The PNC Financial Services Group, Inc.

2021 Resolution Plan: Public Executive Summary

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I. Introduction and Executive Summary

The PNC Financial Services Group, Inc. (PNC) is a Main Street, regional banking organization headquartered in Pittsburgh, Pennsylvania. PNC provides a range of traditional retail banking, home lending, corporate and institutional banking and asset management products and services primarily through PNC Bank, National Association (PNC Bank), PNC's only insured depository institution subsidiary. PNC's business and organizational structure is built predominantly around PNC Bank. As of December 31, 2020, PNC had total consolidated assets of $466.7 billion. PNC Bank had total consolidated assets of $463.0 billion representing approximately 99% (before consolidating entries) of the total consolidated assets of PNC.

Because PNC and PNC Bank each have more than $250 billion in total assets, PNC and PNC Bank — as well as other U.S. banking organizations that exceed this asset threshold — are required to develop and submit to U.S. banking regulators a resolution plan addressing how they hypothetically could be resolved in a rapid and orderly fashion if they were to fail or experience material financial distress. Accordingly, PNC recently submitted its 2021 resolution plan (the PNC Resolution Plan).

Importantly, PNC and PNC Bank are not in financial distress or in danger of failing. As of September 30, 2021, both PNC and PNC Bank had regulatory capital ratios significantly in excess of the amount required to be considered "well capitalized" under U.S. banking regulations. In addition, the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) for PNC and PNC Bank exceeded the 100% regulatory requirement as of September 30, 2021, respectively.

Moreover, PNC Bank is core-deposit funded — meaning its activities primarily are funded by customer deposits, which are a relatively stable source of funding. PNC Bank's loan-to-deposit ratio at September 30, 2021, was 61.5%.[1] Core deposits totaled $370.6 billion as of that same date. PNC monitors its liquidity position and funding need using a variety of measures and tools, including by reference to the LCR and the NSFR, regulatory minimum liquidity requirements designed to ensure that covered banking organizations maintain an adequate level of liquidity to meet net liquidity needs over the course of a 30-day stress scenario and maintain a minimum level of stable funding over a one-year period, respectively. For more details on the capital and funding resources of PNC and PNC Bank, please see Section IV. Summary Financial Information Regarding Assets, Liabilities, Capital and Major Funding Sources.

The PNC Resolution Plan submitted by PNC is governed by a regulation jointly issued by the Board of Governors of the Federal Reserve System (Federal Reserve) and the Federal Deposit Insurance Corporation (FDIC) pursuant to section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) and the implementing regulations (12

[1] The loan-to-deposit ratio is calculated as the ratio of total loans and leases (net of unearned income and gross of reserve) over total deposits (including domestic and foreign deposits).

C.F.R. Parts 243 and 381, as amended[2]) (the 165(d) Rule).[3] Under the 165(d) Rule, PNC periodically must file a resolution plan that addresses how PNC hypothetically could be resolved under the Bankruptcy Code and PNC Bank could be resolved under the Federal Deposit Insurance Act within a reasonable period of time and in a manner that substantially mitigates the potential for systemic risk. Bank holding companies (such as PNC) that are required to file a resolution plan under the 165(d) Rule are referred to as "covered companies."

This public section provides an overview of the PNC Resolution Plan submitted by PNC to the Federal Reserve and the FDIC. It describes, among other things, PNC's bank-centric organizational structure, three core business lines and limited number of material entities identified for resolution plan purposes. It also provides a high-level overview of the resolution strategies for PNC and PNC Bank included in the PNC Resolution Plan and includes certain other information related to the business of PNC and PNC Bank.

PNC believes that the resolution strategies included in the PNC Resolution Plan would allow PNC to be resolved in an orderly manner without threatening U.S. financial stability and without the need for any extraordinary government or taxpayer support.

Consistent with the requirements of the applicable rules and supervisory guidance, all information included in this Public Summary is as of December 31, 2020, unless otherwise indicated.

[2] On November 1, 2019, the Federal Reserve and FDIC adopted revisions to the regulations implementing the resolution planning requirements of section 165(d) of the Dodd-Frank Act. The revisions are intended to reflect improvements identified since the Agencies finalized their joint resolution plan rule in November 2011 and to address amendments to the Dodd-Frank Act made by the Economic Growth, Regulatory Relief, and Consumer Protection Act. 84 Fed. Reg. 59194 (Nov. 1, 2019).

[3] PNC Bank is required to file a separate resolution plan under applicable FDIC regulations.

II. Material Entities

PNC has only two entities within its organizational structure that qualify for purposes of the PNC Resolution Plan as "material entities" — PNC and PNC Bank. Under the 165(d) Rule, a "material entity" is a subsidiary of the covered company that is significant to the activities of a core business line or critical operation[4] of the covered company. As discussed in Section III, PNC has three core business lines — Retail Banking, Corporate & Institutional Banking and the Asset Management Group. The PNC Resolution Plan includes strategies that could be used to ensure the orderly resolution of each material entity should PNC experience material financial distress or fail. The following provides a brief overview of PNC and PNC Bank:

The PNC Financial Services Group, Inc.

The PNC Financial Services Group, Inc. is a bank holding company registered under the Bank Holding Company Act of 1956, as amended (BHC Act), and a financial holding company under the Gramm-Leach-Bliley Act. The company is incorporated in the Commonwealth of Pennsylvania and headquartered in Pittsburgh, Pennsylvania. PNC's common stock is listed on the New York Stock Exchange and is traded under the ticker symbol "PNC." PNC is the ultimate parent company within PNC's organizational structure and the indirect owner of 100% of the outstanding stock of PNC Bank. PNC is the covered company (i.e., the bank holding company subject to the 165(d) Rule) for purposes of the PNC Resolution Plan.

PNC Bank, National Association

PNC Bank, National Association is a national bank and its deposits are insured by the FDIC (up to, and in accordance with, applicable limitations and restrictions). PNC Bank is headquartered in Pittsburgh, Pennsylvania. PNC Bank is PNC's only insured depository institution subsidiary. It is the entity through which PNC conducts the vast majority of its businesses and operations, including those of its three core business lines (Retail Banking, Corporate & Institutional Banking and the Asset Management Group). As of December 31, 2020, PNC Bank's total consolidated assets represented approximately 99% of PNC's total consolidated assets. As of that same date, PNC Bank had 2,162 branches in 23 states and the District of Columbia. The bank also services customers through a network of 8,900 ATMs, nationwide call centers and online and mobile banking platforms. PNC Bank is an indirect wholly-owned subsidiary of PNC.[5]

[4] Section III of this Public Summary includes the definition of a "core business line." The 165(d) Rule defines a "critical operation" as an operation, including associated services, functions and support, of a covered company the failure or discontinuance of which, in the view of the covered company or as jointly directed by the Federal Reserve and the FDIC, would pose a threat to the financial stability of the United States. 12 C.F.R. § 243.2(g). PNC has no critical operations within the meaning of the 165(d) Rule.

[5] On June 1, 2021, PNC acquired BBVA USA Bancshares Inc. (BBVA USA Bancshares), 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.

Simplified Organizational Chart of Material Entities[6]

[6] The direct parent company of PNC Bank — PNC Bancorp, Inc. — is not considered a material entity and, therefore, is not included in this simplified organizational chart. PNC Bancorp, Inc. is a wholly owned subsidiary of PNC.

III. Core Business Lines

PNC has three "core business lines" for the purposes of the PNC Resolution Plan - Retail Banking, Corporate and Institutional Banking and the Asset Management Group. "Core business lines" are defined for these purposes as those business lines of the covered company (including associated operations, service functions and support) that upon failure would result in a material loss of revenue, profit or franchise value to the covered company.

The products and services of these business lines are mainly offered to customers in PNC's primary geographic markets (located in Pennsylvania, Ohio, New Jersey, Michigan, Illinois, Maryland, Indiana, North Carolina, Florida, Kentucky, the District of Columbia, Delaware, Alabama, Virginia, Georgia, Missouri, Wisconsin and South Carolina). Certain products and services are offered nationally, and, to a limited extent, internationally. The following provides a brief overview of PNC's three core business lines.[7] All core business lines operate exclusively or primarily through PNC Bank.

Retail Banking

The Retail Banking core business line provides deposit, lending, brokerage, insurance services, investment management and cash management products and services to consumers and small business customers. Retail Banking customers are serviced through PNC Bank's branch network, automated teller machines (ATMs), call centers, online banking and mobile channels. PNC Bank's branch network is primarily located in the Mid-Atlantic, Midwest Southeast, and Southwest.[8] In 2018, Retail Banking launched its national retail digital strategy designed to grow customers with digitally-led banking and a thin branch network in markets outside PNC Bank's existing retail branch network. Deposit products include checking, savings and money market accounts and certificates of deposit. Lending products include residential mortgages, home equity loans and lines of credit, auto loans, credit cards, education loans and personal and small business loans and lines of credit. The residential mortgage loans are directly originated within PNC Bank's branch network and nationwide, and are typically underwritten to agency and/or third-party standards, and either sold, servicing retained, or held on PNC's balance sheet. Brokerage, investment management and cash management products and services include managed, education, retirement and trust accounts.

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[7] The core business lines identified for resolution planning purposes may differ in scope from the business segments PNC uses for Securities and Exchange Commission (SEC) financial reporting purposes.

[8] After the as-of date of this PNC Resolution Plan, in June 2021, PNC completed its acquisition of BBVA USA Bancshares. The acquisition included approximately $100 billion of assets, $85 billion of deposits and more than 600 branches throughout Texas, Alabama, Arizona, California, Florida, Colorado and New Mexico. BBVA USA Bancshares' assets and liabilities were predominately held by its wholly-owned subsidiary, BBVA USA, an Alabama-chartered bank. In October 2021, PNC merged BBVA USA into PNC Bank, with PNC Bank as the surviving entity.

Corporate & Institutional Banking

The Corporate & Institutional Banking (C&IB) core business line provides lending, treasury management and capital markets-related products and services to mid-sized and large corporations, as well as government and not-for-profit entities. Lending products include secured and unsecured loans, letters of credit and equipment leases. The Treasury Management business provides payables, receivables, deposit and account services, liquidity and investments, and online and mobile banking products and services to PNC's clients. 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. C&IB also provides commercial loan servicing and technology solutions for the commercial real estate finance industry. C&IB products and services are provided nationally.

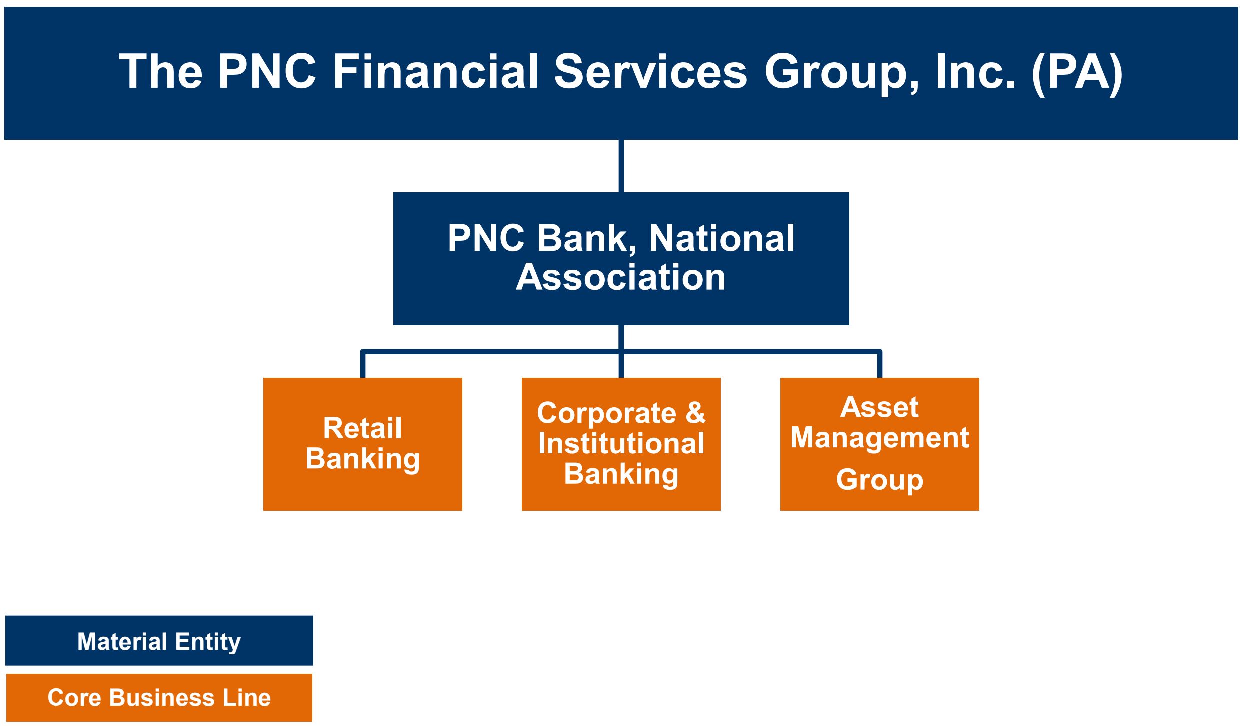
Asset Management Group

The Asset Management Group (AMG) core business line provides private banking for high net worth and ultra-high net worth clients and institutional asset management. AMG is composed of two distinct operating units. PNC Private Bank[9] provides products and services to emerging affluent, 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. Additionally, multi-generational family planning services are also provided to ultra high net worth individuals and families which include estate, financial, tax, fiduciary and customized performance reporting through PNC Private Bank Hawthorn. Institutional asset management provides outsourced chief investment officer, custody, private real estate, cash and fixed income client solutions and retirement plan fiduciary investment services to institutional clients including corporations, healthcare systems, insurance companies, unions, municipalities and non-profits.

[9] In August 2021, PNC announced that all clients of its personal wealth businesses will be served through the newly branded PNC Private Bank. The rebranding unifies what were formerly referred to as the Wealth Management and Hawthorn segments under one brand umbrella.

Graphical Representation of Core Business Lines

The following chart illustrates a mapping of PNC's three core business lines to the PNC Material Entities through which they predominantly operate:



All core business lines operate predominantly through PNC Bank. Core business lines are not separate legal entities, although certain aspects of a core business line may operate through one or more separate legal entities besides PNC Bank.

IV. Summary Financial Information Regarding Assets, Liabilities, Capital and Major Funding Sources

The following provides summary financial information regarding PNC and PNC Bank derived from financial and regulatory reports as of December 31, 2020. A consolidated balance sheet for PNC — the top-tier bank holding company — is included along with a balance sheet for PNC Bank.

For detailed financial information with respect to PNC, please refer to PNC's annual, quarterly and current reports filed with the SEC which are available on the SEC's website at www.sec.gov, including the Annual Report on Form 10-K for the year ended December 31, 2020. The information below regarding PNC Bank is based on PNC Bank's Consolidated Reports of Condition and Income With Domestic and Foreign Offices on FFIEC Form 031 for the year ended December 31, 2020, which is available on the Federal Financial Institutions Examination Council's website at www.ffiec.gov.

CONSOLIDATED BALANCE SHEETS
December 31, 2020

$ in millions	The PNC Financial Services Group, Inc.[10]	PNC Bank, N.A. (unaudited)[11]
Assets		
Cash and due from banks	$7,017	$7,012
Interest-earning deposits with banks	85,173	85,149
Loans held for sale	1,597	1,597
Investment securities	88,799	88,746
Loans	241,928	241,927
Allowance for loan and lease losses	(5,361)	(5,361)
Net loans	236,567	236,566
Goodwill	9,233	9,227
Mortgage servicing rights	1,242	1,242
Equity investments	6,052	3,666
Other	30,999	29,770
Total assets	**$466,679**	**$462,975**
Liabilities		
Deposits		
Noninterest-bearing	$112,637	$128,191
Interest-bearing	252,708	252,709
Total Deposits	365,345	380,900
Borrowed funds		
Federal Home Loan Bank borrowings	3,500	3,500
Bank notes and senior debt	24,271	14,693
Subordinated debt	6,403	5,396
Other	3,021	3,020
Total borrowed funds	37,195	26,609
Allowance for unfunded loan commitments and letters of credit	584	584
Accrued expenses and other liabilities	9,514	8,866
Total liabilities	**$412,638**	**$416,959**
Equity		
Common stock - $5 par value	$2,713	$240
Capital surplus	15,884	30,869
Retained earnings	46,848	12,109
Accumulated other comprehensive income (loss)	2,770	2,789
Common stock held in treasury at cost	(14,205)	-
Total shareholders' equity	54,010	46,007
Noncontrolling interests	31	9
Total equity	**$54,041**	**$46,016**
Total liabilities and equity	**$466,679**	**$462,975**

[10] Source: The PNC Financial Services Group, Inc. 2020 Annual Report on Form 10-K.

[11] Source: PNC Bank Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices as of December 31, 2020.

Capital

PNC's primary capital management goal is to maintain a strong capital position both for PNC and PNC Bank. Doing so best positions PNC to satisfy the needs and objectives of its primary constituencies — shareholders, customers (including depositors), counterparties, regulators and rating agencies.

Regulatory Capital

As of December 31, 2020 — the balance sheet date used for purposes of this PNC Resolution Plan — both PNC and PNC Bank had regulatory capital ratios significantly in excess of the amount required to be considered "well capitalized" under the applicable regulations of the Federal Reserve and Office of the Comptroller of the Currency (OCC).[12]

The following table provides information regarding the regulatory capital ratios of PNC and PNC Bank as of December 31, 2020, and September 30, 2021.[13]

Regulatory Capital Ratios

	December 31, 2020		September 30, 2021	
$ in millions	**Amount**	**Ratios**	**Amount**	**Ratios**
Risk-Based				
Common equity Tier 1				
PNC	$39,735	12.2%	$40,038	10.3%
PNC Bank	35,232	11.0%	36,457	11.2%
Tier 1				
PNC	43,252	13.2%	45,047	11.6%
PNC Bank	35,232	11.0%	36,457	11.2%
Total				
PNC	51,001	15.6%	52,982	13.6%
PNC Bank	42,440	13.2%	42,849	13.1%
Leverage				
PNC	43,252	9.5%	45,047	8.2%
PNC Bank	35,232	7.9%	36,457	8.1%
Supplementary Leverage				
PNC	43,252	9.9%	45,047	7.0%
PNC Bank	35,323	6.6%	36,457	6.7%

[12] To qualify as "well capitalized", regulators require that bank holding companies maintain capital ratios of at least 6% for Tier 1 risk-based and 10% for Total risk-based capital, and that insured depository institutions maintain capital ratios of at least 6.5% for Common equity Tier 1 risk-based, 8% for Tier 1 risk-based, 10% for Total risk-based capital and a 5% Leverage ratio. See 12 C.F.R. § 6.4(c) and 12 C.F.R. § 225.2(r)(1).

[13] Source: The PNC Financial Services Group, Inc., Consolidated Financial Statements for Holding Companies — FR Y-9C (Dec. 31, 2020) and PNC Bank, N.A. Consolidated Reports of Condition and Income — FFIEC 031 (Dec. 31, 2020). The PNC Financial Services Group, Inc., Consolidated Financial Statements for Holding Companies — FR Y-9C (Sep. 30, 2021) and PNC Bank, N.A. Consolidated Reports of Condition and Income — FFIEC 031 (Sep. 30, 2021).

Stress Testing

Sound stress testing practices and methodologies are a key component of PNC's capital adequacy assessment process. PNC conducts capital stress test activities on an enterprise-wide basis at least annually, including for the Federal Reserve's annual Comprehensive Capital Assessment and Review exercise and the biennial company-run stress tests required under the Dodd-Frank Act. PNC makes summary results of its Dodd-Frank Act company-run stress test exercises publicly available on its website: http://phx.corporate-ir.net/phoenix.zhtml?c=107246&p=irol-RegDisclosures.

Please see PNC's 2020 Annual Report on Form 10-K for additional information on PNC's capital management philosophy and practices.

Funding Sources and Liquidity

PNC conducts the vast majority of its businesses and operations, including those of its three core business lines, through PNC Bank. PNC Bank is primarily funded through its customer deposit base derived from its retail and commercial businesses. PNC Bank's loan-to-deposit ratio was 61.5% as of September 30, 2021.[14] In addition to the customer deposit base, which has historically provided the single largest source of relatively stable and low-cost funding, PNC Bank also obtains liquidity through the issuance of traditional forms of funding including long-term debt (for example, senior notes, subordinated debt and Federal Home Loan Bank advances) and short-term borrowings (such as Federal Funds purchased, securities sold under repurchase agreements, commercial paper issuances and other short-term borrowings). Liquid assets (including, for example, high quality liquid securities, Federal Funds sold, resale agreements and interest-earning deposits with other banks) and unused borrowing capacity from a number of sources also are available to maintain PNC Bank's liquidity position.

The principal source of PNC liquidity is the dividends received from PNC Bank. In addition to dividends from PNC Bank, other sources of PNC liquidity include cash and investments, dividends and loan repayments from other subsidiaries, and dividends or distributions from equity investments. PNC also can generate liquidity for itself and its non-bank subsidiaries through the issuance of debt or equity securities, including certain capital securities and commercial paper, in public or private markets. PNC has an effective shelf registration statement pursuant to which the company can issue additional debt, equity or other forms of capital instruments.

[14] The loan-to-deposit ratio is calculated as the ratio of total loans and leases (net of unearned income and gross of reserve) over total deposits (including domestic and foreign deposits).

A summary overview of PNC's sources of funding (balances for 2020) is included in the following table.

Deposits and Borrowed Funds Balances for 2020[15]	Balance ($ in millions)
Deposits	
Noninterest-bearing	$112,637
Interest-bearing	,
Money Market	$59.737
Demand	92,294
Savings	80,985
Time Deposits	19,692
Total interest-bearing	252,708
Total Deposits	$365,345
Borrowed Funds	
Federal Home Loan Bank borrowings	$3,500
Bank notes and senior debt	24,271
Subordinated debt	6,403
Other	3,021
Total Borrowed Funds	$37,195
Total Funding Sources	**$402,540**

Liquidity Risk Management

PNC manages liquidity risk at the consolidated company level (bank, parent company and non-bank subsidiaries combined) to help ensure that PNC can obtain cost-effective funding to meet current and future obligations under normal, "business as usual" circumstances and in times of financial stress, and to help ensure that PNC maintains an appropriate level of contingent liquidity.

Management monitors liquidity through a series of early warning indicators that may indicate a potential market, or PNC-specific, liquidity stress event. In addition, management performs a set of liquidity stress tests over multiple time horizons with varying levels of severity and maintains a contingency funding plan to address a potential stress event. In the most severe liquidity stress simulation, PNC assumes that its liquidity position is under pressure, while the market in general is under systemic pressure. The simulation considers, among other things, the impact of restricted access to both secured and unsecured external sources of funding, accelerated run-off of customer deposits, valuation pressure on assets and heavy demand to fund contingent obligations. PNC liquidity guidelines are designed to help ensure that sufficient liquidity is available to meet PNC's obligations over the 24-month period. Liquidity-related risk limits are established within PNC's Enterprise Liquidity Management Policy and supporting policies. Management committees, including the Asset and Liability Committee, and the Board of Directors and its Risk Committee regularly review compliance with key established limits.

[15] Source: The PNC Financial Services Group, Inc. 2020 Annual Report on Form 10-K.

In addition to these liquidity monitoring measures and tools described above, PNC also monitors its liquidity by reference to the LCR and NSFR. The LCR is 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 30-day stress scenario. The LCR is calculated by dividing the amount of an institution's high quality, unencumbered liquid assets, as defined and calculated in accordance with the haircuts and limitations of the LCR rules, by its estimated net cash outflow, with net cash outflows determined by applying assumed outflow factors in the LCR rules. The NSFR is a regulatory minimum liquidity requirement designed to ensure that covered companies maintain a minimum level of stable funding over a one-year period. The NSFR is calculated by dividing the amount of an institution's available stable funding, as defined and calculated in accordance with specified standardized weightings in the NSFR rules, by its required stable funding, which is also subject to specified standardized weightings. The resulting quotient for both ratios is expressed as a percentage. As of September 30, 2021, the LCR and NSFR for PNC and PNC Bank exceeded the 100% regulatory minimum, respectively.

Please see "Liquidity Risk Management" in the Risk Management section of PNC's 2020 Annual Report on Form 10-K for additional information on PNC's liquidity risk management.

V. Derivatives and Hedging Activities

PNC uses a variety of financial derivatives as part of the overall asset and liability risk management process to help manage its exposure to the interest rate, market and credit risks inherent in its business activities. Substantially all such instruments are used to manage risk related to changes in interest rates. Interest rate and total return swaps, interest rate caps and floors, swaptions, options, forwards and futures contracts are the primary instruments PNC uses for interest rate risk management. PNC also enters into derivatives with customers to facilitate their risk management activities. The financial derivatives that PNC enters into involve, to varying degrees, interest rate, market and credit risk. PNC manages these risks as part of its asset and liability management process and through credit policies and procedures. PNC seeks to minimize counterparty credit risk by entering into transactions with only high-quality institutions, establishing credit limits and generally requiring bilateral netting and collateral agreements.

As of December 31, 2020, the aggregate notional/ contractual amount of PNC's financial derivatives (including derivatives designated, and not designated, as hedges under GAAP) was $466.7 billion with a net fair value (after collateral and master netting agreements) of approximately $3.8 billion. To put PNC's limited derivatives exposure into perspective, the aggregate notional/ contractual amount of financial derivatives of the largest U.S. bank holding company by asset size was $46.6 trillion, an amount approximately 100 times larger than PNC's exposure, as of the same date.

Customer Needs

PNC may enter into derivatives with customers to facilitate their risk management activities. These derivatives primarily consist of interest rate swaps, interest rate caps, floors, swaptions, foreign exchange contracts, equity contracts and commodity contracts. PNC primarily manages its market risk exposure from customer transactions by entering into a variety of hedging transactions with third-party dealers.

Hedging and Risk Mitigation

Consistent with PNC's sound risk management practices, PNC dynamically manages risks that arise in the normal course of its banking activities, including, for example, lending and mortgage servicing activities. The types of risks PNC seeks to manage using derivatives primarily include interest rate risk, adverse changes in foreign exchange rates, risk related to residential and commercial mortgage banking activities, and the risk of economic loss on loan exposures. Examples of hedging products PNC employs include over-the-counter spot, forward, swap and option contracts as well as exchange traded futures and options on futures.

PNC enters into foreign currency forward contracts to hedge its non-U.S. Dollar net investments in foreign subsidiaries against adverse changes in foreign exchange rates.

PNC may use derivatives to manage risk related to residential and commercial mortgage banking activities. For example, PNC hedges interest rate risk with forward contracts to sell mortgage-backed securities, as well as U.S. Treasury and Eurodollar futures and options. Additionally, PNC may use forward loan sale contracts and interest rate swaps to manage its risks.

PNC's derivatives portfolio includes a limited amount of credit default swaps, which are used to mitigate the risk of economic loss on a portion of PNC's loan exposure. As of December 31, 2020, the net fair value of PNC's credit default swaps was zero with a notional value of $648 million.

Please see PNC's 2020 Annual Report on Form 10-K for additional information on its derivatives and hedging activities.

VI. Memberships in Material Payment, Clearing and Settlement Systems

PNC, through PNC Bank, participates and has memberships in a number of multilateral systems (often referred to as Financial Market Utilities or FMUs) that provide the infrastructure necessary to transfer, clear and settle payments, securities and other financial transactions. PNC's participation in these systems supports PNC's provision of banking and financial services to its customers and its risk management activities. For example, these systems allow PNC to provide payment services, serve as a broker-dealer for certain securities transactions and engage in other financial transactions needed to meet the needs of customers, manage risk and secure funding.

Set forth below is a list of PNC Bank's memberships in material payment, clearing and settlement systems:

Electronic Payments Network (EPN)

EPN is an electronic payments system that provides automated clearinghouse (ACH) services. The EPN system facilitates exchanges of batched debit and credit payments among business, consumer and government accounts. EPN processes pre-authorized recurring payments, e.g., payroll, Social Security, mortgage and utility payments and non-recurring payments such as telephone-initiated payments, and the conversion of checks into ACH payments at lockboxes and points of sale. EPN is owned and operated by The Clearing House Payments Company, L.L.C.

Small Value Payments Company L.L.C. (SVPCo)

SVPCo is the check image exchange business of The Clearing House Payments Company, L.L.C., and provides check imaging and related services to financial institutions of all sizes. Members use SVPCo to distribute checks to other SVPCo members, including through an Image Payments Network that allows financial institutions to exchange images and share best practices amongst one another.

Depository Trust Company (DTC)

DTC is a central securities depository providing depository and book-entry services for eligible securities and other financial assets to its participants, which principally are banks and broker-dealers. DTC processes the movement of securities for trades that are cleared and settled by its affiliate, National Securities Clearing Corporation. DTC is a subsidiary of The Depository Trust and Clearing Corporation (DTCC) which, in turn, is owned by its users, including major banks, broker-dealers and other financial institutions.

National Securities Clearing Corporation (NSCC)

NSCC provides clearing, settlement, risk management, central counterparty services and a guarantee of completion for certain transactions for U.S. broker-to-broker trades involving equities, corporate and municipal debt, American Depositary Receipts, exchange-traded funds and unit investment trusts. NSCC is a subsidiary of DTCC.

Fixed Income Clearing Corporation (FICC)

FICC operates two divisions, the Government Securities Division (GSD) and the Mortgage Backed Securities Division (MBSD). GSD provides real-time trade matching, clearing, risk management and netting for trades in U.S. Government debt issues, including repurchase agreements or repos. MBSD provides real-time automated and trade matching, trade confirmation, risk management, netting and electronic pool notification to the mortgage-backed securities market. FICC is a subsidiary of DTCC.

FedACH Services (FedACH)

FedACH is an electronic payment system, owned and operated by the Federal Reserve System, that provides ACH services. The ACH system exchanges batched debit and credit payments among business, consumer and government accounts. The system processes pre-authorized recurring payments such as payroll, Social Security, mortgage and utility payments and non-recurring payments such as telephone-initiated payments and checks that are converted into ACH payments at lockboxes and points of sale.

Fedwire Funds Service (Fedwire Funds)

Fedwire Funds provides a real-time gross settlement system in which more than 9,500 participants are able to initiate electronic funds transfers that are immediate, final and irrevocable. For example, depository institutions that maintain an account with a Federal Reserve Bank are eligible to use the service to send payments to, or receive payments from, other participants. Participants generally use Fedwire to handle large-value, time-critical payments, such as payments to settle interbank purchases and sales of federal funds; to purchase, sell or finance securities transactions; to disburse or repay large loans; and to settle real estate transactions. The Department of the Treasury, other federal agencies and government-sponsored enterprises also use Fedwire Funds to disburse and collect funds. Fedwire Funds is owned and operated by the Federal Reserve System.

Fedwire Securities Service (Fedwire Securities)

Fedwire Securities provides safekeeping, transfer and settlement services for securities issued by the Department of the Treasury, other federal agencies, government-sponsored enterprises and certain international organizations. The Federal Reserve Banks perform these services as fiscal agents for these entities. Securities are safekept in the form of electronic records of securities held in custody accounts and are transferred according to instructions provided by parties with access to the system. Access to Fedwire Securities is limited to depository institutions that maintain accounts with a Federal Reserve Bank, and certain other organizations, e.g., federal agencies, government-sponsored enterprises and state government treasurer's offices (designated by the Department of the Treasury to hold securities accounts). Other parties, such as brokers and dealers, hold and transfer securities through depository institutions that are Fedwire Securities participants and that provide specialized government securities clearing services.

Society for Interbank Financial Telecommunication (SWIFT)

SWIFT provides a telecommunication platform for the exchange of standardized financial messages between financial institutions and corporations. SWIFT is neither a payment system nor a settlement system, though the SWIFT messaging standard is used in many payment and settlement systems. SWIFT's customers include banks, market infrastructures, broker-dealers, corporations, custodians and investment managers. SWIFT is a member-owned cooperative and is subject to oversight by the central banks of the Group of Ten countries.

VII. Foreign Operations

PNC has only limited foreign operations and employees, with the vast majority of PNC's operations and employees being located in the United States. Of PNC's approximately 51,400 total employees as of December 31, 2020, only 124 were located outside of the United States. PNC's primary international activities consist of the activities of PNC Bank associated with serving the needs of its U.S. commercial customers. To that end, PNC Bank maintains limited foreign operations in Canada, the United Kingdom, Germany, The Bahamas, and The Cayman Islands.[16] Such activities are primarily operated out of the C&IB CBL.

- **Canada** – the C&IB CBL conducts four types of business activities in Canada including: (i) a full service foreign branch, (ii) cross border activities relating to the servicing of commercial mortgage backed securities, (iii) correspondent treasury management activity offered through a local bank, and (iv) providing loans and leases to Canadian companies through vendor programs.

- **United Kingdom** – the C&IB CBL has four business activities in the United Kingdom including: (i) asset based lending activities, (ii) sell-side mergers and acquisitions advisory services, (iii) treasury management services for U.S.-based clients, and (iv) providing corporate finance advisory services for private equity funds and their management companies.

- **Germany** – the C&IB CBL offers sell-side mergers and acquisitions advisory services

- **The Bahamas** – PNC Bank operates a branch in Nassau, Bahamas, under a Managed Branch license issued by the Central Bank of The Bahamas.

- **The Cayman Islands** – a captive insurance business based in the Cayman Islands established to insure or reinsure various corporate and customer insurance risk of PNC and its subsidiaries.

[16] PNC Bank also has a very limited presence in China. PNC Bank maintains a representative office in Shanghai, China whose purpose is to gather market information and raise awareness of PNC with Chinese banks and other institutions in China. This representative office also helps corporate clients obtain local banking services through Chinese banks, facilitates communications with local Chinese entities and engages with U.S. federal, state and local commercial and trade organizations. The office is staffed by one contract employee (a Chinese citizen) and one PNC Bank employee (a U.S. citizen). The Shanghai representative office activities are regulated by the China Banking Regulatory Commission and the Shanghai Department of Industry and Commerce.

VIII. Material Supervisory Authorities

PNC and its subsidiaries are subject to comprehensive supervision and examination by several regulatory bodies. As a bank holding company registered under the BHC Act, PNC is subject to comprehensive, consolidated regulation, supervision and examination by the Federal Reserve.

PNC's largest subsidiary, PNC Bank, is chartered as a national bank and is subject to regulation, supervision and examination by the Office of the Comptroller of the Currency. PNC Bank's foreign branches also are regulated by the relevant supervisory authorities in the host country. PNC Bank also is subject to oversight by the FDIC, which insures PNC Bank's deposits (up to, and in accordance with, applicable limitations and restrictions). PNC Bank is registered with the Commodity Futures Trading Commission (CFTC) as a swap dealer and is subject to CFTC requirements imposed on registered swap dealers.

The Consumer Financial Protection Bureau (CFPB) is responsible for examining PNC Bank and its affiliates (including PNC) for compliance with most consumer financial protection laws and for enforcing such laws with respect to PNC Bank and its affiliates.

IX. Principal Officers

The principal executive officers of PNC and PNC Bank, current as of September 30, 2021, are listed in the table below:

Principal Officers	PNC	PNC Bank
William S. Demchak	Chairman, Chief Executive Officer and President	Chairman, Chief Executive Officer and President
Michael J. Hannon	Executive Vice President and Chief Credit Officer	Executive Vice President and Chief Credit Officer
Vicki C. Henn	Executive Vice President and Chief Human Resources Officer	Executive Vice President and Chief Human Resources Officer
Gregory B. Jordan	Executive Vice President, General Counsel and Chief Administrative Officer	Executive Vice President, General Counsel and Chief Administrative Officer
Stacy Juchno	Executive Vice President and General Auditor	Executive Vice President and General Auditor
Gregory H. Kozich	Senior Vice President and Controller	Executive Vice President and Controller
Karen L. Larrimer	Executive Vice President, Chief Customer Officer and Head of Retail Banking	Executive Vice President, Chief Customer Officer and Head of Retail Banking
Michael P. Lyons	Executive Vice President and Head of Corporate & Institutional Banking	Executive Vice President and Head of Corporate & Institutional Banking
Carole Brown	Head of Asset Management Group	Executive Vice President and Head of Asset Management Group
E William Parsley, III	Executive Vice President, Treasurer, Chief Investment Officer and Head of Consumer Lending	Executive Vice President, Treasurer and Head of Consumer Lending
Robert Q. Reilly	Executive Vice President and Chief Financial Officer	Executive Vice President and Chief Financial Officer
Kieran Fallon	Executive Vice President and Chief Risk Officer	Executive Vice President, Derivatives Chief Compliance Officer and Chief Risk Officer
Deborah Guild	Executive Vice President and Head of Enterprise Technology	Executive Vice President and Head of Enterprise Technology
Ganesh Krishnan	Executive Vice President and Enterprise Chief Information Officer	Executive Vice President and Enterprise Chief Information Officer
Richard Bynum	Executive Vice President and Chief Corporate Responsibility Officer	Executive Vice President and Chief Corporate Responsibility Officer

X. Corporate Governance Structure and Processes Related to Resolution Planning

PNC has developed and implemented a robust governance framework to ensure that resolution planning is appropriately integrated into the overall governance structure and processes for PNC and PNC Bank, and that all aspects of resolution planning receive the appropriate level of attention by management and the Boards of Directors of PNC and PNC Bank. The ultimate responsibility for approving the resolution plans of PNC and PNC Bank for submission to the regulators rests with each entity's respective Board of Directors. The Board of Directors of PNC approved the PNC Resolution Plan in November 2021.

In addition to the Boards of Directors, the following bodies are integral parts of PNC's overall resolution planning governance framework:

Executive Committee

PNC's Executive Committee is responsible for developing enterprise-wide strategy and achieving PNC's strategic objectives and, in that capacity, provides strategic oversight with respect to PNC's resolution planning. The Executive Committee reviews the Resolution Plans and makes recommendations to the Boards of Directors for approval and submission of the PNC and PNC Bank resolution plans. The Executive Committee is a senior management-level corporate committee comprising senior executive management as well as senior leadership responsible for each of PNC's core business lines and key enterprise functions.

Executive Sponsor

PNC's Chief Financial Officer serves as the Executive Sponsor of PNC's overall resolution planning initiatives and is designated as the senior management official primarily responsible for overseeing the development, maintenance, implementation and filing of both the PNC and Bank resolution plans.

Recovery and Resolution Planning Working Committee

PNC's Recovery and Resolution Planning Working Committee (RRPWC) is responsible for overseeing the development and submission of the PNC and PNC Bank resolution plans. The membership of the RRPWC includes senior managers from key enterprise-level functional areas (including Mergers & Acquisitions, Finance, Asset & Liability Management, Business Continuity and Independent Risk Management). The RRPWC is supported by members of the Legal Department, and a representative from Internal Audit attends the meetings of the RRPWC. The RRPWC develops and approves the project plan for the development and timely submission of the resolution plans, reviews the resolution plans and recommends approval of the plans to the Executive Committee. The RRPWC also is responsible for ongoing monitoring of developments with the potential to materially impact the resolution plans, and to ensure that the resolution plans are updated in accordance with applicable regulations.

To support the work of the RRPWC, PNC established a Recovery and Resolution Planning Team comprising members of PNC’s key functional areas (including the Legal Department), who work with the lines of businesses and shared services areas to collect the data used directly in the resolution plans as well as to collect data and other information supporting the resolution strategies for PNC and PNC Bank.

XI. Material Management Information Systems

The ability of PNC to identify, manage and monitor risk is critical to the safety and soundness of the company. PNC utilizes a variety of management information systems (MIS) in order for its businesses, management and Board of Directors to have timely access to management information and reports in areas of risk management, accounting, finance, operations and regulatory reporting.

Risk Management Systems

PNC utilizes an enterprise-wide risk management framework, including strategies, policies, processes and systems, to identify, assess, measure and manage risks that may significantly affect its financial performance. Among the key risks managed by PNC are credit, liquidity, interest rate, market and operational risk. MIS applications are critical to providing the necessary data, reports and oversight mechanisms for the prudent management and control of these risks. MIS applications in place for these purposes include systems that provide aggregate counterparty exposures, information regarding credit concentrations and performance and simulations to examine interest rate risk and other analytics.

Accounting and Financial and Regulatory Reporting Tools

MIS applications are used by accounting teams across the enterprise and centrally within the Finance Department to record transactions, reconcile general ledger balances, ensure the adequacy of financial controls and generate information necessary for the preparation of financial statements and SEC and regulatory reports.

Business Continuity and Disaster Recovery

PNC maintains Business Continuity and Disaster Recovery plans for critical business functions, technology and the related infrastructure to ensure continuity of operations in the event of a business interruption. These business continuity measures are centrally managed through PNC's Business Continuity Program and tested to validate PNC's resiliency capabilities.

XII. High-Level Resolution Strategy Overview

Consistent with applicable regulations, the PNC Resolution Plan includes hypothetical strategies for the orderly resolution of PNC and PNC Bank under the legal regimes relevant to each entity. Importantly, these resolution strategies:

- Would allow PNC and PNC Bank to be resolved in a manner that substantially mitigates the potential for systemic risk;

- Would not require extraordinary support from the U.S. government (or any other government); and

- Do not contemplate the use of any provisions of the Orderly Liquidation Authority established by Title II of the Dodd-Frank Act.

In the unlikely event that PNC Bank were to fail and need to be resolved, the FDIC would be appointed as receiver for PNC Bank. PNC has identified and analyzed multiple strategies that the FDIC could then follow to resolve PNC Bank under the Federal Deposit Insurance Act (FDI Act) in a manner that (i) ensures that depositors have access to their insured deposits within one business day of the bank's failure, (ii) maximizes the net present value return from the sale or disposition of the bank's assets, (iii) minimizes the amount of any loss realized by creditors of the bank in the resolution, and (iv) is consistent with the least cost requirement established under section 13(c)(4) of the FDI Act. These strategies include:

- The establishment by the FDIC of a bridge bank to:

  - Carry on the operations of PNC Bank for a period of time until the sale of PNC Bank's operations to another owner can be completed; or

  - Allow a strategic sale of the franchise through a series of strategic sales of markets, national lines of business and loan portfolios.

Potential third-party purchasers of PNC Bank, or a geographic portion of its business, from a bridge bank would include a range of global, national or regional financial institutions.

The PNC Resolution Plan contemplates that, in the unlikely event PNC were to fail and need to be resolved, PNC would seek protection under Chapter 11 of the Bankruptcy Code. Administered by a bankruptcy court and with PNC as the debtor-in-possession, a Chapter 11 bankruptcy proceeding would facilitate the orderly wind down and disposition of PNC's limited businesses and operations that are not conducted through PNC Bank. The hypothetical resolution strategies described in the PNC Resolution Plan would allow this proceeding to be accomplished within a reasonable amount of time and would not result in any serious adverse effects on U.S. financial stability.

Consistent with the requirements of the 165(d) Rule and Federal Reserve and FDIC guidance, the PNC Resolution Plan assumes that the hypothetical failure of PNC and PNC Bank would occur under macroeconomic conditions that are consistent with the first quarter of 2021 under the supervisory severely adverse scenario published for the 2021 Dodd-Frank Act Stress Test.[17]

[17] See 12 C.F.R. Part 252, subpart E. Federal Reserve, 2021 Supervisory Scenarios for Annual Stress Tests Required under the Dodd-Frank Act Stress Testing Rules and the Capital Plan Rule (February 2021), available at https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20210212a1.pdf.