



THE PNC FINANCIAL SERVICES GROUP, INC.

**FINANCIAL SUPPLEMENT
SECOND QUARTER 2022
(Unaudited)**

THE PNC FINANCIAL SERVICES GROUP, INC.
FINANCIAL SUPPLEMENT
SECOND QUARTER 2022
(UNAUDITED)

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The information contained in this Financial Supplement is preliminary, unaudited and based on data available on July 15, 2022. We have reclassified certain prior period amounts to be consistent with the current period presentation, which we believe is more meaningful to readers of our consolidated financial statements. This information speaks only as of the particular date or dates included in the schedules. We do not undertake any obligation to, and disclaim any duty to, correct or update any of the information provided in this Financial Supplement. Our future financial performance is subject to risks and uncertainties as described in our United States Securities and Exchange Commission (SEC) filings.

BUSINESS

PNC is one of the largest diversified financial services companies in the United States (U.S.) and is headquartered in Pittsburgh, Pennsylvania. PNC has businesses engaged in retail banking, including residential mortgage, corporate and institutional banking and asset management, providing many of its products and services nationally. PNC's retail branch network is located coast-to-coast. PNC also has strategic international offices in four countries outside the U.S.

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 our first quarter 2022 Form 10-Q.

ACQUISITION OF BBVA USA BANCSHARES, INC.

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

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

THE PNC FINANCIAL SERVICES GROUP, INC.
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Table 1: Consolidated Income Statement (Unaudited)

| <i>In millions, except per share data</i> | <i>Three months ended</i> | | | | | <i>Six months ended</i> | |
|---|---------------------------|------------------|---------------------|----------------------|-----------------|-------------------------|-----------------|
| | June 30 2022 | March 31 2022 | December 31 2021 | September 30 2021 | June 30 2021 | June 30 2022 | June 30 2021 |
| Interest Income | | | | | | | |
| Loans | \$ 2,504 | \$ 2,293 | \$ 2,414 | \$ 2,437 | \$ 2,160 | \$ 4,797 | \$ 4,156 |
| Investment securities | 631 | 544 | 484 | 460 | 469 | 1,175 | 890 |
| Other | 146 | 77 | 77 | 78 | 72 | 223 | 138 |
| Total interest income | 3,281 | 2,914 | 2,975 | 2,975 | 2,701 | 6,195 | 5,184 |
| Interest Expense | | | | | | | |
| Deposits | 88 | 27 | 27 | 29 | 30 | 115 | 70 |
| Borrowed funds | 142 | 83 | 86 | 90 | 90 | 225 | 185 |
| Total interest expense | 230 | 110 | 113 | 119 | 120 | 340 | 255 |
| Net interest income | 3,051 | 2,804 | 2,862 | 2,856 | 2,581 | 5,855 | 4,929 |
| Noninterest Income | | | | | | | |
| Asset management and brokerage | 365 | 377 | 385 | 375 | 350 | 742 | 678 |
| Capital markets related | 409 | 252 | 460 | 482 | 324 | 661 | 635 |
| Card and cash management | 671 | 620 | 646 | 663 | 597 | 1,291 | 1,089 |
| Lending and deposit services | 282 | 269 | 273 | 305 | 270 | 551 | 524 |
| Residential and commercial mortgage | 161 | 159 | 209 | 248 | 206 | 320 | 393 |
| Other (a) | 177 | 211 | 292 | 268 | 339 | 388 | 639 |
| Total noninterest income | 2,065 | 1,888 | 2,265 | 2,341 | 2,086 | 3,953 | 3,958 |
| Total revenue | 5,116 | 4,692 | 5,127 | 5,197 | 4,667 | 9,808 | 8,887 |
| Provision For (Recapture of) Credit Losses | 36 | (208) | (327) | (203) | 302 | (172) | (249) |
| Noninterest Expense | | | | | | | |
| Personnel | 1,779 | 1,717 | 2,038 | 1,986 | 1,640 | 3,496 | 3,117 |
| Occupancy | 246 | 258 | 260 | 248 | 217 | 504 | 432 |
| Equipment | 351 | 331 | 437 | 355 | 326 | 682 | 619 |
| Marketing | 95 | 61 | 97 | 103 | 74 | 156 | 119 |
| Other | 773 | 805 | 959 | 895 | 793 | 1,578 | 1,337 |
| Total noninterest expense | 3,244 | 3,172 | 3,791 | 3,587 | 3,050 | 6,416 | 5,624 |
| Income before income taxes and noncontrolling interests | 1,836 | 1,728 | 1,663 | 1,813 | 1,315 | 3,564 | 3,512 |
| Income taxes | 340 | 299 | 357 | 323 | 212 | 639 | 583 |
| Net income | 1,496 | 1,429 | 1,306 | 1,490 | 1,103 | 2,925 | 2,929 |
| Less: Net income attributable to noncontrolling interests | 15 | 21 | 13 | 16 | 12 | 36 | 22 |
| Preferred stock dividends (b) | 71 | 45 | 71 | 57 | 48 | 116 | 105 |
| Preferred stock discount accretion and redemptions | 1 | 2 | 2 | 1 | 1 | 3 | 2 |
| Net income attributable to common shareholders | \$ 1,409 | \$ 1,361 | \$ 1,220 | \$ 1,416 | \$ 1,042 | \$ 2,770 | \$ 2,800 |
| Earnings Per Common Share | | | | | | | |
| Basic | \$ 3.39 | \$ 3.23 | \$ 2.87 | \$ 3.31 | \$ 2.43 | \$ 6.62 | \$ 6.54 |
| Diluted | \$ 3.39 | \$ 3.23 | \$ 2.86 | \$ 3.30 | \$ 2.43 | \$ 6.61 | \$ 6.53 |
| Average Common Shares Outstanding | | | | | | | |
| Basic | 414 | 420 | 424 | 426 | 427 | 417 | 426 |
| Diluted | 414 | 420 | 424 | 426 | 427 | 417 | 427 |
| Efficiency | 63 % | 68 % | 74 % | 69 % | 65 % | 65 % | 63 % |
| Noninterest income to total revenue | 40 % | 40 % | 44 % | 45 % | 45 % | 40 % | 45 % |
| Effective tax rate from continuing operations (c) | 18.5 % | 17.3 % | 21.5 % | 17.8 % | 16.1 % | 17.9 % | 16.6 % |

(a) Includes net gains (losses) on sales of securities of less than \$(1) million, \$(4) million, \$14 million, \$15 million, and \$10 million for the quarters ended June 30, 2022, March 31, 2022, December 31, 2021, September 30, 2021 and June 30, 2021, respectively, and \$(4) million and \$35 million for the six months ended June 30, 2022 and June 30, 2021, respectively.

(b) Dividends are payable quarterly other than Series R and Series S preferred stock, which are payable semiannually.

(c) The effective income tax rates are generally lower than the statutory rate due to the relationship of pretax income to tax credits and earnings that are not subject to tax.

Table 2: Consolidated Balance Sheet (Unaudited)

| <i>In millions, except par value</i> | June 30 2022 | March 31 2022 | December 31 2021 | September 30 2021 | June 30 2021 |
|---|-------------------|-------------------|---------------------|----------------------|-------------------|
| Assets | | | | | |
| Cash and due from banks | \$ 8,582 | \$ 7,572 | \$ 8,004 | \$ 8,843 | \$ 8,724 |
| Interest-earning deposits with banks (a) | 28,404 | 48,776 | 74,250 | 75,478 | 72,447 |
| Loans held for sale (b) | 1,191 | 1,506 | 2,231 | 2,121 | 2,227 |
| Investment securities – available for sale | 52,984 | 112,313 | 131,536 | 124,127 | 125,058 |
| Investment securities – held to maturity | 79,748 | 20,098 | 1,426 | 1,479 | 1,485 |
| Loans (b) | 310,800 | 294,457 | 288,372 | 290,230 | 294,704 |
| Allowance for loan and lease losses | (4,462) | (4,558) | (4,868) | (5,355) | (5,730) |
| Net loans | 306,338 | 289,899 | 283,504 | 284,875 | 288,974 |
| Equity investments | 8,441 | 7,798 | 8,180 | 7,737 | 7,521 |
| Mortgage servicing rights | 2,608 | 2,208 | 1,818 | 1,833 | 1,793 |
| Goodwill | 10,916 | 10,916 | 10,916 | 10,885 | 10,958 |
| Other (b) | 41,574 | 40,160 | 35,326 | 36,137 | 35,025 |
| Total assets | <u>\$ 540,786</u> | <u>\$ 541,246</u> | <u>\$ 557,191</u> | <u>\$ 553,515</u> | <u>\$ 554,212</u> |
| Liabilities | | | | | |
| Deposits | | | | | |
| Noninterest-bearing | \$ 146,438 | \$ 150,798 | \$ 155,175 | \$ 156,305 | \$ 154,190 |
| Interest-bearing | 294,373 | 299,399 | 302,103 | 292,597 | 298,693 |
| Total deposits | 440,811 | 450,197 | 457,278 | 448,902 | 452,883 |
| Borrowed funds | | | | | |
| Federal Home Loan Bank borrowings | 10,000 | | | | |
| Bank notes and senior debt | 14,358 | 16,206 | 20,661 | 22,993 | 24,408 |
| Subordinated debt | 7,487 | 6,766 | 6,996 | 7,074 | 7,120 |
| Other (b) | 4,139 | 3,599 | 3,127 | 3,404 | 3,285 |
| Total borrowed funds | 35,984 | 26,571 | 30,784 | 33,471 | 34,813 |
| Allowance for unfunded lending related commitments | 681 | 639 | 662 | 646 | 645 |
| Accrued expenses and other liabilities | 15,622 | 14,623 | 12,741 | 14,199 | 11,186 |
| Total liabilities | <u>493,098</u> | <u>492,030</u> | <u>501,465</u> | <u>497,218</u> | <u>499,527</u> |
| Equity | | | | | |
| Preferred stock (c) | | | | | |
| Common stock - \$5 par value | | | | | |
| Authorized 800 shares, issued 543 shares | 2,714 | 2,713 | 2,713 | 2,713 | 2,713 |
| Capital surplus | 18,531 | 17,487 | 17,457 | 17,453 | 15,928 |
| Retained earnings | 51,841 | 51,058 | 50,228 | 49,541 | 48,663 |
| Accumulated other comprehensive income (loss) | (8,358) | (5,731) | 409 | 1,079 | 1,463 |
| Common stock held in treasury at cost: 132, 128, 123, 120, and 118 shares | (17,076) | (16,346) | (15,112) | (14,527) | (14,140) |
| Total shareholders' equity | 47,652 | 49,181 | 55,695 | 56,259 | 54,627 |
| Noncontrolling interests | 36 | 35 | 31 | 38 | 58 |
| Total equity | <u>47,688</u> | <u>49,216</u> | <u>55,726</u> | <u>56,297</u> | <u>54,685</u> |
| Total liabilities and equity | <u>\$ 540,786</u> | <u>\$ 541,246</u> | <u>\$ 557,191</u> | <u>\$ 553,515</u> | <u>\$ 554,212</u> |

(a) Amounts include balances held with the Federal Reserve Bank of \$28.0 billion, \$48.4 billion, \$73.8 billion, \$75.1 billion and \$71.9 billion as of June 30, 2022, March 31, 2022, December 31, 2021, September 30, 2021 and June 30, 2021, respectively.

(b) Amounts include assets and liabilities for which PNC has elected the fair value option. Our first quarter 2022 Form 10-Q included, and our second quarter 2022 Form 10-Q will include, additional information regarding these items.

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

Table 3: Average Consolidated Balance Sheet (Unaudited) (a) (b)

| <i>In millions</i> | <i>Three months ended</i> | | | | | <i>Six months ended</i> | |
|---|---------------------------|------------------|---------------------|----------------------|-----------------|-------------------------|-----------------|
| | June 30 2022 | March 31 2022 | December 31 2021 | September 30 2021 | June 30 2021 | June 30 2022 | June 30 2021 |
| Assets | | | | | | | |
| Interest-earning assets: | | | | | | | |
| Investment securities | | | | | | | |
| Securities available for sale | | | | | | | |
| Residential mortgage-backed | | | | | | | |
| Agency | \$ 37,285 | \$ 67,498 | \$ 64,521 | \$ 63,163 | \$ 56,042 | \$ 52,308 | \$ 50,700 |
| Non-agency | 902 | 1,007 | 974 | 1,051 | 1,142 | 954 | 1,189 |
| Commercial mortgage-backed | 4,362 | 5,229 | 5,538 | 6,134 | 6,465 | 4,793 | 6,354 |
| Asset-backed | 2,388 | 6,225 | 6,206 | 5,608 | 5,855 | 4,296 | 5,581 |
| U.S. Treasury and government agencies | 17,480 | 47,468 | 44,415 | 38,149 | 32,419 | 32,391 | 27,392 |
| Other | 4,200 | 4,876 | 4,741 | 4,994 | 5,107 | 4,536 | 4,835 |
| Total securities available for sale | 66,617 | 132,303 | 126,395 | 119,099 | 107,030 | 99,278 | 96,051 |
| Securities held to maturity | | | | | | | |
| Residential mortgage-backed | 33,086 | 106 | | | | 16,687 | |
| Commercial mortgage-backed | 1,175 | | | | | 591 | |
| Asset-backed | 4,119 | | | | | 2,071 | |
| U.S. Treasury and government agencies | 28,167 | 919 | 812 | 807 | 802 | 14,618 | 800 |
| Other | 1,560 | 569 | 642 | 680 | 671 | 1,068 | 660 |
| Total securities held to maturity | 68,107 | 1,594 | 1,454 | 1,487 | 1,473 | 35,035 | 1,460 |
| Total investment securities | 134,724 | 133,897 | 127,849 | 120,586 | 108,503 | 134,313 | 97,511 |
| Loans | | | | | | | |
| Commercial and industrial | 166,968 | 155,481 | 152,355 | 152,964 | 137,892 | 161,256 | 133,966 |
| Commercial real estate | 34,467 | 34,004 | 35,256 | 37,054 | 31,611 | 34,237 | 30,113 |
| Equipment lease financing | 6,200 | 6,099 | 6,183 | 6,300 | 6,332 | 6,150 | 6,332 |
| Consumer | 54,551 | 54,965 | 56,244 | 57,533 | 52,575 | 54,757 | 51,744 |
| Residential real estate | 42,604 | 40,152 | 38,872 | 37,475 | 27,197 | 41,385 | 24,764 |
| Total loans | 304,790 | 290,701 | 288,910 | 291,326 | 255,607 | 297,785 | 246,919 |
| Interest-earning deposits with banks (c) | 39,539 | 62,540 | 75,377 | 80,274 | 78,522 | 50,976 | 81,947 |
| Other interest-earning assets | 10,085 | 9,417 | 9,113 | 9,113 | 8,079 | 9,821 | 7,955 |
| Total interest-earning assets | 489,138 | 496,555 | 501,249 | 501,299 | 450,711 | 492,895 | 434,332 |
| Noninterest-earning assets | 54,856 | 53,541 | 58,123 | 57,943 | 53,718 | 54,133 | 52,093 |
| Total assets | \$ 543,994 | \$ 550,096 | \$ 559,372 | \$ 559,242 | \$ 504,429 | \$ 547,028 | \$ 486,425 |
| Liabilities and Equity | | | | | | | |
| Interest-bearing liabilities: | | | | | | | |
| Interest-bearing deposits | | | | | | | |
| Money market | \$ 58,019 | \$ 62,596 | \$ 65,214 | \$ 82,911 | \$ 64,990 | \$ 60,295 | \$ 62,053 |
| Demand | 119,636 | 112,372 | 108,345 | 106,588 | 99,091 | 116,024 | 95,376 |
| Savings | 109,063 | 108,532 | 104,644 | 89,679 | 87,307 | 108,799 | 85,129 |
| Time deposits | 10,378 | 16,043 | 18,029 | 19,293 | 18,048 | 13,195 | 18,246 |
| Total interest-bearing deposits | 297,096 | 299,543 | 296,232 | 298,471 | 269,436 | 298,313 | 260,804 |
| Borrowed funds | | | | | | | |
| Federal Home Loan Bank borrowings | 6,978 | | | | 265 | 3,508 | 1,332 |
| Bank notes and senior debt | 16,172 | 18,015 | 21,581 | 22,573 | 22,620 | 17,089 | 22,709 |
| Subordinated debt | 6,998 | 6,773 | 6,779 | 6,787 | 6,218 | 6,886 | 6,074 |
| Other | 5,508 | 5,524 | 5,987 | 4,992 | 5,046 | 5,515 | 4,555 |
| Total borrowed funds | 35,656 | 30,312 | 34,347 | 34,352 | 34,149 | 32,998 | 34,670 |
| Total interest-bearing liabilities | 332,752 | 329,855 | 330,579 | 332,823 | 303,585 | 331,311 | 295,474 |
| Noninterest-bearing liabilities and equity: | | | | | | | |
| Noninterest-bearing deposits | 149,432 | 153,726 | 156,549 | 155,948 | 132,283 | 151,567 | 122,843 |
| Accrued expenses and other liabilities | 14,232 | 14,058 | 16,818 | 15,332 | 14,755 | 14,146 | 14,508 |
| Equity | 47,578 | 52,457 | 55,426 | 55,139 | 53,806 | 50,004 | 53,600 |
| Total liabilities and equity | \$ 543,994 | \$ 550,096 | \$ 559,372 | \$ 559,242 | \$ 504,429 | \$ 547,028 | \$ 486,425 |

(a) Calculated using average daily balances.

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

(c) Amounts include average balances held with the Federal Reserve Bank of \$39.3 billion, \$62.3 billion, \$75.1 billion, \$80.1 billion and \$78.3 billion for the three months ended June 30, 2022, March 31, 2022, December 31, 2021, September 30, 2021 and June 30, 2021, and \$50.7 billion and \$81.7 billion for the six months ended June 30, 2022 and June 30, 2021, respectively.

Table 4: Details of Net Interest Margin (Unaudited)

| | <i>Three months ended</i> | | | | | <i>Six months ended</i> | |
|---|---------------------------|------------------|---------------------|----------------------|-----------------|-------------------------|-----------------|
| | June 30 2022 | March 31 2022 | December 31 2021 | September 30 2021 | June 30 2021 | June 30 2022 | June 30 2021 |
| Average yields/rates (a) | | | | | | | |
| Yield on interest-earning assets | | | | | | | |
| Investment securities | | | | | | | |
| Securities available for sale | | | | | | | |
| Residential mortgage-backed | | | | | | | |
| Agency | 2.17 % | 1.73 % | 1.47 % | 1.41 % | 1.61 % | 1.89 % | 1.66 % |
| Non-agency | 7.56 % | 7.53 % | 7.36 % | 8.07 % | 7.85 % | 7.55 % | 7.54 % |
| Commercial mortgage-backed | 2.45 % | 2.36 % | 2.37 % | 2.34 % | 2.49 % | 2.40 % | 2.54 % |
| Asset-backed | 1.84 % | 1.35 % | 1.48 % | 1.50 % | 2.07 % | 1.49 % | 1.96 % |
| U.S. Treasury and government agencies | 1.60 % | 1.18 % | 1.17 % | 1.18 % | 1.30 % | 1.29 % | 1.45 % |
| Other | 2.59 % | 2.73 % | 2.77 % | 2.90 % | 3.00 % | 2.67 % | 3.13 % |
| Total securities available for sale | 2.13 % | 1.62 % | 1.50 % | 1.51 % | 1.73 % | 1.79 % | 1.82 % |
| Securities held to maturity | | | | | | | |
| Residential mortgage-backed | 1.98 % | | | | | 1.96 % | |
| Commercial mortgage-backed | 2.30 % | | | | | 2.29 % | |
| Asset-backed | 1.92 % | | | | | 1.91 % | |
| U.S. Treasury and government agencies | 1.05 % | 2.61 % | 2.89 % | 2.88 % | 2.86 % | 1.09 % | 2.85 % |
| Other | 4.21 % | 4.17 % | 4.20 % | 4.33 % | 3.67 % | 4.19 % | 3.91 % |
| Total securities held to maturity | 1.65 % | 2.99 % | 3.47 % | 3.54 % | 3.23 % | 1.67 % | 3.33 % |
| Total investment securities | 1.89 % | 1.64 % | 1.52 % | 1.54 % | 1.75 % | 1.76 % | 1.85 % |
| Loans | | | | | | | |
| Commercial and industrial | 2.90 % | 2.75 % | 2.90 % | 2.80 % | 2.89 % | 2.83 % | 2.90 % |
| Commercial real estate | 3.15 % | 2.79 % | 2.86 % | 3.17 % | 2.92 % | 3.01 % | 2.86 % |
| Equipment lease financing | 3.62 % | 3.74 % | 3.81 % | 3.83 % | 3.76 % | 3.68 % | 3.83 % |
| Consumer | 4.68 % | 4.69 % | 4.71 % | 4.85 % | 4.82 % | 4.68 % | 4.80 % |
| Residential real estate | 3.11 % | 3.10 % | 3.26 % | 3.15 % | 3.50 % | 3.07 % | 3.51 % |
| Total loans | 3.29 % | 3.19 % | 3.32 % | 3.32 % | 3.38 % | 3.24 % | 3.38 % |
| Interest-earning deposits with banks | 0.79 % | 0.19 % | 0.15 % | 0.16 % | 0.11 % | 0.42 % | 0.10 % |
| Other interest-earning assets | 2.70 % | 2.07 % | 2.14 % | 2.03 % | 2.46 % | 2.36 % | 2.40 % |
| Total yield on interest-earning assets | 2.69 % | 2.37 % | 2.36 % | 2.36 % | 2.40 % | 2.53 % | 2.40 % |
| Rate on interest-bearing liabilities | | | | | | | |
| Interest-bearing deposits | | | | | | | |
| Money market | 0.19 % | 0.03 % | 0.02 % | 0.03 % | 0.03 % | 0.10 % | 0.03 % |
| Demand | 0.15 % | 0.02 % | 0.02 % | 0.03 % | 0.03 % | 0.09 % | 0.03 % |
| Savings | 0.04 % | 0.04 % | 0.04 % | 0.04 % | 0.05 % | 0.04 % | 0.05 % |
| Time deposits | 0.18 % | 0.13 % | 0.11 % | 0.12 % | 0.20 % | 0.15 % | 0.26 % |
| Total interest-bearing deposits | 0.12 % | 0.04 % | 0.04 % | 0.04 % | 0.05 % | 0.08 % | 0.05 % |
| Borrowed funds | | | | | | | |
| Federal Home Loan Bank borrowings | 1.24 % | | | | 0.35 % | 1.24 % | 0.42 % |
| Bank notes and senior debt | 1.61 % | 1.02 % | 0.94 % | 0.97 % | 0.98 % | 1.30 % | 1.01 % |
| Subordinated debt | 1.94 % | 1.40 % | 1.28 % | 1.28 % | 1.35 % | 1.68 % | 1.39 % |
| Other | 1.46 % | 0.97 % | 0.79 % | 0.93 % | 0.97 % | 1.22 % | 1.07 % |
| Total borrowed funds | 1.58 % | 1.10 % | 0.98 % | 1.03 % | 1.04 % | 1.36 % | 1.06 % |
| Total rate on interest-bearing liabilities | 0.27 % | 0.13 % | 0.13 % | 0.14 % | 0.16 % | 0.20 % | 0.17 % |
| Interest rate spread | 2.42 % | 2.24 % | 2.23 % | 2.22 % | 2.24 % | 2.33 % | 2.23 % |
| Benefit from use of noninterest-bearing sources (b) | 0.08 % | 0.04 % | 0.04 % | 0.05 % | 0.05 % | 0.06 % | 0.05 % |
| Net interest margin | 2.50 % | 2.28 % | 2.27 % | 2.27 % | 2.29 % | 2.39 % | 2.28 % |

(a) Yields and rates are calculated using the applicable annualized interest income or interest expense divided by the applicable average earning assets or interest-bearing liabilities. Net interest margin is the total yield on interest-earning assets minus the total rate on interest-bearing liabilities and includes the benefit from use of noninterest-bearing sources. To provide more meaningful comparisons of net interest margins, we use net interest income on a taxable-equivalent basis in calculating average yields used in the calculation of net interest margin by increasing the interest income earned on tax-exempt assets to make it fully equivalent to interest income earned on taxable investments. This adjustment is not permitted under GAAP in the Consolidated Income Statement. The taxable-equivalent adjustments to net interest income for the three months ended June 30, 2022, March 31, 2022, December 31, 2021, September 30, 2021 and June 30, 2021 were \$25 million, \$22 million, \$22 million, \$22 million and \$15 million, respectively. The taxable-equivalent adjustments to net interest income for the six months ended June 30, 2022 and June 30, 2021 were \$47 million and \$30 million, respectively.

(b) Represents the positive effects of investing noninterest-bearing sources in interest-earning assets.

Table 5: Details of Loans (Unaudited)

| <i>In millions</i> | June 30 2022 | March 31 2022 | December 31 2021 | September 30 2021 | June 30 2021 |
|--|-----------------|------------------|---------------------|----------------------|-----------------|
| Commercial | | | | | |
| Commercial and industrial | | | | | |
| Manufacturing | \$ 27,179 | \$ 25,035 | \$ 22,597 | \$ 22,760 | \$ 22,709 |
| Retail/wholesale trade | 26,475 | 25,027 | 22,803 | 22,238 | 22,596 |
| Service providers | 21,184 | 20,584 | 20,750 | 20,969 | 22,303 |
| Financial services | 19,594 | 17,674 | 17,950 | 18,022 | 15,947 |
| Technology, media & telecommunications | 16,249 | 10,684 | 10,070 | 8,920 | 9,195 |
| Real estate related (a) | 16,179 | 15,459 | 15,123 | 14,809 | 14,945 |
| Health care | 10,153 | 9,810 | 9,944 | 10,567 | 11,713 |
| Transportation and warehousing | 7,604 | 7,209 | 7,136 | 7,318 | 7,967 |
| Other industries | 27,214 | 26,392 | 26,560 | 27,132 | 27,925 |
| Total commercial and industrial | 171,831 | 157,874 | 152,933 | 152,735 | 155,300 |
| Commercial real estate | 34,452 | 34,171 | 34,015 | 36,195 | 37,964 |
| Equipment lease financing | 6,240 | 6,216 | 6,130 | 6,257 | 6,376 |
| Total commercial | 212,523 | 198,261 | 193,078 | 195,187 | 199,640 |
| Consumer | | | | | |
| Residential real estate | 43,717 | 41,566 | 39,712 | 38,214 | 36,846 |
| Home equity | 24,693 | 24,185 | 24,061 | 24,479 | 25,174 |
| Automobile | 15,323 | 16,001 | 16,635 | 17,265 | 17,551 |
| Credit card | 6,650 | 6,464 | 6,626 | 6,466 | 6,528 |
| Education | 2,332 | 2,441 | 2,533 | 2,653 | 2,726 |
| Other consumer | 5,562 | 5,539 | 5,727 | 5,966 | 6,239 |
| Total consumer | 98,277 | 96,196 | 95,294 | 95,043 | 95,064 |
| Total loans | \$ 310,800 | \$ 294,457 | \$ 288,372 | \$ 290,230 | \$ 294,704 |

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

Allowance for Credit Losses (Unaudited)

Table 6: Change in Allowance for Loan and Lease Losses

| <i>Dollars in millions</i> | <i>Three months ended</i> | | | | | <i>Six months ended</i> | |
|--|---------------------------|------------------|---------------------|----------------------|-----------------|-------------------------|-----------------|
| | June 30 2022 | March 31 2022 | December 31 2021 | September 30 2021 | June 30 2021 | June 30 2022 | June 30 2021 |
| Allowance for loan and lease losses | | | | | | | |
| Beginning balance | \$ 4,558 | \$ 4,868 | \$ 5,355 | \$ 5,730 | \$ 4,714 | \$ 4,868 | \$ 5,361 |
| Acquisition PCD reserves | | | | (59) | 1,115 | | 1,115 |
| Gross charge-offs: | | | | | | | |
| Commercial and industrial | (30) | (41) | (35) | (46) | (245) | (71) | (304) |
| Commercial real estate | (5) | (10) | (2) | (1) | (28) | (15) | (33) |
| Equipment lease financing | (2) | (1) | (4) | (3) | (1) | (3) | (6) |
| Residential real estate | | (7) | (4) | (4) | (3) | (7) | (7) |
| Home equity | (2) | (4) | (4) | (2) | (7) | (6) | (14) |
| Automobile | (34) | (52) | (49) | (33) | (35) | (86) | (87) |
| Credit card | (67) | (68) | (60) | (62) | (65) | (135) | (134) |
| Education | (4) | (4) | (4) | (3) | (3) | (8) | (8) |
| Other consumer | (51) | (64) | (62) | (52) | (41) | (115) | (78) |
| Total gross charge-offs | (195) | (251) | (224) | (206) | (428) | (446) | (671) |
| Recoveries: | | | | | | | |
| Commercial and industrial | 15 | 30 | 20 | 25 | 29 | 45 | 43 |
| Commercial real estate | 1 | 1 | 2 | 2 | 2 | 2 | 3 |
| Equipment lease financing | 3 | 3 | 3 | 2 | 3 | 6 | 6 |
| Residential real estate | 6 | 5 | 8 | 9 | 6 | 11 | 11 |
| Home equity | 18 | 21 | 23 | 25 | 21 | 39 | 38 |
| Automobile | 39 | 31 | 26 | 38 | 41 | 70 | 79 |
| Credit card | 19 | 12 | 10 | 13 | 11 | 31 | 23 |
| Education | 2 | 1 | 2 | 2 | 2 | 3 | 4 |
| Other consumer | 9 | 10 | 6 | 9 | 7 | 19 | 12 |
| Total recoveries | 112 | 114 | 100 | 125 | 122 | 226 | 219 |
| Net (charge-offs) / recoveries: | | | | | | | |
| Commercial and industrial | (15) | (11) | (15) | (21) | (216) | (26) | (261) |
| Commercial real estate | (4) | (9) | | 1 | (26) | (13) | (30) |
| Equipment lease financing | 1 | 2 | (1) | (1) | 2 | 3 | |
| Residential real estate | 6 | (2) | 4 | 5 | 3 | 4 | 4 |
| Home equity | 16 | 17 | 19 | 23 | 14 | 33 | 24 |
| Automobile | 5 | (21) | (23) | 5 | 6 | (16) | (8) |
| Credit card | (48) | (56) | (50) | (49) | (54) | (104) | (111) |
| Education | (2) | (3) | (2) | (1) | (1) | (5) | (4) |
| Other consumer | (42) | (54) | (56) | (43) | (34) | (96) | (66) |
| Total net (charge-offs) (a) | (83) | (137) | (124) | (81) | (306) | (220) | (452) |
| Provision for (recapture of) credit losses (b) | (10) | (172) | (362) | (229) | 206 | (182) | (296) |
| Other | (3) | (1) | (1) | (6) | 1 | (4) | 2 |
| Ending balance | \$ 4,462 | \$ 4,558 | \$ 4,868 | \$ 5,355 | \$ 5,730 | \$ 4,462 | \$ 5,730 |
| Supplemental Information | | | | | | | |
| Net charge-offs | | | | | | | |
| Commercial net charge-offs | \$ (18) | \$ (18) | \$ (16) | \$ (21) | \$ (240) | \$ (36) | \$ (291) |
| Consumer net charge-offs | (65) | (119) | (108) | (60) | (66) | (184) | (161) |
| Total net charge-offs (a) | \$ (83) | \$ (137) | \$ (124) | \$ (81) | \$ (306) | \$ (220) | \$ (452) |
| Net charge-offs to average loans (annualized) | 0.11 % | 0.19 % | 0.17 % | 0.11 % | 0.48 % | 0.15 % | 0.37 % |
| Commercial | 0.03 % | 0.04 % | 0.03 % | 0.04 % | 0.55 % | 0.04 % | 0.34 % |
| Consumer | 0.27 % | 0.51 % | 0.45 % | 0.25 % | 0.33 % | 0.39 % | 0.42 % |

(a) Amounts for the three and six months ended June 30, 2021 included \$248 million attributable to BBVA, primarily related to commercial and industrial loans, which were largely the result of required purchase accounting treatment for the BBVA acquisition on June 1, 2021.

(b) See Table 7 for the components of the Provision for (recapture of) credit losses being reported on the Consolidated Income Statement.

Allowance for Credit Losses (Unaudited) (Continued)

Table 7: Components of the Provision for (Recapture of) Credit Losses

| <i>In millions</i> | <i>Three months ended</i> | | | | | <i>Six months ended</i> | |
|---|---------------------------|------------------|---------------------|----------------------|---------------------|-------------------------|---------------------|
| | June 30 2022 | March 31 2022 | December 31 2021 | September 30 2021 | June 30 2021 (a) | June 30 2022 | June 30 2021 (a) |
| Provision for (recapture of) credit losses | | | | | | | |
| Loans and leases | \$ (10) | \$ (172) | \$ (362) | \$ (229) | \$ 206 | \$ (182) | \$ (296) |
| Unfunded lending related commitments | 42 | (23) | 16 | 1 | 92 | 19 | 15 |
| Investment securities | 3 | 1 | | 25 | | 4 | 26 |
| Other financial assets | 1 | (14) | 19 | | 4 | (13) | 6 |
| Total provision for (recapture of) credit losses | \$ 36 | \$ (208) | \$ (327) | \$ (203) | \$ 302 | \$ (172) | \$ (249) |

(a) Amounts include \$1.0 billion of provision for credit losses that was recorded as part of the BBVA acquisition on June 1, 2021.

Table 8: Allowance for Credit Losses by Loan Class (a)

| <i>Dollars in millions</i> | June 30, 2022 | | | March 31, 2022 | | | June 30, 2021 | | |
|---|---------------------|-------------------|---------------------|---------------------|-------------------|---------------------|---------------------|-------------------|---------------------|
| | Allowance Amount | Total Loans | % of Total Loans | Allowance Amount | Total Loans | % of Total Loans | Allowance Amount | Total Loans | % of Total Loans |
| Allowance for loan and lease losses | | | | | | | | | |
| Commercial | | | | | | | | | |
| Commercial and industrial | \$ 1,853 | \$ 171,831 | 1.08 % | \$ 1,884 | \$ 157,874 | 1.19 % | \$ 2,282 | \$ 155,300 | 1.47 % |
| Commercial real estate | 993 | 34,452 | 2.88 % | 1,034 | 34,171 | 3.03 % | 1,404 | 37,964 | 3.70 % |
| Equipment lease financing | 91 | 6,240 | 1.46 % | 85 | 6,216 | 1.37 % | 126 | 6,376 | 1.98 % |
| Total commercial | 2,937 | 212,523 | 1.38 % | 3,003 | 198,261 | 1.51 % | 3,812 | 199,640 | 1.91 % |
| Consumer | | | | | | | | | |
| Residential real estate | 36 | 43,717 | 0.08 % | 25 | 41,566 | 0.06 % | 63 | 36,846 | 0.17 % |
| Home equity | 190 | 24,693 | 0.77 % | 170 | 24,185 | 0.70 % | 188 | 25,174 | 0.75 % |
| Automobile | 254 | 15,323 | 1.66 % | 276 | 16,001 | 1.72 % | 421 | 17,551 | 2.40 % |
| Credit card | 715 | 6,650 | 10.75 % | 708 | 6,464 | 10.95 % | 711 | 6,528 | 10.89 % |
| Education | 63 | 2,332 | 2.70 % | 66 | 2,441 | 2.70 % | 98 | 2,726 | 3.60 % |
| Other consumer | 267 | 5,562 | 4.80 % | 310 | 5,539 | 5.60 % | 437 | 6,239 | 7.00 % |
| Total consumer | 1,525 | 98,277 | 1.55 % | 1,555 | 96,196 | 1.62 % | 1,918 | 95,064 | 2.02 % |
| Total | 4,462 | \$ 310,800 | 1.44 % | 4,558 | \$ 294,457 | 1.55 % | 5,730 | \$ 294,704 | 1.94 % |
| Allowance for unfunded lending related commitments | 681 | | | 639 | | | 645 | | |
| Allowance for credit losses | \$ 5,143 | | | \$ 5,197 | | | \$ 6,375 | | |

Supplemental Information

| | | | |
|--|--------|--------|--------|
| Allowance for credit losses to total loans | 1.65 % | 1.76 % | 2.16 % |
| Commercial | 1.68 % | 1.81 % | 2.18 % |
| Consumer | 1.60 % | 1.67 % | 2.14 % |

(a) Excludes allowances for investment securities and other financial assets, which together totaled \$163 million, \$158 million and \$138 million at June 30, 2022, March 31, 2022 and June 30, 2021, respectively.

Details of Nonperforming Assets (Unaudited)

Table 9: Nonperforming Assets by Type

| <i>Dollars in millions</i> | June 30 2022 | March 31 2022 | December 31 2021 | September 30 2021 | June 30 2021 |
|---|-----------------|------------------|---------------------|----------------------|-----------------|
| Nonperforming loans, including TDRs | | | | | |
| Commercial | | | | | |
| Commercial and industrial | | | | | |
| Service providers | \$ 151 | \$ 173 | \$ 188 | \$ 220 | \$ 206 |
| Manufacturing | 101 | 70 | 52 | 62 | 65 |
| Retail/wholesale trade | 87 | 59 | 50 | 59 | 71 |
| Real estate related (a) | 59 | 39 | 64 | 49 | 78 |
| Health care | 54 | 37 | 46 | 56 | 71 |
| Transportation and warehousing | 30 | 28 | 18 | 21 | 18 |
| Technology, media & telecommunications | 21 | 36 | 33 | 37 | 62 |
| Other industries | 146 | 218 | 345 | 325 | 359 |
| Total commercial and industrial | 649 | 660 | 796 | 829 | 930 |
| Commercial real estate | 161 | 332 | 364 | 365 | 501 |
| Equipment lease financing | 5 | 6 | 8 | 10 | 15 |
| Total commercial | 815 | 998 | 1,168 | 1,204 | 1,446 |
| Consumer (b) | | | | | |
| Residential real estate | 457 | 526 | 517 | 533 | 503 |
| Home equity | 556 | 576 | 596 | 592 | 626 |
| Automobile | 175 | 181 | 183 | 184 | 191 |
| Credit card | 6 | 8 | 7 | 7 | 7 |
| Other consumer | 37 | 9 | 9 | 8 | 6 |
| Total consumer | 1,231 | 1,300 | 1,312 | 1,324 | 1,333 |
| Total nonperforming loans (c) | 2,046 | 2,298 | 2,480 | 2,528 | 2,779 |
| OREO and foreclosed assets | 29 | 26 | 26 | 31 | 39 |
| Total nonperforming assets | \$ 2,075 | \$ 2,324 | \$ 2,506 | \$ 2,559 | \$ 2,818 |
| Nonperforming loans to total loans | 0.66 % | 0.78 % | 0.86 % | 0.87 % | 0.94 % |
| Nonperforming assets to total loans, OREO and foreclosed assets | 0.67 % | 0.79 % | 0.87 % | 0.88 % | 0.96 % |
| Nonperforming assets to total assets | 0.38 % | 0.43 % | 0.45 % | 0.46 % | 0.51 % |
| Allowance for loan and lease losses to nonperforming loans | 218 % | 198 % | 196 % | 212 % | 206 % |

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

(b) Excludes most unsecured consumer loans and lines of credit, which are charged off after 120 to 180 days past due and are not placed on nonperforming status.

(c) Nonperforming loans exclude certain government insured or guaranteed loans, loans held for sale and loans accounted for under the fair value option.

Table 10: Change in Nonperforming Assets

| <i>In millions</i> | April 1, 2022 - June 30, 2022 | January 1, 2022 - March 31, 2022 | October 1, 2021 - December 31, 2021 | July 1, 2021 - September 30, 2021 | April 1, 2021 - June 30, 2021 |
|--|----------------------------------|-------------------------------------|--|--------------------------------------|----------------------------------|
| Beginning balance | \$ 2,324 | \$ 2,506 | \$ 2,559 | \$ 2,818 | \$ 2,179 |
| Acquired nonperforming assets (a) | | | | | 880 |
| New nonperforming assets | 393 | 346 | 395 | 365 | 207 |
| Charge-offs and valuation adjustments | (55) | (62) | (53) | (71) | (61) |
| Principal activity, including paydowns and payoffs | (273) | (274) | (240) | (333) | (264) |
| Asset sales and transfers to loans held for sale | (6) | (21) | (3) | (30) | (15) |
| Returned to performing status | (308) | (171) | (152) | (190) | (108) |
| Ending balance | \$ 2,075 | \$ 2,324 | \$ 2,506 | \$ 2,559 | \$ 2,818 |

(a) Represents nonperforming assets acquired as a part of the BBVA acquisition on June 1, 2021 and includes \$871 million of loans and \$9 million of OREO and foreclosed assets. Our second quarter 2021 Form 10-Q included additional information on the BBVA acquisition.

Accruing Loans Past Due (Unaudited)

Under the CARES Act credit reporting rules, certain loans modified due to COVID-19 related hardships are not being reported as past due for the periods presented based on the contractual terms of the loan, even where borrowers may not be making payments on their loans during the modification period. Our 2021 Form 10-K included additional information on COVID-19 related loan modifications.

Table 11: Accruing Loans Past Due 30 to 59 Days (a)

| <i>Dollars in millions</i> | June 30 2022 | March 31 2022 | December 31 2021 | September 30 2021 | June 30 2021 |
|---|-----------------|------------------|---------------------|----------------------|-----------------|
| Commercial | | | | | |
| Commercial and industrial | \$ 99 | \$ 185 | \$ 235 | \$ 97 | \$ 72 |
| Commercial real estate | 28 | 68 | 46 | 68 | 5 |
| Equipment lease financing | 7 | 20 | 25 | 5 | 3 |
| Total commercial | 134 | 273 | 306 | 170 | 80 |
| Consumer | | | | | |
| Residential real estate | | | | | |
| Non government insured | 230 | 239 | 310 | 178 | 182 |
| Government insured | 68 | 66 | 69 | 81 | 88 |
| Home equity | 43 | 41 | 53 | 45 | 44 |
| Automobile | 102 | 109 | 146 | 114 | 98 |
| Credit card | 37 | 39 | 49 | 42 | 37 |
| Education | | | | | |
| Non government insured | 5 | 5 | 5 | 5 | 5 |
| Government insured | 39 | 36 | 38 | 40 | 41 |
| Other consumer | 38 | 47 | 35 | 34 | 31 |
| Total consumer | 562 | 582 | 705 | 539 | 526 |
| Total | \$ 696 | \$ 855 | \$ 1,011 | \$ 709 | \$ 606 |
| Supplemental Information | | | | | |
| Total accruing loans past due 30-59 days to total loans | 0.22 % | 0.29 % | 0.35 % | 0.24 % | 0.21 % |
| Commercial | 0.06 % | 0.14 % | 0.16 % | 0.09 % | 0.04 % |
| Consumer | 0.57 % | 0.61 % | 0.74 % | 0.57 % | 0.55 % |

(a) Excludes loans held for sale.

Accruing Loans Past Due (Unaudited) (Continued)

Table 12: Accruing Loans Past Due 60 to 89 Days (a)

| <i>Dollars in millions</i> | June 30 2022 | March 31 2022 | December 31 2021 | September 30 2021 | June 30 2021 |
|---|-----------------|------------------|---------------------|----------------------|-----------------|
| Commercial | | | | | |
| Commercial and industrial | \$ 128 | \$ 64 | \$ 72 | \$ 50 | \$ 27 |
| Commercial real estate | 11 | 41 | 24 | 2 | 3 |
| Equipment lease financing | 4 | 1 | 2 | 4 | 4 |
| Total commercial | 143 | 106 | 98 | 56 | 34 |
| Consumer | | | | | |
| Residential real estate | | | | | |
| Non government insured | 53 | 47 | 78 | 53 | 53 |
| Government insured | 42 | 37 | 41 | 45 | 52 |
| Home equity | 14 | 16 | 18 | 18 | 17 |
| Automobile | 24 | 26 | 40 | 23 | 20 |
| Credit card | 25 | 28 | 33 | 27 | 24 |
| Education | | | | | |
| Non government insured | 2 | 3 | 2 | 3 | 2 |
| Government insured | 21 | 21 | 23 | 23 | 20 |
| Other consumer | 21 | 26 | 22 | 15 | 16 |
| Total consumer | 202 | 204 | 257 | 207 | 204 |
| Total | \$ 345 | \$ 310 | \$ 355 | \$ 263 | \$ 238 |
| Supplemental Information | | | | | |
| Total accruing loans past due 60-89 days to total loans | 0.11 % | 0.11 % | 0.12 % | 0.09 % | 0.08 % |
| Commercial | 0.07 % | 0.05 % | 0.05 % | 0.03 % | 0.02 % |
| Consumer | 0.21 % | 0.21 % | 0.27 % | 0.22 % | 0.21 % |

(a) Excludes loans held for sale.

Accruing Loans Past Due (Unaudited) (Continued)

Table 13: Accruing Loans Past Due 90 Days or More (a)

| <i>Dollars in millions</i> | June 30 2022 | March 31 2022 | December 31 2021 | September 30 2021 | June 30 2021 |
|--|-----------------|------------------|---------------------|----------------------|-----------------|
| Commercial | | | | | |
| Commercial and industrial | \$ 138 | \$ 105 | \$ 132 | \$ 56 | \$ 45 |
| Commercial real estate | | 7 | 1 | 11 | 2 |
| Total commercial | 138 | 112 | 133 | 67 | 47 |
| Consumer | | | | | |
| Residential real estate | | | | | |
| Non government insured | 20 | 41 | 59 | 33 | 44 |
| Government insured | 182 | 232 | 269 | 268 | 297 |
| Automobile | 6 | 8 | 14 | 4 | 3 |
| Credit card | 54 | 62 | 62 | 53 | 59 |
| Education | | | | | |
| Non government insured | 2 | 2 | 2 | 1 | 1 |
| Government insured | 56 | 62 | 63 | 60 | 66 |
| Other consumer | 12 | 15 | 17 | 11 | 14 |
| Total consumer | 332 | 422 | 486 | 430 | 484 |
| Total | \$ 470 | \$ 534 | \$ 619 | \$ 497 | \$ 531 |
| Supplemental Information | | | | | |
| Total accruing loans past due 90 days or more to total loans | 0.15 % | 0.18 % | 0.21 % | 0.17 % | 0.18 % |
| Commercial | 0.06 % | 0.06 % | 0.07 % | 0.03 % | 0.02 % |
| Consumer | 0.34 % | 0.44 % | 0.51 % | 0.45 % | 0.51 % |
| Total accruing loans past due | \$ 1,511 | \$ 1,699 | \$ 1,985 | \$ 1,469 | \$ 1,375 |
| Commercial | \$ 415 | \$ 491 | \$ 537 | \$ 293 | \$ 161 |
| Consumer | \$ 1,096 | \$ 1,208 | \$ 1,448 | \$ 1,176 | \$ 1,214 |
| Total accruing loans past due to total loans | 0.49 % | 0.58 % | 0.69 % | 0.51 % | 0.47 % |
| Commercial | 0.20 % | 0.25 % | 0.28 % | 0.15 % | 0.08 % |
| Consumer | 1.12 % | 1.26 % | 1.52 % | 1.24 % | 1.28 % |

(a) Excludes loans held for sale.

Business Segment Descriptions (Unaudited)

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 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 America and South America. Capital markets 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 comprised of two distinct operating units:

- PNC Private Bank provides products and services to emerging affluent, high net worth and ultra high net worth individuals and their families including investment and retirement planning, customized investment management, credit and cash management solutions, and trust management and administration. In addition, multi-generational family planning services are also provided to ultra high net worth individuals and 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.

Table 14: Period End Employees

| | June 30 2022 | March 31 2022 | December 31 2021 | September 30 2021 | June 30 2021 |
|----------------------------|-----------------|------------------|---------------------|----------------------|-----------------|
| Full-time employees | | | | | |
| Retail Banking | 33,565 | 33,293 | 32,563 | 33,188 | 33,471 |
| Other full-time employees | 25,390 | 25,037 | 25,105 | 25,442 | 25,512 |
| Total full-time employees | 58,955 | 58,330 | 57,668 | 58,630 | 58,983 |
| Part-time employees | | | | | |
| Retail Banking | 1,712 | 1,670 | 1,669 | 1,616 | 1,821 |
| Other part-time employees | 460 | 82 | 89 | 94 | 431 |
| Total part-time employees | 2,172 | 1,752 | 1,758 | 1,710 | 2,252 |
| Total | 61,127 | 60,082 | 59,426 | 60,340 | 61,235 |

Table 15: Summary of Business Segment Net Income and Revenue (Unaudited) (a)

| <i>In millions</i> | <i>Three months ended</i> | | | | | <i>Six months ended</i> | |
|---|---------------------------|------------------|---------------------|----------------------|-----------------|-------------------------|-----------------|
| | June 30 2022 | March 31 2022 | December 31 2021 | September 30 2021 | June 30 2021 | June 30 2022 | June 30 2021 |
| Income | | | | | | | |
| Retail Banking | \$ 322 | \$ 340 | \$ 362 | \$ 447 | \$ 232 | \$ 662 | \$ 839 |
| Corporate & Institutional Banking | 1,003 | 956 | 1,334 | 1,123 | 809 | 1,959 | 1,867 |
| Asset Management Group | 86 | 102 | 106 | 114 | 87 | 188 | 186 |
| Other | 70 | 10 | (509) | (210) | (37) | 80 | 15 |
| Net income excluding noncontrolling interests | <u>\$ 1,481</u> | <u>\$ 1,408</u> | <u>\$ 1,293</u> | <u>\$ 1,474</u> | <u>\$ 1,091</u> | <u>\$ 2,889</u> | <u>\$ 2,907</u> |
| Revenue | | | | | | | |
| Retail Banking | \$ 2,410 | \$ 2,276 | \$ 2,408 | \$ 2,375 | \$ 2,203 | \$ 4,686 | \$ 4,219 |
| Corporate & Institutional Banking | 2,221 | 1,964 | 2,281 | 2,306 | 1,959 | 4,185 | 3,767 |
| Asset Management Group | 387 | 386 | 388 | 397 | 356 | 773 | 678 |
| Other | 98 | 66 | 50 | 119 | 149 | 164 | 223 |
| Total revenue | <u>\$ 5,116</u> | <u>\$ 4,692</u> | <u>\$ 5,127</u> | <u>\$ 5,197</u> | <u>\$ 4,667</u> | <u>\$ 9,808</u> | <u>\$ 8,887</u> |

- (a) Our business information is presented based on our internal management reporting practices. Net interest income in business segment results reflects PNC's 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.

Table 16: Retail Banking (Unaudited) (a)

| | Three months ended | | | | | Six months ended | |
|--|--------------------|-------------------|---------------------|----------------------|-------------------|-------------------|-------------------|
| | June 30 2022 | March 31 2022 | December 31 2021 | September 30 2021 | June 30 2021 | June 30 2022 | June 30 2021 |
| <i>Dollars in millions</i> | | | | | | | |
| Income Statement | | | | | | | |
| Net interest income | \$ 1,662 | \$ 1,531 | \$ 1,634 | \$ 1,713 | \$ 1,497 | \$ 3,193 | \$ 2,859 |
| Noninterest income | 748 | 745 | 774 | 662 | 706 | 1,493 | 1,360 |
| Total revenue | 2,410 | 2,276 | 2,408 | 2,375 | 2,203 | 4,686 | 4,219 |
| Provision for (recapture of) credit losses | 55 | (81) | 55 | (113) | 214 | (26) | (43) |
| Noninterest expense | 1,913 | 1,892 | 1,874 | 1,889 | 1,677 | 3,805 | 3,153 |
| Pretax earnings | 442 | 465 | 479 | 599 | 312 | 907 | 1,109 |
| Income taxes | 105 | 109 | 112 | 140 | 73 | 214 | 256 |
| Noncontrolling interests | 15 | 16 | 5 | 12 | 7 | 31 | 14 |
| Earnings | <u>\$ 322</u> | <u>\$ 340</u> | <u>\$ 362</u> | <u>\$ 447</u> | <u>\$ 232</u> | <u>\$ 662</u> | <u>\$ 839</u> |
| Average Balance Sheet | | | | | | | |
| Loans held for sale | \$ 957 | \$ 1,183 | \$ 1,425 | \$ 1,583 | \$ 1,405 | \$ 1,070 | \$ 1,150 |
| Loans | | | | | | | |
| Consumer | | | | | | | |
| Residential real estate | \$ 33,240 | \$ 31,528 | \$ 30,888 | \$ 30,702 | \$ 21,653 | \$ 32,389 | \$ 19,573 |
| Home equity | 22,886 | 22,458 | 22,572 | 23,047 | 22,080 | 22,673 | 21,957 |
| Automobile | 15,566 | 16,274 | 16,944 | 17,377 | 14,888 | 15,918 | 14,392 |
| Credit card | 6,508 | 6,401 | 6,513 | 6,484 | 5,900 | 6,455 | 5,860 |
| Education | 2,410 | 2,532 | 2,620 | 2,712 | 2,812 | 2,470 | 2,875 |
| Other consumer | 2,173 | 2,348 | 2,612 | 2,892 | 2,175 | 2,261 | 2,036 |
| Total consumer | 82,783 | 81,541 | 82,149 | 83,214 | 69,508 | 82,166 | 66,693 |
| Commercial | 11,044 | 11,610 | 12,844 | 15,895 | 14,796 | 11,325 | 14,272 |
| Total loans | \$ 93,827 | \$ 93,151 | \$ 94,993 | \$ 99,109 | \$ 84,304 | \$ 93,491 | \$ 80,965 |
| Total assets | \$ 113,068 | \$ 111,754 | \$ 113,782 | \$ 117,394 | \$ 100,948 | \$ 112,415 | \$ 96,942 |
| Deposits | | | | | | | |
| Noninterest-bearing | \$ 65,599 | \$ 64,058 | \$ 65,510 | \$ 65,985 | \$ 54,260 | \$ 64,833 | \$ 49,578 |
| Interest-bearing | 202,801 | 201,021 | 197,312 | 196,006 | 178,946 | 201,916 | 171,211 |
| Total deposits | <u>\$ 268,400</u> | <u>\$ 265,079</u> | <u>\$ 262,822</u> | <u>\$ 261,991</u> | <u>\$ 233,206</u> | <u>\$ 266,749</u> | <u>\$ 220,789</u> |
| Performance Ratios | | | | | | | |
| Return on average assets | 1.14 % | 1.23 % | 1.26 % | 1.51 % | 0.92 % | 1.19 % | 1.75 % |
| Noninterest income to total revenue | 31 % | 33 % | 32 % | 28 % | 32 % | 32 % | 32 % |
| Efficiency | 79 % | 83 % | 78 % | 80 % | 76 % | 81 % | 75 % |

(a) See note (a) on page 13.

Retail Banking (Unaudited) (Continued)

| | Three months ended | | | | | Six months ended | |
|---|--------------------|------------------|---------------------|----------------------|-----------------|------------------|-----------------|
| | June 30 2022 | March 31 2022 | December 31 2021 | September 30 2021 | June 30 2021 | June 30 2022 | June 30 2021 |
| <i>Dollars in millions, except as noted</i> | | | | | | | |
| Supplemental Noninterest Income Information | | | | | | | |
| Asset management and brokerage | \$ 135 | \$ 134 | \$ 131 | \$ 122 | \$ 110 | \$ 269 | \$ 212 |
| Card and cash management | \$ 351 | \$ 308 | \$ 347 | \$ 346 | \$ 324 | \$ 659 | \$ 588 |
| Lending and deposit services | \$ 167 | \$ 164 | \$ 157 | \$ 180 | \$ 148 | \$ 331 | \$ 282 |
| Residential and commercial mortgage | \$ 71 | \$ 99 | \$ 101 | \$ 147 | \$ 103 | \$ 170 | \$ 208 |
| Residential Mortgage Information | | | | | | | |
| <u>Residential mortgage servicing statistics (in billions, except as noted) (a)</u> | | | | | | | |
| Serviced portfolio balance (b) | \$ 145 | \$ 135 | \$ 133 | \$ 139 | \$ 145 | | |
| Serviced portfolio acquisitions | \$ 15 | \$ 6 | \$ 2 | \$ 2 | \$ 33 | \$ 21 | \$ 40 |
| MSR asset value (b) | \$ 1.6 | \$ 1.3 | \$ 1.1 | \$ 1.1 | \$ 1.1 | | |
| MSR capitalization value (in basis points) (b) | 112 | 98 | 81 | 81 | 77 | | |
| Servicing income: (in millions) | | | | | | | |
| Servicing fees, net (c) | \$ 36 | \$ 33 | \$ 14 | \$ 18 | \$ (3) | \$ 69 | \$ 2 |
| Mortgage servicing rights valuation, net of economic hedge | \$ 13 | \$ 2 | \$ 2 | \$ 24 | \$ 24 | \$ 15 | \$ 38 |
| <u>Residential mortgage loan statistics</u> | | | | | | | |
| Loan origination volume (in billions) | \$ 4.8 | \$ 5.1 | \$ 6.6 | \$ 7.4 | \$ 6.5 | \$ 9.9 | \$ 10.8 |
| Loan sale margin percentage | 1.88 % | 2.45 % | 2.55 % | 3.01 % | 2.67 % | 2.18 % | 2.92 % |
| Percentage of originations represented by: | | | | | | | |
| Purchase volume (d) | 74 % | 42 % | 38 % | 47 % | 48 % | 57 % | 43 % |
| Refinance volume | 26 % | 58 % | 62 % | 53 % | 52 % | 43 % | 57 % |
| Other Information (b) | | | | | | | |
| <u>Customer-related statistics (average)</u> | | | | | | | |
| Non-teller deposit transactions (e) | 64 % | 64 % | 64 % | 66 % | 65 % | 64 % | 66 % |
| Digital consumer customers (f) | 78 % | 78 % | 79 % | 80 % | 80 % | 78 % | 80 % |
| <u>Credit-related statistics</u> | | | | | | | |
| Nonperforming assets | \$ 1,088 | \$ 1,168 | \$ 1,220 | \$ 1,220 | \$ 1,245 | | |
| Net charge-offs - loans and leases | \$ 88 | \$ 141 | \$ 124 | \$ 82 | \$ 79 | \$ 229 | \$ 187 |
| <u>Other statistics</u> | | | | | | | |
| ATMs | 9,301 | 9,502 | 9,523 | 9,572 | 9,636 | | |
| Branches (g) | 2,535 | 2,591 | 2,629 | 2,712 | 2,724 | | |
| Brokerage account client assets (in billions) (h) | \$ 68 | \$ 74 | \$ 78 | \$ 76 | \$ 83 | | |

(a) Represents mortgage loan servicing balances for third parties and the related income.

(b) Presented as of period end, except for average customer-related statistics and net charge-offs, which are both shown for the three and 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.

Table 17: Corporate & Institutional Banking (Unaudited) (a)

| <i>Dollars in millions</i> | <i>Three months ended</i> | | | | | <i>Six months ended</i> | |
|--|---------------------------|------------------|---------------------|----------------------|-----------------|-------------------------|-----------------|
| | June 30 2022 | March 31 2022 | December 31 2021 | September 30 2021 | June 30 2021 | June 30 2022 | June 30 2021 |
| Income Statement | | | | | | | |
| Net interest income | \$ 1,253 | \$ 1,160 | \$ 1,228 | \$ 1,250 | \$ 1,092 | \$ 2,413 | \$ 2,093 |
| Noninterest income | 968 | 804 | 1,053 | 1,056 | 867 | 1,772 | 1,674 |
| Total revenue | 2,221 | 1,964 | 2,281 | 2,306 | 1,959 | 4,185 | 3,767 |
| Provision for (recapture of) credit losses | (17) | (118) | (369) | (99) | 104 | (135) | (178) |
| Noninterest expense | 934 | 837 | 975 | 980 | 813 | 1,771 | 1,524 |
| Pretax earnings | 1,304 | 1,245 | 1,675 | 1,425 | 1,042 | 2,549 | 2,421 |
| Income taxes | 298 | 285 | 337 | 299 | 229 | 583 | 547 |
| Noncontrolling interests | 3 | 4 | 4 | 3 | 4 | 7 | 7 |
| Earnings | \$ 1,003 | \$ 956 | \$ 1,334 | \$ 1,123 | \$ 809 | \$ 1,959 | \$ 1,867 |
| Average Balance Sheet | | | | | | | |
| Loans held for sale | \$ 490 | \$ 628 | \$ 539 | \$ 541 | \$ 564 | \$ 559 | \$ 627 |
| Loans | | | | | | | |
| Commercial | | | | | | | |
| Commercial and industrial | \$153,948 | \$141,622 | \$137,079 | \$134,128 | \$121,232 | \$147,819 | \$118,106 |
| Commercial real estate | 32,844 | 32,433 | 33,559 | 35,368 | 30,118 | 32,640 | 28,658 |
| Equipment lease financing | 6,201 | 6,099 | 6,184 | 6,300 | 6,332 | 6,150 | 6,332 |
| Total commercial | 192,993 | 180,154 | 176,822 | 175,796 | 157,682 | 186,609 | 153,096 |
| Consumer | 14 | 8 | 12 | 20 | 13 | 11 | 10 |
| Total loans | \$193,007 | \$180,162 | \$176,834 | \$175,816 | \$157,695 | \$186,620 | \$153,106 |
| Deposits | | | | | | | |
| Noninterest-bearing | \$ 81,028 | \$ 86,178 | \$ 88,023 | \$ 85,869 | \$ 75,570 | \$ 83,589 | \$ 71,142 |
| Interest-bearing | 65,151 | 68,429 | 72,397 | 77,247 | 69,443 | 66,780 | 69,555 |
| Total deposits | \$146,179 | \$154,607 | \$160,420 | \$163,116 | \$145,013 | \$150,369 | \$140,697 |
| Performance Ratios | | | | | | | |
| Return on average assets | 1.83 % | 1.93 % | 2.66 % | 2.20 % | 1.79 % | 1.88 % | 2.14 % |
| Noninterest income to total revenue | 44 % | 41 % | 46 % | 46 % | 44 % | 42 % | 44 % |
| Efficiency | 42 % | 43 % | 43 % | 42 % | 42 % | 42 % | 40 % |
| Other Information | | | | | | | |
| Consolidated revenue from: | | | | | | | |
| Treasury Management (b) | \$ 659 | \$ 546 | \$ 560 | \$ 592 | \$ 523 | \$ 1,205 | \$ 1,017 |
| Commercial mortgage banking activities: | | | | | | | |
| Commercial mortgage loans held for sale (c) | \$ 20 | \$ 16 | \$ 42 | \$ 44 | \$ 29 | \$ 36 | \$ 59 |
| Commercial mortgage loan servicing income (d) | 70 | 68 | 90 | 88 | 66 | 138 | 156 |
| Commercial mortgage servicing rights valuation, net of economic hedge | 33 | 13 | 16 | 14 | 33 | 46 | 50 |
| Total | \$ 123 | \$ 97 | \$ 148 | \$ 146 | \$ 128 | \$ 220 | \$ 265 |
| MSR asset value (e) | \$ 988 | \$ 886 | \$ 740 | \$ 703 | \$ 682 | | |
| Average loans by C&IB business | | | | | | | |
| Corporate Banking | \$103,595 | \$ 92,503 | \$ 87,284 | \$ 85,208 | \$ 77,645 | \$ 98,079 | \$ 75,806 |
| Real Estate | 44,202 | 43,213 | 44,787 | 47,335 | 41,188 | 43,710 | 39,799 |
| Business Credit | 28,246 | 26,535 | 26,065 | 25,540 | 22,965 | 27,395 | 22,263 |
| Commercial Banking | 9,459 | 10,045 | 10,924 | 13,458 | 12,513 | 9,751 | 11,919 |
| Other | 7,505 | 7,866 | 7,774 | 4,275 | 3,384 | 7,685 | 3,319 |
| Total average loans | \$193,007 | \$180,162 | \$176,834 | \$175,816 | \$157,695 | \$186,620 | \$153,106 |
| Credit-related statistics | | | | | | | |
| Nonperforming assets (e) | \$ 674 | \$ 866 | \$ 1,007 | \$ 1,061 | \$ 1,274 | | |
| Net charge-offs (recoveries) - loans and leases | \$ 11 | \$ (1) | \$ (1) | \$ 13 | \$ 233 | \$ 10 | \$ 277 |

(a) See note (a) on page 13.

(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) Presented as of period end.

Table 18: Asset Management Group (Unaudited) (a)

| | Three months ended | | | | | Six months ended | |
|---|--------------------|------------------|---------------------|----------------------|------------------|------------------|------------------|
| | June 30 2022 | March 31 2022 | December 31 2021 | September 30 2021 | June 30 2021 | June 30 2022 | June 30 2021 |
| <i>Dollars in millions, except as noted</i> | | | | | | | |
| Income Statement | | | | | | | |
| Net interest income | \$ 153 | \$ 138 | \$ 130 | \$ 141 | \$ 112 | \$ 291 | \$ 205 |
| Noninterest income | 234 | 248 | 258 | 256 | 244 | 482 | 473 |
| Total revenue | 387 | 386 | 388 | 397 | 356 | 773 | 678 |
| Provision for (recapture of) credit losses | 5 | 2 | (15) | (6) | 23 | 7 | 14 |
| Noninterest expense | 270 | 251 | 265 | 255 | 219 | 521 | 421 |
| Pretax earnings | 112 | 133 | 138 | 148 | 114 | 245 | 243 |
| Income taxes | 26 | 31 | 32 | 34 | 27 | 57 | 57 |
| Earnings | <u>\$ 86</u> | <u>\$ 102</u> | <u>\$ 106</u> | <u>\$ 114</u> | <u>\$ 87</u> | <u>\$ 188</u> | <u>\$ 186</u> |
| Average Balance Sheet | | | | | | | |
| Loans | | | | | | | |
| Consumer | | | | | | | |
| Residential real estate | \$ 7,835 | \$ 6,989 | \$ 6,295 | \$ 5,727 | \$ 4,439 | \$ 7,414 | \$ 4,040 |
| Other consumer | 4,633 | 4,541 | 4,535 | 4,544 | 4,190 | 4,587 | 4,099 |
| Total consumer | 12,468 | 11,530 | 10,830 | 10,271 | 8,629 | 12,001 | 8,139 |
| Commercial | 1,560 | 1,848 | 2,093 | 2,693 | 1,415 | 1,704 | 1,087 |
| Total loans | \$ 14,028 | \$ 13,378 | \$ 12,923 | \$ 12,964 | \$ 10,044 | \$ 13,705 | \$ 9,226 |
| Total assets | \$ 14,449 | \$ 13,801 | \$ 13,317 | \$ 13,805 | \$ 10,640 | \$ 14,126 | \$ 9,761 |
| Deposits | | | | | | | |
| Noninterest-bearing | \$ 2,824 | \$ 3,458 | \$ 3,025 | \$ 4,332 | \$ 2,537 | \$ 3,140 | \$ 2,148 |
| Interest-bearing | 28,839 | 29,830 | 26,318 | 24,984 | 20,894 | 29,331 | 19,865 |
| Total deposits | <u>\$ 31,663</u> | <u>\$ 33,288</u> | <u>\$ 29,343</u> | <u>\$ 29,316</u> | <u>\$ 23,431</u> | <u>\$ 32,471</u> | <u>\$ 22,013</u> |
| Performance Ratios | | | | | | | |
| Return on average assets | 2.39 % | 3.00 % | 3.16 % | 3.28 % | 3.28 % | 2.68 % | 3.84 % |
| Noninterest income to total revenue | 60 % | 64 % | 66 % | 64 % | 69 % | 62 % | 70 % |
| Efficiency | 70 % | 65 % | 68 % | 64 % | 62 % | 67 % | 62 % |
| Other Information | | | | | | | |
| Nonperforming assets (b) | \$ 114 | \$ 72 | \$ 62 | \$ 80 | \$ 85 | | |
| Net charge-offs (recoveries) - loans and leases | \$ (1) | \$ 2 | \$ 1 | \$ (1) | \$ 2 | \$ 1 | \$ 2 |
| Brokerage account client assets (in billions) (b) | \$ 4 | \$ 5 | \$ 5 | \$ 5 | \$ 5 | | |
| Client Assets Under Administration (in billions) (b) (c) | | | | | | | |
| Discretionary client assets under management | \$ 167 | \$ 182 | \$ 192 | \$ 183 | \$ 183 | | |
| Nondiscretionary client assets under administration | 153 | 165 | 175 | 170 | 172 | | |
| Total | \$ 320 | \$ 347 | \$ 367 | \$ 353 | \$ 355 | | |
| Discretionary client assets under management | | | | | | | |
| PNC Private Bank | \$ 103 | \$ 115 | \$ 123 | \$ 117 | \$ 119 | | |
| Institutional Asset Management | 64 | 67 | 69 | 66 | 64 | | |
| Total | \$ 167 | \$ 182 | \$ 192 | \$ 183 | \$ 183 | | |

(a) See note (a) on page 13.

(b) As of period end.

(c) Excludes brokerage account client assets.

Glossary of Terms

2019 Tailoring Rules – Rules adopted by the federal banking agencies to better tailor the application of their capital, liquidity, and enhanced prudential requirements for banking organizations to the asset size and risk profile (as measured by certain regulatory metrics) of the banking organization. Effective January 1, 2020, the agencies' capital and liquidity rules classify all BHCs with \$100 billion or more in total assets into one of four categories (Category I, Category II, Category III, and Category IV).

Adjusted average total assets - Primarily consisted of total average quarterly (or annual) assets plus/less unrealized losses (gains) on investment securities, less goodwill and certain other intangible assets (net of eligible deferred taxes).

Allowance for credit losses (ACL) – A valuation account that is deducted from or added to the amortized cost basis of the related financial assets to present the net carrying value at the amount expected to be collected on the financial asset.

Amortized cost basis - Amount at which a financial asset is originated or acquired, adjusted for applicable accretion or amortization of premiums, discounts and net deferred fees or costs, collection of cash, charge-offs, foreign exchange and fair value hedge accounting adjustments.

Basel III common equity Tier 1 (CET1) capital (Tailoring Rules) - Common stock plus related surplus, net of treasury stock, plus retained earnings, less goodwill, net of associated deferred tax liabilities, less other disallowed intangibles, net of deferred tax liabilities and plus/less other adjustments. Investments in unconsolidated financial institutions, as well as mortgage servicing rights and deferred tax assets, must then be deducted to the extent such items (net of associated deferred tax liabilities) individually exceed 25% of our adjusted Basel III common equity Tier 1 capital.

Basel III common equity Tier 1 capital ratio - Common equity Tier 1 capital divided by period-end risk-weighted assets (as applicable).

Basel III Tier 1 capital - Common equity Tier 1 capital, plus qualifying preferred stock, plus certain trust preferred capital securities, plus certain noncontrolling interests that are held by others and plus/less other adjustments.

Basel III Tier 1 capital ratio - Tier 1 capital divided by period-end risk-weighted assets (as applicable).

Basel III Total capital - Tier 1 capital plus qualifying subordinated debt, plus certain trust preferred securities, plus, under the Basel III transitional rules and the standardized approach, the allowance for loan and lease losses included in Tier 2 capital and other.

Basel III Total capital ratio - Basel III Total capital divided by period-end risk-weighted assets (as applicable).

BBVA – BBVA USA Bancshares, Inc.

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

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

BlackRock – BlackRock, Inc.

Charge-off - Process of removing a loan or portion of a loan from our balance sheet because it is considered uncollectible. We also record a charge-off when a loan is transferred from portfolio holdings to held for sale by reducing the loan carrying amount to the fair value of the loan, if fair value is less than carrying amount.

Common shareholders' equity - Total shareholders' equity less the liquidation value of preferred stock.

Credit valuation adjustment - Represents an adjustment to the fair value of our derivatives for our own and counterparties' non-performance risk.

Criticized commercial loans - Loans with potential or identified weaknesses based upon internal risk ratings that comply with the regulatory classification definitions of “Special Mention,” “Substandard” or “Doubtful.”

Current Expected Credit Loss (CECL) - Methodology for estimating the allowance for credit losses on in-scope financial assets held at amortized cost and unfunded lending related commitments which uses a combination of expected losses over a reasonable and supportable forecast period, a reversion period and long run average credit losses for their estimated contractual term.

Discretionary client assets under management - Assets over which we have sole or shared investment authority for our customers/clients. We do not include these assets on our Consolidated Balance Sheet.

Earning assets - Assets that generate income, which include: interest-earning deposits with banks; loans held for sale; loans; investment securities; and certain other assets.

Effective duration - A measurement, expressed in years, that, when multiplied by a change in interest rates, would approximate the percentage change in value of on- and off- balance sheet positions.

Efficiency - Noninterest expense divided by total revenue.

Fair value - The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fee income - Refers to the following categories within Noninterest income: Asset management; Consumer services; Corporate services; Residential mortgage; and Service charges on deposits.

FICO score - A credit bureau-based industry standard score created by Fair Isaac Co. which predicts the likelihood of borrower default. We use FICO scores both in underwriting and assessing credit risk in our consumer lending portfolio. Lower FICO scores indicate likely higher risk of default, while higher FICO scores indicate likely lower risk of default. FICO scores are updated on a periodic basis.

GAAP - Accounting principles generally accepted in the United States of America.

Leverage ratio - Basel III Tier 1 capital divided by average quarterly adjusted total assets.

Nondiscretionary client assets under administration - Assets we hold for our customers/clients in a nondiscretionary, custodial capacity. We do not include these assets on our Consolidated Balance Sheet.

Nonperforming assets - Nonperforming assets include nonperforming loans, OREO and foreclosed assets. We do not accrue interest income on assets classified as nonperforming.

Nonperforming loans - Loans accounted for at amortized cost whose credit quality has deteriorated to the extent that full collection of contractual principal and interest is not probable, including TDRs which have not returned to performing status. Interest income is not recognized on nonperforming loans. Nonperforming loans exclude certain government insured or guaranteed loans for which we expect to collect substantially all principal and interest, loans held for sale and loans accounted for under the fair value option.

Operating leverage - The period to period dollar or percentage change in total revenue less the dollar or percentage change in noninterest expense. A positive variance indicates that revenue growth exceeded expense growth (*i.e.*, positive operating leverage) while a negative variance implies expense growth exceeded revenue growth (*i.e.*, negative operating leverage).

Other real estate owned (OREO) and foreclosed assets - Assets taken in settlement of troubled loans primarily through deed-in-lieu of foreclosure or foreclosure. Foreclosed assets include real and personal property. Certain assets that have a government-guarantee which are classified as other receivables are excluded.

Purchased credit deteriorated assets (PCD) - Acquired loans or debt securities that, at acquisition, are determined to have experienced a more-than-insignificant deterioration in credit quality since origination or issuance.

Risk-weighted assets - Computed by the assignment of specific risk-weights (as defined by the Board of Governors of the Federal Reserve System) to assets and off-balance sheet instruments.

Servicing rights - Intangible assets or liabilities created by an obligation to service assets for others. Typical servicing rights include the right to receive a fee for collecting and forwarding payments on loans and related taxes and insurance premiums held in escrow.

Supplementary leverage ratio - Basel III Tier 1 capital divided by Supplementary leverage exposure.

Taxable-equivalent interest income - The interest income earned on certain assets that is completely or partially exempt from federal income tax. These tax-exempt instruments typically yield lower returns than taxable investments. To provide more meaningful comparisons of yields and margins for all interest-earning assets, we use interest income on a taxable-equivalent basis in calculating average yields and net interest margins by increasing the interest income earned on tax-exempt assets to make it fully equivalent to

interest income earned on other taxable investments. This adjustment is not permitted under GAAP on the Consolidated Income Statement.

Troubled debt restructuring (TDR) - A loan whose terms have been restructured in a manner that grants a concession to a borrower experiencing financial difficulties.

Unfunded lending related commitments - Standby letters of credit, financial guarantees, commitments to extend credit and similar unfunded obligations that are not unilaterally, unconditionally, cancelable at PNC's option.

Yield curve - A graph showing the relationship between the yields on financial instruments or market indices of the same credit quality with different maturities. For example, a "normal" or "positive" yield curve exists when long-term bonds have higher yields than short-term bonds. A "flat" yield curve exists when yields are the same for short-term and long-term bonds. A "steep" yield curve exists when yields on long-term bonds are significantly higher than on short-term bonds. An "inverted" or "negative" yield curve exists when short-term bonds have higher yields than long-term bonds.