Special Rules Regarding the Final Award Date* – The Final Award will become vested and payable as of the Final Award Date, which term is defined in Appendix B. The Final Award Date is typically the date on which the Committee makes its determination as to the size of the payout to be paid out to you, but: • In the event of a Change of Control, the amount of Payout Share Units will be calculated (as of the date of the Change of Control) as described in paragraph 8 below and determination of the Final Award will be made as soon as practicable after the Change of Control. • In the event of your death (prior to a Change of Control), the amount of Payout Share Units will be calculated as described in paragraph 8 below as soon as practicable following the calendar year of your death. In the event of your death following a Change of Control, the Payout Share Units and the Final Award Date will be determined as described above.
8.	*Determination of Payout Share Units Upon Death or a Change of Control*	
	Death	Notwithstanding anything to the contrary in this Agreement, if your employment with PNC ceases by reason of your death (or if you die following a termination of employment with PNC due to Disability or Retirement or following an Anticipatory Termination), but prior to the Committee-determined Final Award Date, then the total number of Payout Share Units is calculated based on (a) target corporate performance for all Performance Years and (b) actual risk performance for the completed Performance Years and the Performance Year in which the date of death occurs, and no risk adjustments for any remaining years in the Performance Period. The amount of Payout Share Units is rounded down to the nearest whole share unit. This amount is not pro-rated, but remains subject to the Committee's exercise of discretion. If a Change of Control occurs after your death and in the same calendar year of your death (but prior to the time the

		Committee makes a Final Award determination), the Final Award will be calculated as described below under "Change of Control" as though you remained continuously employed with PNC as of the Change of Control.
	Change of Control	Upon a Change of Control, the total number of Payout Share Units is calculated based on (a) target corporate performance for all Performance Years and (b) actual risk performance for the completed Performance Years, rounded down to the nearest whole share unit. For any remaining Performance Years (including the year of the Change of Control), if the CET1 Ratio was not met or exceeded as of the quarter-end immediately preceding the Change of Control, then for each Performance Year, one-third of the target number of PSUs will be forfeited and expire as of the Change of Control. The Committee does not have discretion to adjust this amount of Payout Share Units.
9.	*Definition of Change of Control Coverage Period*	"<u>Change of Control Coverage Period</u>" means a period commencing on the occurrence of a Change of Control Triggering Event (defined below) and ending upon the earlier to occur of (a) the date of a Change of Control Failure (defined below) and (b) the date of a Change of Control. After the termination of any Change of Control Coverage Period, another Change of Control Coverage Period will commence upon the occurrence of another Change of Control Triggering Event. For purposes of this definition: • a "<u>Change of Control Triggering Event</u>" means the occurrence of either of the following: (i) the Board or the Corporation's shareholders approve a Business Combination, other than an Excluded Combination (as defined in the definition of Change of Control in <u>Appendix B</u>), or (ii) the commencement of a proxy contest in which any Person seeks to replace or remove a majority of the members of the Board • a "<u>Change of Control Failure</u>" means: (x) with respect to a Change of Control Triggering Event, the Corporation's shareholders vote against the transaction approved by the Board or the agreement

		to consummate the transaction is terminated; or (y) with respect to a Change of Control Triggering Event described in clause (ii) of the definition above, the proxy contest fails to replace or remove a majority of the members of the Board.
10.	*Committee Determination*	The Committee may make prospective adjustments to the Award. All determinations made by the Committee or otherwise by PNC hereunder shall be made in its sole discretion and shall be final, binding and conclusive for all purposes on all parties.

EXHIBIT 1: CORPORATE PERFORMANCE FACTOR

Once Average ROE and Relative Average EPS Growth are determined, the Corporate Performance Factor is calculated using the table below.

Bilinear interpolation applies for performance between the threshold and maximum levels (in either direction). If Average ROE falls below the threshold in the table below, and PNC's percentile rank relating to average relative EPS is at or below the 25th percentile, the award is eligible for forfeiture.

The calculated payout percentage will range from 0.00% to 150.00%.

2022-2024 PSU Payout Grid				
		Three-Year Average EPS Growth (relative)		
		PNC Percent Rank at the 25th percentile or below	*PNC Percent Rank at the 50th percentile*	*PNC Percent Rank at the 75th percentile or above*
Three-Year Average ROE (absolute)	**13.00%**	100.0%	125.0%	150.0%
	11.50%	87.5%	112.5%	137.5%
	10.50%	75.0%	100.0%	125.0%
	9.50%	62.5%	87.5%	100.0%
	8.00%	50.0%	75.0%	87.5%
	Below	0.0%	25.0%	50.0%

EX 10.34

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be signed on its behalf as of the Grant Date.

THE PNC FINANCIAL SERVICES GROUP, INC.

By:

William S Demchak

Chief Executive Officer

ATTEST:

By:

Corporate Secretary

Alicia G. Powell

ACCEPTED AND AGREED TO by GRANTEE

____

Grantee

EX 10.35

THE PNC FINANCIAL SERVICES GROUP, INC.
2016 INCENTIVE AWARD PLAN

* * *

RESTRICTED SHARE UNITS AWARD AGREEMENT

This Agreement sets forth the terms and conditions of your restricted share unit award made pursuant to The PNC Financial Services Group, Inc. 2016 Incentive Award Plan and any sub-plans thereto (this "Agreement").

Appendix A to this Agreement sets forth additional terms and conditions of the Award, including restrictive covenant provisions. Appendix B to this Agreement sets forth certain definitions applicable to this Agreement generally. Appendix C to this Agreement sets forth the risk performance-based vesting conditions applicable to the Award and certain related definitions. Capitalized terms not otherwise defined in the body of this Agreement have the meaning ascribed to such terms in the Plan or Appendices A, B or C.

The Corporation and the Grantee named below (referenced in this Agreement as "you" or "your") agree as follows:

Subject to your timely acceptance of this Agreement (as described in Section A below), the Corporation grants to you the Award set forth below, subject to the terms and conditions of the Plan and this Agreement.

A.	GRANT AND ACCEPTANCE OF RSUs
GRANTEE	#ParticipantName#
GRANT DATE	#GrantDate#
AWARD	#QuantityGranted# Restricted share units ("RSUs"), each representing a right to receive one Share, and related Dividend Equivalents award, payable in cash.
AWARD ACCEPTANCE; AWARD EFFECTIVE DATE	You must accept this Award by delivering an executed unaltered copy of this Agreement to the Corporation within 30 days of your receipt of this Agreement. Upon such execution and delivery of this Agreement by both you and the Corporation, this Agreement is effective as of the Grant Date (the "Award Effective Date"). If you do not properly accept this Award, the Corporation may, in its sole discretion, cancel the Award at any time thereafter.

B.	**VESTING REQUIREMENTS**

B.1 ***An Award becomes vested only upon satisfaction of both the service-based vesting requirements and the risk performance-based vesting requirements set forth below.***

SERVICE-BASED VESTING REQUIREMENTS

The Award is divided into three approximately equal portions that will satisfy the service-based vesting requirements ratably over three years (each portion, a "Tranche") on three "Scheduled Vesting Dates", as follows:

- the service-based vesting requirement for the first Tranche will be satisfied on the 1^{st} anniversary of the Grant Date,
- the service-based vesting requirement for the second Tranche will be satisfied on the 2^{nd} anniversary of the Grant Date, and
- the service-based vesting requirement for the third Tranche will be satisfied on the 3^{rd} anniversary of the Grant Date;

in each case, provided you remain continuously employed by PNC through and including the applicable Scheduled Vesting Date (or such earlier date as prescribed by Section B.2 below).

RISK PERFORMANCE-BASED VESTING REQUIREMENTS

Provided the service-based vesting requirements have been met, each Tranche will vest on the applicable Scheduled Vesting Date upon satisfaction of the risk performance metric applicable to that Tranche, as set forth in Appendix C to this Agreement.

B.2 EFFECT OF TERMINATION OF EMPLOYMENT PRIOR TO SCHEDULED VESTING DATE(S) ON VESTING REQUIREMENTS

RETIREMENT

Notwithstanding anything to the contrary in this Agreement, if your employment with PNC is terminated due to your Retirement, and not for Cause, then the service-based vesting requirements of the Award will be satisfied as of your Termination Date, but the Award will not vest and become payable until the Scheduled Vesting Date(s), subject to satisfaction of the risk

Date(s), subject to satisfaction of the risk performance-based vesting requirements and your continued compliance with the terms and conditions of this Agreement.

DISABILITY

Notwithstanding anything to the contrary in this Agreement, if your employment with PNC is terminated by PNC due to your Disability, and not for Cause, then the service-based vesting requirements of the Award will be satisfied as of your Termination Date, but the Award will not vest and become payable until the Scheduled Vesting Date(s), subject to satisfaction of the risk performance-based vesting requirements and your continued compliance with the terms and conditions of this Agreement.

DEATH

Notwithstanding anything to the contrary in this Agreement, if your employment with PNC ceases by reason of your death, or if you die after a termination of employment with PNC due to Disability or Retirement or by reason of an Anticipatory Termination, but prior to a Change of Control or any Scheduled Vesting Date(s), then the service-based requirements of the Award will be satisfied as of your date of death, and the risk performance-based vesting requirements will be satisfied as further described in Appendix C.

ANTICIPATORY TERMINATION

Notwithstanding anything to the contrary in this Agreement, if your termination of employment with PNC is an Anticipatory Termination, then the service-based vesting requirements of the Award will be satisfied as of the Termination Date, but the Award will not vest and become payable until the Scheduled Vesting Date(s), subject to satisfaction of the risk performance-based vesting requirements and your continued compliance with the terms of this Agreement.

TERMINATION FOLLOWING A CHANGE OF CONTROL

Notwithstanding anything to the contrary in this Agreement, if you have been continuously employed by PNC, including any successor entity, through the date of a Change of Control, and your employment with PNC is terminated following such Change of Control but prior to a Scheduled Vesting Date(s), either (a) by PNC other than for

Misconduct or (b) by you for Good Reason (a

"Qualifying Termination"), then the service-based requirements of the Award will be satisfied as of your Termination Date, and the risk performance-based vesting requirements will be satisfied with respect to any outstanding Tranches as described in Appendix C.

For the avoidance of doubt, upon the occurrence of a Change of Control, the Award will not become vested until the service-based vesting requirements are satisfied, either on the Scheduled Vesting Dates as set forth in Section B.1. or as a result of your Retirement, your termination of employment by reason of death, Disability or an Anticipatory Termination or the occurrence of a Qualifying Termination.

C.		**FORFEITURE**
C.1	**FORFEITURE UPON FAILURE TO MEET VESTING REQUIREMENTS**	Except as otherwise provided in Section B.2 above, if you cease to be an employee of PNC prior to an applicable Scheduled Vesting Date and the satisfaction of the risk performance-based vesting requirements, you will not have satisfied the vesting requirements and the outstanding portion of the Award will be automatically forfeited and cancelled as of your Termination Date.
C.2	**FORFEITURE IN CONNECTION WITH DETRIMENTAL CONDUCT**	At any time prior to a Scheduled Vesting Date, to the extent that PNC (acting through a PNC Designated Person) determines in its sole discretion (a) that you have engaged in Detrimental Conduct and (b) to forfeit and cancel all or a specified portion of the outstanding Award as a result of such determination, then such portion will be forfeited and cancelled effective as of the date of such determination. Upon such determination, neither you nor your successors, heirs, assigns or legal representatives will have any further rights or interest in the Award under this Agreement.

D.		DIVIDEND EQUIVALENTS
D.1	GENERALLY	As of the Award Effective Date, you will be entitled to earn accrued cash Dividend Equivalents on the final number of vested RSUs for each Tranche, in an amount equal to the cash dividends that would have been paid (without interest or reinvestment) between the Grant Date and the Scheduled Vesting Date for that Tranche (or such earlier date in the event of your death or a Change of Control), as though you were the record holder of such RSUs, and such RSUs had been issued and outstanding shares on the Grant Date through the Scheduled Vesting Date for that Tranche (or such earlier date in the event of your death or a Change of Control).
D.2	ACCRUED DIVIDEND EQUIVALENT PAYMENTS	(a) Generally. Accrued Dividend Equivalents will vest and be paid out in cash, less the payment of any applicable withholding taxes pursuant to Section 6 of Appendix A, if and when the applicable Tranche vests and pays out (at which point such Dividend Equivalents will terminate). Dividend Equivalents are subject to the same vesting requirements and payout size adjustments as the Tranche to which they relate. If the RSUs to which such Dividend Equivalents relate are forfeited and cancelled, such related Dividend Equivalents will also be forfeited and cancelled without payment of any consideration by PNC. (b) Payment Upon a Change of Control. Accrual of Dividend Equivalents will cease as of the Change of Control. Upon a Change of Control, Dividend Equivalents accrued (without reinvestment or interest) between the Grant Date and the Change of Control will vest and be paid out in cash, less the payment of any applicable withholding taxes pursuant to Section 6 of Appendix A, if and when the applicable Tranche vests and pays out, as if you were the record holder of the number of Shares equal to the number of vested RSUs underlying such Tranche from the Grant Date through the date of the Change of Control.

E.	PAYMENT OF THE AWARD	
E.1	**PAYMENT TIMING**	Except as otherwise provided below, vested RSUs that remain outstanding will be settled as soon as practicable following (i) the applicable Scheduled Vesting Date (but no later than March 15th following the year the applicable Scheduled Vesting Date occurs), or (ii) your date of death, if your date of death is prior to the last Scheduled Vesting Date (but no later than December 31st of the year following the year of your death).
E.2	**FORM OF PAYMENT; AMOUNT**	(a) Payment Generally. Except as provided in subsection (b) below, vested RSUs will be settled at the time set forth in this Section E.1 by delivery to you of that number of whole Shares equal to the number of RSUs less the payment of any applicable withholding taxes pursuant to Section 6 of Appendix A. (b) Payment On or After a Change of Control. Upon vesting on or after a Change of Control, vested RSUs will be settled at the time set forth in Section E.1 by payment to you of cash in an amount equal to that number of whole Shares equal to the number of vested RSUs, multiplied by the then current Fair Market Value of a share of Common Stock on the date of the Change of Control (subject to any applicable adjustment pursuant to Section 2 of Appendix A), less the payment of any applicable withholding taxes pursuant to Section 6 of Appendix A. Related accrued Dividend Equivalent payments will be paid to you in cash as described in Section D.2(b). No interest will be paid with respect to any such payments made pursuant to this Section E.
F.	**RESTRICTIVE COVENANTS**	Upon your acceptance of this Award, you shall become subject to the restrictive covenant provisions set forth in Section 1 of Appendix A.
G.	**CLAWBACK**	The Award, and any right to receive and retain any Shares (if applicable), cash or other value pursuant to the Award, is subject to rescission, cancellation

or recoupment, in whole or in part, if and to the extent so provided under the Corporation's Incentive Compensation Adjustment and Clawback Policy, as in effect from time to time with respect to the Award, or any other applicable clawback, adjustment or similar policy in effect on or established after the Grant Date and to any clawback or recoupment that may be required by applicable law or regulation.

By accepting this Award, you agree that you are obligated to provide all assistance necessary to the Corporation to recover or recoup the Shares, cash or other value pursuant to the Award which are subject to recovery or recoupment pursuant to applicable law, government regulation, stock exchange listing requirement or PNC policy. Such assistance shall include completing any documentation necessary to recover or recoup the Shares, cash or other value pursuant to the Award from any accounts you maintain with PNC or any pending or future compensation.

A copy of the Incentive Compensation Adjustment and Clawback Policy is included in the materials distributed to you with this Agreement.

EX 10.35

THE PNC FINANCIAL SERVICES GROUP, INC.
2016 INCENTIVE AWARD PLAN

RESTRICTED SHARE UNITS AWARD AGREEMENT

APPENDIX A

ADDITIONAL PROVISIONS

1. Restrictive Covenants. You and PNC acknowledge and agree that you have received adequate consideration with respect to enforcement of the provisions of this Section 1 by virtue of accepting this Award (regardless of whether the Award or any portion thereof is ultimately settled and paid to you); that such provisions are reasonable and properly required for the adequate protection of the business of PNC and its subsidiaries; and that enforcement of such provisions will not prevent you from earning a living.

(a) Non-Solicitation; No-Hire. You agree to comply with the provisions of this Section 1(a) during the period of your employment with PNC and the 12-month period following your Termination Date, regardless of the reason for such termination of employment, as follows:

i. *Non-Solicitation*. You will not, directly or indirectly, either for your own benefit or purpose or for the benefit or purpose of any Person other than PNC, solicit, call on, do business with, or actively interfere with PNC's relationship with, or attempt to divert or entice away, any Person that you should reasonably know (A) is a customer of PNC for which PNC provides any services as of your Termination Date, or (B) was a customer of PNC for which PNC provided any services at any time during the 12 months preceding your Termination Date, or (C) was, as of your Termination Date, considering retention of PNC to provide any services.

ii. *No-Hire*. You will not, directly or indirectly, either for your own benefit or purpose or for the benefit or purpose of any Person other than PNC, employ or offer to employ, call on, or actively interfere with PNC's relationship with, or attempt to divert or entice away, any employee of PNC. You also will not assist any other Person in such activities.

Notwithstanding Section 1(a)(i) and Section 1(a)(ii) above, if your termination of employment with PNC is an Anticipatory Termination, then commencing immediately after your Termination Date, the provisions of Section 1(a)(i) and Section 1(a)(ii) will no longer apply and will be replaced with the following provision:

"<u>No-Hire</u>. You agree that you will not, for a period of one year after your Termination Date, employ or offer to employ, solicit, actively interfere with PNC's or any PNC affiliate's relationship with, or attempt to divert or entice away, any officer of PNC or any affiliate of PNC."

(b) Confidentiality. During your employment with PNC and thereafter regardless of the reason for termination of such employment, you will not disclose or use in any way any confidential business or technical information or trade secret acquired in the course of such employment, all of which is the exclusive and valuable property of PNC whether or not conceived of or prepared by you, other than (i) information generally known in PNC's industry or acquired from public sources, (ii) as required in the course of employment by PNC, (iii) as required by any court, supervisory authority, administrative agency or applicable law, or (iv) with the prior written consent of PNC. Nothing in this Agreement, including this Section 1(b), is intended to limit you from reporting possible violations of law or regulation to any governmental entity or any self-regulatory organization or making other disclosures that are protected under the whistleblower provisions of federal, state or local law or regulation. You further understand and agree that you are not required to contact or receive consent from PNC before engaging in such communications with any such authorities.

(c) Ownership of Inventions. You will promptly and fully disclose to PNC any and all inventions, discoveries, improvements, ideas or other works of inventorship or authorship, whether or not patentable, that have been or will be conceived and/or reduced to practice by you during the term of your employment with PNC, whether alone or with others, and that are (i) related directly or indirectly to the business or activities of PNC or (ii) developed with the use of any time, material, facilities or other resources of PNC ("Developments"). You agree to assign and hereby do assign to PNC or its designee all of your right, title and interest, including copyrights and patent rights, in and to all Developments. You will perform all actions and execute all instruments that PNC or any subsidiary will deem necessary to protect or record PNC's or its designee's interests in the Developments. The obligations of this Section 1(c) will be performed by you without further compensation and will continue beyond your Termination Date.

(d) Enforcement Provisions. You understand and agree to the following provisions regarding enforcement of Section 1 of this Agreement:

i. *Equitable Remedies*. A breach of the provisions of Sections 1(a) – 1(c) will cause PNC irreparable harm, and PNC will therefore be entitled to seek issuance of immediate, as well as permanent, injunctive relief restraining you, and each and every person and entity acting in concert or participating with you, from initiation and/or continuation of such breach.

ii. *Tolling Period*. If it becomes necessary or desirable for PNC to seek compliance with the provisions of Section 1(a) by legal proceedings, the period during which you will comply with said provisions will extend for a period of 12 months from the date PNC institutes legal proceedings for injunctive or other relief.

iii. *Reform*. If any of Sections 1(a) – 1(c) are determined by a court of competent jurisdiction to be unenforceable because unreasonable either as to length of time or area to which the restriction applies, it is the intent of both parties that the court reduce and reform the restriction so as to apply the greatest limitations considered enforceable by the court.

iv. *Waiver of Jury Trial*. Each of you and PNC hereby waives any right to trial by jury with regard to any suit, action or proceeding under or in connection with any of Sections 1(a) – 1(c).

v. *Application of Defend Trade Secrets Act*. Regardless of any other provision in this Agreement, you may be entitled to immunity and protection from retaliation under the Defend Trade Secrets Act of 2016 for disclosing trade secrets under certain limited circumstances, as set forth in PNC's Defend Trade Secrets Act policy. The policy is available for viewing on PNC's intranet under the "PNC Ethics" page.

2. Capital Adjustments upon a Change of Control. Upon the occurrence of a Change of Control, (a) the number, class and kind of RSUs then outstanding under the Award will automatically be adjusted to reflect the same changes as are made to outstanding shares of Common Stock generally, (b) the value per share unit of any share-denominated award amount will be measured by reference to the per share value of the consideration payable to a holder of Common Stock in connection with such Corporate Transaction or Transactions if applicable, and (c) with respect to stock-payable RSUs only, if the effect of the Corporate Transaction or Transactions on a holder of Common Stock is to convert that shareholder's holdings into consideration that does not consist solely (other than as to a minimal amount) of shares of Common Stock, then the entire value of any payment to be made to you will be made solely in cash at the applicable time specified in this Agreement.

3. Fractional Shares. No fractional Shares will be delivered to you. If the outstanding vested RSUs being settled in Shares include a fractional interest, such fractional interest will be eliminated by rounding down to the nearest whole share unit.

4. No Rights as a Shareholder. You will have no rights as a shareholder of the Corporation by virtue of this Award unless and until Shares are issued and delivered in settlement of the Award pursuant to and in accordance with this Agreement.

5. Transfer Restrictions.

(a) The Award may not be sold, assigned, transferred, exchanged, pledged, or otherwise alienated or hypothecated.

(b) If you are deceased at the time any outstanding vested RSUs are settled and paid out in accordance with the terms of this Agreement, such delivery of Shares, cash payment or other payment (as applicable) shall be made to the executor or administrator of your estate or to your other legal representative or, as permitted under the election procedures of the Plan's third-party administrator, to your designated beneficiary, in each case, as determined in good faith by the Corporation. Any delivery of Shares, cash payment or other payment made in good faith by the Corporation to your executor, other legal representative or permissible designated beneficiary, or retained by the Corporation for taxes pursuant to Section 6 of this Appendix A, shall extinguish all right to payment hereunder.

6. Withholding Taxes.

(a) You shall be solely responsible for any applicable taxes (including, without limitation, income and excise taxes), penalties and interest that you incur in connection hereunder. The Corporation will, at the time any withholding tax obligation arises in connection herewith, retain an amount sufficient to satisfy the minimum amount of taxes then required to be withheld by PNC in connection therewith from amounts then payable hereunder to you.

(b) If any such withholding is required prior to the time amounts are payable to you hereunder or if such amounts are not sufficient to satisfy such obligation in full, the withholding will be taken from other compensation then payable to you or as otherwise determined by PNC.

(c) The Corporation will withhold cash from any amounts then payable to you hereunder that are settled in cash. Unless the Committee or PNC Designated Person determines otherwise, with respect to stock-payable RSUs only, the Corporation will retain whole Shares from any amounts then payable to you hereunder (or pursuant to any other RSUs previously awarded to you under the Plan) in the form of Shares. For purposes of this Section 6(c), Shares retained to satisfy applicable withholding tax requirements will be valued at their Fair Market Value on the date the tax withholding obligation arises (as such date is determined by the Corporation).

7. Employment. Neither the granting of the Award nor any payment with respect to such Award authorized hereunder nor any term or provision of this Agreement shall constitute or be evidence of any understanding, expressed or implied, on the part of PNC to employ you for any period or in any way alter your status as an employee at will.

8. Miscellaneous.

(a) Subject to the Plan and Interpretations. In all respects the Award and this Agreement are subject to the terms and conditions of the Plan, which has been made available to you and is incorporated herein by reference. The terms of the Plan will not be considered an enlargement of any benefits under this Agreement. If the Plan and this Agreement conflict, the provisions of the Plan will govern. Interpretations of the Plan and this Agreement by the Committee are binding on you and PNC.

(b) Governing Law and Jurisdiction. This Agreement is governed by and construed under the laws of the Commonwealth of Pennsylvania, without reference to its conflict of laws provisions. Any dispute or claim arising out of or relating to this

Agreement or claim of breach hereof will be brought exclusively in the Federal court for the Western District of Pennsylvania or in the Court of Common Pleas of Allegheny County, Pennsylvania. By execution of this Agreement, you and PNC hereby consent to the exclusive jurisdiction of such courts and waive any right to challenge jurisdiction or venue in such courts with regard to any suit, action, or proceeding under or in connection with this Agreement.

(c) Headings; Entire Agreement. Headings used in this Agreement are provided for reference and convenience only, are not considered part of this Agreement, and will not be employed in the construction of this Agreement. This Agreement, including any appendices or exhibits attached hereto, constitutes the entire agreement between you and PNC with respect to the subject matters addressed herein, and supersedes all other discussions, negotiations, correspondence, representations, understandings and agreements between the parties concerning the subject matters hereof.

(d) Modification. Modifications or adjustments to the terms of this Agreement may be made by the Corporation as permitted in accordance with the Plan or as provided for in this Agreement. No other modification of the terms of this Agreement will be effective unless embodied in a separate, subsequent writing signed by you and by an authorized representative of the Corporation.

(e) No Waiver. Failure of PNC to demand strict compliance with any of the terms, covenants or conditions of this Agreement will not be deemed a waiver of such term, covenant or condition, nor will any waiver or relinquishment of any such term, covenant or condition on any occasion or on multiple occasions be deemed a waiver or relinquishment of such term, covenant or condition.

(f) Severability. The restrictions and obligations imposed by this Agreement are separate and severable, and it is the intent of both parties that if any restriction or obligation imposed by any of these provisions is deemed by a court of competent jurisdiction to be void for any reason whatsoever, the remaining provisions, restrictions and obligations will remain valid and binding upon you.

(g) Applicable Laws. Notwithstanding anything in this Agreement, PNC will not be required to comply with any term, covenant or condition of this Agreement if and to the extent prohibited by law, including but not limited to Federal banking and securities regulations, or as otherwise directed by one or more regulatory agencies having jurisdiction over PNC.

(h) Compliance with Section 409A of the Internal Revenue Code. It is the intention of the parties that the Award and this Agreement comply with the provisions of Section 409A of the Internal Revenue Code to the extent, if any, that such provisions are applicable. This Agreement will be administered in a manner consistent with this intent, including as set forth in Section 20 of the Plan. If the Award includes a "series of installment payments" (within the meaning of Section 1.409A-2(b)(2)(iii) of the Treasury

Regulations), your right to the series of installment payments will be treated as a right to a series of separate payments and not as a right to a single payment.

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EX 10.35

THE PNC FINANCIAL SERVICES GROUP, INC.
2016 INCENTIVE AWARD PLAN

RESTRICTED SHARE UNITS AWARD AGREEMENT

APPENDIX B

DEFINITIONS

Certain Definitions. Except as otherwise provided, the following definitions apply for purposes of this Agreement.

"Anticipatory Termination" means a termination of employment where PNC terminates your employment with PNC (other than for Misconduct or Disability) prior to the date on which a Change of Control occurs, and you reasonably demonstrated that such termination of employment (i) was at the request of a third party that has taken steps reasonably calculated to effect a Change of Control or (ii) otherwise arose in connection with or in anticipation of a Change of Control.

"Award Effective Date" has the meaning set forth in Section A of this Agreement.

"Change of Control" means:

(a) Any Person becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (x) the then-outstanding shares of Common Stock (the "Outstanding PNC Common Stock") or (y) the combined voting power of the then-outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the "Outstanding PNC Voting Securities"). The following acquisitions will not constitute a Change of Control for purposes of this definition: (1) any acquisition directly from the Corporation, (2) any acquisition by the Corporation, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any company controlled by, controlling or under common control with the Corporation (an "Affiliated Company"), (4) any acquisition pursuant to an Excluded Combination (as defined below) or (5) an acquisition of beneficial ownership representing between 20% and 40%, inclusive, of the Outstanding PNC Voting Securities or Outstanding PNC Common Stock if the Incumbent Board (as defined below) as of immediately prior to any such acquisition approves such acquisition either prior to or immediately after its occurrence;

(b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied). For purposes of this definition, any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the shareholders of the Corporation, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board will be considered as though such individual was a member of the Incumbent Board, but

excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(c) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Corporation or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Corporation, or the acquisition of assets or stock of another entity by the Corporation or any of its subsidiaries (each, a "Business Combination"). A transaction otherwise meeting the definition of Business Combination will not be treated as a Change of Control if following completion of the transaction all or substantially all of the beneficial owners of the Outstanding PNC Common Stock and the Outstanding PNC Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of the then-outstanding shares of Common Stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Corporation or all or substantially all of the Corporation's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding PNC Common Stock and the Outstanding PNC Voting Securities, as the case may be (such a Business Combination, an "Excluded Combination"); or

(d) Approval by the shareholders of the Corporation of a complete liquidation or dissolution of the Corporation.

"Competitive Activity" means any participation in, employment by, ownership of any equity interest exceeding one percent in, or promotion or organization of, any Person other than PNC (1) engaged in business activities similar to some or all of the business activities of PNC during your employment or (2) engaged in business activities that you know PNC intends to enter within the next 12 months (or, if after your Termination Date, within the first 12 months after your Termination Date), in either case whether you are acting as agent, consultant, independent contractor, employee, officer, director, investor, partner, shareholder, proprietor or in any other individual or representative capacity therein. For purposes of Competitive Activity as defined herein (and as such similar term is defined in any equity-based award agreement held by you), the term "subsidiary" will not include any company in which PNC holds an interest pursuant to its merchant banking authority.

"Detrimental Conduct" means:

(a) You have engaged in, without the prior written consent of PNC (with consent to be given or withheld at PNC's sole discretion), in any Competitive Activity in

the Restricted Territory at any time during the period of your employment with PNC and the 12-month period following your Termination Date;

(b) any act of fraud, misappropriation, or embezzlement by you against PNC or one of its subsidiaries or any client or customer of PNC or one of its subsidiaries; or

(c) you are convicted (including a plea of guilty or of nolo contendere) of, or you enter into a pre-trial disposition with respect to, the commission of a felony that relates to or arises out of your employment or other service relationship with PNC.

You will be deemed to have engaged in Detrimental Conduct for purposes of this Agreement only if and when the Committee or other PNC Designated Person determines that you have engaged in conduct described in clause (a) or clause (b) above or that an event described in clause (c) above has occurred with respect to you. Detrimental Conduct will not apply to conduct by or activities of successors to the Award by will or the laws of descent and distribution in the event of your death.

No determination that you have engaged in Detrimental Conduct may be made (x) on or after your Termination Date if your termination of employment was an Anticipatory Termination or (y) between the time PNC enters into an agreement providing for a Change of Control and the time such agreement either terminates or results in a Change of Control.

"Good Reason" means the definition of Good Reason contained in the Change of Control Employment Agreement between you and PNC or any substitute employment agreement entered into between you and PNC then in effect or, if none, the occurrence of any of the following events without your consent:

(a) the assignment of any duties to you inconsistent in any material respect with your position (including status, offices, titles and reporting requirements), or any other material diminution in such position, authority, duties or responsibilities;

(b) any material reduction in your rate of base salary or the amount of your annual bonus opportunity (or, if less, the bonus opportunity established for PNC's similarly situated employees for any year), or a material reduction in the level of any other employee benefits for which you are eligible receive below those offered to PNC's similarly situated employees;

(c) PNC's requiring you to be based at any office or location outside of a fifty (50)-mile radius from the office where you were employed on the Grant Date;

(d) any action or inaction that constitutes a material breach by PNC of any agreement entered into between you and PNC; or

(e) the failure by PNC to require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business

and/or assets of PNC to assume expressly and agree to perform this Agreement in the same manner and to the same extent that PNC would be required to perform it if no such succession had taken place.

Notwithstanding the foregoing, none of the events described above shall constitute Good Reason unless and until (i) you first notify PNC in writing describing in reasonable detail the condition which constitutes Good Reason within 90 days of its initial occurrence, (ii) PNC fails to cure such condition within 30 days after receipt of such written notice, and (iii) you terminate employment within two years of its initial occurrence.

Your mental or physical incapacity following the occurrence of an event described above in clauses (a) through (e) shall not affect your ability to terminate employment for Good Reason, and your death following delivery of a notice of termination for Good Reason shall not affect your estate's entitlement to severance payments benefits provided hereunder upon a termination of employment for Good Reason.

"Misconduct" means, as it relates to an Anticipatory Termination or following a Change of Control, (a) your willful and continued failure to substantially perform your duties with PNC (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to you by the Board or the CEO that specifically identifies the manner in which the Board or the CEO believes that you have not substantially performed your duties; or (b) your willful engagement in illegal conduct or gross misconduct that is materially and demonstrably injurious to PNC or any of its subsidiaries. For purposes of clauses (a) and (b), no act or failure to act, on your part, shall be considered willful unless it is done, or omitted to be done, by you in bad faith and without reasonable belief that your action or omission was in the best interests of PNC. Any act, or failure to act, based upon the instructions or prior approval of the Board, the CEO or your superior or based upon the advice of counsel for PNC, will be conclusively presumed to be done, or omitted to be done, by you in good faith and in the best interests of PNC.

Your cessation of employment will be deemed to be a termination of your employment with PNC for Misconduct only if and when there shall have been delivered to you, as part of the notice of your termination, a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board, at a Board meeting called and held for the purpose of considering such termination, finding on the basis of clear and convincing evidence that, in the good faith opinion of the Board, you are guilty of conduct described in clause (a) or clause (b) above and, in either case, specifying the particulars thereof in detail. Such resolution shall be adopted only after (i) reasonable notice of such Board meeting is provided to you, together with written notice that PNC believes that you are guilty of conduct described in clause (a) or clause (b) above and, in either case, specifying the particulars thereof in detail, and (ii) you are given an opportunity, together with counsel, to be heard before the Board.

"Person" means any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act.

"PNC Designated Person" means (a) the Committee or its delegate if you are (or were when you ceased to be an employee of PNC) either a Group 1 covered employee (Corporate Executive Group member) including any equivalent successor classification or subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to PNC securities (or both); or (b) the Committee, the CEO, or the Chief Human Resources Officer of PNC, or any other individual or group as may be designated by one of the foregoing to act as PNC Designated Person for purposes of this Agreement.

"Qualifying Termination" has the meaning set forth in Section B of this Agreement.

"Restricted Territory" means (a) if you are employed by (or, if you are not an employee, providing the majority of your services to) PNC in the United States or Canada as of the Termination Date, the United States and Canada, (b) if you are employed by (or, if you are not an employee, providing the majority of your services to) PNC in the United Kingdom as of the Termination Date, the United Kingdom or (c) if you are employed by (or, if you are not an employee, providing the majority of your services to) PNC in Germany as of the Termination Date, Germany or the United Kingdom.

"Retirement" means your termination of employment with PNC at any time for any reason (other than termination of employment by reason of your death, by PNC for Cause or by reason of termination of employment in connection with a divestiture of assets or a divestiture of one or more subsidiaries of PNC if the Committee or the CEO or his or her designee so determines prior to such divestiture) on or after the first date on which you have both attained at least age 55 and completed five years of service, where a year of service is determined in the same manner as the determination of a year of vesting service calculated under the provisions of The PNC Financial Services Group, Inc. Pension Plan.

"Termination Date" means the last day of your employment with PNC. If you are employed by a Subsidiary that ceases to be a Subsidiary or ceases to be a consolidated subsidiary of the Corporation under U.S. generally accepted accounting principles and you do not continue to be employed by or otherwise have a Service Relationship with PNC, then for purposes of this Agreement, your employment with PNC terminates effective at the time this occurs.

EX 10.35

THE PNC FINANCIAL SERVICES GROUP, INC.
2016 INCENTIVE AWARD PLAN

RESTRICTED SHARE UNITS AWARD AGREEMENT

APPENDIX C

RISK PERFORMANCE-BASED VESTING CONDITIONS

The following table sets forth the risk performance-based vesting conditions of the Award:

1.	*Generally*	The Award is divided into three Tranches, with the first Tranche relating to the 2022 performance year, the second Tranche relating to the 2023 performance year, and the third tranche relating to the 2024 performance year (each such year, a "Performance Year"). Each Tranche must satisfy a risk-related performance metric based on whether PNC has met or exceeded the common equity Tier 1 capital spot ratio limit as then in effect and applicable to The PNC Financial Services Group, Inc. ("CET1 Ratio") (which may be on a pro forma fully phased-in basis, if applicable) as set forth in PNC's Enterprise Capital Management Policy (or any successor policy) and monitored at least quarterly. "PNC" for purposes of this Appendix C as it refers to risk performance-based vesting conditions means the Corporation and its consolidated subsidiaries for financial reporting purposes.
2.	*Applying the Risk Performance Metric*	*(a) CET1 Ratio Generally*. Each Tranche is subject to a risk performance factor based on whether PNC has met or exceeded the CET1 Ratio as of the last day of each Performance Year. The current CET1 Ratio is 7.0%. *(b) Determination of Annual CET1 Ratio*. As soon as practicable following the end of each Performance Year, PNC will present information to the Committee relating to (i) the CET1 Ratio compared to (ii) the actual CET1 Ratio achieved by PNC with respect to that Performance Year, based on PNC's publicly reported financial results for the period ending on the applicable end date. Except as

		otherwise provided in paragraph 5 in the event of your death or a Change of Control, this will generally be the public release of earnings results for PNC's fourth quarter that occurs after the year-end measurement date, so that the Committee will be able to make its determination in late January or early February following a Performance Year. • If PNC meets or exceeds the CET1 Ratio for a Performance Year, the risk performance metric is satisfied. • If PNC does not meet the CET1 Ratio for a Performance Year, the applicable Tranche is eligible for forfeiture as determined by the Committee prior to settlement of the Tranche.
3.	*Risk Performance Review Adjustment*	In addition, and independent from the CET1 Ratio performance metric described in paragraph 2 above, with respect to each Tranche and prior to the settlement of that Tranche, the Committee has the discretion to conduct a risk performance review relating to a risk-related action of potentially material consequence to PNC. If the Committee exercises its discretion to conduct a risk performance review, the Committee will review and determine if a downward adjustment for risk performance is appropriate for the applicable Tranche. Any determination to conduct a risk performance review will be made shortly after the close of the Performance Year, but no later than the 45th day following the close of the Performance Year, and any required review will be conducted no later than two and a half-months after the close of the Performance Year.
4.	*Determination of Final Number of RSUs*	Following the Performance Year, the Committee determines whether to approve the number of RSUs subject to the applicable Tranche, a lower number or zero based on application of the risk performance metric (described in paragraph 2) or any risk-related adjustment resulting from a risk performance review (described in paragraph 3), rounded down to the nearest whole Unit. **In no event can the size of the Tranche be greater than 100.00% of the target number of RSUs subject to that Tranche.**

5.	*Determination of Risk Performance Metric Upon Death or a Change of Control*	
	Death	Notwithstanding anything to the contrary in this Agreement, if your employment with PNC ceases by reason of your death, or if you die after a termination of employment with PNC due to Disability or Retirement or by reason of an Anticipatory Termination, in any case, prior to a Change of Control or the last Scheduled Vesting Date, then all risk performance-based conditions will be met with respect to the outstanding portion of your Award, *unless* the date of death occurs after a calendar year but prior to performance-adjustment by the Committee (including a Committee determination made immediately preceding the date of the Change of Control), in which case such Tranche will vest based on actual performance as determined by the Committee. For the avoidance of doubt, in the event of your death following a Change of Control, the risk performance metric for any then-outstanding Tranche will be determined as provided in the "Change of Control" paragraph below.
	Change of Control	Notwithstanding anything to the contrary in this Agreement and subject to your satisfaction of the service-based vesting requirements, any outstanding Tranches for which no performance factors have been determined at the time of a Change of Control will be risk performance-adjusted, as follows: • If a Change of Control occurs after a completed Performance Year, but prior to the Scheduled Vesting Date for that Tranche, the actual CET1 Ratio for that Performance Year will continue to apply to that Tranche, and • For any Performance Year not completed prior to a Change of Control, if the CET1 Ratio was not met as of the quarter-end date immediately preceding the Change of Control (or if the Change of Control falls on a quarter-end date, and such information is available and applicable for such date, the date of the Change of Control), then all remaining Tranches will be forfeited and expire as of the Change of Control. For the avoidance of doubt:

		• If the CET1 Ratio was not met as of the applicable quarter-end performance measurement date, the Award will be forfeited by you as of the Change of Control. • Tranches where the CET1 Ratio was met and that remain outstanding will be paid out, without further Dividend Equivalents or any interest, on the Scheduled Vesting Dates (or earlier, in the event of your death) upon your satisfaction of the service-based vesting requirements.
6.	*Committee Determination*	The Committee may make prospective adjustments to the Award. All determinations made by the Committee or otherwise by PNC hereunder shall be made in its sole discretion and shall be final, binding and conclusive for all purposes on all parties.

EX 10.35

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be signed on its behalf as of the Grant Date.

THE PNC FINANCIAL SERVICES GROUP, INC.

By:

William S Demchak

Chief Executive Officer

ATTEST:

By:

Alicia G. Powell

Corporate Secretary

ACCEPTED AND AGREED TO by GRANTEE

____

Grantee

EX 10.36

THE PNC FINANCIAL SERVICES GROUP, INC.
2016 INCENTIVE AWARD PLAN
* * *
RESTRICTED SHARE UNITS AWARD AGREEMENT

This Agreement sets forth the terms and conditions of your restricted share unit award made pursuant to The PNC Financial Services Group, Inc. 2016 Incentive Award Plan and any sub-plans thereto (this "Agreement").

Appendix A to this Agreement sets forth additional terms and conditions of the Award, including restrictive covenant provisions. Appendix B to this Agreement sets forth certain definitions applicable to this Agreement generally. Appendix C to this Agreement sets forth the risk performance-based vesting conditions applicable to the Award and certain related definitions. Capitalized terms not otherwise defined in the body of this Agreement have the meaning ascribed to such terms in the Plan or Appendices A, B or C.

The Corporation and the Grantee named below (referenced in this Agreement as "you" or "your") agree as follows:

Subject to your timely acceptance of this Agreement (as described in Section A below), the Corporation grants to you the Award set forth below, subject to the terms and conditions of the Plan and this Agreement.

A.	GRANT AND ACCEPTANCE OF RSUs
GRANTEE	#ParticipantName#
GRANT DATE	#GrantDate#
AWARD	#QuantityGranted# Restricted share units ("RSUs"), each representing a right to receive one Share, and related Dividend Equivalents award, payable in cash.
AWARD PROGRAM	Senior Leader Program
AWARD ACCEPTANCE; AWARD EFFECTIVE DATE	You must accept this Award by delivering an executed unaltered copy of this Agreement to the Corporation within 30 days of your receipt of this Agreement. Upon such execution and delivery of this Agreement by both you and the Corporation, this Agreement is effective as of the Grant Date (the "Award Effective Date"). If you do not properly accept this Award, the Corporation may, in its sole discretion, cancel the Award at any time thereafter.

B. VESTING REQUIREMENTS

B.1 ***An Award becomes vested only upon satisfaction of both the service-based vesting requirements and the risk performance-based vesting requirements set forth below.***

SERVICE-BASED VESTING REQUIREMENTS

The Award is divided into three approximately equal portions that will satisfy the service-based vesting requirements ratably over three years (each portion, a "Tranche") on three "Scheduled Vesting Dates", as follows:

- the service-based vesting requirement for the first Tranche will be satisfied on the 1^{st} anniversary of the Grant Date,
- the service-based vesting requirement for the second Tranche will be satisfied on the 2^{nd} anniversary of the Grant Date, and
- the service-based vesting requirement for the third Tranche will be satisfied on the 3^{rd} anniversary of the Grant Date;

in each case, provided you remain continuously employed by PNC through and including the applicable Scheduled Vesting Date (or such earlier date as prescribed by Section B.2 below).

RISK PERFORMANCE-BASED VESTING REQUIREMENTS

Provided the service-based vesting requirements have been met, each Tranche will vest on the applicable Scheduled Vesting Date upon satisfaction of the risk performance metric applicable to that Tranche, as set forth in Appendix C to this Agreement.

B.2 EFFECT OF TERMINATION OF EMPLOYMENT PRIOR TO SCHEDULED VESTING DATES ON VESTING REQUIREMENTS

RETIREMENT

Notwithstanding anything to the contrary in this Agreement, if your employment with PNC is terminated due to your Retirement, and not for Cause (as determined by a PNC Designated Person), then the service-based vesting requirements of the Award will be satisfied as of your Termination Date, but the Award will not vest and become payable until the Scheduled Vesting and become payable until the Scheduled Vesting

Date(s), subject to satisfaction of the risk performance-based vesting requirements and your continued compliance with the terms and conditions of this Agreement.

DISABILITY	Notwithstanding anything to the contrary in this Agreement, if your employment with PNC is terminated by PNC due to your Disability, and not for Cause (as determined by a PNC Designated Person), then the service-based vesting requirements of the Award will be satisfied as of your Termination Date, but the Award will not vest and become payable until the Scheduled Vesting Date(s), subject to satisfaction of the risk performance-based vesting requirements and your continued compliance with the terms and conditions of this Agreement.
DEATH	Notwithstanding anything to the contrary in this Agreement, if your employment with PNC ceases by reason of your death, or if you die after a termination of employment with PNC due to Disability or Retirement or by reason of an Anticipatory Termination, but prior to a Change of Control or any Scheduled Vesting Date(s), then the service-based requirements of the Award will be satisfied as of your date of death, and the risk performance-based vesting requirements will be satisfied as further described in <u>Appendix C</u>.
ANTICIPATORY TERMINATION	Notwithstanding anything to the contrary in this Agreement, if your termination of employment with PNC is an Anticipatory Termination, then the service-based vesting requirements of the Award will be satisfied as of the Termination Date, but the Award will not vest and become payable until the Scheduled Vesting Date(s), subject to satisfaction of the risk performance-based vesting requirements and your continued compliance with the terms of this Agreement.
TERMINATION FOLLOWING A CHANGE OF CONTROL	Notwithstanding anything to the contrary in this Agreement, if you have been continuously employed by PNC, including any successor entity, through the date of a Change of Control, and your employment with PNC is terminated following

such Change of Control but prior to a Scheduled

		Vesting Date(s), either (a) by PNC other than for Misconduct or (b) by you for Good Reason (a "Qualifying Termination"), then the service-based requirements of the Award will be satisfied as of your Termination Date, and the risk performance-based vesting requirements will be satisfied with respect to any outstanding Tranches as described in Appendix C. For the avoidance of doubt, upon the occurrence of a Change of Control, the Award will not become vested until the service-based vesting requirements are satisfied, either on the Scheduled Vesting Dates as set forth in Section B.1. or as a result of your Retirement, your termination of employment by reason of death, Disability or an Anticipatory Termination or the occurrence of a Qualifying Termination.
C.		**FORFEITURE**
C.1	**FORFEITURE UPON FAILURE TO MEET VESTING REQUIREMENTS**	Except as otherwise provided in Section B.2 above, if you cease to be an employee of PNC prior to an applicable Scheduled Vesting Date and the satisfaction of the risk performance-based vesting requirements, you will not have satisfied the vesting requirements and the outstanding portion of the Award will be automatically forfeited and cancelled as of your Termination Date.
C.2	**FORFEITURE IN CONNECTION WITH DETRIMENTAL CONDUCT**	At any time prior to a Scheduled Vesting Date, to the extent that PNC (acting through a PNC Designated Person) determines in its sole discretion (a) that you have engaged in Detrimental Conduct and (b) to forfeit and cancel all or a specified portion of the outstanding Award as a result of such determination, then such portion will be forfeited and cancelled effective as of the date of such determination. Upon such determination, neither you nor your successors, heirs, assigns or legal representatives will have any further rights or interest in the Award under this Agreement.

D.		DIVIDEND EQUIVALENTS
D.1	GENERALLY	As of the Award Effective Date, you will be entitled to earn accrued cash Dividend Equivalents on the final number of vested RSUs for each Tranche, in an amount equal to the cash dividends that would have been paid (without interest or reinvestment) between the Grant Date and the Scheduled Vesting Date for that Tranche (or such earlier date in the event of your death or a Change of Control), as though you were the record holder of such RSUs, and such RSUs had been issued and outstanding shares on the Grant Date through the Scheduled Vesting Date for that Tranche (or such earlier date in the event of your death or a Change of Control).
D.2	ACCRUED DIVIDEND EQUIVALENT PAYMENTS	(a) Generally. Accrued Dividend Equivalents will vest and be paid out in cash, less the payment of any applicable withholding taxes pursuant to Section 6 of Appendix A, if and when the applicable Tranche vests and pays out (at which point such Dividend Equivalents will terminate). Dividend Equivalents are subject to the same vesting requirements and payout size adjustments as the Tranche to which they relate. If the RSUs to which such Dividend Equivalents relate are forfeited and cancelled, such related Dividend Equivalents will also be forfeited and cancelled without payment of any consideration by PNC. (b) Payment Upon a Change of Control. Accrual of Dividend Equivalents will cease as of the Change of Control. Upon a Change of Control, Dividend Equivalents accrued (without reinvestment or interest) between the Grant Date and the Change of Control will vest and be paid out in cash, less the payment of any applicable withholding taxes pursuant to Section 6 of Appendix A, if and when the applicable Tranche vests and pays out, as if you were the record holder of the number of Shares equal to the number of vested RSUs underlying such Tranche from the Grant Date through the date of the Change of Control.

E.		PAYMENT OF THE AWARD
E.1	**PAYMENT TIMING**	Except as otherwise provided below, vested RSUs that remain outstanding will be settled as soon as practicable following (i) the applicable Scheduled Vesting Date (but no later than March 15th following the year the applicable Scheduled Vesting Date occurs), or (ii) your date of death, if your date of death is prior to the last Scheduled Vesting Date (but no later than December 31st of the year following the year of your death).
E.2	**FORM OF PAYMENT; AMOUNT**	(a) Payment Generally. Except as provided in subsection (b) below, vested RSUs will be settled at the time set forth in this Section E.1 by delivery to you of that number of whole Shares equal to the number of RSUs less the payment of any applicable withholding taxes pursuant to Section 6 of Appendix A. (b) Payment On or After a Change of Control. Upon vesting on or after a Change of Control, vested RSUs will be settled at the time set forth in Section E.1 by payment to you of cash in an amount equal to that number of whole Shares equal to the number of vested RSUs, multiplied by the then current Fair Market Value of a share of Common Stock on the date of the Change of Control (subject to any applicable adjustment pursuant to Section 2 of Appendix A), less the payment of any applicable withholding taxes pursuant to Section 6 of Appendix A. Related accrued Dividend Equivalent payments will be paid to you in cash as described in Section D.2(b). No interest will be paid with respect to any such payments made pursuant to this Section E.
F.	**RESTRICTIVE COVENANTS**	Upon your acceptance of this Award, you shall become subject to the restrictive covenant provisions set forth in Section 1 of Appendix A.
G.	**CLAWBACK**	The Award, and any right to receive and retain any Shares (if applicable), cash or other value pursuant to the Award, is subject to rescission, cancellation

or recoupment, in whole or in part, if and to the extent so provided under the Corporation's Incentive Compensation Adjustment and Clawback Policy, as in effect from time to time with respect to the Award, or any other applicable clawback, adjustment or similar policy in effect on or established after the Grant Date and to any clawback or recoupment that may be required by applicable law or regulation.

By accepting this Award, you agree that you are obligated to provide all assistance necessary to the Corporation to recover or recoup the Shares, cash or other value pursuant to the Award which are subject to recovery or recoupment pursuant to applicable law, government regulation, stock exchange listing requirement or PNC policy. Such assistance shall include completing any documentation necessary to recover or recoup the Shares, cash or other value pursuant to the Award from any accounts you maintain with PNC or any pending or future compensation.

A copy of the Incentive Compensation Adjustment and Clawback Policy is included in the materials distributed to you with this Agreement.

EX 10.36

THE PNC FINANCIAL SERVICES GROUP, INC.
2016 INCENTIVE AWARD PLAN

RESTRICTED SHARE UNITS AWARD AGREEMENT

APPENDIX A

ADDITIONAL PROVISIONS

1. Restrictive Covenants. You and PNC acknowledge and agree that you have received adequate consideration with respect to enforcement of the provisions of this Section 1 by virtue of accepting this Award (regardless of whether the Award or any portion thereof is ultimately settled and paid to you); that such provisions are reasonable and properly required for the adequate protection of the business of PNC and its subsidiaries; and that enforcement of such provisions will not prevent you from earning a living.

(a) Non-Solicitation; No-Hire. You agree to comply with the provisions of this Section 1(a) during the period of your employment with PNC and the 12-month period following your Termination Date, regardless of the reason for such termination of employment, as follows:

i. *Non-Solicitation*. You will not, directly or indirectly, either for your own benefit or purpose or for the benefit or purpose of any Person other than PNC, solicit, call on, do business with, or actively interfere with PNC's relationship with, or attempt to divert or entice away, any Person that you should reasonably know (A) is a customer of PNC for which PNC provides any services as of your Termination Date, or (B) was a customer of PNC for which PNC provided any services at any time during the 12 months preceding your Termination Date, or (C) was, as of your Termination Date, considering retention of PNC to provide any services.

ii. *No-Hire*. You will not, directly or indirectly, either for your own benefit or purpose or for the benefit or purpose of any Person other than PNC, employ or offer to employ, call on, or actively interfere with PNC's relationship with, or attempt to divert or entice away, any employee of PNC. You also will not assist any other Person in such activities.

Notwithstanding Section 1(a)(i) and Section 1(a)(ii) above, if your termination of employment with PNC is an Anticipatory Termination, then commencing immediately after your Termination Date, the provisions of Section 1(a)(i) and Section 1(a)(ii) will no longer apply and will be replaced with the following provision:

"No-Hire. You agree that you will not, for a period of one year after your Termination Date, employ or offer to employ, solicit, actively interfere with PNC's or any PNC affiliate's relationship with, or attempt to divert or entice away, any officer of PNC or any affiliate of PNC."

(b) Confidentiality. During your employment with PNC and thereafter regardless of the reason for termination of such employment, you will not disclose or use in any way any confidential business or technical information or trade secret acquired in the course of such employment, all of which is the exclusive and valuable property of PNC whether or not conceived of or prepared by you, other than (i) information generally known in PNC's industry or acquired from public sources, (ii) as required in the course of employment by PNC, (iii) as required by any court, supervisory authority, administrative agency or applicable law, or (iv) with the prior written consent of PNC. Nothing in this Agreement, including this Section 1(b), is intended to limit you from reporting possible violations of law or regulation to any governmental entity or any self-regulatory organization or making other disclosures that are protected under the whistleblower provisions of federal, state or local law or regulation. You further understand and agree that you are not required to contact or receive consent from PNC before engaging in such communications with any such authorities.

(c) Ownership of Inventions. You will promptly and fully disclose to PNC any and all inventions, discoveries, improvements, ideas or other works of inventorship or authorship, whether or not patentable, that have been or will be conceived and/or reduced to practice by you during the term of your employment with PNC, whether alone or with others, and that are (i) related directly or indirectly to the business or activities of PNC or (ii) developed with the use of any time, material, facilities or other resources of PNC ("Developments"). You agree to assign and hereby do assign to PNC or its designee all of your right, title and interest, including copyrights and patent rights, in and to all Developments. You will perform all actions and execute all instruments that PNC or any subsidiary will deem necessary to protect or record PNC's or its designee's interests in the Developments. The obligations of this Section 1(c) will be performed by you without further compensation and will continue beyond your Termination Date.

(d) Enforcement Provisions. You understand and agree to the following provisions regarding enforcement of Section 1 of this Agreement:

i. *Equitable Remedies*. A breach of the provisions of Sections 1(a) – 1(c) will cause PNC irreparable harm, and PNC will therefore be entitled to seek issuance of immediate, as well as permanent, injunctive relief restraining you, and each and every person and entity acting in concert or participating with you, from initiation and/or continuation of such breach.

ii. *Tolling Period*. If it becomes necessary or desirable for PNC to seek compliance with the provisions of Section 1(a) by legal proceedings, the period during which you will comply with said provisions will extend for a period of 12 months from the date PNC institutes legal proceedings for injunctive or other relief.

iii. *Reform*. If any of Sections 1(a) – 1(c) are determined by a court of competent jurisdiction to be unenforceable because unreasonable either as to length of time or area to which the restriction applies, it is the intent of both parties that the court reduce and reform the restriction so as to apply the greatest limitations considered enforceable by the court.

iv. *Waiver of Jury Trial*. Each of you and PNC hereby waives any right to trial by jury with regard to any suit, action or proceeding under or in connection with any of Sections 1(a) – 1(c).

v. *Application of Defend Trade Secrets Act*. Regardless of any other provision in this Agreement, you may be entitled to immunity and protection from retaliation under the Defend Trade Secrets Act of 2016 for disclosing trade secrets under certain limited circumstances, as set forth in PNC's Defend Trade Secrets Act policy. The policy is available for viewing on PNC's intranet under the "PNC Ethics" page.

2. **Capital Adjustments upon a Change of Control**. Upon the occurrence of a Change of Control, (a) the number, class and kind of RSUs then outstanding under the Award will automatically be adjusted to reflect the same changes as are made to outstanding shares of Common Stock generally, (b) the value per share unit of any share-denominated award amount will be measured by reference to the per share value of the consideration payable to a holder of Common Stock in connection with such Corporate Transaction or Transactions if applicable, and (c) with respect to stock-payable RSUs only, if the effect of the Corporate Transaction or Transactions on a holder of Common Stock is to convert that shareholder's holdings into consideration that does not consist solely (other than as to a minimal amount) of shares of Common Stock, then the entire value of any payment to be made to you will be made solely in cash at the applicable time specified in this Agreement.

3. **Fractional Shares**. No fractional Shares will be delivered to you. If the outstanding vested RSUs being settled in Shares include a fractional interest, such fractional interest will be eliminated by rounding down to the nearest whole share unit.

4. **No Rights as a Shareholder**. You will have no rights as a shareholder of the Corporation by virtue of this Award unless and until Shares are issued and delivered in settlement of the Award pursuant to and in accordance with this Agreement.

5. **Transfer Restrictions**.

(a) The Award may not be sold, assigned, transferred, exchanged, pledged, or otherwise alienated or hypothecated.

(b) If you are deceased at the time any outstanding vested RSUs are settled and paid out in accordance with the terms of this Agreement, such delivery of Shares, cash payment or other payment (as applicable) shall be made to the executor or administrator of your estate or to your other legal representative or, as permitted under the election procedures of the Plan's third-party administrator, to your designated beneficiary, in each case, as determined in good faith by the Corporation. Any delivery of Shares, cash payment or other payment made in good faith by the Corporation to your executor, other legal representative or permissible designated beneficiary, or retained by the Corporation for taxes pursuant to Section 6 of this Appendix A, shall extinguish all right to payment hereunder.

6. Withholding Taxes.

(a) You shall be solely responsible for any applicable taxes (including, without limitation, income and excise taxes), penalties and interest that you incur in connection hereunder. The Corporation will, at the time any withholding tax obligation arises in connection herewith, retain an amount sufficient to satisfy the minimum amount of taxes then required to be withheld by PNC in connection therewith from amounts then payable hereunder to you.

(b) If any such withholding is required prior to the time amounts are payable to you hereunder or if such amounts are not sufficient to satisfy such obligation in full, the withholding will be taken from other compensation then payable to you or as otherwise determined by PNC.

(c) The Corporation will withhold cash from any amounts then payable to you hereunder that are settled in cash. Unless the Committee or PNC Designated Person determines otherwise, with respect to stock-payable RSUs only, the Corporation will retain whole Shares from any amounts then payable to you hereunder (or pursuant to any other RSUs previously awarded to you under the Plan) in the form of Shares. For purposes of this Section 6(c), Shares retained to satisfy applicable withholding tax requirements will be valued at their Fair Market Value on the date the tax withholding obligation arises (as such date is determined by the Corporation).

7. Employment. Neither the granting of the Award nor any payment with respect to such Award authorized hereunder nor any term or provision of this Agreement shall constitute or be evidence of any understanding, expressed or implied, on the part of PNC to employ you for any period or in any way alter your status as an employee at will.

8. Miscellaneous.

(a) Subject to the Plan and Interpretations. In all respects the Award and this Agreement are subject to the terms and conditions of the Plan, which has been made available to you and is incorporated herein by reference. The terms of the Plan will not be considered an enlargement of any benefits under this Agreement. If the Plan and this Agreement conflict, the provisions of the Plan will govern. Interpretations of the Plan and this Agreement by the Committee are binding on you and PNC.

(b) Governing Law and Jurisdiction. This Agreement is governed by and construed under the laws of the Commonwealth of Pennsylvania, without reference to its conflict of laws provisions. Any dispute or claim arising out of or relating to this Agreement or claim of breach hereof will be brought exclusively in the Federal court for the Western District of Pennsylvania or in the Court of Common Pleas of Allegheny County, Pennsylvania. By execution of this Agreement, you and PNC hereby consent to the exclusive jurisdiction of such courts and waive any right to challenge jurisdiction or venue in such courts with regard to any suit, action, or proceeding under or in connection with this Agreement.

(c) Headings; Entire Agreement. Headings used in this Agreement are provided for reference and convenience only, are not considered part of this Agreement, and will not be employed in the construction of this Agreement. This Agreement, including any appendices or exhibits attached hereto, constitutes the entire agreement between you and PNC with respect to the subject matters addressed herein, and supersedes all other discussions, negotiations, correspondence, representations, understandings and agreements between the parties concerning the subject matters hereof.

(d) Modification. Modifications or adjustments to the terms of this Agreement may be made by the Corporation as permitted in accordance with the Plan or as provided for in this Agreement. No other modification of the terms of this Agreement will be effective unless embodied in a separate, subsequent writing signed by you and by an authorized representative of the Corporation.

(e) No Waiver. Failure of PNC to demand strict compliance with any of the terms, covenants or conditions of this Agreement will not be deemed a waiver of such term, covenant or condition, nor will any waiver or relinquishment of any such term, covenant or condition on any occasion or on multiple occasions be deemed a waiver or relinquishment of such term, covenant or condition.

(f) Severability. The restrictions and obligations imposed by this Agreement are separate and severable, and it is the intent of both parties that if any restriction or obligation imposed by any of these provisions is deemed by a court of competent jurisdiction to be void for any reason whatsoever, the remaining provisions, restrictions and obligations will remain valid and binding upon you.

(g) Applicable Laws. Notwithstanding anything in this Agreement, PNC will not be required to comply with any term, covenant or condition of this Agreement if and to the extent prohibited by law, including but not limited to Federal banking and securities regulations, or as otherwise directed by one or more regulatory agencies having jurisdiction over PNC.

(h) Compliance with Section 409A of the Internal Revenue Code. It is the intention of the parties that the Award and this Agreement comply with the provisions of Section 409A of the Internal Revenue Code to the extent, if any, that such provisions are applicable. This Agreement will be administered in a manner consistent with this intent, including as set forth in Section 20 of the Plan. If the Award includes a "series of installment payments" (within the meaning of Section 1.409A-2(b)(2)(iii) of the Treasury

Regulations), your right to the series of installment payments will be treated as a right to a series of separate payments and not as a right to a single payment.

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EX 10.36

THE PNC FINANCIAL SERVICES GROUP, INC.
2016 INCENTIVE AWARD PLAN

RESTRICTED SHARE UNITS AWARD AGREEMENT
SENIOR LEADER PROGRAM (SECTION 16)

APPENDIX B

DEFINITIONS

Certain Definitions. Except as otherwise provided, the following definitions apply for purposes of this Agreement.

"Anticipatory Termination" means a termination of employment where PNC terminates your employment with PNC (other than for Misconduct or Disability) prior to the date on which a Change of Control occurs, and you reasonably demonstrated that such termination of employment (i) was at the request of a third party that has taken steps reasonably calculated to effect a Change of Control or (ii) otherwise arose in connection with or in anticipation of a Change of Control.

"Award Effective Date" has the meaning set forth in Section A of this Agreement.

"Change of Control" means:

(a) Any Person becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (x) the then-outstanding shares of Common Stock (the "Outstanding PNC Common Stock") or (y) the combined voting power of the then-outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the "Outstanding PNC Voting Securities"). The following acquisitions will not constitute a Change of Control for purposes of this definition: (1) any acquisition directly from the Corporation, (2) any acquisition by the Corporation, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any company controlled by, controlling or under common control with the Corporation (an "Affiliated Company"), (4) any acquisition pursuant to an Excluded Combination (as defined below) or (5) an acquisition of beneficial ownership representing between 20% and 40%, inclusive, of the Outstanding PNC Voting Securities or Outstanding PNC Common Stock if the Incumbent Board (as defined below) as of immediately prior to any such acquisition approves such acquisition either prior to or immediately after its occurrence;

(b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied). For purposes of this definition, any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the shareholders of the Corporation, was approved

by a vote of at least two-thirds of the directors then comprising the Incumbent Board will be considered as though such individual was a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(c) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Corporation or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Corporation, or the acquisition of assets or stock of another entity by the Corporation or any of its subsidiaries (each, a "Business Combination"). A transaction otherwise meeting the definition of Business Combination will not be treated as a Change of Control if following completion of the transaction all or substantially all of the beneficial owners of the Outstanding PNC Common Stock and the Outstanding PNC Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of the then-outstanding shares of Common Stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Corporation or all or substantially all of the Corporation's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding PNC Common Stock and the Outstanding PNC Voting Securities, as the case may be (such a Business Combination, an "Excluded Combination"); or

(d) Approval by the shareholders of the Corporation of a complete liquidation or dissolution of the Corporation.

"Competitive Activity" means any participation in, employment by, ownership of any equity interest exceeding one percent in, or promotion or organization of, any Person other than PNC (1) engaged in business activities similar to some or all of the business activities of PNC during your employment or (2) engaged in business activities that you know PNC intends to enter within the next 12 months (or, if after your Termination Date, within the first 12 months after your Termination Date), in either case whether you are acting as agent, consultant, independent contractor, employee, officer, director, investor, partner, shareholder, proprietor or in any other individual or representative capacity therein. For purposes of Competitive Activity as defined herein (and as such similar term is defined in any equity-based award agreement held by you), the term "subsidiary" will not include any company in which PNC holds an interest pursuant to its merchant banking authority.

"Detrimental Conduct" means:

(a) You have engaged in, without the prior written consent of PNC (with consent to be given or withheld at PNC's sole discretion), in any Competitive Activity in the Restricted Territory at any time during the period of your employment with PNC and the 12-month period following your Termination Date;

(b) any act of fraud, misappropriation, or embezzlement by you against PNC or one of its subsidiaries or any client or customer of PNC or one of its subsidiaries; or

(c) you are convicted (including a plea of guilty or of nolo contendere) of, or you enter into a pre-trial disposition with respect to, the commission of a felony that relates to or arises out of your employment or other service relationship with PNC.

You will be deemed to have engaged in Detrimental Conduct for purposes of this Agreement only if and when the Committee or other PNC Designated Person determines that you have engaged in conduct described in clause (a) or clause (b) above or that an event described in clause (c) above has occurred with respect to you. Detrimental Conduct will not apply to conduct by or activities of successors to the Award by will or the laws of descent and distribution in the event of your death.

No determination that you have engaged in Detrimental Conduct may be made (x) on or after your Termination Date if your termination of employment was an Anticipatory Termination or (y) between the time PNC enters into an agreement providing for a Change of Control and the time such agreement either terminates or results in a Change of Control.

"Good Reason" means the definition of Good Reason contained in the Change of Control Employment Agreement between you and PNC or any substitute employment agreement entered into between you and PNC then in effect or, if none, the occurrence of any of the following events without your consent:

(a) the assignment to of any duties to you inconsistent in any material respect with your position (including status, offices, titles and reporting requirements), or any other material diminution in such position, authority, duties or responsibilities;

(b) any material reduction in your rate of base salary or the amount of your annual bonus opportunity (or, if less, the bonus opportunity established for the PNC's similarly situated employees for any year), or a material reduction in the level of any other employee benefits for which you are eligible receive below those offered to the PNC's similarly situated employees;

(c) PNC's requiring you to be based at any office or location outside of a fifty (50)-mile radius from the office where you were employed on the Grant Date;

(d) any action or inaction that constitutes a material breach by the PNC of any agreement entered into between you and PNC; or

(e) the failure by PNC to require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of PNC to assume expressly and agree to perform this Agreement in the same manner and to the same extent that PNC would be required to perform it if no such succession had taken place.

Notwithstanding the foregoing, none of the events described above shall constitute Good Reason unless and until (i) you first notify PNC in writing describing in reasonable detail the condition which constitutes Good Reason within 90 days of its initial occurrence, (ii) PNC fails to cure such condition within 30 days after receipt of such written notice, and (iii) you terminate employment within two years of its initial occurrence.

Your mental or physical incapacity following the occurrence of an event described above in clauses (a) through (e) shall not affect your ability to terminate employment for Good Reason, and your death following delivery of a notice of termination for Good Reason shall not affect your estate's entitlement to severance payments benefits provided hereunder upon a termination of employment for Good Reason.

"Misconduct" means, as it relates to an Anticipatory Termination or following a Change of Control, (a) your willful and continued failure to substantially perform your duties with PNC (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to you by the Board or the CEO that specifically identifies the manner in which the Board or the CEO believes that you have not substantially performed your duties; or (b) your willful engagement in illegal conduct or gross misconduct that is materially and demonstrably injurious to PNC or any of its subsidiaries. For purposes of clauses (a) and (b), no act or failure to act, on your part, shall be considered willful unless it is done, or omitted to be done, by you in bad faith and without reasonable belief that your action or omission was in the best interests of PNC. Any act, or failure to act, based upon the instructions or prior approval of the Board, the CEO or your superior or based upon the advice of counsel for PNC, will be conclusively presumed to be done, or omitted to be done, by you in good faith and in the best interests of PNC.

Your cessation of employment will be deemed to be a termination of your employment with PNC for Misconduct only if and when there shall have been delivered to you, as part of the notice of your termination, a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board, at a Board meeting called and held for the purpose of considering such termination, finding on the basis of clear and convincing evidence that, in the good faith opinion of the Board, you are guilty of conduct described in clause (a) or clause (b) above and, in either case, specifying the particulars thereof in detail. Such resolution shall be adopted only after (i) reasonable

notice of such Board meeting is provided to you, together with written notice that PNC believes that you are guilty of conduct described in clause (a) or clause (b) above and, in either case, specifying the particulars thereof in detail, and (ii) you are given an opportunity, together with counsel, to be heard before the Board.

"Person" means any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act.

"PNC Designated Person" means (a) the Committee or its delegate if you are (or were when you ceased to be an employee of PNC) either a Group 1 covered employee (Corporate Executive Group member) including any equivalent successor classification or subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to PNC securities (or both); or (b) the Committee, the CEO, or the Chief Human Resources Officer of PNC, or any other individual or group as may be designated by one of the foregoing to act as PNC Designated Person for purposes of this Agreement.

"Qualifying Termination" has the meaning set forth in Section B of this Agreement.

"Restricted Territory" means (a) if you are employed by (or, if you are not an employee, providing the majority of your services to) PNC in the United States or Canada as of the Termination Date, the United States and Canada, (b) if you are employed by (or, if you are not an employee, providing the majority of your services to) PNC in the United Kingdom as of the Termination Date, the United Kingdom or (c) if you are employed by (or, if you are not an employee, providing the majority of your services to) PNC in Germany as of the Termination Date, Germany or the United Kingdom.

"Retirement" means your termination of employment with PNC at any time for any reason (other than termination of employment by reason of your death, by PNC for Cause or by reason of termination of employment in connection with a divestiture of assets or a divestiture of one or more subsidiaries of PNC if the Committee or the CEO or his or her designee so determines prior to such divestiture) on or after the first date on which you have both attained at least age 55 and completed five years of service, where a year of service is determined in the same manner as the determination of a year of vesting service calculated under the provisions of The PNC Financial Services Group, Inc. Pension Plan.

"Termination Date" means the last day of your employment with PNC. If you are employed by a Subsidiary that ceases to be a Subsidiary or ceases to be a consolidated subsidiary of the Corporation under U.S. generally accepted accounting principles and you do not continue to be employed by or otherwise have a Service Relationship with PNC, then for purposes of this Agreement, your employment with PNC terminates effective at the time this occurs.

EX 10.36

THE PNC FINANCIAL SERVICES GROUP, INC.
2016 INCENTIVE AWARD PLAN

RESTRICTED SHARE UNITS AWARD AGREEMENT

APPENDIX C

RISK PERFORMANCE-BASED VESTING CONDITIONS
SENIOR LEADER PROGRAM (SECTION 16)

The following table sets forth the risk performance-based vesting conditions of the Award:

1.	*Generally*	The Award is divided into three Tranches, with the first Tranche relating to the 2022 performance year, the second Tranche relating to the 2023 performance year, and the third tranche relating to the 2024 performance year (each such year, a "Performance Year"). Each Tranche must satisfy a risk-related performance metric based on whether PNC has met or exceeded the common equity Tier 1 capital spot ratio limit as then in effect and applicable to The PNC Financial Services Group, Inc. ("CET1 Ratio") (which may be on a pro forma fully phased-in basis, if applicable) as set forth in PNC's Enterprise Capital Management Policy (or any successor policy) and monitored at least quarterly. Each Tranche of the Award will also be subject to an annual risk review based on business unit financial performance (or at the discretion of the Committee). "PNC" for purposes of this Appendix C as it refers to risk performance-based vesting conditions means the Corporation and its consolidated subsidiaries for financial reporting purposes.
2.	*Applying the Risk Performance Metric*	*(a) CET1 Ratio Generally.* Each Tranche is subject to a risk performance factor based on whether PNC has met or exceeded the CET1 Ratio as of the last day of each Performance Year. The current CET1 Ratio is 7.0%. *(b) Determination of Annual CET1 Ratio.* As soon as practicable following the end of each Performance Year, PNC will present information to the Committee relating to (i) the CET1 Ratio compared to (ii) the actual CET1 Ratio

PNC

		achieved by PNC with respect to that Performance Year, based on PNC's publicly reported financial results for the period ending on the applicable end date. Except as otherwise provided in paragraph 5 in the event of your death or a Change of Control, this will generally be the public release of earnings results for PNC's fourth quarter that occurs after the year-end measurement date, so that the Committee will be able to make its determination in late January or early February following a Performance Year. • If PNC meets or exceeds the CET1 Ratio for a Performance Year, the risk performance metric is satisfied. • If PNC does not meet the CET1 Ratio for a Performance Year, the applicable Tranche is eligible for forfeiture as determined by the Committee prior to settlement of the Tranche.
3.	*Risk Performance Review Adjustments*	In addition, and independent from the CET1 Ratio performance metric described in paragraph 2 above, with respect to each Tranche and prior to the settlement of that Tranche, the Committee conducts a risk performance review either (1) as a result of business unit financial performance (as described below) or (2) at the discretion of the Committee, relating to a risk-related action of potentially material consequence to PNC. A risk performance review is triggered under (1) above if (a) one of the specific business unit or enterprise level review triggers set forth below is met and (b) that review trigger is applicable to you because either it (i) applies to your business unit or functional area as of the Grant Date and the Committee has not determined in its discretion to apply a different review trigger to you for the Performance Year, or (ii) the Committee has determined in its discretion to apply such specific business unit or enterprise level review trigger to you for the Performance Year. The specific business unit or enterprise level review triggers are as follows: • PNC's Retail Banking segment reports a loss for the Performance Year • PNC's Corporate & Institutional Banking segment reports a loss for the Performance Year • PNC's Asset Management Group segment reports a loss for the Performance Year

		If you are not assigned to one of the above-named business units as of the Grant Date, the review trigger will be applicable to you only in the event the Committee determines in its discretion to apply such review trigger, as described in (ii) above. If your affiliated business unit or functional area as of the Grant Date is eliminated or no longer reportable due to restructuring or other business reason, the specific review trigger applicable to you will be based on your newly assigned business unit or functional area. For purposes of this Agreement, whether or not a specified business unit has a loss for a given Performance Year will be determined on the basis of the reported earnings or loss, as the case may be, of the reportable business segment that includes the results of such business unit, based on PNC's publicly reported financial results for that year. If a risk performance review is triggered as a result of business financial performance under (1) or if the Committee exercises its discretion to conduct a risk performance review under (2) above, the Committee will review and determine if a downward adjustment for risk performance is appropriate either for the applicable Tranche or to a specific Grantee. Any determination to conduct a risk performance review will be made shortly after the close of the Performance Year, but no later than the 45th day following the close of the Performance Year, and any required review will be conducted no later than two and a half-months after the close of the Performance Year.
4.	*Determination of Final Number of RSUs*	Following the Performance Year, if (1) the risk performance metric is satisfied and if no risk review is conducted with respect to that year, or (2) the Committee determines not to apply a downward adjustment for risk performance, then the final Award will be the number of RSUs subject to the applicable Tranche. If the risk performance metric is not satisfied, or if a review is conducted, and the Committee applies a downward adjustment for risk performance, than the final award will be a lower number of RSUs subject to the

PNC

		applicable Tranche (rounded down to the nearest whole Unit) or zero, as determined by the Committee. If the Committee elects to forfeit a Tranche as it relates to all members of PNC's Group 1 executives by reason of the CET1 Ratio risk performance metric not being satisfied, such Tranche will also be forfeited for all members of the Senior Leader program. **In no event can the size of the Tranche be greater than 100.00% of the target number of RSUs subject to that Tranche.**
5.	*Determination of Risk Performance Metric Upon Death or a Change of Control*	
	Death	Notwithstanding anything to the contrary in this Agreement, if your employment with PNC ceases by reason of your death, or if you die after a termination of employment with PNC due to Disability or Retirement or by reason of an Anticipatory Termination, in any case, prior to a Change of Control or the last Scheduled Vesting Date, then all risk performance-based conditions will be met with respect to the outstanding portion of your Award, *unless* the date of death occurs after a calendar year but prior to performance-adjustment by the Committee (including a Committee determination made immediately preceding the date of the Change of Control), in which case such Tranche will vest based on actual performance as determined by the Committee. For the avoidance of doubt, in the event of your death following a Change of Control, the risk performance metric for any then-outstanding Tranche will be determined as provided in the "Change of Control" paragraph below.
	Change of Control	Notwithstanding anything to the contrary in this Agreement and subject to your satisfaction of the service-based vesting requirements, any outstanding Tranches for which no performance factors have been determined at the time of a Change of Control will be risk performance-adjusted, as follows: • If a Change of Control occurs after a completed Performance Year, but prior to the Scheduled Vesting Date for that Tranche, the actual CET1 Ratio for that Performance Year will continue to apply to that Tranche, and

PNC

		• For any Performance Year not completed prior to a Change of Control, if the CET1 Ratio was not met as of the quarter-end date immediately preceding the Change of Control (or if the Change of Control falls on a quarter-end date, and such information is available and applicable for such date, the date of the Change of Control), then all remaining Tranches will be forfeited and expire as of the Change of Control. For the avoidance of doubt: • If the CET1 Ratio was not met as of the applicable quarter-end performance measurement date, the Award will be forfeited by you as of the Change of Control. • Tranches where the CET1 Ratio was met and that remain outstanding will be paid out, without further Dividend Equivalents or any interest, on the Scheduled Vesting Dates (or earlier, in the event of your death) upon your satisfaction of the service-based vesting requirements.
6.	*Committee Determination*	The Committee may make prospective adjustments to the Award. All determinations made by the Committee or otherwise by PNC hereunder shall be made in its sole discretion and shall be final, binding and conclusive for all purposes on all parties.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be signed on its behalf as of the Grant Date.

THE PNC FINANCIAL SERVICES GROUP, INC.

By:

William S Demchak

Chief Executive Officer

ATTEST:

By:

Alicia G. Powell

Corporate Secretary

ACCEPTED AND AGREED TO by GRANTEE

____

Grantee

EX 10.37

THE PNC FINANCIAL SERVICES GROUP, INC.
2016 INCENTIVE AWARD PLAN

* * *

PERFORMANCE RESTRICTED SHARE UNITS AWARD AGREEMENT

This Agreement, which includes the attached appendices (this "Agreement") sets forth the terms and conditions of your performance restricted share unit award made pursuant to The PNC Financial Services Group, Inc. 2016 Incentive Award Plan and any sub-plans thereto.

Appendix A to this Agreement sets forth additional terms and conditions of the Award, including restrictive covenant provisions. Appendix B to this Agreement sets forth certain definitions applicable to this Agreement generally. Appendix C to this Agreement sets forth the performance-based vesting conditions applicable to the Award and certain related definitions. Capitalized terms not otherwise defined in the body of this Agreement have the meaning ascribed to such terms in the Plan or Appendices A, B or C.

The Corporation and the Grantee named below (referenced in this Agreement as "you" or "your") agree as follows:

Subject to your timely acceptance of this Agreement (as described in Section A below), the Corporation grants to you the Award set forth below, subject to the terms and conditions of the Plan and this Agreement.

A.	GRANT AND ACCEPTANCE OF PRSUs
GRANTEE	#ParticipantName#
GRANT DATE	June 13, 2022
AWARD	Performance restricted share units ("PRSUs"), each representing a right to receive one Share, and related Dividend Equivalents, payable in cash.
TARGET	#QuantityGranted# PRSUs and related Dividend Equivalents
PERFORMANCE PERIOD	June 13, 2022- June 13, 2027 (other than limited exceptions in the event of death or a Change of Control, as described in Appendix C).

AWARD ACCEPTANCE; AWARD EFFECTIVE DATE	You must accept this Award by delivering an executed unaltered copy of this Agreement to the Corporation within 30 days of your receipt of this Agreement. Upon such execution and delivery of this Agreement by both you and the Corporation, this Agreement is effective as of the Grant Date (the "Award Effective Date"). If you do not properly accept this Award, the Corporation may, in its sole discretion, cancel the Award at any time thereafter.

B. VESTING REQUIREMENTS

B.1 ***An Award becomes vested only upon satisfaction of both the service-based vesting requirements and the performance-based vesting requirements set forth below.***

SERVICE-BASED VESTING REQUIREMENTS	Except as otherwise provided in this Agreement, you must remain continuously employed through and including the Committee-determined Final Award Date (as defined in Appendix B) or such earlier date as prescribed by Section B.2 below.
PERFORMANCE-BASED VESTING REQUIREMENTS	Provided the service-based vesting requirements have been met, the Award will vest and become payable on the applicable Final Award Date upon the achievement of the performance goals set forth in Appendix C to this Agreement.

B.2 EFFECT OF TERMINATION OF EMPLOYMENT PRIOR TO THE FINAL AWARD DATE ON VESTING REQUIREMENTS

RETIREMENT FOLLOWING 3RD ANNIVERSARY OF GRANT DATE	Notwithstanding anything to the contrary in this Agreement, if your employment with PNC is terminated due to your Retirement, and not for Cause, on or after the third (3rd) anniversary of the Grant Date, the Committee may determine, in its sole discretion prior to your Termination Date, that with respect to all or a specified portion of your then outstanding unvested Award, that the service-based vesting requirements of the Award will be satisfied as of your Termination Date, but the Award will not vest and become payable until the Final Award Date, subject to satisfaction of the performance-based vesting requirements and your continued compliance with the terms and conditions of this Agreement.

conditions of this Agreement.

BY PNC WITHOUT CAUSE	Notwithstanding anything to the contrary in this Agreement, if your employment with PNC is terminated by PNC without Cause, the Committee may determine, in its sole discretion prior to your Termination Date, that with respect to all or a specified portion of your then outstanding unvested Award, that the service-based vesting requirements of the Award will be satisfied as of your Termination Date, but the Award will not vest and become payable until the Final Award Date, subject to satisfaction of the performance-based vesting requirements and your continued compliance with the terms and conditions of this Agreement.
DISABILITY	Notwithstanding anything to the contrary in this Agreement, if your employment with PNC is terminated by PNC due to your Disability, and not for Cause, then the service-based vesting requirements of the Award will be satisfied as of your Termination Date, but the Award will not vest and become payable until the Final Award Date, subject to satisfaction of the performance-based vesting requirements and your continued compliance with the terms and conditions of this Agreement.
DEATH	Notwithstanding anything to the contrary in this Agreement, if your employment with PNC ceases by reason of your death, or if you die after a termination of employment with PNC due to Disability, or Retirement on or after the third (3rd) anniversary of the Grant Date, or following an Anticipatory Termination, but prior to the Final Award Date, then the service-based requirements of the Award will be satisfied as of your date of death, and the performance-based vesting requirements will be satisfied as further described in Appendix C.
ANTICIPATORY TERMINATION	Notwithstanding anything to the contrary in this Agreement, if your termination of employment with PNC is an Anticipatory Termination, then the service-based vesting requirements of the Award will be satisfied as of the Termination Date, but the Award will not vest and become payable until the Final Award Date, subject to satisfaction of the performance-based vesting requirements and your

		continued compliance with the terms of this Agreement.
	TERMINATION FOLLOWING A CHANGE OF CONTROL	Notwithstanding anything to the contrary in this Agreement, if you have been continuously employed by PNC, including any successor entity, through the date of a Change of Control, and your employment with PNC is terminated following such Change of Control (but prior to the Final Award Date): (a) by PNC other than for Misconduct, (b) by you for Good Reason, or (c) for any reason (other than for Misconduct) on or after the first business day following the end of the Performance Period, (each, a "Qualifying Termination"), then the service-based requirements of the Award will be satisfied as of your Termination Date, and the performance-based vesting requirements will be satisfied as further described in Appendix C. For the avoidance of doubt, upon the occurrence of a Change of Control, the Award will not become vested until the service-based vesting requirements are satisfied, either as set forth in Section B.1 or as a result of your Retirement on or after the third (3rd) anniversary of the Grant Date, your termination of employment by reason of death or Disability, or the occurrence of a Qualifying Termination.
C.		**FORFEITURE**
C.1	**FORFEITURE UPON FAILURE TO MEET SERVICE-BASED VESTING REQUIREMENTS**	Except as otherwise provided in Section B.2 above, if you cease to be an employee of PNC prior to an applicable Final Award Date, you will not have satisfied the service-based vesting requirements and the Award will be automatically forfeited and cancelled as of your Termination Date. Upon such forfeiture or cancellation, neither you nor your successors, heirs, assigns or legal representatives will have any further rights or interest in the Award under this Agreement.

C.2	**FORFEITURE IN CONNECTION WITH DETRIMENTAL CONDUCT**	At any time prior to the Final Award Date, to the extent that PNC (acting through a PNC Designated Person) determines in its sole discretion (a) that you have engaged in Detrimental Conduct and (b) to forfeit and cancel all or a specified portion of the outstanding Award as a result of such determination, then such portion will be forfeited and cancelled effective as of the date of such determination.
D.		**DIVIDEND EQUIVALENTS**
D.1	**GENERALLY**	As of the Award Effective Date, you will be entitled to earn accrued cash Dividend Equivalents on the vested Payout Share Units (defined in <u>Appendix C</u>), in an amount equal to the cash dividends that would have been paid (without interest or reinvestment) between the Grant Date and the Final Award Date, as though you were the record holder of such Payout Share Units, and such Payout Share Units had been issued and outstanding shares on the Grant Date through the Final Award Date.
D.2	**ACCRUED DIVIDEND EQUIVALENT PAYMENTS**	(a) <u>Generally</u>. Accrued Dividend Equivalents will vest and be paid out in cash, less the payment of any applicable withholding taxes pursuant to Section 6 of <u>Appendix A</u>, if and when the Award vests and pays out (at which point such Dividend Equivalents will terminate). Dividend Equivalents are subject to the same vesting requirements and payout size adjustments as the Award. If the PRSUs to which such Dividend Equivalents relate are forfeited and cancelled, such related Dividend Equivalents will also be forfeited and cancelled. (b) <u>Payment Upon a Change of Control</u>. Accrual of Dividend Equivalents will cease as of the Change of Control. Upon a Change of Control, Dividend Equivalents accrued (without reinvestment or interest) between the Grant Date and the Change of Control will vest and be paid out in cash, less the payment of any applicable withholding taxes pursuant to Section 6 of <u>Appendix A</u>, if and when the Award vests and pays out, as if you were the record holder of the number of Shares equal to the number of vested Payout Share Units underlying

		the Award from the Grant Date through the date of the Change of Control.
E.	**PAYMENT OF THE AWARD**	
E.1	**PAYMENT TIMING**	Except as otherwise provided below, vested Payout Share Units that remain outstanding will be settled as soon as practicable following the applicable Final Award Date (and no later than (x) December 31st following the year of death, in the event of your death, or (y) March 15th following the year the Award vests).
E.2	**FORM OF PAYMENT; AMOUNT**	(a) Payment Generally. Except as provided in subsection (b) below, your Final Award will be settled at the time set forth in Section E.1 by delivery to you of that number of whole Shares equal to the number of Payout Share Units under your Final Award, less the payment of any applicable withholding taxes pursuant to Section 6 of Appendix A. (b) Payment On or After a Change of Control. Upon vesting on or after a Change of Control, vested Payout Share Units will be settled at the time set forth in Section E.1 by payment to you of cash in an amount equal to that number of whole Shares equal to the number of vested Payout Share Units, multiplied by the then current Fair Market Value of a share of Common Stock on the date of the Change of Control (subject to any applicable adjustment pursuant to Section 2 of Appendix A), less the payment of any applicable withholding taxes pursuant to Section 6 of Appendix A. Related accrued Dividend Equivalent payments will be paid to you in cash as described in Section D.2(b). No interest will be paid with respect to any such payments made pursuant to this Section E.
F.	**RESTRICTIVE COVENANTS**	Upon your acceptance of this Award, you shall become subject to the restrictive covenant provisions set forth in Section 1 of Appendix A.
G.	**CLAWBACK**	The Award, and any right to receive and retain any Shares (if applicable), cash or other value pursuant

shares (if applicable), cash or other value pursuant to the Award, is subject to rescission, cancellation or recoupment, in whole or in part, if and to the extent so provided under the Corporation's Incentive Compensation Adjustment and Clawback Policy, as in effect from time to time with respect to the Award, or any other applicable clawback, adjustment or similar policy in effect on or established after the Grant Date and to any clawback or recoupment that may be required by applicable law or regulation.

By accepting this Award, you agree that you are obligated to provide all assistance necessary to the Corporation to recover or recoup the Shares, cash or other value pursuant to the Award which are subject to recovery or recoupment pursuant to applicable law, government regulation, stock exchange listing requirement or PNC policy. Such assistance shall include completing any documentation necessary to recover or recoup the Shares, cash or other value pursuant to the Award from any accounts you maintain with PNC or any pending or future compensation.

A copy of the Incentive Compensation Adjustment and Clawback Policy is included in the materials distributed to you with this Agreement.

EX 10.37

THE PNC FINANCIAL SERVICES GROUP, INC.
2016 INCENTIVE AWARD PLAN

PERFORMANCE RESTRICTED SHARE UNITS AWARD AGREEMENT

APPENDIX A

ADDITIONAL PROVISIONS

1. **Restrictive Covenants**. You and PNC acknowledge and agree that you have received adequate consideration with respect to enforcement of the provisions of this Section 1 by virtue of accepting this Award (regardless of whether the Award or any portion thereof is ultimately settled and paid to you); that such provisions are reasonable and properly required for the adequate protection of the business of PNC and its subsidiaries; and that enforcement of such provisions will not prevent you from earning a living.

(a) Non-Solicitation; No-Hire. You agree to comply with the provisions of this Section 1(a) during the period of your employment with PNC and the 12-month period following your Termination Date, regardless of the reason for such termination of employment, as follows:

i. *Non-Solicitation*. You will not, directly or indirectly, either for your own benefit or purpose or for the benefit or purpose of any Person other than PNC, solicit, call on, do business with, or actively interfere with PNC's relationship with, or attempt to divert or entice away, any Person that you should reasonably know (A) is a customer of PNC for which PNC provides any services as of your Termination Date, or (B) was a customer of PNC for which PNC provided any services at any time during the 12 months preceding your Termination Date, or (C) was, as of your Termination Date, considering retention of PNC to provide any services.

ii. *No-Hire*. You will not, directly or indirectly, either for your own benefit or purpose or for the benefit or purpose of any Person other than PNC, employ or offer to employ, call on, or actively interfere with PNC's relationship with, or attempt to divert or entice away, any employee of PNC. You also will not assist any other Person in such activities.

Notwithstanding Section 1(a)(i) and Section 1(a)(ii) above, if your termination of employment with PNC is an Anticipatory Termination, then commencing immediately after your Termination Date, the provisions of Section 1(a)(i) and Section 1(a)(ii) will no longer apply and will be replaced with the following provision:

"No-Hire. You agree that you will not, for a period of one year after your Termination Date, employ or offer to employ, solicit, actively interfere with PNC or any PNC affiliate's relationship with, or attempt to divert or entice away, any officer of PNC or any affiliate of PNC."

(b) Confidentiality. During your employment with PNC and thereafter regardless of the reason for termination of such employment, you will not disclose or use in any way any confidential business or technical information or trade secret acquired in the course of such employment, all of which is the exclusive and valuable property of PNC whether or not conceived of or prepared by you, other than (i) information generally known in PNC's industry or acquired from public sources, (ii) as required in the course of employment by PNC, (iii) as required by any court, supervisory authority, administrative agency or applicable law, or (iv) with the prior written consent of PNC. Nothing in this Agreement, including this Section 1(b), is intended to limit you from reporting possible violations of law or regulation to any governmental entity (including the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration or the Securities and Exchange Commission) or any self-regulatory organization or making other disclosures that are protected under the whistleblower provisions of federal, state or local law or regulation. You further understand and agree that you are not required to contact or receive consent from PNC before engaging in such communications with any such authorities.

(c) Ownership of Inventions. You will promptly and fully disclose to PNC any and all inventions, discoveries, improvements, ideas or other works of inventorship or authorship, whether or not patentable, that have been or will be conceived and/or reduced to practice by you during the term of your employment with PNC, whether alone or with others, and that are (i) related directly or indirectly to the business or activities of PNC or (ii) developed with the use of any time, material, facilities or other resources of PNC ("Developments"). You agree to assign and hereby do assign to PNC or its designee all of your right, title and interest, including copyrights and patent rights, in and to all Developments. You will perform all actions and execute all instruments that PNC or any subsidiary will deem necessary to protect or record PNC's or its designee's interests in the Developments. The obligations of this Section 1(c) will be performed by you without further compensation and will continue beyond your Termination Date.

(d) Enforcement Provisions. You understand and agree to the following provisions regarding enforcement of Section 1 of this Agreement:

i. *Equitable Remedies*. A breach of the provisions of Sections 1(a) – 1(c) will cause PNC irreparable harm, and PNC will therefore be entitled to seek issuance of immediate, as well as permanent, injunctive relief restraining you, and each and every person and entity acting in concert or participating with you, from initiation and/or continuation of such breach.

ii. *Tolling Period*. If it becomes necessary or desirable for PNC to seek compliance with the provisions of Section 1(a) by legal proceedings, the period during which you will comply with said provisions will extend for a period of 12 months from the date PNC institutes legal proceedings for injunctive or other relief.

iii. *Reform*. If any of Sections 1(a) – 1(c) are determined by a court of competent jurisdiction to be unenforceable because unreasonable either as to length of time or area to which the restriction applies, it is the intent of both parties that the court reduce and reform the restriction so as to apply the greatest limitations considered enforceable by the court.

iv. *Waiver of Jury Trial*. Each of you and PNC hereby waives any right to trial by jury with regard to any suit, action or proceeding under or in connection with any of Sections 1(a) – 1(c).

v. *Application of Defend Trade Secrets Act*. Regardless of any other provision in this Agreement, you may be entitled to immunity and protection from retaliation under the Defend Trade Secrets Act of 2016 for disclosing trade secrets under certain limited circumstances, as set forth in PNC's Defend Trade Secrets Act policy. The policy is available for viewing on PNC's intranet under the "PNC Ethics" page.

2. **Capital Adjustments upon a Change of Control**. Upon the occurrence of a Change of Control, (a) the number, class and kind of PRSUs then outstanding under the Award will automatically be adjusted to reflect the same changes as are made to outstanding shares of Common Stock generally, (b) the value per share unit of any share-denominated award amount will be measured by reference to the per share value of the consideration payable to a holder of Common Stock in connection with such Corporate Transaction or Transactions if applicable, and (c) with respect to stock-payable PRSUs only, if the effect of the Corporate Transaction or Transactions on a holder of Common Stock is to convert that shareholder's holdings into consideration that does not consist solely (other than as to a minimal amount) of shares of Common Stock, then the entire value of any payment to be made to you will be made solely in cash at the applicable time specified in this Agreement.

3. **Fractional Shares**. No fractional Shares will be delivered to you. If the outstanding vested PRSUs being settled in Shares include a fractional interest, such fractional interest will be eliminated by rounding down to the nearest whole share unit.

4. **No Rights as a Shareholder**. You will have no rights as a shareholder of the Corporation by virtue of this Award unless and until Shares are issued and delivered in settlement of the Award pursuant to and in accordance with this Agreement.

5. **Transfer Restrictions.**

(a) The Award may not be sold, assigned, transferred, exchanged, pledged, or otherwise alienated or hypothecated.

(b) If you are deceased at the time any outstanding vested PRSUs are settled and paid out in accordance with the terms of this Agreement, such delivery of Shares, cash payment or other payment (as applicable) shall be made to the executor or administrator of your estate or to your other legal representative or, as permitted under the election procedures of the Plan's third-party administrator, to your designated beneficiary, in each case, as determined in good faith by the Corporation. Any delivery of Shares, cash payment or other payment made in good faith by the Corporation to your executor, other legal representative or permissible designated beneficiary, or retained by the Corporation for taxes pursuant to Section 6 of this Appendix A, shall extinguish all right to payment hereunder.

6. Withholding Taxes.

(a) You shall be solely responsible for any applicable taxes (including, without limitation, income and excise taxes), penalties and interest that you incur in connection hereunder. The Corporation will, at the time any withholding tax obligation arises in connection herewith, retain an amount sufficient to satisfy the minimum amount of taxes then required to be withheld by the Corporation in connection therewith from amounts then payable hereunder to you.

(b) If any such withholding is required prior to the time amounts are payable to you hereunder or if such amounts are not sufficient to satisfy such obligation in full, the withholding will be taken from other compensation then payable to you or as otherwise determined by PNC.

(c) The Corporation will withhold cash from any amounts then payable to you hereunder that are settled in cash. Unless the Committee or PNC Designated Person determines otherwise, with respect to stock-payable PRSUs only, the Corporation will retain whole Shares from any amounts then payable to you hereunder (or pursuant to any other PRSUs previously awarded to you under the Plan) in the form of Shares. For purposes of this Section 6(c), Shares retained to satisfy applicable withholding tax requirements will be valued at their Fair Market Value on the date the tax withholding obligation arises (as such date is determined by the Corporation).

7. Employment. Neither the granting of the Award nor any payment with respect to such Award authorized hereunder nor any term or provision of this Agreement shall constitute or be evidence of any understanding, expressed or implied, on the part of PNC to employ you for any period or in any way alter your status as an employee at will.

8. Miscellaneous.

(a) Subject to the Plan and Interpretations. In all respects the Award and this Agreement are subject to the terms and conditions of the Plan, which has been made available to you and is incorporated herein by reference. The terms of the Plan will not be considered an enlargement of any benefits under this Agreement. If the Plan and this Agreement conflict, the provisions of the Plan will govern. Interpretations of the Plan and this Agreement by the Committee are binding on you and PNC.

(b) Governing Law and Jurisdiction. This Agreement is governed by and construed under the laws of the Commonwealth of Pennsylvania, without reference to its conflict of laws provisions. Any dispute or claim arising out of or relating to this Agreement or claim of breach hereof will be brought exclusively in the Federal court for the Western District of Pennsylvania or in the Court of Common Pleas of Allegheny County, Pennsylvania. By execution of this Agreement, you and PNC hereby consent to the exclusive jurisdiction of such courts and waive any right to challenge jurisdiction or venue in such courts with regard to any suit, action, or proceeding under or in connection with this Agreement.

(c) Headings; Entire Agreement. Headings used in this Agreement are provided for reference and convenience only, are not considered part of this Agreement, and will not be employed in the construction of this Agreement. This Agreement, including any appendices or exhibits attached hereto, constitutes the entire agreement between you and PNC with respect to the subject matters addressed herein, and supersedes all other discussions, negotiations, correspondence, representations, understandings and agreements between the parties concerning the subject matters hereof.

(d) Modification. Modifications or adjustments to the terms of this Agreement may be made by the Corporation as permitted in accordance with the Plan or as provided for in this Agreement. No other modification of the terms of this Agreement will be effective unless embodied in a separate, subsequent writing signed by you and by an authorized representative of the Corporation.

(e) No Waiver. Failure of PNC to demand strict compliance with any of the terms, covenants or conditions of this Agreement will not be deemed a waiver of such term, covenant or condition, nor will any waiver or relinquishment of any such term, covenant or condition on any occasion or on multiple occasions be deemed a waiver or relinquishment of such term, covenant or condition.

(f) Severability. The restrictions and obligations imposed by this Agreement are separate and severable, and it is the intent of both parties that if any restriction or obligation imposed by any of these provisions is deemed by a court of competent jurisdiction to be void for any reason whatsoever, the remaining provisions, restrictions and obligations will remain valid and binding upon you.

(g) Applicable Laws. Notwithstanding anything in this Agreement, PNC will not be required to comply with any term, covenant or condition of this Agreement if and to the extent prohibited by law, including but not limited to Federal banking and securities regulations, or as otherwise directed by one or more regulatory agencies having jurisdiction over PNC.

(h) Compliance with Section 409A of the Internal Revenue Code. It is the intention of the parties that the Award and this Agreement comply with the provisions of Section 409A of the Internal Revenue Code to the extent, if any, that such provisions are applicable. This Agreement will be administered in a manner consistent with this intent, including as set forth in Section 20 of the Plan. If the Award includes a "series of installment payments" (within the meaning of Section 1.409A-2(b)(2)(iii) of the Treasury

Regulations), your right to the series of installment payments will be treated as a right to a series of separate payments and not as a right to a single payment.

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EX 10.37

PNC

THE PNC FINANCIAL SERVICES GROUP, INC.
2016 INCENTIVE AWARD PLAN

PERFORMANCE RESTRICTED SHARE UNITS AWARD AGREEMENT

APPENDIX B

DEFINITIONS

Certain Definitions. Except as otherwise provided, the following definitions apply for purposes of this Agreement.

"Anticipatory Termination" means a termination of employment where PNC terminates your employment with PNC (other than for Misconduct or Disability) prior to the date on which a Change of Control occurs, and you reasonably demonstrated that such termination of employment (i) was at the request of a third party that has taken steps reasonably calculated to effect a Change of Control or (ii) otherwise arose in connection with or in anticipation of a Change of Control.

"Award Effective Date" has the meaning set forth in Section A of this Agreement.

"Change of Control" means:

(a) Any Person becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (x) the then-outstanding shares of Common Stock (the "Outstanding PNC Common Stock") or (y) the combined voting power of the then-outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the "Outstanding PNC Voting Securities"). The following acquisitions will not constitute a Change of Control for purposes of this definition: (1) any acquisition directly from the Corporation, (2) any acquisition by the Corporation, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any company controlled by, controlling or under common control with the Corporation (an "Affiliated Company"), (4) any acquisition pursuant to an Excluded Combination (as defined below) or (5) an acquisition of beneficial ownership representing between 20% and 40%, inclusive, of the Outstanding PNC Voting Securities or Outstanding PNC Common Stock if the Incumbent Board (as defined below) as of immediately prior to any such acquisition approves such acquisition either prior to or immediately after its occurrence;

(b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied). For purposes of this definition, any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the shareholders of the Corporation, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board will be considered as though such individual was a member of the Incumbent Board, but

be considered as though such individual was a member of the incumbent Board, but

excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(c) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Corporation or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Corporation, or the acquisition of assets or stock of another entity by the Corporation or any of its subsidiaries (each, a "Business Combination"). A transaction otherwise meeting the definition of Business Combination will not be treated as a Change of Control if following completion of the transaction all or substantially all of the beneficial owners of the Outstanding PNC Common Stock and the Outstanding PNC Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of the then-outstanding shares of Common Stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Corporation or all or substantially all of the Corporation's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding PNC Common Stock and the Outstanding PNC Voting Securities, as the case may be (such a Business Combination, an "Excluded Combination"); or

(d) Approval by the shareholders of the Corporation of a complete liquidation or dissolution of the Corporation.

"Competitive Activity" means any participation in, employment by, ownership of any equity interest exceeding one percent in, or promotion or organization of, any Person other than PNC (1) engaged in business activities similar to some or all of the business activities of PNC during your employment or (2) engaged in business activities that you know PNC intends to enter within the next 12 months (or, if after your Termination Date, within the first 12 months after your Termination Date), in either case whether you are acting as agent, consultant, independent contractor, employee, officer, director, investor, partner, shareholder, proprietor or in any other individual or representative capacity therein. For purposes of Competitive Activity as defined herein (and as such similar term is defined in any equity-based award agreement held by you), the term "subsidiary" will not include any company in which PNC holds an interest pursuant to its merchant banking authority.

"Detrimental Conduct" means:

(a) You have engaged in, without the prior written consent of PNC (with consent to be given or withheld at PNC's sole discretion), in any Competitive Activity in the Restricted Territory at any time during the period of your employment with PNC and the 12-month period following your Termination Date;

the 12-month period following your Termination Date;

(b) any act of fraud, misappropriation, or embezzlement by you against PNC or one of its subsidiaries or any client or customer of PNC or one of its subsidiaries; or

(c) you are convicted (including a plea of guilty or of nolo contendere) of, or you enter into a pre-trial disposition with respect to, the commission of a felony that relates to or arises out of your employment or other service relationship with PNC.

You will be deemed to have engaged in Detrimental Conduct for purposes of this Agreement only if and when the Committee or other PNC Designated Person determines that you have engaged in conduct described in clause (a) or clause (b) above or that an event described in clause (c) above has occurred with respect to you. Detrimental Conduct will not apply to conduct by or activities of successors to the Award by will or the laws of descent and distribution in the event of your death.

No determination that you have engaged in Detrimental Conduct may be made (x) on or after your Termination Date if your termination of employment was an Anticipatory Termination or (y) between the time PNC enters into an agreement providing for a Change of Control and the time such agreement either terminates or results in a Change of Control.

"Final Award Date" means (a) the date on which the Committee makes its determination as to the size of the payout to be paid out to you in accordance with this Agreement (such payout amount, the "Final Award"), if any, following the end of the Performance Period, (b) in the event of your death prior to the end of the Performance Period, the date on which the Committee makes its determination of a Final Award, if any, which determination will generally occur at the next regularly scheduled Committee meeting following your date of death, or (c) if a Change of Control has occurred prior to the date described in (a) and a Final Award has been authorized, the date upon which the service requirements are satisfied.

"Good Reason" means the definition of Good Reason contained in the Change of Control Employment Agreement between you and PNC or any substitute employment agreement entered into between you and PNC then in effect or, if none, the occurrence of any of the following events without your consent:

(a) the assignment of any duties to you inconsistent in any material respect with your position (including status, offices, titles and reporting requirements), or any other material diminution in such position, authority, duties or responsibilities;

(b) any material reduction in your rate of base salary or the amount of your annual bonus opportunity (or, if less, the bonus opportunity established for PNC's similarly situated employees for any year), or a material reduction in the level of any other employee benefits for which you are eligible receive below those offered to PNC's similarly situated employees;

(c) PNC's requiring you to be based at any office or location outside of a fifty (50)-mile radius from the office where you were employed on the Grant Date;

(d) any action or inaction that constitutes a material breach by PNC of any agreement entered into between you and PNC; or

(e) the failure by PNC to require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of PNC to assume expressly and agree to perform this Agreement in the same manner and to the same extent that PNC would be required to perform it if no such succession had taken place.

Notwithstanding the foregoing, none of the events described above shall constitute Good Reason unless and until (i) you first notify PNC in writing describing in reasonable detail the condition which constitutes Good Reason within 90 days of its initial occurrence, (ii) PNC fails to cure such condition within 30 days after receipt of such written notice, and (iii) you terminate employment within two years of its initial occurrence.

Your mental or physical incapacity following the occurrence of an event described above in clauses (a) through (e) shall not affect your ability to terminate employment for Good Reason, and your death following delivery of a notice of termination for Good Reason shall not affect your estate's entitlement to severance payments benefits provided hereunder upon a termination of employment for Good Reason.

"<u>Misconduct</u>" means, as it relates to an Anticipatory Termination or following a Change of Control, (a) your willful and continued failure to substantially perform your duties with PNC (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to you by the Board or the CEO that specifically identifies the manner in which the Board or the CEO believes that you have not substantially performed your duties; or (b) your willful engagement in illegal conduct or gross misconduct that is materially and demonstrably injurious to PNC or any of its subsidiaries. For purposes of clauses (a) and (b), no act or failure to act, on your part, shall be considered willful unless it is done, or omitted to be done, by you in bad faith and without reasonable belief that your action or omission was in the best interests of PNC. Any act, or failure to act, based upon the instructions or prior approval of the Board, the CEO or your superior or based upon the advice of counsel for PNC, will be conclusively presumed to be done, or omitted to be done, by you in good faith and in the best interests of PNC.

Your cessation of employment will be deemed to be a termination of your employment with PNC for Misconduct only if and when there shall have been delivered to you, as part of the notice of your termination, a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board, at a Board meeting called and held for the purpose of considering such termination, finding on the basis of

clear and convincing evidence that, in the good faith opinion of the Board, you are guilty of conduct described in clause (a) or clause (b) above and, in either case, specifying the particulars thereof in detail. Such resolution shall be adopted only after (i) reasonable notice of such Board meeting is provided to you, together with written notice that PNC believes that you are guilty of conduct described in clause (a) or clause (b) above and, in either case, specifying the particulars thereof in detail, and (ii) you are given an opportunity, together with counsel, to be heard before the Board.

"Payout Share Units" refers to the performance-adjusted number of units that are eligible to vest.

"Person" means any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act.

"PNC Designated Person" means (a) the Committee or its delegate if you are (or were when you ceased to be an employee of PNC) either a Group 1 covered employee including any equivalent successor classification or subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to PNC securities (or both); or (b) the Committee, the CEO, or the Chief Human Resources Officer of PNC, or any other individual or group as may be designated by one of the foregoing to act as PNC Designated Person for purposes of this Agreement.

"Qualifying Termination" has the meaning set forth in Section B of this Agreement.

"Restricted Territory" means (a) if you are employed by (or, if you are not an employee, providing the majority of your services to) PNC in the United States or Canada as of the Termination Date, the United States and Canada, (b) if you are employed by (or, if you are not an employee, providing the majority of your services to) PNC in the United Kingdom as of the Termination Date, the United Kingdom or (c) if you are employed by (or, if you are not an employee, providing the majority of your services to) PNC in Germany as of the Termination Date, Germany or the United Kingdom.

"Retirement" means your termination of employment with PNC at any time for any reason (other than termination of employment by reason of your death, by PNC for Cause or by reason of termination of employment in connection with a divestiture of assets or a divestiture of one or more subsidiaries of PNC if the Committee or the CEO or his or her designee so determines prior to such divestiture) on or after the first date on which you have both attained at least age 55 and completed five years of service, where a year of service is determined in the same manner as the determination of a year of vesting service calculated under the provisions of The PNC Financial Services Group, Inc. Pension Plan.

"Termination Date" means the last day of your employment with PNC. If you are employed by a Subsidiary that ceases to be a Subsidiary or ceases to be a consolidated subsidiary of the Corporation under U.S. generally accepted accounting principles and you do not continue to be employed by or otherwise have a Service Relationship with

PNC, then for purposes of this Agreement, your employment with PNC terminates effective at the time this occurs.

EX 10.37

THE PNC FINANCIAL SERVICES GROUP, INC.
2016 INCENTIVE AWARD PLAN

PERFORMANCE RESTRICTED SHARE UNITS AWARD AGREEMENT

APPENDIX C

PERFORMANCE-BASED VESTING CONDITIONS

The following table sets forth the performance-based vesting conditions of the Award:

1.	*General Overview and Definitions*	Performance-based vesting and payout of your Award is determined based on the level of satisfaction of two performance metrics during the Performance Period – one corporate performance metric and one risk-related performance metric. These metrics are described in more detail in the paragraphs below. "PNC" for purposes of this Appendix C as it refers to performance-based vesting conditions means the Corporation and its consolidated subsidiaries for financial reporting purposes. The corporate performance metric will be measured at the end of the Performance Period (except in certain limited circumstances, such as upon death or a Change of Control), as described in this Appendix C.) The two performance metrics are: 1. *Relative Total Shareholder Return* - PNC's total shareholder return (TSR) for the period beginning on the Grant Date and ending on the 5th anniversary of the Grant Date ("5-Year TSR"). For this Award, 5-Year TSR means the total cumulative shareholder return (i.e., price change plus reinvestment of dividends) on PNC Common Stock for the Performance Period, assuming an investment on the Grant Date is held through the last day of the five-year Performance Period, based on the closing price of PNC Common Stock on the last trading day immediately prior to the last date of the Performance Period. PNC's 5-Year TSR is compared to the 5-Year TSR on the common stock of each other member of the Peer Group, using

the same Performance Period and same methodology for PNC's TSR ("Relative 5-Year TSR"), to determine PNC's percentile rank, which is expressed as a percentage, rounded to the nearest one-hundredth.

"Peer Group" refers to the Committee-determined peer group as of the Grant Date. Performance will be measured based on the Peer Group on the last day of the Performance Period, taking into account name changes and the elimination from the Peer Group of any members since the beginning of the Performance Period (e.g., due to consolidation or merger). In the event of a merger of two members of the Peer Group during the Performance Period, the financial information of the resulting new company will be compared to that of the acquiring member of the Peer Group (as determined on a corporate accounting basis.)

The Peer Group for this Award consists of the following members: PNC, 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, Truist Financial Corp., U.S. Bancorp, and Wells Fargo & Company.

2. *CET1 Ratio* - Whether PNC has met or exceeded the common equity Tier 1 capital spot ratio limit as then in effect and applicable to The PNC Financial Services Group, Inc. ("CET1 Ratio") (which may be on a pro forma fully phased-in basis, if applicable) as set forth in PNC's Enterprise Capital Management Policy (or any successor policy) and monitored at least quarterly.

All performance metrics will be determined on the basis of:

(x) with respect to PNC's absolute performance, PNC's internal financial information;

(y) with respect to PNC's relative performance to other members of the Peer Group, either publicly disclosed financial information or, in the case of PNC, internal financial information that is anticipated to be publicly disclosed in an upcoming filing with the SEC; and

		(z) with respect to other members of the Peer Group, publicly disclosed financial information, in each case, only where such amounts can be reasonably determined as of the date immediately prior to the date the Committee makes its determination as to the size of the payout.
2.	*Calculating Corporate Performance Factor*	The "Corporate Performance Factor" is generated at the end of the Performance Period. Once the 5-Year TSR is determined at the end of the Performance Period, a corporate performance factor is calculated using the table attached as <u>Exhibit 1</u> and applying linear interpolation, rounding to the nearest one-hundredth. The Corporate Performance Factor will adjust the Award upwards or downwards, up to a maximum of 25 percentage points either direction, such that the Corporate Performance Factor will range between 75.00% and 125.00% of the number of outstanding PRSUs. <u>If PNC's absolute TSR for the 5-year performance period is negative, however, the Corporate Performance Factor cannot exceed 100%.</u> In the event of your death or a Change of Control, the provisions of paragraph 7 will govern the calculation of the Corporate Performance Factor.
3.	*Applying the Risk Performance Metric*	At the end of the Performance Period, the CET1 Ratio risk performance metric is evaluated. If PNC has met or exceeded the CET1 Ratio test based on PNC's publicly reported financial results for (x) each full calendar year of the Performance Period, and, (y) for any partial calendar year of the Performance Period, the last completed quarter, then the formulaic risk-based performance metric for the Performance Period will be met. In the event the CET1 Ratio test is not met for a full calendar year or partial calendar year, all or a portion of the target number of PRSUs (and all related Dividend Equivalents) are eligible for forfeiture on the Final Award

		Date. The Committee will review and adjust the target number of PRSUs on the Final Award Date.
4.	*Risk Performance Review Adjustment*	In addition, and independent from the CET1 Ratio performance metric described in above, on or prior to the Final Award Date, the Committee has the discretion to conduct a risk performance review relating to a risk-related action of potentially material consequence to PNC. If the Committee exercises its discretion to conduct a risk performance review, the Committee will review and determine if a downward adjustment for risk performance is appropriate. If so, the Committee will determine the size of the risk adjustment to the Corporate Performance Factor (including reducing such Corporate Performance Factor to zero.) Any determination to conduct a risk performance review will be made shortly after the close of the Performance Period, but no later than the 45th day following the close of the Performance Period, and any required review will be conducted no later than the end of the first quarter following the close of the Performance Period.
5.	*Committee Discretion*	Notwithstanding the levels of corporate and risk performance achieved by PNC, the Committee may use its discretion to reduce the number of Payout Share Units (including a reduction to zero) based on your individual performance. *Discretion in Connection with a Change of Control.* The Committee will have no discretion to adjust the calculated maximum Payout Share Units following a Change of Control or during a Change of Control Coverage Period. In the event (a) your termination of employment with PNC is an Anticipatory Termination, (b) a Change of Control is pending, and (c) the Committee-determined Final Award Date occurs prior to the Change of Control, the Committee will have no discretion to adjust your calculated maximum Payout Share Units under these circumstances.
6.	*Calculation of Payout Share Units*	Following the end of the Performance Period, the Committee reviews performance against the performance

	and Determination of Final Award	metrics and makes its determination as to the Final Award, as follows: (1) *Application of Risk Performance Metric* - The Committee first determines whether or not to reduce the target number of PRSUs under the Award, based on the application of the risk performance metric, as follows: (a) If PNC has met or exceeded the CET1 Ratio for each full calendar year of the Performance Period, and for any partial calendar year of the Performance Period, the last completed quarter, there is no reduction in the number of target PRSUs under the Award. (b) If PNC has not met the CET1 Ratio not met for any full calendar year or partial calendar year, then the Committee can elect to reduce the target number of PRSUs (including a reduction to zero). *(2) Committee Review of Performance Factor* - Next, the Committee determines whether to approve the calculated Corporate Performance Factor, a lower percentage or a higher percentage based on application of any risk-related adjustment (described in paragraph 4) or other Committee discretion consistent with paragraph 5. *(3) Final Award Determination* - Once the Committee approves the final Corporate Performance Factor, it applies this percentage to the target number of PRSUs (as reduced for any failure to meet the CET1 Ratio during the Performance Period), and rounds down to the nearest whole share unit. The resulting amount is the number of Payout Share Units that are eligible to vest and be settled on the Final Award Date (i.e., the Final Award). **In no event can the size of the Final Award be greater than 125.00% of the target number of PRSUs.** *(4) Special Rules Regarding the Final Award Date* – The Final Award will become vested and payable as of the Final Award Date, which term is defined in Appendix B. The Final Award Date is typically the date on which the Committee makes its determination as to the size of the payout to be paid out to you, but: • In the event of a Change of Control, the amount of Payout Share Units will be calculated (as of the date of the Change of Control) as described in

		paragraph 7 below and determination of the Final Award will be made as soon as practicable after the Change of Control. • In the event of your death (prior to a Change of Control), the amount of Payout Share Units will be calculated as described in paragraph 7 below as soon as practicable following the calendar year of your death. In the event of your death following a Change of Control, the Payout Share Units and the Final Award Date will be determined as described above.
7.	*Determination of Payout Share Units Upon Death or a Change of Control*	
	Death	Notwithstanding anything to the contrary in this Agreement, if your employment with PNC ceases by reason of your death (or if you die following a termination of employment with PNC due to Disability, or Retirement on or after the third (3rd) anniversary of the Grant Date, or following an Anticipatory Termination), but prior to the Committee-determined Final Award Date, then the total number of Payout Share Units is calculated based on (a) target corporate performance for the Performance Period and (b) actual risk performance for the completed calendar years of the Performance Period, and for the year in which the date of death occurs, the last completed calendar quarter (if any), and no risk adjustments for any remaining years in the Performance Period. The amount of Payout Share Units is rounded down to the nearest whole share unit. This amount is not pro-rated, but remains subject to the Committee's exercise of discretion. If a Change of Control occurs after your death and in the same calendar year of your death (but prior to the time the Committee makes a Final Award determination), the Final Award will be calculated as described below under "Change of Control" as though you remained continuously employed with PNC as of the Change of Control.
	Change of Control	Upon a Change of Control, the total number of Payout Share Units is calculated based on (a) target corporate performance for the Performance Period and (b) actual risk performance for each full calendar year of the Performance Period, and for any partial calendar year of the Performance Period, the last completed quarter, rounded

		down to the nearest whole share unit. For any remaining portion of the Performance Period (including the year of the Change of Control), if the CET1 Ratio was not met or exceeded as of the quarter-end immediately preceding the Change of Control, a pro-rata portion of the number of target PRSUs will be forfeited and expire as of the Change of Control. The Committee does not have discretion to adjust this amount of Payout Share Units.
8.	*Definition of Change of Control Coverage Period*	"Change of Control Coverage Period" means a period commencing on the occurrence of a Change of Control Triggering Event (defined below) and ending upon the earlier to occur of (a) the date of a Change of Control Failure (defined below) and (b) the date of a Change of Control. After the termination of any Change of Control Coverage Period, another Change of Control Coverage Period will commence upon the occurrence of another Change of Control Triggering Event. For purposes of this definition: • a "Change of Control Triggering Event" means the occurrence of either of the following: (i) the Board or the Corporation's shareholders approve a Business Combination, other than an Excluded Combination (as defined in the definition of Change of Control in Appendix B), or (ii) the commencement of a proxy contest in which any Person seeks to replace or remove a majority of the members of the Board • a "Change of Control Failure" means: (x) with respect to a Change of Control Triggering Event, the Corporation's shareholders vote against the transaction approved by the Board or the agreement to consummate the transaction is terminated; or (y) with respect to a Change of Control Triggering Event described in clause (ii) of the definition above, the proxy contest fails to replace or remove a majority of the members of the Board.
9.	*Committee Determination*	The Committee may make prospective adjustments to the Award. All determinations made by the Committee or otherwise by PNC hereunder shall be made in its sole

		discretion and shall be final, binding and conclusive for all purposes on all parties.

PNC

EXHIBIT 1: CORPORATE PERFORMANCE FACTOR

Linear interpolation applies for performance between the threshold and maximum levels (in either direction).

The calculated payout percentage will range from 75.00% to 125.00%.

Percentile Performance of PNC TSR Relative to Peer Group	Percent Increase or Reduction in Payout
≤25th percentile	25% reduction
50th percentile	Target (no reduction)
≥75th percentile	25% increase

EX 10.37

PNC

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be signed on its behalf as of the Grant Date.

THE PNC FINANCIAL SERVICES GROUP, INC.

By:

William S Demchak

Chief Executive Officer

ATTEST:

By:

Corporate Secretary

Alicia G. Powell

ACCEPTED AND AGREED TO by GRANTEE

____

Grantee

EXHIBIT 22

Subsidiary Issuers of Guaranteed Securities

The 100% owned finance subsidiary of The PNC Financial Services Group, Inc. (“PNC”) identified in the table below, has issued the securities listed opposite each of such subsidiary issuer in the table below. PNC has fully and unconditionally guaranteed (or effectively provided for the full and unconditional guarantee of) all such securities:

Subsidiary Issuer	Guaranteed Securities
PNC Capital Trust C	Floating rate preferred trust securities

EXHIBIT 31.1

In accordance with Exchange Act Rules 13a-14(f) and 15d-14(f), this certification does not relate to Interactive Data Files as defined in Rule 11 of Regulation S-T.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, William S. Demchak, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2022 of The PNC Financial Services Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2022

/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 June 30, 2022 of The PNC Financial Services Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2022

/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 June 30, 2022 of The PNC Financial Services Group, Inc. (Corporation) as filed with the Securities and Exchange Commission on the date hereof (Report), I, William S. Demchak, Chairman, President and Chief Executive Officer of the Corporation, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation for the dates and periods covered by the Report.

This certificate is being made for the exclusive purpose of compliance by the Chief Executive Officer of the Corporation with the requirements of Section 906 of the Sarbanes-Oxley Act of 2002, and may not be used by any person or for any reason other than as specifically required by law.

/s/ William S. Demchak

William S. Demchak
Chairman, President and Chief Executive Officer

August 2, 2022

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 June 30, 2022 of The PNC Financial Services Group, Inc. (Corporation) as filed with the Securities and Exchange Commission on the date hereof (Report), I, Robert Q. Reilly, Executive Vice President and Chief Financial Officer of the Corporation, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation for the dates and periods covered by the Report.

This certificate is being made for the exclusive purpose of compliance by the Chief Financial Officer of the Corporation with the requirements of Section 906 of the Sarbanes-Oxley Act of 2002, and may not be used by any person or for any reason other than as specifically required by law.

/s/ Robert Q. Reilly
Robert Q. Reilly
Executive Vice President and Chief Financial Officer

August 2, 2022