UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2024
or

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

For the transition period from to

Commission file number 001-09718

The PNC Financial Services Group, Inc.
(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

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

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

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

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

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

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

Yes ☐ No ☒

As of October 16, 2024, there were 396,783,428 shares of the registrant's common stock ($5 par value) outstanding.

THE PNC FINANCIAL SERVICES GROUP, INC.
Cross-Reference Index to Third Quarter 2024 Form 10-Q

MD&A TABLE REFERENCE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS TABLE REFERENCE

FINANCIAL REVIEW
THE PNC FINANCIAL SERVICES GROUP, INC.

This Financial Review, including the Consolidated Financial Highlights, should be read together with our unaudited Consolidated Financial Statements and unaudited Statistical Information included elsewhere in this Quarterly Report on Form 10-Q (the "Report" or "Form 10-Q") and with Items 6, 7, 8 and 9A of our 2023 Annual Report on Form 10-K (our "2023 Form 10-K"). For information regarding certain business, regulatory and legal risks, see the following: the Risk Management section of this Financial Review and of Item 7 in our 2023 Form 10-K; Item 1A Risk Factors included in our 2023 Form 10-K; and the Commitments and Legal Proceedings Notes included in this Report and in our first and second quarter 2024 Form 10-Qs and Item 8 of our 2023 Form 10-K. Also, see the Cautionary Statement Regarding Forward-Looking Information section in this Financial Review and the Critical Accounting Estimates and Judgments section in this Financial Review and in our 2023 Form 10-K for certain other factors that could cause actual results or future events to differ, perhaps materially, from historical performance and from those anticipated in the forward-looking statements included in this Report. See Note 14 Segment Reporting for a reconciliation of total business segment earnings to total PNC consolidated net income as reported on a GAAP basis. In this Report, "PNC," "we" or "us" refers to The PNC Financial Services Group, Inc. and its subsidiaries on a consolidated basis (except when referring to PNC as a public company, its common stock or other securities issued by PNC, which just refer to The PNC Financial Services Group, Inc.). References to The PNC Financial Services Group, Inc. or to any of its subsidiaries are specifically made where applicable.

See page 102 for a glossary of certain terms and acronyms used in this Report.

EXECUTIVE SUMMARY

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

Key Strategic Goals

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

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

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

Our capital and liquidity priorities are to support customers, fund business investments and return excess capital to shareholders, while maintaining appropriate capital and liquidity in light of economic conditions, the Basel III framework and other regulatory expectations. For more detail, see the Capital and Liquidity Highlights portion of this Executive Summary, the Liquidity and Capital Management portion of the Risk Management section of this Financial Review and the Supervision and Regulation section in Item 1 Business of our 2023 Form 10-K.

Signature Bank Portfolio Acquisition

On October 2, 2023, PNC acquired a portfolio of capital commitments facilities from Signature Bridge Bank, N.A. through an agreement with the FDIC as receiver of the former Signature Bank, New York. The acquired portfolio represented approximately $16.0 billion in total commitments, including approximately $9.0 billion of funded loans, at the time of acquisition.

Workforce Reduction

During the fourth quarter of 2023, PNC implemented a workforce reduction that is expected to reduce 2024 personnel expense by approximately $325 million, on a pre-tax basis. PNC incurred expenses of $150 million in the fourth quarter of 2023 in connection with this workforce reduction.

FDIC Special Assessment

In November 2023, the FDIC approved a final rule to implement a special assessment to recover the loss to the Deposit Insurance Fund associated with protecting uninsured depositors following the closures of Silicon Valley Bank and Signature Bank. As a result, PNC incurred a pre-tax expense of $515 million during the fourth quarter of 2023. In the first quarter of 2024, PNC incurred an additional pre-tax expense of $130 million related to the increase in the FDIC's expected losses. As of September 30, 2024, we have not recorded any further incremental expense related to recent FDIC assessments.

Second Quarter 2024 Significant Items

In the second quarter of 2024, PNC participated in the Visa exchange program, allowing PNC to convert its Visa Class B-1 common shares into approximately equal amounts of Visa Class B-2 common shares and Visa Class C common shares. This conversion event resulted in a gain of $754 million related to the Visa Class C common shares received. PNC retained the Visa Class B-2 common shares. The second quarter of 2024 also included Visa Class B-2 derivative fair value adjustments of negative $116 million and a $120 million expense related to a PNC Foundation contribution. During the second quarter, PNC also repositioned the investment securities portfolio, selling low-yielding investment securities for net proceeds of $3.8 billion, resulting in a loss of $497 million. PNC redeployed the full proceeds from the sale into higher-yielding investment securities. The combined impact to pre-tax noninterest income and pre-tax noninterest expense was $141 million and $120 million, respectively.

Hurricanes Helene and Milton

During the last week of September 2024, Hurricane Helene made landfall in Florida's panhandle, impacting a large region of the southeastern United States, including the southern Appalachians. In the second week of October 2024, Hurricane Milton made landfall on the central west coast of Florida, causing widespread damage across the state. The storms resulted in property damage to our customers, the closing or disruption of many businesses, including some of PNC's branches and facilities and damage to the community infrastructure. We continue to evaluate the impact to our businesses, and, based on our assessments to date, we do not expect these storms to have a material impact on our operating results, including credit losses.

Selected Financial Data

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

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

Dollars in millions, except per share data Unaudited	Three months ended September 30 2024	Three months ended June 30 2024	Three months ended September 30 2023	Nine months ended September 30 2024	Nine months ended September 30 2023
Summary of Operations (a)					
Net interest income	$ 3,410	$ 3,302	$ 3,418	$ 9,976	$ 10,513
Noninterest income	2,022	2,109	1,815	6,012	5,616
Total revenue	5,432	5,411	5,233	15,988	16,129
Provision for credit losses	243	235	129	633	510
Noninterest expense	3,327	3,357	3,245	10,018	9,938
Income before income taxes and noncontrolling interests	1,862	1,819	1,859	5,337	5,681
Income taxes	357	342	289	1,011	917
Net income	$ 1,505	$ 1,477	$ 1,570	$ 4,326	$ 4,764
Net income attributable to common shareholders	$ 1,406	$ 1,362	$ 1,448	$ 4,015	$ 4,409
Per Common Share					
Basic	$ 3.50	$ 3.39	$ 3.60	$ 9.99	$ 10.95
Diluted	$ 3.49	$ 3.39	$ 3.60	$ 9.98	$ 10.94
Book value per common share	$ 124.56	$ 116.70	$ 105.98		
Performance Ratios					
Net interest margin (b)	2.64 %	2.60 %	2.71 %	2.60 %	2.78 %
Noninterest income to total revenue	37 %	39 %	35 %	38 %	35 %
Efficiency	61 %	62 %	62 %	63 %	62 %
Return on:					
Average common shareholders' equity	11.72 %	12.16 %	13.65 %	11.76 %	14.23 %
Average assets	1.05 %	1.05 %	1.12 %	1.02 %	1.14 %

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

(b) See explanation and reconciliation of this non-GAAP measure in the Average Consolidated Balance Sheet and Net Interest Analysis and Reconciliation of Taxable-Equivalent Net Interest Income (non-GAAP) Statistical Information (Unaudited) section in Item 1 of this Report.

Table 2: Balance Sheet Highlights and Other Selected Ratios

Dollars in millions, except as noted Unaudited	September 30 2024	December 31 2023	September 30 2023
Balance Sheet Highlights (a)			
Assets	$ 564,881	$ 561,580	$ 557,334
Loans	$ 321,381	$ 321,508	$ 318,416
Allowance for loan and lease losses	$ 4,589	$ 4,791	$ 4,767
Interest-earning deposits with banks	$ 35,024	$ 43,804	$ 41,484
Investment securities	$ 144,183	$ 132,569	$ 132,387
Total deposits	$ 423,966	$ 421,418	$ 423,609
Borrowed funds	$ 68,069	$ 72,737	$ 66,167
Total shareholders' equity	$ 55,689	$ 51,105	$ 49,454
Common shareholders' equity	$ 49,442	$ 44,864	$ 42,215
Other Selected Ratios			
Common equity Tier 1	10.3 %	9.9 %	9.8 %
Loans to deposits	76 %	76 %	75 %
Common shareholders' equity to total assets	8.8 %	8.0 %	7.6 %

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

Income Statement Highlights

Net income of $1.5 billion, or $3.49 per diluted common share, for the third quarter of 2024 increased $28 million, or 2%, compared to $1.5 billion, or $3.39 per diluted common share, for the second quarter of 2024 primarily due to higher net interest income, partially offset by lower noninterest income.

- For the three months ended September 30, 2024 compared to the three months ended June 30, 2024:
  - Total revenue of $5.4 billion was stable.
    - Net interest income of $3.4 billion increased $108 million, or 3%, driven by higher yields on interest-earning assets.
      - Net interest margin increased 4 basis points to 2.64%.
    - Noninterest income decreased $87 million, or 4%, as lower other noninterest income was partially offset by strong capital markets and advisory revenue. Other noninterest income included Visa derivative fair value adjustments of negative $128 million, primarily related to litigation escrow funding. The second quarter of 2024 included the benefit of $141 million of significant items.
  - Provision for credit losses of $243 million in the third quarter of 2024 primarily reflected the impact of portfolio activity. The second quarter of 2024 included a provision for credit losses of $235 million.
  - Noninterest expense decreased $30 million to $3.3 billion as increased personnel costs, reflecting higher variable compensation related to increased business activity, were more than offset by a PNC Foundation contribution expense of $120 million in the second quarter of 2024.

Net income of $4.3 billion, or $9.98 per diluted common share, for the first nine months of 2024 decreased $438 million, or 9%, compared to $4.8 billion, or $10.94 per diluted common share, for the first nine months of 2023 primarily driven by lower net interest income and a higher provision for credit losses, partially offset by higher noninterest income.

- For the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023:
  - Total revenue decreased $141 million, to $16.0 billion.
    - Net interest income decreased $537 million, or 5%, as the benefit of higher interest-earning asset yields was more than offset by increased funding costs.
      - Net interest margin decreased 18 basis points.
    - Noninterest income increased $396 million, or 7%, primarily driven by higher capital markets and advisory fees.
  - Provision for credit losses of $633 million in the first nine months of 2024 reflected the impact of portfolio activity partially offset by an improved macroeconomic outlook. The first nine months of 2023 included a provision for credit losses of $510 million.
  - Noninterest expense increased $80 million compared to the first nine months of 2023 primarily due to a $130 million pre-tax expense in the first quarter of 2024 related to the increase in the FDIC's expected losses, as well as a second quarter PNC Foundation contribution expense.

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

Balance Sheet Highlights

Our balance sheet was strong and well positioned at September 30, 2024. In comparison to December 31, 2023:

- Total assets of $564.9 billion were stable reflecting higher securities balances, partially offset by lower balances held with the Federal Reserve Bank.
- Total loans of $321.4 billion were stable.
  - Total commercial loans increased $1.2 billion to $220.7 billion due to new production, largely related to multifamily agency warehouse lending.
  - Total consumer loans decreased $1.3 billion to $100.7 billion, as growth in automobile loans was more than offset by declines in the remaining portfolios as paydowns outpaced originations as well as lower utilization.
- Investment securities increased $11.6 billion, or 9%, to $144.2 billion due to increased net purchase activity, primarily of U.S. Treasury securities, partially offset by portfolio paydowns and maturities.
- Interest-earning deposits with banks, primarily with the Federal Reserve Bank, decreased $8.8 billion, or 20%, to $35.0 billion, driven by higher securities balances and lower borrowed funds.
- Total deposits increased $2.5 billion, or 1%, to $424.0 billion reflecting higher interest-bearing deposits, partially offset by lower noninterest-bearing deposits. Interest-bearing deposits increased reflecting higher commercial balances, partially offset by lower consumer balances. Noninterest-bearing deposit balances decreased due to a decline in both commercial and consumer balances.

- Borrowed funds decreased $4.7 billion, or 6%, to $68.1 billion due to lower FHLB borrowings, partially offset by parent company senior debt issuances.

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

Credit Quality Highlights

The third quarter of 2024 reflected relatively stable credit quality performance.

- At September 30, 2024 compared to December 31, 2023:
  - Overall loan delinquencies of $1.3 billion decreased $109 million, or 8%, driven by lower consumer and commercial loan delinquencies.
  - The ACL related to loans, which consists of the ALLL and the allowance for unfunded lending related commitments, totaled $5.3 billion and $5.5 billion at September 30, 2024 and December 31, 2023, respectively. The decrease in the comparison was driven by improved macroeconomic factors as well as portfolio activity. ACL to total loans was 1.65% and 1.70% at September 30, 2024 and December 31, 2023, respectively.
  - Nonperforming assets increased $0.4 billion, or 18%, to $2.6 billion, primarily due to higher commercial real estate nonperforming loans.
- Net loan charge-offs of $286 million, or 0.36% of average loans, in the third quarter of 2024 increased $24 million compared to the second quarter of 2024, primarily due to lower commercial recoveries.

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

Capital and Liquidity Highlights

We maintained our strong capital and liquidity positions.

- Common shareholders' equity of $49.4 billion at September 30, 2024 increased $4.5 billion compared to December 31, 2023, due to the benefit of net income and an improvement in AOCI, partially offset by common dividends paid and common shares repurchased.
- In the third quarter of 2024, PNC returned $0.8 billion of capital to shareholders, including more than $0.6 billion of dividends on common shares and more than $0.1 billion of common share repurchases.
  - Consistent with the SCB framework, which allows for capital return in amounts in excess of the SCB minimum levels, our Board of Directors has authorized a repurchase framework under the previously approved repurchase program of up to 100 million common shares, of which approximately 43% were still available for repurchase at September 30, 2024. Fourth quarter 2024 share repurchase activity is expected to approximate recent quarterly average share repurchase levels. PNC may adjust share repurchase activity depending on market and economic conditions, as well as other factors. PNC's SCB for the four-quarter period beginning October 1, 2024 is the regulatory minimum of 2.5%.
- On October 3, 2024, the PNC Board of Directors declared a quarterly cash dividend on common stock of $1.60 per share to be paid on November 5, 2024 to shareholders of record at the close of business October 16, 2024.
- Our CET1 ratio increased to 10.3% at September 30, 2024 from 9.9% at December 31, 2023.
  - PNC elected a five-year transition provision effective March 31, 2020 to delay until December 31, 2021 the full impact of the CECL standard on regulatory capital, followed by a three-year transition period. Effective for the first quarter of 2022, PNC is now in the three-year transition period, and the full impact of the CECL standard is being phased-in to regulatory capital through December 31, 2024. The fully implemented ratios reflect the full impact of CECL and exclude the benefits of this transition provision. The estimated CET1 fully implemented ratio was 10.3% at September 30, 2024 compared to 9.8% at December 31, 2023.

PNC's ability to take certain capital actions, including returning capital to shareholders, is subject to PNC meeting or exceeding an SCB established by the Federal Reserve Board in connection with the Federal Reserve Board's CCAR process. For additional information on our liquidity and capital actions as well as our capital ratios, see Capital Management in the Risk Management section in this Financial Review, the Recent Regulatory Developments section in this Financial Review and the Supervision and Regulation section in our 2023 Form 10-K.

Business Outlook

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

- Job and income gains will continue to support consumer spending growth in the near term, but PNC's baseline forecast is for slower economic growth at the end of 2024 and in the first half of 2025 as high interest rates remain a drag on the economy.
- Real GDP growth this year will trend close to 2%, and the unemployment rate will remain somewhat above 4% through the rest of 2024 and in 2025. Inflation will continue to slow as wage pressures abate, gradually moving back to the Federal

Reserve’s 2% long-term objective.
- With slowing inflation PNC expects two additional federal funds rate cuts of 25 basis points each at the FOMC’s remaining

meetings in 2024, with the rate ending this year in a range between 4.25% and 4.50%. PNC expects several federal funds rate cuts in 2025 as inflation continues to ease.

Consistent with the forward guidance we provided on October 15, 2024, for the fourth quarter of 2024, compared to the third quarter of 2024, we expect:

- Average loans to be stable,
- Net interest income to be up approximately 1%,
- Fee income to be down 5% to 7%,
- Other noninterest income to be $150 million to $200 million,
- Total revenue to be stable,
- Noninterest expense to be up 2% to 3%,
- Net loan charge-offs to be approximately $300 million.

Other noninterest income and total revenue guidance does not forecast net securities gains or losses and other Visa activity.

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

See the Cautionary Statement Regarding Forward-Looking Information section in this Financial Review and Item 1A Risk Factors included in our 2023 Form 10-K for other factors that could cause future events to differ, perhaps materially, from those anticipated in these forward-looking statements.

Consolidated Income Statement Review

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

Net income of $1.5 billion, or $3.49 per diluted common share, for the third quarter of 2024 increased $28 million, or 2%, compared to $1.5 billion, or $3.39 per diluted common share, for the second quarter of 2024, primarily due to higher net interest income and strong capital markets and advisory revenue, partially offset by lower other noninterest income. Net income of $4.3 billion, or $9.98 per diluted common share, for the first nine months of 2024 decreased $438 million, or 9%, compared to $4.8 billion, or $10.94 per diluted common share, for the same period in 2023 driven by lower net interest income and a higher provision for credit losses, partially offset by higher noninterest income.

Net Interest Income

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

Three months ended Dollars in millions	September 30, 2024			June 30, 2024		
	Average Balances	Average Yields/ Rates	Interest Income/ Expense	Average Balances	Average Yields/ Rates	Interest Income/ Expense
Assets						
Interest-earning assets						
Investment securities	$ 142,314	3.08 %	$ 1,103	$ 141,306	2.84 %	$ 1,006
Loans	319,602	6.13 %	4,981	319,918	6.05 %	4,871
Interest-earning deposits with banks	45,319	5.48 %	619	41,113	5.47 %	563
Other	8,909	6.78 %	152	9,279	6.98 %	162
Total interest-earning assets/interest income	$ 516,144	5.25 %	6,855	$ 511,616	5.13 %	6,602
Liabilities						
Interest-bearing liabilities						
Interest-bearing deposits	$ 326,311	2.72 %	2,230	$ 320,949	2.61 %	2,084
Borrowed funds	76,083	6.09 %	1,182	77,456	6.04 %	1,182
Total interest-bearing liabilities/interest expense	$ 402,394	3.34 %	3,412	$ 398,405	3.26 %	3,266
Net interest margin/income (non-GAAP)		2.64 %	3,443		2.60 %	3,336
Taxable-equivalent adjustments			(33)			(34)
Net interest income (GAAP)			$ 3,410			$ 3,302

Nine months ended Dollars in millions	September 30, 2024			September 30, 2023		
	Average Balances	Average Yields/ Rates	Interest Income/ Expense	Average Balances	Average Yields/ Rates	Interest Income/ Expense
Assets						
Interest-earning assets						
Investment securities	$ 139,694	2.85 %	$ 2,997	$ 141,350	2.52 %	$ 2,678
Loans	320,041	6.06 %	14,700	323,166	5.54 %	13,517
Interest-earning deposits with banks	44,896	5.47 %	1,842	34,629	5.05 %	1,312
Other	8,731	6.89 %	452	8,933	6.12 %	410
Total interest-earning assets/interest income	$ 513,362	5.15 %	19,991	$ 508,078	4.68 %	17,917
Liabilities						
Interest-bearing liabilities						
Interest-bearing deposits	$ 322,859	2.64 %	6,391	$ 314,055	1.96 %	4,614
Borrowed funds	76,374	6.07 %	3,523	65,392	5.41 %	2,679
Total interest-bearing liabilities/interest expense	$ 399,233	3.28 %	9,914	$ 379,447	2.54 %	7,293
Net interest margin/income (non-GAAP)		2.60 %	10,077		2.78 %	10,624
Taxable-equivalent adjustments			(101)			(111)
Net interest income (GAAP)			$ 9,976			$ 10,513

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

Changes in net interest income and margin result from the interaction of the volume and composition of interest-earning assets and related yields, interest-bearing liabilities and related rates paid, and noninterest-bearing sources of funding. See the Statistical

Information (Unaudited) – Average Consolidated Balance Sheet And Net Interest Analysis section of this Report for additional information.

Net interest income increased $108 million, or 3%, and net interest margin increased 4 basis points compared to the second quarter of 2024 driven by higher yields on interest-earning assets. In the year-to-date comparison, net interest income decreased $537 million, or 5%, and net interest margin decreased 18 basis points, as the benefit of higher interest-earning asset yields was more than offset by increased funding costs.

Average investment securities increased $1.0 billion, or 1%, compared to the second quarter of 2024 primarily driven by net purchase activity of U.S. Treasury securities. Average investment securities decreased $1.7 billion, or 1%, in the year-to-date comparison as net purchase activity was more than offset by portfolio paydowns and maturities. Average investment securities represented 28% of average interest-earning assets for the third and second quarters of 2024, and 27% for the first nine months of 2024 compared to 28% for the first nine months of 2023.

Average loans were stable for the third quarter of 2024 compared to the second quarter of 2024. Compared to the first nine months of 2023, average loans decreased $3.1 billion, primarily due to lower average utilization of commercial loan commitments. Average loans represented 62% of average interest-earning assets for the third quarter of 2024 compared to 63% for the second quarter of 2024, and 62% for the first nine months of 2024 compared to 64% for the first nine months of 2023.

Average interest-earning deposits with banks for the third quarter of 2024 increased $4.2 billion, or 10%, compared to the second quarter of 2024, primarily reflecting deposit growth. In the year-to-date comparison, average interest-earning deposits with banks increased $10.3 billion, or 30%, due to higher borrowed funds and lower loan and securities balances, partially offset by lower deposits.

Average interest-bearing deposits for the third quarter of 2024 increased $5.4 billion, or 2%, compared to the second quarter of 2024 and $8.8 billion, or 3%, in the year-to-date comparison. The increase in both comparisons reflected growth in commercial deposits, partially offset by a decline in consumer balances. In total, average interest-bearing deposits represented 81% of average interest-bearing liabilities for both the third and second quarters of 2024, and 81% for the first nine months of 2024 compared to 83%, for the first nine months of 2023.

Average borrowed funds decreased $1.4 billion, or 2%, compared to the second quarter of 2024, reflecting lower FHLB borrowings, partially offset by parent company senior debt issuances. Compared to the first nine months of 2023, average borrowed funds increased $11.0 billion, or 17%, primarily due to parent company senior debt issuances.

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

Noninterest Income

Table 4: Noninterest Income

	Three months ended				Nine months ended			
	September 30	June 30	Change		September 30	September 30	Change	
Dollars in millions	2024	2024	$	%	2024	2023	$	%
Noninterest income								
Asset management and brokerage	$ 383	$ 364	$ 19	5 %	$ 1,111	$ 1,052	$ 59	6 %
Capital markets and advisory	371	272	99	36 %	902	643	259	40 %
Card and cash management	698	706	(8)	(1)%	2,075	2,045	30	1 %
Lending and deposit services	320	304	16	5 %	929	919	10	1 %
Residential and commercial mortgage	181	131	50	38 %	459	476	(17)	(4)%
Other income								
Gain on Visa shares exchange program		754	(754)	*	754		754	*
Securities gains (losses)	1	(499)	500	*	(498)	(2)	(496)	*
Other	68	77	(9)	(12)%	280	483	(203)	(42)%
Total other income	69	332	(263)	(79)%	536	481	55	11 %
Total noninterest income	$ 2,022	$ 2,109	$ (87)	(4)%	$ 6,012	$ 5,616	$ 396	7 %

*- Not Meaningful

Noninterest income as a percentage of total revenue was 37% for the third quarter of 2024 compared to 39% for the second quarter of 2024, and 38% for the first nine months of 2024 compared to 35% for the same period in 2023.

Asset management and brokerage fees increased compared to the second quarter of 2024, reflecting higher average equity markets. The increase in the year-to-date comparison reflected the impact of higher average equity markets as well as higher annuity sales. PNC's discretionary client assets under management of $214 billion at September 30, 2024 increased from $196 billion and $176 billion at June 30, 2024 and September 30, 2023, respectively. In both comparisons, the increase was primarily due to higher spot equity and fixed income markets.

Capital markets and advisory fees increased compared to the second quarter of 2024, and included higher merger and acquisition advisory activity, increased asset backed financing revenue and higher underwriting fees. The increase in the year-to-date comparison was primarily due to higher merger and acquisition advisory activity and increased underwriting fees.

Card and cash management revenue decreased compared to the second quarter of 2024 reflecting the impact of credit card origination incentives, partially offset by higher treasury management product revenue. The increase compared to the first nine months of 2023 was primarily due to higher treasury management product revenue.

Lending and deposit services grew in both the quarterly and year-to-date comparisons primarily due to increased customer activity.

Residential and commercial mortgage increased compared to the second quarter of 2024 driven by higher residential mortgage servicing rights valuation, net of economic hedge. The decrease compared to the first nine months of 2023 was driven by lower residential and commercial mortgage banking activities.

Other noninterest income decreased compared to the second quarter of 2024 reflecting Visa derivative fair value adjustments of negative $128 million in the third quarter of 2024, primarily related to litigation escrow funding, while the second quarter of 2024 included the benefit of $141 million of significant items. Compared to the first nine months of 2023, the increase was driven by the benefit of significant items in the second quarter of 2024.

Noninterest Expense

Table 5: Noninterest Expense

	Three months ended				Nine months ended			
	September 30	June 30	Change		September 30	September 30	Change	
Dollars in millions	2024	2024	$	%	2024	2023	$	%
Noninterest expense								
Personnel	$ 1,869	$ 1,782	$ 87	5 %	$ 5,445	$ 5,445		—
Occupancy	234	236	(2)	(1)%	714	739	$ (25)	(3)%
Equipment	357	356	1	—	1,054	1,046	8	1 %
Marketing	93	93		—	250	276	(26)	(9)%
Other	774	890	(116)	(13)%	2,555	2,432	123	5 %
Total noninterest expense	$ 3,327	$ 3,357	$ (30)	(1)%	$ 10,018	$ 9,938	$ 80	1 %

Noninterest expense decreased compared to the second quarter of 2024 as increased personnel costs, reflecting higher variable compensation related to increased business activity, were more than offset by a PNC Foundation contribution expense of $120 million in the second quarter of 2024. Noninterest expense increased compared to the first nine months of 2023 due to a $130 million pre-tax expense in the first quarter of 2024 related to the increase in the FDIC's expected losses following the closures of Silicon Bank and Signature Bank, as well as the second quarter PNC Foundation contribution expense.

Effective Income Tax Rate

The effective income tax rate was 19.2% in the third quarter of 2024 compared to 18.8% for the second quarter of 2024, and 18.9% in the first nine months of 2024 compared to 16.1% for the same period in 2023.

Provision For Credit Losses

Table 6: Provision for Credit Losses

	Three months ended			Nine months ended		
Dollars in millions	September 30 2024	June 30 2024	Change $	September 30 2024	September 30 2023	Change $
Provision for (recapture of) credit losses						
Loans and leases	$ 235	$ 204	$ 31	$ 586	$ 571	$ 15
Unfunded lending related commitments	7	45	(38)	61	(54)	115
Investment securities		(11)	11	(10)	(11)	1
Other financial assets	1	(3)	4	(4)	4	(8)
Total provision for credit losses	$ 243	$ 235	$ 8	$ 633	$ 510	$ 123

Provision for credit losses of $243 million in the third quarter of 2024 primarily reflected the impact of portfolio activity. Provision for credit losses of $633 million for the first nine months of 2024 reflected the impact of portfolio activity partially offset by an improved macroeconomic outlook.

Consolidated Balance Sheet Review

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

Table 7: Summarized Balance Sheet Data

Dollars in millions	September 30 2024	December 31 2023	Change $	Change %
Assets				
Interest-earning deposits with banks	$ 35,024	$ 43,804	$ (8,780)	(20)%
Loans held for sale	750	734	16	2 %
Investment securities	144,183	132,569	11,614	9 %
Loans	321,381	321,508	(127)	—
Allowance for loan and lease losses	(4,589)	(4,791)	202	4 %
Mortgage servicing rights	3,503	3,686	(183)	(5)%
Goodwill	10,932	10,932		—
Other	53,697	53,138	559	1 %
Total assets	$ 564,881	$ 561,580	$ 3,301	1 %
Liabilities				
Deposits	$ 423,966	$ 421,418	$ 2,548	1 %
Borrowed funds	68,069	72,737	(4,668)	(6)%
Allowance for unfunded lending related commitments	725	663	62	9 %
Other	16,392	15,621	771	5 %
Total liabilities	509,152	510,439	(1,287)	—
Equity				
Total shareholders' equity	55,689	51,105	4,584	9 %
Noncontrolling interests	40	36	4	11 %
Total equity	55,729	51,141	4,588	9 %
Total liabilities and equity	$ 564,881	$ 561,580	$ 3,301	1 %

Our balance sheet was well positioned at September 30, 2024. In comparison to December 31, 2023:

- Total assets were stable reflecting higher securities balances, partially offset by lower balances held with the Federal Reserve Bank.
- Total liabilities were stable.
- Total equity increased due to the benefit of net income and an improvement in AOCI, partially offset by dividends paid and common shares repurchased.

The ACL related to loans totaled $5.3 billion and $5.5 billion at September 30, 2024 and December 31, 2023, respectively. The decrease in the comparison was driven by improved macroeconomic factors as well as portfolio activity. See the following for additional information regarding our ACL related to loans:

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

The following discussion provides additional information about the major components of our balance sheet. Information regarding our capital and regulatory compliance is included in the Liquidity and Capital Management portion of the Risk Management section in this Financial Review and in Note 19 Regulatory Matters in our 2023 Form 10-K.

Loans

Table 8: Loans

Dollars in millions	September 30 2024	December 31 2023	Change $	Change %
Commercial				
Commercial and industrial	$ 178,891	$ 177,580	$ 1,311	1 %
Commercial real estate	35,104	35,436	(332)	(1)%
Equipment lease financing	6,726	6,542	184	3 %
Total commercial	220,721	219,558	1,163	1 %
Consumer				
Residential real estate	46,972	47,544	(572)	(1)%
Home equity	25,970	26,150	(180)	(1)%
Automobile	15,135	14,860	275	2 %
Credit card	6,827	7,180	(353)	(5)%
Education	1,693	1,945	(252)	(13)%
Other consumer	4,063	4,271	(208)	(5)%
Total consumer	100,660	101,950	(1,290)	(1)%
Total loans	$ 321,381	$ 321,508	$ (127)	—

Commercial loans increased due to new production, largely related to multi family agency warehouse lending.

Consumer loans decreased as growth in automobile loans was more than offset by declines in the remaining portfolios as paydowns outpaced originations as well as lower utilization.

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

Investment Securities

Investment securities of $144.2 billion at September 30, 2024 increased $11.6 billion, or 9%, compared to December 31, 2023 due to increased net purchase activity, primarily of U.S. Treasury securities, partially offset by portfolio paydowns and maturities.

In the second quarter of 2024, we repositioned the investment securities portfolio and sold available for sale securities with a market value of $3.8 billion and a weighted average yield of approximately 1.5%. The sale of these securities resulted in a loss of $497 million. We deployed the sale proceeds into available-for-sale securities with a market value of $3.8 billion and a weighted average yield of approximately 5.5%.

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

Table 9: Investment Securities (a)

	September 30, 2024		December 31, 2023	
Dollars in millions	Amortized Cost (b)	Fair Value	Amortized Cost (b)	Fair Value
U.S. Treasury and government agencies	$ 56,779	$ 55,885	$ 44,125	$ 42,348
Agency residential mortgage-backed	72,649	68,733	73,329	67,925
Non-agency residential mortgage-backed	762	863	844	938
Agency commercial mortgage-backed	2,952	2,869	2,619	2,471
Non-agency commercial mortgage-backed (c)	1,758	1,733	2,286	2,217
Asset-backed (d)	6,235	6,329	6,982	6,984
Other (e)	5,360	5,324	5,952	5,850
Total investment securities (f)	$ 146,495	$ 141,736	$ 136,137	$ 128,733

(a) Of our total securities portfolio, 97% were rated AAA/AA at both September 30, 2024 and December 31, 2023.
(b) Amortized cost is presented net of the allowance for investment securities, which totaled $93 million at September 30, 2024 and primarily related to non-agency commercial mortgage-backed securities. The comparable amount at December 31, 2023 was $92 million.
(c) Collateralized primarily by multifamily housing, office buildings, retail properties, lodging properties and industrial properties.
(d) Collateralized primarily by consumer credit products, corporate debt and government guaranteed education loans.
(e) Includes state and municipal securities and corporate bonds.
(f) Includes available for sale and held to maturity securities, which are recorded on our balance sheet at fair value and amortized cost, respectively.

Table 9 presents our investment securities portfolio by amortized cost and fair value. The relationship of fair value to amortized cost at September 30, 2024 primarily reflected the impact of higher interest rates on the valuation of fixed-rate securities. We continually monitor the credit risk in our portfolio and maintain the allowance for investment securities at an appropriate level to absorb expected credit losses on our investment securities portfolio for the remaining contractual term of the securities adjusted for expected prepayments. See Note 2 Investment Securities for additional details regarding the allowance for investment securities.
The duration of investment securities was 3.3 years and 4.2 years at September 30, 2024 and December 31, 2023, respectively. We estimate that at September 30, 2024 the effective duration of investment securities was 3.3 years for an immediate 50 basis points parallel increase in interest rates and 3.3 years for an immediate 50 basis points parallel decrease in interest rates. Comparable amounts at December 31, 2023 for the effective duration of investment securities were 4.1 years and 4.2 years, respectively.

Based on expected prepayment speeds, the weighted-average expected maturity of the investment securities portfolio was 5.2 years and 5.5 years at September 30, 2024 and December 31, 2023, respectively.

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

September 30, 2024	Years
Agency residential mortgage-backed	6.8
Non-agency residential mortgage-backed	10.3
Agency commercial mortgage-backed	4.3
Non-agency commercial mortgage-backed	0.8
Asset-backed	2.2

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

Funding Sources

Table 11: Details of Funding Sources

Dollars in millions	September 30 2024	December 31 2023	Change $	Change %
Deposits				
Noninterest-bearing	$ 94,588	$ 101,285	$ (6,697)	(7)%
Interest-bearing				
Money market	74,550	65,594	8,956	14 %
Demand	121,838	124,848	(3,010)	(2)%
Savings	95,596	98,122	(2,526)	(3)%
Time deposits	37,394	31,569	5,825	18 %
Total interest-bearing deposits	329,378	320,133	9,245	3 %
Total deposits	423,966	421,418	2,548	1 %
Borrowed funds				
Federal Home Loan Bank borrowings	28,000	38,000	(10,000)	(26)%
Senior debt	32,492	26,836	5,656	21 %
Subordinated debt	4,196	4,875	(679)	(14)%
Other	3,381	3,026	355	12 %
Total borrowed funds	68,069	72,737	(4,668)	(6)%
Total funding sources	$ 492,035	$ 494,155	$ (2,120)	—

Deposits are considered an attractive source of funding due to their stability and relatively low cost to fund. Compared to December 31, 2023, our funding source composition included lower borrowed funds and higher deposit balances.

Total deposits increased reflecting higher interest-bearing deposits, partially offset by lower noninterest-bearing deposits. Interest-bearing deposits increased reflecting higher commercial balances, partially offset by lower consumer balances. Noninterest-bearing deposit balances decreased due to a decline in both commercial and consumer balances. This shift in deposit composition contributed to an increase in funding costs compared to the first and second quarters of 2024. Our total brokered deposit balances of $10.1 billion at September 30, 2024 decreased compared to $11.0 billion at December 31, 2023, and were significantly below both our internal and regulatory guidelines and limits.

Borrowed funds decreased due to lower FHLB borrowings, partially offset by parent company senior debt issuances.

The level and composition of borrowed funds fluctuates over time based on many factors, including market conditions, capital considerations, and funding needs, which are primarily driven by changes in loan, deposit and investment securities balances. While our largest source of liquidity on a consolidated basis is the customer deposit base generated by our banking businesses, we also manage our borrowed funds to provide a reliable source of liquidity for our banking and other activities, considering our LCR and NSFR requirements and other internal and external guidelines and constraints. See the Liquidity and Capital Management portion of the Risk Management section in this Financial Review for additional information regarding our liquidity and capital activities. See Note 7 Borrowed Funds in this Report and Note 9 Borrowed Funds in our 2023 Form 10-K for additional information related to our borrowings. See Average Consolidated Balance Sheet and Net Interest Analysis in the Statistical Information section of this Report for additional information on volume and related funding cost changes.

Shareholders' Equity

Total shareholders' equity of $55.7 billion at September 30, 2024 increased $4.6 billion compared to December 31, 2023, primarily due to net income of $4.3 billion and an improvement in AOCI of $2.6 billion, partially offset by dividends paid of $2.2 billion and $0.4 billion of common share repurchases.

Business Segments Review

We have three reportable business segments:
- Retail Banking
- Corporate & Institutional Banking
- Asset Management Group

Total business segment financial results differ from total consolidated net income. The impact of these differences is reflected in Other, as shown in Table 79 in Note 14 Segment Reporting. Other includes residual activities that do not meet the criteria for disclosure as a separate reportable business, such as asset and liability management activities including net securities gains or losses, ACL for investment securities, certain trading activities, certain runoff consumer loan portfolios, private equity investments, intercompany eliminations, corporate overhead net of allocations, tax adjustments that are not allocated to business segments, exited businesses and the residual impact from FTP operations.

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

See Note 14 Segment Reporting for additional information on our business segments, including a description of each business.

Retail Banking

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

Table 12: Retail Banking Table

(Unaudited) Nine months ended September 30 Dollars in millions, except as noted	2024	2023	Change $	Change %
Income Statement				
Net interest income	$ 8,109	$ 7,305	$ 804	11 %
Noninterest income	2,874	2,229	645	29 %
Total revenue	10,983	9,534	1,449	15 %
Provision for credit losses	256	266	(10)	(4)%
Noninterest expense	5,520	5,707	(187)	(3)%
Pretax earnings	5,207	3,561	1,646	46 %
Income taxes	1,215	834	381	46 %
Noncontrolling interests	28	32	(4)	(13)%
Earnings	$ 3,964	$ 2,695	$ 1,269	47 %
Average Balance Sheet				
Loans held for sale	$ 703	$ 597	$ 106	18 %
Loans				
Consumer				
Residential real estate	$ 34,217	$ 35,225	$ (1,008)	(3)%
Home equity	24,384	24,608	(224)	(1)%
Automobile	14,875	14,966	(91)	(1)%
Credit card	6,858	6,999	(141)	(2)%
Education	1,825	2,119	(294)	(14)%
Other consumer	1,759	1,934	(175)	(9)%
Total consumer	83,918	85,851	(1,933)	(2)%
Commercial	12,732	11,628	1,104	9 %
Total loans	$ 96,650	$ 97,479	$ (829)	(1)%
Total assets	$ 114,522	$ 114,975	$ (453)	—
Deposits				
Noninterest-bearing	$ 53,278	$ 59,448	$ (6,170)	(10)%
Interest-bearing	196,050	198,356	(2,306)	(1)%
Total deposits	$ 249,328	$ 257,804	$ (8,476)	(3)%
Performance Ratios				
Return on average assets	4.63 %	3.13 %		
Noninterest income to total revenue	26 %	23 %		
Efficiency	50 %	60 %		
Supplemental Noninterest Income Information				
Asset management and brokerage	$ 417	$ 384	$ 33	9 %
Card and cash management	$ 955	$ 997	$ (42)	(4)%
Lending and deposit services	$ 553	$ 550	$ 3	1 %
Residential and commercial mortgage	$ 296	$ 307	$ (11)	(4)%

At or for nine months ended September 30 Dollars in millions, except as noted	2024	2023	Change $	Change %
Residential Mortgage Information				
Residential mortgage servicing statistics (in billions, except as noted) (a)				
Serviced portfolio balance (b)	$ 200	$ 213	$ (13)	(6)%
MSR asset value (b)	$ 2.5	$ 2.8	$ (0.3)	(11)%
Servicing income: (in millions)				
Servicing fees, net (c)	$ 218	$ 212	$ 6	3 %
Mortgage servicing rights valuation, net of economic hedge	$ 33	$ 42	$ (9)	(21)%
Residential mortgage loan statistics				
Loan origination volume (in billions)	$ 4.8	$ 5.9	$ (1.1)	(19)%
Loan sale margin percentage	1.92 %	2.31 %		
Other Information				
Credit-related statistics				
Nonperforming assets (b)	$ 836	$ 856	$ (20)	(2)%
Net charge-offs - loans and leases	$ 418	$ 335	$ 83	25 %
Other statistics				
Branches (b) (d)	2,242	2,303	(61)	(3)%
Brokerage account client assets (in billions) (b) (e)	$ 84	$ 73	$ 11	15 %

(a) Represents mortgage loan servicing balances for third parties and the related income.
(b) As of September 30.
(c) Servicing fees net of impact of decrease in MSR value due to passage of time, which includes the impact from regularly scheduled loan principal payments, prepayments and loans paid off during the period.
(d) Reflects all branches excluding standalone mortgage offices and satellite offices (e.g., drive-ups, electronic branches and retirement centers) that provide limited products and/or services.
(e) Includes cash and money market balances.

Retail Banking earnings for the first nine months of 2024 increased $1.3 billion compared to the same period in 2023 primarily due to higher revenue and lower noninterest expense.

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

Noninterest income increased in the comparison reflecting a gain resulting from PNC’s participation in the Visa exchange program as well as higher asset management and brokerage fees, partially offset by lower card and cash management fees.

Provision for credit losses for the first nine months of 2024 reflected the impact of portfolio activity, partially offset by an improved macroeconomic outlook.

Noninterest expense decreased in the comparison and included lower personnel expense.

Retail Banking average total loans remained stable in the first nine months of 2024 compared to the same period in 2023. Average consumer loans decreased driven by lower residential real estate, as a result of paydowns outpacing new volume, as well as continued declines in education loans from runoff in the government guaranteed portfolio. Average commercial loans increased due to higher loan commitment utilization, primarily within the automobile dealer segment.

Our focus on growing primary customer relationships is at the core of our deposit strategy in Retail Banking, which is based on attracting and retaining stable, low-cost deposits as a key funding source for PNC. We have taken a disciplined approach to pricing, focused on retaining relationship-based balances and executing on targeted deposit growth and retention strategies aimed at more rate-sensitive customers. Our goal with regard to deposits is to optimize balances, economics and long-term customer growth. In the first nine months of 2024, average total deposits decreased compared to the same period in 2023, and included the impact of quantitative tightening by the Federal Reserve and increased customer spending.

Retail Banking continues to enhance the customer experience with refinements to product and service offerings that drive value for consumers and small businesses, including our recently launched new PNC Cash Unlimited® credit card.

As part of our strategic focus on growing customers and meeting their financial needs, we operate and continue to optimize a coast-to-coast network of retail branches and ATMs, which are complemented by PNC’s suite of digital capabilities. In February 2024, PNC announced it would be investing nearly $1.0 billion, through 2028, to open more than 100 new branches in key locations, including Austin, Dallas, Denver, Houston, Miami, and San Antonio, and to renovate more than 1,200 existing locations across the country to enhance the customer experience.

Corporate & Institutional Banking

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

Table 13: Corporate & Institutional Banking Table

(Unaudited) Nine months ended September 30 Dollars in millions, except as noted	2024	2023	Change $	Change %
Income Statement				
Net interest income	$ 4,724	$ 4,214	$ 510	12 %
Noninterest income	2,860	2,542	318	13 %
Total revenue	7,584	6,756	828	12 %
Provision for credit losses	409	283	126	45 %
Noninterest expense	2,783	2,755	28	1 %
Pretax earnings	4,392	3,718	674	18 %
Income taxes	1,013	867	146	17 %
Noncontrolling interests	15	15		—
Earnings	$ 3,364	$ 2,836	$ 528	19 %
Average Balance Sheet				
Loans held for sale	$ 234	$ 392	$ (158)	(40)%
Loans				
Commercial				
Commercial and industrial	$ 163,156	$ 165,987	$ (2,831)	(2)%
Commercial real estate	34,437	34,534	(97)	—
Equipment lease financing	6,496	6,419	77	1 %
Total commercial	204,089	206,940	(2,851)	(1)%
Consumer	3	6	(3)	(50)%
Total loans	$ 204,092	$ 206,946	$ (2,854)	(1)%
Total assets	$ 228,518	$ 232,914	$ (4,396)	(2)%
Deposits				
Noninterest-bearing	$ 42,068	$ 52,829	$ (10,761)	(20)%
Interest-bearing	100,824	89,845	10,979	12 %
Total deposits	$ 142,892	$ 142,674	$ 218	—
Performance Ratios				
Return on average assets	1.97 %	1.63 %		
Noninterest income to total revenue	38 %	38 %		
Efficiency	37 %	41 %		
Other Information				
Consolidated revenue from: (a)				
Treasury Management (b)	$ 2,864	$ 2,412	$ 452	19 %
Commercial mortgage banking activities:				
Commercial mortgage loans held for sale (c)	$ 43	$ 57	$ (14)	(25)%
Commercial mortgage loan servicing income (d)	241	126	115	91 %
Commercial mortgage servicing rights valuation, net of economic hedge	108	99	9	9 %
Total	$ 392	$ 282	$ 110	39 %
Commercial mortgage servicing statistics				
Serviced portfolio balance (in billions) (e) (f)	$ 289	$ 282	$ 7	2 %
MSR asset value (e)	$ 975	$ 1,169	$ (194)	(17)%
Average loans by C&IB business				
Corporate Banking	$ 116,537	$ 116,777	$ (240)	—
Real Estate	46,258	47,407	(1,149)	(2)%
Business Credit	29,470	30,230	(760)	(3)%
Commercial Banking	7,503	8,170	(667)	(8)%
Other	4,324	4,362	(38)	(1)%
Total average loans	$ 204,092	$ 206,946	$ (2,854)	(1)%
Credit-related statistics				
Nonperforming assets (e)	$ 1,624	$ 1,130	$ 494	44 %
Net charge-offs - loans and leases	$ 384	$ 190	$ 194	102 %

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

(b) Amounts are reported in net interest income and noninterest income.
(c) Represents commercial mortgage banking income for valuations on commercial mortgage loans held for sale and related commitments, derivative valuations, origination fees, gains on sale of loans held for sale and net interest income on loans held for sale.
(d) Represents net interest income and noninterest income from loan servicing, net of reduction in commercial mortgage servicing rights due to time and payoffs. Commercial mortgage servicing rights valuation, net of economic hedge is shown separately.
(e) As of September 30.
(f) Represents balances related to capitalized servicing.

Corporate & Institutional Banking earnings in the first nine months of 2024 increased $528 million compared to the same period in 2023 driven by higher revenue, partially offset by a higher provision for credit losses.

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

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

Provision for credit losses for the first nine months of 2024 reflected the impact of portfolio activity, partially offset by an improved macroeconomic outlook.

Noninterest expense increased in the comparison largely due to higher variable costs associated with increased business activity and continued investments to support growth.

Average total loans were stable compared with the nine months ended September 30, 2023:

- Corporate Banking provides lending, equipment finance, treasury management and capital markets products and services to mid-sized and large corporations, and government and not-for-profit entities. Average loans for this business were stable as lower average utilization of loan commitments was largely offset by the acquisition of capital commitment facilities from Signature Bridge Bank in the fourth quarter of 2023.
- Real Estate provides banking, financing and servicing solutions for commercial real estate clients across the country. Average loans for this business declined largely due to paydowns outpacing new production, partially offset by a higher average utilization of loan commitments.
- Business Credit provides asset-based lending and equipment financing solutions. The loan and lease portfolio is mainly secured by business assets. Average loans for this business declined reflecting a lower average utilization of loan commitments.
- Commercial Banking provides lending, treasury management and capital markets products and services to smaller corporations and businesses. Average loans for this business declined driven by paydowns outpacing new production and lower average utilization of loan commitments.

The deposit strategy of Corporate & Institutional Banking is to remain disciplined on pricing and focused on growing and retaining relationship-based balances over time, executing on customer and segment-specific deposit growth strategies and continuing to provide funding and liquidity to PNC. Average total deposits were stable compared to the nine months ended September 30, 2023, as growth in interest-bearing deposits offset a decline in noninterest-bearing deposits. We continue to actively monitor the interest rate environment and make adjustments to our deposit strategy in response to evolving market conditions, bank funding needs and client relationship dynamics.

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

The Treasury Management business provides corporations with cash and investment management services, receivables and disbursement management services, funds transfer services and access to online/mobile information management and reporting services. Treasury management revenue is reported in noninterest income and net interest income. Noninterest income includes treasury management product revenue less earnings credits provided to customers on compensating deposit balances used to pay for products and services. Net interest income includes funding credit from all treasury management customer deposit balances. Compared to the first nine months of 2023, treasury management revenue increased due to wider interest rate spreads on the value of deposits and higher product revenue.

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

Capital markets and advisory includes services and activities primarily related to merger and acquisition advisory, equity capital markets advisory, asset-backed financing, loan syndication, securities underwriting and customer-related trading. The increase in capital markets and advisory fees in the comparison was largely driven by higher merger and acquisition advisory fees, underwriting fees and loan syndication fees, partially offset by lower customer-related interest rate derivative trading revenue.

Asset Management Group

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

Table 14: Asset Management Group Table

(Unaudited) Nine months ended September 30 Dollars in millions, except as noted	2024	2023	Change $	Change %
Income Statement				
Net interest income	$ 481	$ 391	$ 90	23 %
Noninterest income	707	681	26	4 %
Total revenue	1,188	1,072	116	11 %
Provision for (recapture of) credit losses	(5)	(5)		—
Noninterest expense	796	831	(35)	(4)%
Pretax earnings	397	246	151	61 %
Income taxes	93	58	35	60 %
Earnings	$ 304	$ 188	$ 116	62 %
Average Balance Sheet				
Loans				
Consumer				
Residential real estate	$ 11,929	$ 9,932	$ 1,997	20 %
Other consumer	3,730	4,040	(310)	(8)%
Total consumer	15,659	13,972	1,687	12 %
Commercial	792	1,188	(396)	(33)%
Total loans	$ 16,451	$ 15,160	$ 1,291	9 %
Total assets	$ 16,891	$ 15,578	$ 1,313	8 %
Deposits				
Noninterest-bearing	$ 1,646	$ 1,796	$ (150)	(8)%
Interest-bearing	26,291	25,742	549	2 %
Total deposits	$ 27,937	$ 27,538	$ 399	1 %
Performance Ratios				
Return on average assets	2.41 %	1.61 %		
Noninterest income to total revenue	60 %	64 %		
Efficiency	67 %	78 %		
Supplemental Noninterest Income Information				
Asset management fees	$ 694	$ 663	$ 31	5 %
Brokerage fees		6	(6)	*
Total	$ 694	$ 669	$ 25	4 %
Other Information (a)				
Nonperforming assets	$ 36	$ 39	$ (3)	(8)%
Net charge-offs (recoveries) - loans and leases		$ (2)	$ 2	*
Client Assets Under Administration (in billions) (a) (b)				
Discretionary client assets under management				
PNC Private Bank	$ 132	$ 109	$ 23	21 %
Institutional Asset Management	82	67	15	22 %
Total discretionary clients assets under management	214	176	$ 38	22 %
Nondiscretionary client assets under administration	216	170	46	27 %
Total	$ 430	$ 346	$ 84	24 %

*- Not Meaningful
(a) As of September 30.
(b) Excludes brokerage account client assets.

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

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

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

Asset Management Group earnings in the first nine months of 2024 increased $116 million compared to the same period in 2023, primarily driven by higher revenue and a decline in noninterest expense.

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

Noninterest income increased in the comparison primarily driven by higher average equity markets, partially offset by the impact of client activity.

Noninterest expense decreased in the comparison, reflecting a continued focus on expense management.

Average total loans increased compared with the nine months ended September 30, 2023, primarily driven by growth in residential mortgage loans.

Average total deposits were stable in the comparison as growth in CD and deposit sweep balances was partially offset by declines in savings and noninterest bearing deposits.

Discretionary client assets under management increased in comparison to the prior year, primarily due to higher equity and fixed income markets as of September 30, 2024.

Risk Management

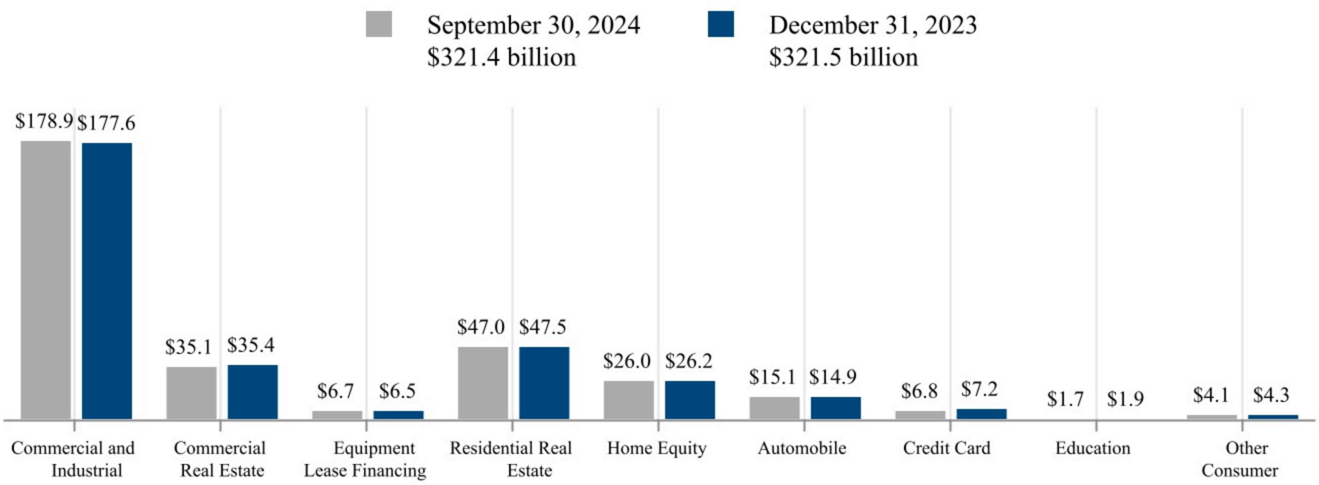
The Risk Management section included in Item 7 of our 2023 Form 10-K describes our enterprise risk management framework, including risk culture, enterprise strategy, risk governance and oversight framework, risk identification, risk assessments, risk controls and monitoring, and risk aggregation and reporting. Additionally, our 2023 Form 10-K provides an analysis of the firm’s Capital Management and our key areas of risk, which include, but are not limited to, Credit, Market, Liquidity and Operational (including Compliance and Information Security).

Credit Risk Management

Credit risk, including our credit risk management processes, is described in further detail in the Credit Risk Management section of our 2023 Form 10-K. The following provides additional information around our loan portfolio, which is our most significant concentration of credit risk.

Loan Portfolio Characteristics and Analysis

Table 15: Details of Loans
In billions



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

Commercial

Commercial and Industrial
Commercial and industrial loans comprised 56% and 55% of our total loan portfolio at September 30, 2024 and December 31, 2023, respectively. The majority of our commercial and industrial loans are secured by collateral that provides a secondary source of repayment should a borrower experience cash generation difficulties. Examples of this collateral include short-term assets, such as accounts receivable, inventory and securities, and long-lived assets, such as equipment, owner-occupied real estate and other business assets.

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

Table 16: Commercial and Industrial Loans by Industry

Dollars in millions	September 30, 2024		December 31, 2023	
	Amount	% of Total	Amount	% of Total
Commercial and industrial				
Retail/wholesale trade	$ 30,226	17 %	$ 28,198	16 %
Financial services	29,244	16	28,422	16
Manufacturing	28,748	16	28,989	16
Service providers	22,033	12	21,354	12
Real estate related (a)	14,856	8	16,235	9
Health care	10,169	6	9,808	6
Technology, media and telecommunications	9,292	5	10,249	6
Transportation and warehousing	7,723	4	7,733	4
Other industries	26,600	16	26,592	15
Total commercial and industrial loans	$ 178,891	100 %	$ 177,580	100 %

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

Owner occupied commercial real estate loans totaled $9.4 billion and $9.6 billion at September 30, 2024 and December 31, 2023, respectively. These loans are included in commercial and industrial loans as the credit decisioning for servicing these loans is based on the financial conditions of the owner, not the ability of the collateral to generate income. Owner occupied commercial real estate loans are well-diversified across industries.

Commercial Real Estate

Commercial real estate loans of $35.1 billion as of September 30, 2024 comprised $19.6 billion related to commercial mortgages on income-producing properties, $9.9 billion of intermediate-term financing loans and $5.6 billion of real estate construction project loans. At December 31, 2023, comparable amounts were $35.4 billion, $21.0 billion, $8.0 billion and $6.4 billion, respectively. Commercial real estate primarily consists of an investment in land and/or buildings held to generate income, that income serves as the primary source for the repayment of the loan. However, for all commercial real estate assets, the disposition of the assigned collateral serves as a secondary source of repayment for the loan should the borrower experience cash generation difficulties.

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

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

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

	September 30, 2024		December 31, 2023	
Dollars in millions	Amount	% of Total	Amount	% of Total
Geography (a)				
California	$ 5,825	17 %	$ 6,133	17 %
Texas	3,999	11	3,733	11
Florida	3,935	11	3,738	11
Virginia	1,599	5	1,590	4
Arizona	1,423	4	1,216	3
Pennsylvania	1,380	4	1,515	4
North Carolina	1,242	4	1,142	3
Maryland	1,225	3	1,344	4
Ohio	1,133	3	1,157	3
Colorado	1,126	3	1,182	3
Other	12,217	35	12,686	37
Total commercial real estate loans	$ 35,104	100 %	$ 35,436	100 %
Property Type (a)				
Multifamily	$ 16,678	48 %	$ 15,590	44 %
Office	7,225	21	8,019	23
Industrial/warehouse	3,990	11	4,089	12
Retail	2,174	6	2,490	7
Seniors housing	1,776	5	1,772	5
Hotel/motel	1,696	5	1,760	5
Mixed use	348	1	388	1
Other	1,217	3	1,328	3
Total commercial real estate loans	$ 35,104	100 %	$ 35,436	100 %

(a) Presented in descending order based on loan balances at September 30, 2024.

Commercial Real Estate: Office Portfolio

Given the fundamental change in office demand driven by the acceptance of remote work, real estate performance related to the office sector continues to be an area of uncertainty. At September 30, 2024, our outstanding loan balances in the office portfolio totaled $7.2 billion, or 2.2% of total loans, while additional unfunded loan commitments totaled $0.3 billion. The portfolio is well diversified geographically across our coast-to-coast franchise. Within the office portfolio at September 30, 2024, criticized loans totaled 28.9% and nonperforming loans totaled 12.5%, while delinquencies were 0.1%. As measured at origination, the weighted average LTV for the office portfolio was 58.6%; however, updated appraisals have increased the weighted average LTV inclusive of both updated property values and origination-derived values to 70.9% as of September 30, 2024. While LTV is one consideration, our risk assessment considers a number of factors in assessing the changing conditions affecting the portfolio. As of September 30, 2024, we have established reserves of 11.3% against office loans.

The greatest stress in our office portfolio is observed in multi-tenant office loans, which represents 54.0% of the portfolio at September 30, 2024. Within the multi-tenant classification, criticized levels were 50.2% while nonperforming loans totaled 22.4%, accounting for almost all of the nonperforming office population. The weighted average LTV inclusive of both updated property values and origination-derived values for multi-tenant is 79.6% at September 30, 2024. Additionally, commercial real estate charge-offs since the beginning of 2023 have primarily been multi-tenant office loans. Given the higher level of stress, this segment has a proportionally higher reserve rate of 16.0%. The remaining 46.0% of the office portfolio is primarily comprised of single-tenant, medical and government tenant properties. These three tenant classifications are performing considerably better, with approximately 3.6% of the book in the criticized loan category and 0.6% in the nonperforming loan category. As of September 30, 2024, the weighted average LTV inclusive of both updated property values and origination-derived values of this book is 60.2%.

The office portfolio remains an elevated area of focus for portfolio management, with internal risk ratings completed quarterly for each asset, accelerated reappraisal requirements and elevated approval levels for any credit action. Additionally, active management efforts include ongoing performance assessments as well as the review of property, lending and capital markets. Portfolio updates are distributed to senior management weekly. Collateral in the office portfolio is appraised by qualified, independent third-party state certified appraisers. New loans or loans being evaluated for extension or material modification are required to be appraised. The frequency of reappraisals outside of a credit action is based on regulatory and internal requirements. Generally, for loans with heightened risk, a cadence has been established to obtain updated appraisals at least annually. Loans that do not demonstrate a heightened risk are monitored through our ongoing management of the portfolio, including any need for a new appraisal. All appraisals are reviewed by independent qualified real estate valuation personnel. For existing office building loans, PNC employs the as-is market value from third-party appraisals to calculate LTV.

Given the ongoing change in this area, we expect additional stress in the office sector, and a portion of this stress will bear itself out as we work through maturities that will approximate 42% through September 30, 2025. Upon maturity, and where the balance is not paid in full, an extension may be granted because contractual extension terms are met; alternatively, an extension may be granted based on negotiated terms, and a portion of these extensions may involve the curtailment or charge off of principal. We continue to actively manage the portfolio, and we believe reserve levels reflect the expected credit losses in the portfolio.

Commercial Real Estate: Multifamily Portfolio

As of September 30, 2024, our outstanding loan balances in the multifamily portfolio totaled $16.7 billion, or 5.2% of total loans, while additional unfunded loan commitments totaled $2.7 billion. Although inflationary pressures, higher interest rates and elevated supply in certain markets have impacted internal risk assessments and regulatory classification in this portfolio, we have not seen a notable change in loan performance at this time with regards to nonperformance, delinquency or charge-offs. We continue to closely monitor our exposure in this sector.

Consumer

Residential Real Estate

Residential real estate loans primarily consisted of residential mortgage loans at both September 30, 2024 and December 31, 2023.

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

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

Table 18: Residential Real Estate Loan Statistics

Dollars in millions	September 30, 2024 Amount	September 30, 2024 % of Total	December 31, 2023 Amount	December 31, 2023 % of Total
Geography (a)				
California	$ 20,084	43 %	$ 19,911	42 %
Texas	3,825	8	4,009	8
Washington	3,529	8	3,467	7
Florida	3,220	7	3,356	7
New Jersey	1,876	4	1,909	4
New York	1,500	3	1,551	3
Arizona	1,363	3	1,431	3
Pennsylvania	1,206	3	1,229	3
Colorado	1,147	2	1,187	2
North Carolina	969	2	989	2
Other	8,253	17	8,505	19
Total residential real estate loans	$ 46,972	100 %	$ 47,544	100 %
	September 30, 2024		December 31, 2023	
Weighted-average loan origination statistics (b)				
Loan origination FICO score		771		772
LTV of loan originations		73 %		73 %

(a) Presented in descending order based on loan balances at September 30, 2024.
(b) Weighted-averages calculated for the twelve months ended September 30, 2024 and December 31, 2023, respectively.

We originate residential mortgage loans nationwide through our national mortgage business as well as within our branch network. Residential mortgage loans underwritten to agency standards, including conforming loan amount limits, are typically sold with servicing retained by us. We also originate nonconforming residential mortgage loans that do not meet agency standards, which we retain on our balance sheet. Our portfolio of originated nonconforming residential mortgage loans totaled $42.2 billion at September 30, 2024, with 46% located in California. Comparable amounts at December 31, 2023 were $42.4 billion and 45%, respectively.

<u>*Home Equity*</u>

Home equity loans of $26.0 billion as of September 30, 2024 were comprised of $21.0 billion of home equity lines of credit and $5.0 billion of closed-end home equity installment loans. At December 31, 2023, comparable amounts were $26.2 billion, $20.6 billion and $5.6 billion, respectively. Home equity lines of credit are a variable interest rate product with fixed rate conversion options available to certain borrowers.

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

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

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

Table 19: Home Equity Loan Statistics

	September 30, 2024		December 31, 2023	
Dollars in millions	Amount	% of Total	Amount	% of Total
Geography (a)				
Pennsylvania	$ 4,558	18 %	$ 4,745	18 %
New Jersey	3,149	12	3,184	12
Florida	2,225	9	2,230	9
Ohio	2,165	8	2,242	9
California	1,713	7	1,580	6
Texas	1,275	5	1,230	5
Maryland	1,213	5	1,237	5
Michigan	1,170	5	1,214	5
Illinois	1,036	4	1,069	4
North Carolina	1,007	4	1,001	4
Other	6,459	23	6,418	23
Total home equity loans	$ 25,970	100 %	$ 26,150	100 %
Lien type				
1st lien		50 %		52 %
2nd lien		50		48
Total		100 %		100 %
	September 30, 2024		December 31, 2023	
Weighted-average loan origination statistics (b)				
Loan origination FICO score		772		772
LTV of loan originations		62 %		64 %

(a) Presented in descending order based on loan balances at September 30, 2024.
(b) Weighted-averages calculated for the twelve months ended September 30, 2024 and December 31, 2023, respectively.

<u>*Automobile*</u>
Auto loans of $15.1 billion as of September 30, 2024 comprised $14.1 billion in the indirect auto portfolio and $1.0 billion in the direct auto portfolio. At December 31, 2023, comparable amounts were $14.9 billion, $13.8 billion and $1.1 billion, respectively. The indirect auto portfolio consists of loans originated primarily through independent franchised dealers, including dealers located in our newer markets. This business is strategically aligned with our core retail banking business.

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

Table 20: Auto Loan Statistics

	September 30, 2024	December 31, 2023
Weighted-average loan origination FICO score (a) (b)		
Indirect auto	792	788
Direct auto	785	787
Weighted-average term of loan originations - in months (a)		
Indirect auto	72	73
Direct auto	65	65

(a) Weighted-averages calculated for the twelve months ended September 30, 2024 and December 31, 2023, respectively.
(b) Calculated using the auto enhanced FICO scale.

We continue to focus on borrowers with strong credit profiles as evidenced by the weighted-average loan origination FICO scores noted in Table 20. We offer both new and used auto financing to customers through our various channels. At September 30, 2024, the portfolio balance was composed of 43% new vehicle loans and 57% used vehicle loans. Comparable amounts at December 31, 2023 were 45% and 55%, respectively.

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

Nonperforming Assets and Loan Delinquencies

<u>Nonperforming Assets</u>
Nonperforming assets include nonperforming loans and leases, OREO and foreclosed assets. Nonperforming loans are those loans accounted for at amortized cost whose credit quality has deteriorated to the extent full collection of contractual principal and interest is not probable. Loans held for sale, certain government insured or guaranteed loans and loans accounted for under the fair value option are excluded from nonperforming loans. See Note 1 Accounting Policies in our 2023 Form 10-K for details on our nonaccrual policies.

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

Table 21: Nonperforming Assets by Type

			Change	
Dollars in millions	September 30, 2024	December 31, 2023	$	%
Nonperforming loans				
Commercial	$ 1,729	$ 1,307	$ 422	32 %
Consumer (a)	849	873	(24)	(3)%
Total nonperforming loans	2,578	2,180	398	18 %
OREO and foreclosed assets	31	36	(5)	(14)%
Total nonperforming assets	$ 2,609	$ 2,216	$ 393	18 %
Nonperforming loans to total loans	0.80 %	0.68 %		
Nonperforming assets to total loans, OREO and foreclosed assets	0.81 %	0.69 %		
Nonperforming assets to total assets	0.46 %	0.39 %		
Allowance for loan and lease losses to nonperforming loans	178 %	220 %		
Allowance for credit losses to nonperforming loans (b)	206 %	250 %		

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

Increases in nonperforming assets from December 31, 2023 were primarily driven by higher commercial real estate nonperforming loans.

The following table provides details on the change in nonperforming assets for the nine months ended September 30, 2024 and 2023:

Table 22: Change in Nonperforming Assets

In millions	2024	2023
January 1	$ 2,216	$ 2,019
New nonperforming assets	1,848	1,503
Charge-offs and valuation adjustments	(511)	(348)
Principal activity, including paydowns and payoffs	(711)	(581)
Asset sales and transfers to loans held for sale	(38)	(65)
Returned to performing status	(195)	(370)
September 30	$ 2,609	$ 2,158

As of September 30, 2024, approximately 97% of total nonperforming loans were secured by collateral.

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

We manage credit risk based on the risk profile of the borrower, repayment sources, underlying collateral, and other support given current events, economic conditions and expectations. We refine our practices to address operating environment changes such as inflation levels, industry specific risks, interest rate levels, the level of consumer savings and deposit balances, and structural and secular changes such as those arising from the pandemic. To mitigate losses and enhance customer support, we offer loan modifications and collection programs to assist our customers.

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

Table 23: Accruing Loans Past Due (a)

	Amount				% of Total Loans Outstanding	
			Change			
Dollars in millions	September 30, 2024	December 31, 2023	$	%	September 30, 2024	December 31, 2023
Early stage loan delinquencies						
Accruing loans past due 30 to 59 days	$ 614	$ 685	$ (71)	(10)%	0.19 %	0.21 %
Accruing loans past due 60 to 89 days	252	270	(18)	(7)%	0.08 %	0.08 %
Total early stage loan delinquencies	866	955	(89)	(9)%	0.27 %	0.30 %
Late stage loan delinquencies						
Accruing loans past due 90 days or more	409	429	(20)	(5)%	0.13 %	0.13 %
Total accruing loans past due	$ 1,275	$ 1,384	$ (109)	(8)%	0.40 %	0.43 %

(a) Past due loan amounts include government insured or guaranteed loans of $0.3 billion at September 30, 2024 and $0.4 billion at December 31, 2023.

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

Loan Modifications

We provide relief to our customers experiencing financial hardships through a variety of solutions. Commercial loan and lease modifications are based on each individual borrower’s situation, while consumer loan modifications are evaluated under our hardship relief programs. For additional information on our commercial real estate, office-related modification offerings, see the Commercial Real Estate portion of the Credit Risk Management section of this Financial Review.

See Note 3 Loans and Related Allowance for Credit Losses for additional information on loan modifications to borrowers experiencing financial difficulty.

Allowance for Credit Losses

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

See Note 1 Accounting Policies and the Credit Risk Management section in our 2023 Form 10-K for additional discussion of our ACL, including details of our methodologies. See also the Critical Accounting Estimates and Judgments section of this Report for further discussion of the assumptions used in the determination of the ACL as of September 30, 2024.

The following table summarizes our ACL related to loans:

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

	September 30, 2024			December 31, 2023		
Dollars in millions	Allowance Amount	Total Loans	% of Total Loans	Allowance Amount	Total Loans	% of Total Loans
Allowance for loans and lease losses						
Commercial						
Commercial and industrial	$ 1,715	$ 178,891	0.96 %	$ 1,806	$ 177,580	1.02 %
Commercial real estate	1,441	35,104	4.10 %	1,371	35,436	3.87 %
Equipment lease financing	70	6,726	1.04 %	82	6,542	1.25 %
Total commercial	3,226	220,721	1.46 %	3,259	219,558	1.48 %
Consumer						
Residential real estate	38	46,972	0.08 %	61	47,544	0.13 %
Home equity	270	25,970	1.04 %	276	26,150	1.06 %
Automobile	164	15,135	1.08 %	173	14,860	1.16 %
Credit card	672	6,827	9.84 %	766	7,180	10.67 %
Education	49	1,693	2.89 %	56	1,945	2.88 %
Other consumer	170	4,063	4.18 %	200	4,271	4.68 %
Total consumer	1,363	100,660	1.35 %	1,532	101,950	1.50 %
Total	4,589	$ 321,381	1.43 %	4,791	$ 321,508	1.49 %
Allowance for unfunded lending related commitments	725			663		
Allowance for credit losses	$ 5,314			$ 5,454		
Allowance for credit losses to total loans			1.65 %			1.70 %
Commercial			1.72 %			1.73 %
Consumer			1.50 %			1.62 %

(a) Excludes allowances for investment securities and other financial assets, which together totaled $111 million and $120 million at September 30, 2024 and December 31, 2023, respectively.

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

Table 25: Loan Charge-Offs and Recoveries

Nine months ended September 30 Dollars in millions	Gross Charge-offs	Recoveries	Net Charge-offs / (Recoveries)	% of Average Loans (Annualized)
2024				
Commercial				
Commercial and industrial	$ 250	$ 80	$ 170	0.13 %
Commercial real estate	271	11	260	0.98 %
Equipment lease financing	25	12	13	0.27 %
Total commercial	546	103	443	0.27 %
Consumer				
Residential real estate	2	8	(6)	(0.02)%
Home equity	27	31	(4)	(0.02)%
Automobile	98	74	24	0.22 %
Credit card	268	42	226	4.40 %
Education	13	5	8	0.59 %
Other consumer	127	27	100	3.22 %
Total consumer	535	187	348	0.46 %
Total	$ 1,081	$ 290	$ 791	0.33 %
2023				
Commercial				
Commercial and industrial	$ 192	$ 98	$ 94	0.07 %
Commercial real estate	124	4	120	0.45 %
Equipment lease financing	11	8	3	0.06 %
Total commercial	327	110	217	0.13 %
Consumer				
Residential real estate	6	10	(4)	(0.01)%
Home equity	15	36	(21)	(0.11)%
Automobile	91	77	14	0.12 %
Credit card	232	32	200	3.82 %
Education	13	5	8	0.50 %
Other consumer	124	28	96	2.73 %
Total consumer	481	188	293	0.39 %
Total	$ 808	$ 298	$ 510	0.21 %

Total net charge-offs increased $281 million, or 55%, for the first nine months of 2024 compared to the same period in 2023. The increase in the comparison was driven by higher net charge-offs in our commercial portfolio, primarily in our commercial real estate loan class.

See Note 1 Accounting Policies in our 2023 Form 10-K and Note 3 Loans and Related Allowance for Credit Losses of this Report for additional information.

Liquidity and Capital Management

Our liquidity risk framework and related monitoring measures and tools, including internal liquidity stress testing as well as compliance with internal and regulatory limits and guidelines, are described in further detail in the Liquidity and Capital Management section of our 2023 Form 10-K.

One of the ways we monitor our liquidity is by reference to the LCR, a regulatory minimum liquidity requirement designed to ensure that covered banking organizations maintain an adequate level of liquidity to meet net liquidity needs over the course of a hypothetical 30-day stress scenario. PNC and PNC Bank calculate the LCR daily and are required to maintain a regulatory minimum of 100%. The LCR for both PNC and PNC Bank exceeded the regulatory minimum requirement throughout the third quarter of 2024. Fluctuations in our LCR result from changes to the components of the calculation, including high-quality liquid assets and net cash outflows, as a result of ongoing business activity.

The NSFR is designed to measure the stability of the maturity structure of assets and liabilities of banking organizations over a one-year time horizon. PNC and PNC Bank calculate the NSFR daily and are required to maintain a regulatory minimum of 100%. The NSFR for both PNC and PNC Bank exceeded the regulatory minimum requirement throughout the third quarter of 2024.

We provide additional information regarding regulatory liquidity requirements and their potential impact on us in the Supervision and Regulation section of Item 1 Business and Item 1A Risk Factors of our 2023 Form 10-K.

Sources of Liquidity

Our largest source of liquidity on a consolidated basis is the customer deposit base generated by our banking businesses. These deposits provide relatively stable and low-cost funding. Total deposits increased to $424.0 billion at September 30, 2024 from $421.4 billion at December 31, 2023. Interest-bearing deposits increased reflecting higher commercial balances, partially offset by lower consumer balances. Noninterest-bearing deposit balances decreased due to a decline in both commercial and consumer balances. As of September 30, 2024, uninsured deposits represented approximately 44% of our total deposit base, which is estimated based on the regulatory instructions in the Consolidated Reports of Condition and Income - FFIEC 031. The majority of our uninsured deposits are related to commercial operating and relationship accounts, which we define as commercial deposit customers who utilize two or more PNC products. See the Funding Sources portion of the Consolidated Balance Sheet Review and Business Segments Review sections of this Financial Review for additional information on our deposits and related strategies.

We may also obtain liquidity through various forms of funding, such as senior notes, subordinated debt, FHLB borrowings, securities sold under repurchase agreements, commercial paper and other short-term borrowings. See the Funding Sources section of the Consolidated Balance Sheet Review in this Financial Review and Note 7 Borrowed Funds in this Report for additional information related to our borrowings.

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

Table 26: Senior and Subordinated Debt

In billions	2024
January 1	$ 31.7
Issuances	6.7
Calls and maturities	(2.4)
Other	0.7
September 30	$ 36.7

Additionally, PNC maintains access to contingent funding sources that include unused borrowing capacity and certain liquid assets. PNC has a contingency funding plan designed to ensure that liquidity sources are sufficient to meet ongoing obligations and commitments, particularly in the event of liquidity stress. This plan is designed to examine and quantify the organization's liquidity under various internal liquidity stress scenarios and is periodically tested to assess the plan's reliability. Additionally, the plan provides the strategies for addressing liquidity needs and responsive actions we would consider during liquidity stress events, which could include the issuance of incremental debt, preferred stock, or additional deposit actions, including the issuance of brokered CDs. The plan also addresses the governance, frequency of reporting and the responsibilities of key departments in the event of liquidity stress.

PNC defines our primary contingent liquidity sources as cash held at the Federal Reserve Bank, investment securities and unused borrowing capacity at the FHLB and Federal Reserve Bank. The following table summarizes our primary contingent liquidity sources at September 30, 2024 and December 31, 2023:

Table 27: Primary Contingent Liquidity Sources

In billions	September 30, 2024	December 31, 2023
Cash balance with Federal Reserve Bank	$ 34.6	$ 43.3
Available investment securities (a)	69.7	98.5
Unused borrowing capacity from FHLB (b)	45.4	35.4
Unused borrowing capacity from Federal Reserve Bank (c)	79.9	47.2
Total available contingent liquidity	$ 229.6	$ 224.4

(a) Represents the fair value of investment securities that can be used for pledging or to secure other sources of funding.

(b) At September 30, 2024, total FHLB borrowing capacity was $73.6 billion and total FHLB borrowings and letters of credit were $28.2 billion. Comparable amounts at December 31, 2023 were $73.4 billion and $38.0 billion, respectively.

(c) Total borrowing capacity with the Federal Reserve Bank was $79.9 billion at September 30, 2024 and $47.2 billion at December 31, 2023. PNC had no outstanding borrowings with the Federal Reserve Bank at September 30, 2024 and December 31, 2023.

As part of PNC's contingency planning, we preposition a portion of our available held to maturity investment securities at the Federal Reserve Bank's Discount Window, supporting our resilience and operational readiness.

Bank Liquidity
In addition to our primary contingent liquidity sources, under PNC Bank's 2014 bank note program, as amended, PNC Bank may from time to time offer up to $40.0 billion aggregate principal amount outstanding at any one time of its unsecured senior and subordinated notes with maturity dates more than nine months (in the case of senior notes) and five years or more (in the case of subordinated notes) from their date of issue. At September 30, 2024, PNC Bank's remaining capacity to issue under the program was $33.3 billion.

Under PNC Bank's 2013 commercial paper program, PNC Bank has the ability to offer up to $10.0 billion of its commercial paper to provide additional liquidity. At September 30, 2024, there were no issuances outstanding under this program.

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

See Note 16 Subsequent Events for additional information on the October 22, 2024 announcement of the November 4, 2024 redemption of all outstanding $0.2 billion senior floating rate bank notes due on December 2, 2024.

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

At September 30, 2024, available parent company liquidity totaled $26.4 billion. Parent company liquidity is held in intercompany cash and investments. For investments with longer durations, the related maturities are aligned with scheduled cash needs, such as the maturity of parent company debt obligations.

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

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

There are statutory and regulatory limitations on the ability of a national bank to pay dividends or make other capital distributions or to extend credit to the parent company or its non-bank subsidiaries. The amount available for dividend payments by PNC Bank to the parent company without prior regulatory approval was $6.8 billion at September 30, 2024. See Note 19 Regulatory Matters in our 2023 Form 10-K for further discussion of these limitations.

In addition to dividends from PNC Bank, other sources of parent company liquidity include cash and investments, as well as dividends and loan repayments from other subsidiaries and dividends or distributions from equity investments. We can also generate liquidity for the parent company and PNC's non-bank subsidiaries through the issuance of debt and equity securities, including certain capital instruments, in public or private markets and commercial paper. Under the parent company's 2014 commercial paper program, the parent company has the ability to offer up to $5.0 billion of commercial paper to provide additional liquidity. At September 30, 2024, there were no issuances outstanding under this program.

The following table details parent company note issuances in the third quarter of 2024:

Table 28: Parent Company Notes Issued

Issuance Date	Amount	Description of Issuance
July 23, 2024	$1.0 billion	$1.0 billion of senior fixed-to-floating rate notes with a maturity date of July 23, 2027. Interest is payable semi-annually in arrears at a fixed rate of 5.102% per annum, on January 23 and July 23 of each year, beginning on January 23, 2025. Beginning on July 23, 2026 interest is payable quarterly in arrears at a floating rate per annum equal to Compounded SOFR (determined with respect to each quarterly interest period using the SOFR Index as described in the Prospectus Supplement), plus 0.796%, on October 23, 2026, January 23, 2027, April 23, 2027 and at the maturity date.
July 23, 2024	$1.5 billion	$1.5 billion of senior fixed-to-floating rate notes with a maturity date of July 23, 2035. Interest is payable semi-annually in arrears at a fixed rate of 5.401% per annum, on January 23 and July 23 of each year, beginning on January 23, 2025. Beginning on July 23, 2034 interest is payable quarterly in arrears at a floating rate per annum equal to Compounded SOFR (determined with respect to each quarterly interest period using the SOFR Index as described in the Prospectus Supplement), plus 1.599%, on October 23, 2034, January 23, 2035, April 23, 2035 and at the maturity date.

See Note 16 Subsequent Events for additional information on the following parent company debt issuances and redemptions:
- October 21, 2024 issuance of $1.5 billion of 4.812% senior fixed-to-floating rate notes that mature on October 21, 2032,
- October 28, 2024 redemption of all outstanding $1.0 billion of senior fixed-to-floating rate notes due on October 28, 2025.

Parent company senior and subordinated debt carrying value totaled $29.4 billion and $24.0 billion at September 30, 2024 and December 31, 2023, respectively.

Contractual Obligations and Commitments
We have contractual obligations representing required future payments on borrowed funds, time deposits, leases, pension and postretirement benefits and purchase obligations. See the Liquidity and Capital Management portion of the Risk Management section of our 2023 Form 10-K for more information on these future cash outflows. Additionally, in the normal course of business, we have various commitments outstanding, certain of which are not included on our Consolidated Balance Sheet. We provide information on our commitments in Note 8 Commitments.

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

In general, rating agencies base their ratings on many quantitative and qualitative factors, including capital adequacy, liquidity, asset quality, business mix, level and quality of earnings, and the current legislative and regulatory environment, including implied government support. A decrease, or potential decrease, in credit ratings could impact access to the capital markets and/or increase the cost of debt, and thereby adversely affect liquidity and financial condition. For additional information on the potential impacts from a downgrade to our credit ratings, see Item 1A Risk Factors in our 2023 Form 10-K.

The following table presents credit ratings and outlook for PNC as of September 30, 2024:

Table 29: Credit Ratings and Outlook

	September 30, 2024		
	Moody's	Standard & Poor's (a)	Fitch
Parent Company			
Senior debt	A3	A-	A
Subordinated debt	A3	BBB+	A-
Preferred stock	Baa2	BBB-	BBB
PNC Bank			
Senior debt	A2	A	A+
Subordinated debt	A3	A-	A
Long-term deposits	Aa3	no rating	AA-
Short-term deposits	P-1	no rating	F1+
Short-term notes	P-1	A-1	F1
PNC			
Agency rating outlook	Negative	Stable	Stable

(a) S&P does not provide depositor ratings. PNC Bank's long term issuer rating is A and short term issuer rating is A-1.

Capital Management
Detailed information on our capital management processes and activities is included in the Supervision and Regulation section of Item 1 of our 2023 Form 10-K.

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

In the third quarter of 2024, PNC returned $0.8 billion of capital to shareholders, including more than $0.6 billion of dividends on common shares and more than $0.1 billion of common share repurchases. Consistent with the SCB framework, which allows for capital return in amounts in excess of the SCB minimum levels, our Board of Directors has authorized a repurchase framework under the previously approved repurchase program of up to 100 million common shares, of which approximately 43% were still available for repurchase at September 30, 2024. Fourth quarter 2024 share repurchase activity is expected to approximate recent quarterly average share repurchase levels. PNC may adjust share repurchase activity depending on market and economic conditions, as well as other factors. PNC's SCB for the four-quarter period beginning October 1, 2024 is the regulatory minimum of 2.5%.

On October 3, 2024 the PNC Board of Directors declared a quarterly cash dividend on common stock of $1.60 per share to be paid on November 5, 2024 to shareholders of record at the close of business October 16, 2024.

See Note 16 Subsequent Events for details on the October 30, 2024 announcement of the December 2, 2024 redemption of $500 million Series R preferred stock.

The following table summarizes our Basel III capital balances and ratios:

Table 30: Basel III Capital

	September 30, 2024	
Dollars in millions	Basel III (a)	Fully Implemented (estimated) (b)
Common equity Tier 1 capital		
Common stock plus related surplus, net of treasury stock	$ (3,880)	$ (3,880)
Retained earnings	58,653	58,412
Goodwill, net of associated deferred tax liabilities	(10,704)	(10,704)
Other disallowed intangibles, net of deferred tax liabilities	(245)	(245)
Other adjustments/(deductions)	(83)	(85)
Common equity Tier 1 capital (c)	$ 43,741	$ 43,498
Additional Tier 1 capital		
Preferred stock plus related surplus	6,247	6,247
Tier 1 capital	$ 49,988	$ 49,745
Additional Tier 2 capital		
Qualifying subordinated debt	2,465	2,465
Eligible credit reserves includable in Tier 2 capital	4,981	5,220
Total Basel III capital	$ 57,434	$ 57,430
Risk-weighted assets		
Basel III standardized approach risk-weighted assets (d)	$ 423,212	$ 423,305
Average quarterly adjusted total assets	$ 561,808	$ 561,565
Supplementary leverage exposure (e)	$ 676,281	$ 676,279
Basel III risk-based capital and leverage ratios (f)		
Common equity Tier 1	10.3 %	10.3 %
Tier 1	11.8 %	11.8 %
Total	13.6 %	13.6 %
Leverage (g)	8.9 %	8.9 %
Supplementary leverage ratio (e)	7.4 %	7.4 %

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

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

The regulatory agencies have adopted a rule permitting certain banks, including PNC, to delay the estimated impact on regulatory capital stemming from implementing CECL. CECL's estimated impact on CET1 capital, as defined by the rule, is the change in retained earnings at adoption plus or minus 25% of the change in CECL ACL at the balance sheet date, excluding the allowance for PCD loans, compared to CECL ACL at adoption. Effective for the first quarter of 2022, PNC is now in the three-year transition period, and the full impact of the CECL standard is being phased-in to regulatory capital through December 31, 2024. See additional discussion of this rule in the Supervision and Regulation section of Item 1 Business and Item 1A Risk Factors of our 2023 Form 10-K.

At September 30, 2024, PNC and PNC Bank were considered “well capitalized” based on applicable U.S. regulatory capital ratio requirements. To qualify as “well capitalized,” PNC must have Basel III capital ratios of at least 6% for Tier 1 risk-based capital and 10% for Total risk-based capital, and PNC Bank must have Basel III capital ratios of at least 6.5% for Common equity Tier 1 risk-based capital, 8% for Tier 1 risk-based capital, 10% for Total risk-based capital and a Leverage ratio of at least 5%.

Federal banking regulators have stated that they expect the largest U.S. BHCs, including PNC, to have a level of regulatory capital well in excess of the regulatory minimum and have required the largest U.S. BHCs, including PNC, to have a capital buffer sufficient to withstand losses and allow them to meet the credit needs of their customers through estimated stress scenarios. We seek to manage our capital consistent with these regulatory principles, and we believe that our September 30, 2024 capital levels were aligned with them.

We provide additional information regarding regulatory capital requirements and some of their potential impacts, including the proposed rules to adjust the Basel III framework, in the Supervision and Regulation section of Item 1 Business, Item 1A Risk Factors and Note 19 Regulatory Matters in our 2023 Form 10-K.

Market Risk Management

See the Market Risk Management portion of the Risk Management section in our 2023 Form 10-K for additional discussion regarding market risk.

Market Risk Management – Interest Rate Risk

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

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

PNC utilizes sensitivities of NII and EVE to a set of interest rate scenarios to identify and measure its short-term and long-term structural interest rate risks.

NII Sensitivity results for the third quarters of 2024 and 2023 follow:

Table 31: Net Interest Income Sensitivity Analysis

	Third Quarter 2024	Third Quarter 2023
Net Interest Income Sensitivity Simulation (a)		
Effect on NII in first year from shocked interest rate:		
200 basis point instantaneous increase	(0.5)%	(0.3)%
200 basis point instantaneous decrease	(0.6)%	—

(a) The effect on NII in the first year from a 100 basis point instantaneous increase or decrease is not materially different from the 200 basis point scenarios as disclosed above.

When forecasting NII, we make certain key assumptions that can materially impact the resulting sensitivities, including the following:

Future Balance Sheet Composition: Our balance sheet composition is dynamic and based on our forecasted expectations. As of the third quarter of 2024, the projected balance sheet composition by the end of year one is generally consistent with the spot composition as of the third quarter of 2024.

Deposit Betas: Deposit pricing changes are primarily driven by changes in the Federal Funds rate. PNC’s deposit beta was 32% for September 2024. We define deposit beta as the change in deposit rate paid on total interest-bearing deposits divided by the change in the upper level of the average stated Federal Funds rate range since August 2024, the start of the current easing rate cycle. For rate sensitivity purposes, PNC assumes the cumulative deposit beta will increase from the current level. Prior to the beginning of the easing cycle, PNC’s beta calculation represented the change in deposit rate paid on interest-bearing non-maturity deposits divided by the change in the upper level of the stated Federal Funds rate since the first quarter of 2022, the start of the rising rate cycle. For interest rate risk modeling, PNC uses dynamic beta models to adjust assumed repricing sensitivity depending on market rate levels as well as other factors. The dynamic beta assumptions reflect historical experience and future expectations. Actual deposit rates paid may differ from modeled projections due to variables such as competition for deposits and customer behavior.

Asset Prepayments: PNC includes prepayment assumptions for both loan and investment portfolios. Mortgage and home equity portfolios utilize an industry standard model to drive estimated prepayments that increase in lower rate environments. Commercial and other consumer loan portfolios assume static constant prepayment rates that are consistent across rate scenarios, as those portfolios historically do not exhibit significantly different prepayment behaviors based upon the level of market rates.

Impact of Derivatives: PNC uses interest rate derivatives, some of which are forward starting, to hedge floating rate commercial loans. PNC had $48.8 billion in receive fix/pay float swaps as of September 30, 2024, with a weighted average duration of 2.45 years and an average fixed rate of 3.44%. As of September 30, 2024, PNC also had collars in place, reflecting $12.5 billion of caps and $12.5 billion of floors, that are used to hedge these commercial loans. Additionally, PNC utilizes receive fix/pay float swaps as a means of hedging fixed rate debt, as well as pay fix/receive float swaps as a means of hedging the investment securities portfolio. See Note 12 Financial Derivatives in this Report for additional information on how we use derivatives to hedge commercial loans, investment securities and fixed rate debt.

EVE sensitivity results for the third quarters of 2024 and 2023 follow:

Table 32: Economic Value of Equity Sensitivity Analysis

	Third Quarter 2024	Third Quarter 2023
Economic Value of Equity Sensitivity Simulation		
200 basis point instantaneous increase	(4.2)%	(7.0)%
200 basis point instantaneous decrease	(4.1)%	0.8 %

EVE measures the present value of all projected future cash flows associated with a point-in-time balance sheet and does not include projected new volume. EVE sensitivity to interest rate changes is a complementary metric to NII sensitivity analysis and represents an estimation of long-term interest rate risk. PNC calculates its EVE sensitivity by measuring the changes in the economic value of assets, liabilities and off-balance sheet instruments in response to an instantaneous +/-200 bps parallel shift in interest rates. Similar to the NII sensitivity analysis, we incorporate dynamic deposit repricing and loan prepayment assumptions. These methodologies are largely consistent between the EVE and NII sensitivity analyses. Additionally, deposit attrition is a significant contributor to EVE sensitivity. Deposit attrition is projected based on a dynamic model developed using long-term historical deposit behavior in addition to management assumptions including accelerated attrition for pandemic related excess deposits. PNC performs various sensitivity analyses to understand the impact of faster and slower deposit attrition on our risk metrics, with the results reported to ALCO.

Compared to the third quarter of 2023, there have been no material changes to our NII sensitivity and EVE sensitivity assumptions, including data sources that drive assumptions setting.

Market Risk Management – Customer-Related Trading Risk

We engage in fixed income securities, derivatives and foreign exchange transactions to support our customers' investing and hedging activities. These transactions, related hedges and the credit valuation adjustment related to our customer derivatives portfolio are marked-to-market daily and reported as customer-related trading activities. We do not engage in proprietary trading of these products.

We use VaR as the primary means to measure and monitor market risk in customer-related trading activities. VaR is used to estimate the probability of portfolio losses based on the statistical analysis of historical market risk factors. VaR is calculated for each of the portfolios that comprise our customer-related trading activities of which the majority are covered positions as defined by the Market Risk Rule. VaR is computed with positions and market risk factors updated daily to ensure each portfolio is operating within its acceptable limits. See the Market Risk Management – Customer-Related Trading Risk section of our 2023 Form 10-K for more information on our models used to calculate VaR and our backtesting process.

Customer-related trading revenue was $75 million for the nine months ended September 30, 2024, compared to $118 million for the nine months ended September 30, 2023. The decrease was primarily due to lower derivative client sales revenue.

Market Risk Management – Equity And Other Investment Risk

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

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

A summary of our equity investments follows:

Table 33: Equity Investments Summary

Dollars in millions	September 30, 2024	December 31, 2023	Change $	Change %
Tax credit investments	$ 4,622	$ 4,331	$ 291	7 %
Private equity and other	4,595	3,983	612	15 %
Total	$ 9,217	$ 8,314	$ 903	11 %

Tax Credit Investments
Included in our equity investments are direct tax credit investments and equity investments held by consolidated entities. These tax credit investment balances included unfunded commitments totaling $2.4 billion and $2.5 billion at September 30, 2024 and December 31, 2023, respectively. These unfunded commitments are included in Other liabilities on our Consolidated Balance Sheet. Note 4 Loan Sale and Servicing Activities and Variable Interest Entities in our 2023 Form 10-K has further information on tax credit investments.

Private Equity and Other
The largest component of our other equity investments is our private equity portfolio. The private equity portfolio is an illiquid portfolio consisting of mezzanine and equity investments that vary by industry, stage and type of investment. Private equity investments carried at estimated fair value totaled $2.3 billion and $2.2 billion at September 30, 2024 and December 31, 2023, respectively. As of September 30, 2024, $2.1 billion was invested directly in a variety of companies, and $0.2 billion was invested indirectly through various private equity funds.

During the second quarter of 2024, PNC participated in the Visa exchange program, allowing PNC to convert its Visa Class B-1 common shares into approximately equal amounts of Visa Class B-2 common shares and Visa Class C common shares. This conversion event resulted in a gain of $754 million related to the Visa Class C common shares received. PNC retained the Visa Class B-2 common shares. The Visa Class B-2 common shares, which are included in our other equity investments at cost, remain subject to the same restrictions that were imposed on the Visa Class B-1 common shares. Participation in the exchange required PNC to agree to a make-whole agreement that subjects PNC to the same indemnity obligations to Visa as prior to participation in the exchange program.

The Visa Class B-2 common shares that we own are transferable only under limited circumstances until the resolution of the pending interchange litigation or Visa launches another exchange program allowing PNC to convert a portion of its Visa Class B-2 common shares into freely transferable Visa Class C common shares. At September 30, 2024, the estimated value of our total investment in the Visa Class B-2 common shares was approximately $0.7 billion, while our cost basis was insignificant. The estimated value does not represent fair value of the Visa Class B-2 common shares given the shares' limited transferability and the lack of observable transactions in the marketplace. See Note 14 Fair Value and Note 20 Legal Proceedings in our 2023 Form 10-K for additional information regarding our Visa agreements.

We also have certain other equity investments, the majority of which represent investments in affiliated and non-affiliated funds with both traditional and alternative investment strategies. Net gains related to these investments were $31 million and $17 million for the nine months ended September 30, 2024 and September 30, 2023, respectively.

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

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

Further information on our financial derivatives is presented in Note 1 Accounting Policies, Note 14 Fair Value and Note 15 Financial Derivatives in our 2023 Form 10-K and in Note 11 Fair Value and Note 12 Financial Derivatives in this Report.

Not all elements of market and credit risk are addressed through the use of financial derivatives, and such instruments may be ineffective for their intended purposes due to unanticipated market changes, among other reasons.

Recent Regulatory Developments

Resolution Planning
In August 2024, the Federal Reserve and FDIC finalized new guidance for holding company resolution plans submitted by triennial full filers, such as PNC, under section 165(d) of the Dodd-Frank Act and the implementing regulations. The guidance generally applies expectations from the 2019 resolution plan guidance applicable to U.S. GSIBs. Firms like PNC with a multiple point of entry resolution strategy will be required to incorporate more severe plan assumptions and include new required plan content, operational capabilities and legal entity rationalization, among other requirements. PNC's next 165(d) resolution plan is due October 1, 2025, per an extension provided by the Federal Reserve and FDIC in finalizing the new guidance.

Other Regulatory Developments
On October 22, 2024, the CFPB issued a final rule under Section 1033 of the Dodd-Frank Act requiring certain entities, including PNC Bank, to, upon request, make available to a consumer or third party authorized by the consumer certain information the entity has concerning a consumer financial product or service covered by the rule. In issuing the rule, the CFPB said that the rule will move the U.S. closer to an "open banking" system and will let consumers more easily switch banks or other providers. In general, the final rule requires covered data providers, such as PNC Bank, to establish a developer interface satisfying specific security and other standards, accept data sharing requests by third parties authorized by the consumer through that developer interface and, in response to such a request, make that data available in electronic form to consumers and authorized third parties, including data aggregators. PNC Bank will be prohibited from charging fees for maintaining the developer interface or providing access to such data. PNC and PNC Bank may also act as authorized third parties receiving data under the rule from institutions, and the rule places data security, authorization, and other obligations on those third parties, including limitations on secondary uses of the data received. PNC Bank must comply with the rule beginning on April 1, 2026, and we are still assessing the impact of this rule.

Critical Accounting Estimates and Judgments

Our consolidated financial statements are prepared by applying certain accounting policies. Note 1 Accounting Policies in our 2023 Form 10-K describes the most significant accounting policies that we use. Certain of these policies require us to make estimates or economic assumptions that may vary under different assumptions or conditions, and such variations may significantly affect our reported results and financial position for the period or in future periods. The policies and judgments related to residential and commercial MSRs and Level 3 fair value measurements are described in Critical Accounting Estimates and Judgments in our 2023 Form 10-K. The following details the critical estimates and judgments around the ACL.

Allowance for Credit Losses

We maintain the ACL at levels that we believe to be appropriate as of the balance sheet date to absorb expected credit losses on our existing investment securities, loans, equipment finance leases, other financial assets and unfunded lending related commitments, for the remaining estimated contractual term of the assets or exposures, taking into consideration expected prepayments and estimated recoveries. Our determination of the ACL is based on historical loss and performance experience, as well as current borrower and transaction characteristics including collateral type and quality, current economic conditions, reasonable and supportable forecasts of future economic conditions and other relevant factors. We use methods sensitive to changes in economic conditions to interpret these factors and to estimate expected credit losses. We evaluate and, when appropriate, enhance the quality of our data and models and other methods used to estimate the ACL on an ongoing basis. We incorporate qualitative factors in the ACL that reflect our best estimate of expected losses that may not be adequately represented in our quantitative methods or economic assumptions. The major drivers of ACL estimates include, but are not limited to:

- Current economic conditions: Our forecast of expected losses depends on economic conditions as of the estimation date. As current economic conditions evolve, forecasted losses could be materially affected.
- Scenario weights and design: Our loss estimates are sensitive to the shape, direction and rate of change of macroeconomic forecasts and thus vary significantly between upside and downside scenarios. Changes to the probability weights assigned to these scenarios and the timing of peak business cycles reflected by the scenarios could materially affect our loss estimates.
- Current borrower quality: Our forecast of expected losses depends on current borrower and transaction characteristics, including credit metrics and collateral type/quality. As borrower quality evolves, forecasted losses could be materially affected.
- Portfolio composition: Changes to portfolio volume and mix could materially affect our estimates, as CECL reserves would be recognized upon origination or acquisition and derecognized upon paydown, maturity or sale.

For all assets and unfunded lending related commitments within the scope of the CECL standard, the applicable ACL is composed of one or a combination of the following components: (i) collectively assessed or pooled reserves, (ii) individually assessed reserves and

(iii) qualitative (judgmental) reserves. Our methodologies and key assumptions for each of these components are discussed in Note 1 Accounting Policies in our 2023 Form 10-K.

Reasonable and Supportable Economic Forecast
Pursuant to the CECL standard, we are required to consider reasonable and supportable forecasts in estimating expected credit losses. For this purpose, we have established a framework that includes a three-year forecast period and the use of four economic scenarios with associated probability weights, which in combination create a forecast of expected economic outcomes. Credit losses estimated in our reasonable and supportable forecast period are sensitive to the shape and severity of the scenarios used and weights assigned to them.

To forecast the distribution of economic outcomes over the reasonable and supportable forecast period, we generate four economic forecast scenarios using a combination of quantitative macroeconomic models, other measures of economic activity and forward-looking expert judgment. Each scenario is then given an associated probability (weight) to represent our current expectation within that distribution over the forecast period. This process is informed by current economic conditions, expected business cycle evolution and the expert judgment of PNC's RAC. This approach seeks to provide a reasonable representation of the forecast of expected economic outcomes and is used to estimate expected credit losses across a variety of loans, securities and other financial assets. Each quarter, the scenarios and their respective weights are presented to RAC for approval.

The scenarios used for the period ended September 30, 2024 consider, among other factors, ongoing inflationary pressures and the corresponding tightness of monetary policy and credit availability. Given these factors, growth is expected to slow from current levels in the coming quarters. While recession risks remain elevated, our most-likely expectation at September 30, 2024 is that the U.S. economy avoids a recession.

We used a number of economic variables in our scenarios, with two of the most significant drivers being real GDP and the U.S. unemployment rate. The following table presents a comparison of these two economic variables based on the weighted-average scenario forecasts used in determining our ACL at September 30, 2024 and December 31, 2023.

Table 34: Key Macroeconomic Variables in CECL Weighted-Average Scenarios

	Assumptions as of September 30, 2024		
	2024	2025	2026
U.S. real GDP (a)	1.8%	0.8%	2.2%
U.S. unemployment rate (b)	4.4%	5.1%	4.7%
	Assumptions as of December 31, 2023		
	2024	2025	2026
U.S. real GDP (a)	0.1%	1.5%	2.0%
U.S. unemployment rate (b)	4.5%	4.6%	4.2%

(a) Represents year-over-year growth rates.
(b) Represents quarterly average rate at December 31, 2024, 2025 and 2026, respectively.

Real GDP growth is expected to end 2024 at 1.8% on a weighted average basis, up from the 0.1% assumed at December 31, 2023, primarily due to stronger economic activity in 2024 than what was expected at the end of 2023. Growth then slows to 0.8% in 2025, before increasing to 2.2% in 2026. The weighted-average unemployment rate is expected to end 2024 at 4.4% down slightly from the 4.5% level assumed at December 31, 2023. The weighted-average unemployment rate is then expected to increase moderately through 2025 before decreasing to 4.7% by the fourth quarter of 2026.

The current state of the economy continues to reflect uncertainty due to the fundamental change in office demand from the acceptance of remote work, combined with inflationary pressures, interest rate movements and housing affordability. As such, for both our commercial and consumer loan portfolios, PNC identified and performed significant analyses around segments impacted by such uncertainties to ensure our reserves are appropriate, given our current macroeconomic expectations.

We believe the economic scenarios effectively reflect the distribution of potential economic outcomes. Additionally, through in-depth and granular analysis we have addressed reserve requirements for the specific populations most affected in the current environment. Through this approach, we believe the reserve levels appropriately reflect the expected credit losses in the portfolio as of the balance sheet date.

See the following for additional information related to our ACL:
- Allowance for Credit Losses in the Credit Risk Management section of this Financial Review,
- Note 2 Investment Securities and Note 3 Loans and Related Allowance for Credit Losses in this Report, and
- Note 1 Accounting Policies in our 2023 Form 10-K.

Recently Issued Accounting Standards

Accounting Standards Update	Description	Financial Statement Impact
Improvements to Reportable Segment Disclosures - ASU 2023-07 Issued November 2023	• Required with issuance of 2024 Form 10-K; early adoption is permitted. • Requires that a public entity disclose significant segment expenses that are regularly provided to the chief operating decision maker (CODM) and included within each reported measure of segment profit or loss. • Requires that a public entity disclose an amount for other segment items by reportable segment and a description of its composition. • Requires that a public entity provide all annual disclosures about a reportable segment's profit or loss and assets currently required by ASC 280 in interim periods. • Clarifies that if the CODM uses more than one measure of a segment's profit or loss in assessing segment performance and deciding how to allocate resources, a public entity may report one or more of those additional measures of segment profit. • Requires that a public entity disclose the title and position of the CODM and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources. • Requires a retrospective transition approach for all prior periods presented in the financial statements.	• We are currently evaluating the disclosure requirements within this ASU and will not early adopt. • This ASU will not impact our Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity or Consolidated Statement of Cash Flows. • We expect to provide enhanced disclosures of significant segment level noninterest expenses as a result of this ASU.
Accounting Standards Update	**Description**	**Financial Statement Impact**
Improvements to Income Tax Disclosures - ASU 2023-09 Issued December 2023	• Required effective date of January 1, 2025; early adoption is permitted. • Requires public business entities to, on an annual basis, (1) disclose specific categories in the rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold. • Requires that all entities disclose, on an annual basis, (1) the amount of income taxes paid (net of refunds received), disaggregated by federal (national), state and foreign taxes, and (2) the amount of income taxes paid (net of refunds received), disaggregated by individual jurisdictions in which income taxes paid (net of refunds received) is equal to or greater than 5 percent of total income taxes paid (net of refunds received). • Requires a prospective transition approach, with an optional retrospective transition approach.	• We are currently evaluating the disclosure requirements within this ASU and do not plan to early adopt. • This ASU will not impact our Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity or Consolidated Statement of Cash Flows. • We expect to provide additional disaggregated income tax disclosures in accordance with this ASU.

Recently Adopted Accounting Pronouncements

See Note 1 Accounting Policies in our 2023 Form 10-K for recently adopted accounting standards. We did not adopt any new accounting standards during the first nine months of 2024 that impacted our financial statements.

Internal Controls And Disclosure Controls And Procedures

As of September 30, 2024, we performed an evaluation under the supervision of and with the participation of our management, including the Chairman and Chief Executive Officer and the Executive Vice President and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures and of changes in our internal control over financial reporting.

Based on that evaluation, our Chairman and Chief Executive Officer and our Executive Vice President and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) were effective as of September 30, 2024, and that there has been no change in PNC’s internal control over financial reporting that occurred during the third quarter of 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Cautionary Statement Regarding Forward-Looking Information

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

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

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

- Our businesses, financial results and balance sheet values are affected by business and economic conditions, including:
  - Changes in interest rates and valuations in debt, equity and other financial markets,
  - Disruptions in the U.S. and global financial markets,
  - Actions by the Federal Reserve Board, U.S. Treasury and other government agencies, including those that impact money supply, market interest rates and inflation,
  - Changes in customer behavior due to changing business and economic conditions or legislative or regulatory initiatives,
  - Changes in customers’, suppliers’ and other counterparties’ performance and creditworthiness,
  - Impacts of sanctions, tariffs and other trade policies of the U.S. and its global trading partners,
  - Impacts of changes in federal, state and local governmental policy, including on the regulatory landscape, capital markets, taxes, infrastructure spending and social programs,
  - Our ability to attract, recruit and retain skilled employees, and
  - Commodity price volatility.
- Our forward-looking financial statements are subject to the risk that economic and financial market conditions will be substantially different than those we are currently expecting. These statements are based on our views that:
  - Job and income gains will continue to support consumer spending growth in the near term, but PNC’s baseline forecast is for slower economic growth at the end of 2024 and in the first half of 2025 as high interest rates remain a drag on the economy.
  - Real GDP growth this year will trend close to 2%, and the unemployment rate will remain somewhat above 4% through the rest of 2024 and in 2025. Inflation will continue to slow as wage pressures abate, gradually moving back to the Federal Reserve’s 2% long-term objective.
  - With slowing inflation PNC expects two additional federal funds rate cuts of 25 basis points each at the FOMC’s remaining meetings in 2024, with the rate ending this year in a range between 4.25% and 4.50%. PNC expects several federal funds rate cuts in 2025 as inflation continues to ease.
- PNC’s ability to take certain capital actions, including returning capital to shareholders, is subject to PNC meeting or exceeding minimum capital levels, including a stress capital buffer established by the Federal Reserve Board in connection with the Federal Reserve Board’s CCAR process.
- PNC’s regulatory capital ratios in the future will depend on, among other things, PNC’s financial performance, the scope and terms of final capital regulations then in effect and management actions affecting the composition of PNC’s balance sheet. In addition, PNC’s ability to determine, evaluate and forecast regulatory capital ratios, and to take actions (such as capital distributions) based on actual or forecasted capital ratios, will be dependent at least in part on the development, validation and regulatory review of related models and the reliability of and risks resulting from extensive use of such models.
- Legal and regulatory developments could have an impact on our ability to operate our businesses, financial condition, results of operations, competitive position, reputation, or pursuit of attractive acquisition opportunities. Reputational impacts could affect matters such as business generation and retention, liquidity, funding and ability to attract and retain employees. These developments could include:

– Changes to laws and regulations, including changes affecting oversight of the financial services industry, changes in the enforcement and interpretation of such laws and regulations and changes in accounting and reporting standards.

  - Unfavorable resolution of legal proceedings or other claims and regulatory and other governmental investigations or other inquiries resulting in monetary losses, costs, or alterations in our business practices and potentially causing reputational harm to PNC.
  - Results of the regulatory examination and supervision process, including our failure to satisfy requirements of agreements with governmental agencies.
  - Costs associated with obtaining rights in intellectual property claimed by others and of adequacy of our intellectual property protection in general.
- Business and operating results are affected by our ability to identify and effectively manage risks inherent in our businesses, including, where appropriate, through effective use of systems and controls, third-party insurance, derivatives, and capital management techniques and to meet evolving regulatory capital and liquidity standards.
- Our reputation and business and operating results may be affected by our ability to appropriately meet or address environmental, social or governance targets, goals, commitments or concerns that may arise.
- We grow our business in part through acquisitions and new strategic initiatives. Risks and uncertainties include those presented by the nature of the business acquired and strategic initiative, including in some cases those associated with our entry into new businesses or new geographic or other markets and risks resulting from our inexperience in those new areas, as well as risks and uncertainties related to the acquisition transactions themselves, regulatory issues, the integration of the acquired businesses into PNC after closing or any failure to execute strategic or operational plans.
- Competition can have an impact on customer acquisition, growth and retention and on credit spreads and product pricing, which can affect market share, deposits and revenues. Our ability to anticipate and respond to technological changes can also impact our ability to respond to customer needs and meet competitive demands.
- Business and operating results can also be affected by widespread manmade, natural and other disasters (including severe weather events), health emergencies, dislocations, geopolitical instabilities or events, terrorist activities, system failures or disruptions, security breaches, cyberattacks, international hostilities, or other extraordinary events beyond PNC’s control through impacts on the economy and financial markets generally or on us or our counterparties, customers or third-party vendors and service providers specifically.

We provide greater detail regarding these as well as other factors in our 2023 Form 10-K and subsequent Form 10-Qs and elsewhere in this Report, including in the Risk Factors and Risk Management sections and the Legal Proceedings and Commitments Notes of the Notes To Consolidated Financial Statements in these reports. Our forward-looking statements may also be subject to other risks and uncertainties, including those discussed elsewhere in this Report or in our other filings with the SEC.

CONSOLIDATED INCOME STATEMENT
THE PNC FINANCIAL SERVICES GROUP, INC.

Unaudited In millions, except per share data	Three months ended September 30 2024	 2023	Nine months ended September 30 2024	 2023
Interest Income				
Loans	$ 4,954	$ 4,643	$ 14,615	$ 13,424
Investment securities	1,097	892	2,981	2,660
Other	771	668	2,294	1,722
Total interest income	6,822	6,203	19,890	17,806
Interest Expense				
Deposits	2,230	1,792	6,391	4,614
Borrowed funds	1,182	993	3,523	2,679
Total interest expense	3,412	2,785	9,914	7,293
Net interest income	3,410	3,418	9,976	10,513
Noninterest Income				
Asset management and brokerage	383	348	1,111	1,052
Capital markets and advisory	371	168	902	643
Card and cash management	698	689	2,075	2,045
Lending and deposit services	320	315	929	919
Residential and commercial mortgage	181	201	459	476
Other income				
Gain on Visa shares exchange program			754	
Securities gains (losses)	1		(498)	(2)
Other	68	94	280	483
Total other income	69	94	536	481
Total noninterest income	2,022	1,815	6,012	5,616
Total revenue	5,432	5,233	15,988	16,129
Provision For Credit Losses	243	129	633	510
Noninterest Expense				
Personnel	1,869	1,773	5,445	5,445
Occupancy	234	244	714	739
Equipment	357	347	1,054	1,046
Marketing	93	93	250	276
Other	774	788	2,555	2,432
Total noninterest expense	3,327	3,245	10,018	9,938
Income before income taxes and noncontrolling interests	1,862	1,859	5,337	5,681
Income taxes	357	289	1,011	917
Net income	1,505	1,570	4,326	4,764
Less: Net income attributable to noncontrolling interests	15	16	47	50
Preferred stock dividends	82	104	258	299
Preferred stock discount accretion and redemptions	2	2	6	6
Net income attributable to common shareholders	$ 1,406	$ 1,448	$ 4,015	$ 4,409
Earnings Per Common Share				
Basic	$ 3.50	$ 3.60	$ 9.99	$ 10.95
Diluted	$ 3.49	$ 3.60	$ 9.98	$ 10.94
Average Common Shares Outstanding				
Basic	399	400	400	401
Diluted	400	400	400	401

See accompanying Notes To Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

THE PNC FINANCIAL SERVICES GROUP, INC.

Unaudited In millions	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Net income	$ 1,505	$ 1,570	$ 4,326	$ 4,764
Other comprehensive income (loss), before tax and net of reclassifications into Net income				
Net change in debt securities	1,621	(932)	1,917	(304)
Net change in cash flow hedge derivatives	1,475	(35)	1,533	176
Pension and other postretirement benefit plan adjustments		1	(1)	(3)
Net change in Other	(1)	1	(3)	8
Other comprehensive income (loss), before tax and net of reclassifications into Net income	3,095	(965)	3,446	(123)
Income tax benefit (expense) related to items of other comprehensive income	(739)	229	(824)	34
Other comprehensive income (loss), after tax and net of reclassifications into Net income	2,356	(736)	2,622	(89)
Comprehensive income	3,861	834	6,948	4,675
Less: Comprehensive income attributable to noncontrolling interests	15	16	47	50
Comprehensive income attributable to PNC	$ 3,846	$ 818	$ 6,901	$ 4,625

See accompanying Notes To Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET

THE PNC FINANCIAL SERVICES GROUP, INC.

Unaudited In millions, except par value	September 30 2024	December 31 2023
Assets		
Cash and due from banks	$ 6,162	$ 6,921
Interest-earning deposits with banks	35,024	43,804
Loans held for sale (a)	750	734
Investment securities – available for sale	60,338	41,785
Investment securities – held to maturity	83,845	90,784
Loans (a)	321,381	321,508
Allowance for loan and lease losses	(4,589)	(4,791)
Net loans	316,792	316,717
Equity investments	9,217	8,314
Mortgage servicing rights	3,503	3,686
Goodwill	10,932	10,932
Other (a)	38,318	37,903
Total assets	$ 564,881	$ 561,580
Liabilities		
Deposits		
Noninterest-bearing	$ 94,588	$ 101,285
Interest-bearing	329,378	320,133
Total deposits	423,966	421,418
Borrowed funds		
Federal Home Loan Bank borrowings	28,000	38,000
Senior debt	32,492	26,836
Subordinated debt	4,196	4,875
Other (b)	3,381	3,026
Total borrowed funds	68,069	72,737
Allowance for unfunded lending related commitments	725	663
Accrued expenses and other liabilities (b)	16,392	15,621
Total liabilities	509,152	510,439
Equity		
Preferred stock (c)		
Common stock ($5 par value, Authorized 800,000,000 shares, issued 543,225,979 and 543,116,271 shares)	2,716	2,716
Capital surplus	19,150	19,020
Retained earnings	58,412	56,290
Accumulated other comprehensive income (loss)	(5,090)	(7,712)
Common stock held in treasury at cost: 146,306,706 and 145,087,054 shares	(19,499)	(19,209)
Total shareholders' equity	55,689	51,105
Noncontrolling interests	40	36
Total equity	55,729	51,141
Total liabilities and equity	$ 564,881	$ 561,580

(a) Our consolidated assets included the following for which we have elected the fair value option: Loans held for sale of $0.7 billion, Loans held for investment of $1.2 billion and Other assets of $0.1 billion at September 30, 2024. Comparable amounts at December 31, 2023 were $0.7 billion, $1.2 billion and $0.1 billion, respectively.

(b) Our consolidated liabilities included the following for which we have elected the fair value option: Other borrowed funds of less than $0.1 billion and Other liabilities of $0.1 billion at September 30, 2024. Comparable amounts at December 31, 2023 were less than $0.1 billion and $0.1 billion, respectively.

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

See accompanying Notes To Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

THE PNC FINANCIAL SERVICES GROUP, INC.

Unaudited In millions	Nine months ended September 30 2024	2023
Operating Activities		
Net income	$ 4,326	$ 4,764
Adjustments to reconcile net income to net cash provided (used) by operating activities		
Provision for credit losses	633	510
Depreciation, amortization and accretion	95	174
Deferred income taxes (benefit)	(89)	(119)
Net losses on sales of securities	498	2
Changes in fair value of mortgage servicing rights	297	(63)
Gain on Visa shares exchange program	(754)	
Net change in		
Trading securities and other short-term investments	(246)	(506)
Loans held for sale and related securitization activity	(18)	40
Other assets	1,438	(1,899)
Accrued expenses and other liabilities	(563)	1,304
Other operating activities, net	463	1,040
Net cash provided (used) by operating activities	$ 6,080	$ 5,247
Investing Activities		
Sales		
Securities available for sale	$ 4,309	$ (93)
Loans	375	812
Repayments/maturities		
Securities available for sale	5,049	5,524
Securities held to maturity	8,633	5,592
Purchases		
Securities available for sale	(25,501)	(2,791)
Securities held to maturity	(1,028)	(1,664)
Loans	(1,595)	(588)
Net change in		
Federal funds sold and resale agreements	(606)	417
Loans	584	6,230
Other investing activities, net	(587)	(989)
Net cash provided (used) by investing activities	$ (10,367)	$ 12,450

CONSOLIDATED STATEMENT OF CASH FLOWS
THE PNC FINANCIAL SERVICES GROUP, INC.

(Continued from previous page)

Unaudited In millions	Nine months ended September 30 2024	2023
Financing Activities		
Net change in		
Noninterest-bearing deposits	$ (6,638)	$ (18,823)
Interest-bearing deposits	9,245	6,141
Federal funds purchased and repurchase agreements	(111)	231
Other borrowed funds	504	(272)
Sales/issuances		
Federal Home Loan Bank borrowings		4,000
Senior debt	6,729	6,977
Other borrowed funds	520	619
Preferred stock		1,484
Common and treasury stock	60	62
Repayments/maturities		
Federal Home Loan Bank borrowings	(10,000)	(75)
Senior debt	(1,650)	(750)
Subordinated debt	(750)	(1,500)
Other borrowed funds	(544)	(635)
Acquisition of treasury stock	(466)	(599)
Preferred stock cash dividends paid	(258)	(299)
Common stock cash dividends paid	(1,893)	(1,837)
Net cash provided (used) by financing activities	$ (5,252)	$ (5,276)
Net Increase (Decrease) In Cash, Cash Equivalents And Restricted Cash (a)	$ (9,539)	$ 12,421
Cash, cash equivalents and restricted cash at beginning of period	50,725	34,363
Cash, cash equivalents and restricted cash at end of period	$ 41,186	$ 46,784
Cash, Cash Equivalents And Restricted Cash		
Cash and cash equivalents at end of period (unrestricted cash)	$ 40,302	$ 46,266
Restricted cash	884	518
Cash, cash equivalents and restricted cash at end of period	$ 41,186	$ 46,784
Supplemental Disclosures		
Interest paid	$ 9,586	$ 6,273
Income taxes paid	$ 332	$ 945
Income taxes refunded	$ 44	$ 830
Leased assets obtained in exchange for new operating lease liabilities	$ 182	$ 148
Non-cash Investing And Financing Items		
Transfer from loans to loans held for sale, net	$ 85	$ 349
Transfer from loans to foreclosed assets	$ 31	$ 44
Adjustment to assets and liabilities related to partially financed investment exits		$ 834

(a) In the second quarter of 2024, we updated our policy for cash and cash equivalents to include interest-earning deposits with banks. See Note 1 Accounting Policies for additional information regarding this change to our cash and cash equivalents policy.

See accompanying Notes To Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THE PNC FINANCIAL SERVICES GROUP, INC.
Unaudited

See page 102 for a glossary of certain terms and acronyms used in this Report.

BUSINESS

PNC is one of the largest diversified financial services companies in the U.S. and is headquartered in Pittsburgh, Pennsylvania.

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

NOTE 1 ACCOUNTING POLICIES

Basis of Financial Statement Presentation

Our consolidated financial statements include the accounts of the parent company and its subsidiaries, most of which are wholly-owned, certain partnership interests and VIEs.

We prepared these consolidated financial statements in accordance with GAAP. We have eliminated intercompany accounts and transactions. We have also reclassified certain prior-year amounts to conform to the current period presentation, which did not have a material impact on our consolidated financial condition or results of operations. Effective for the second quarter of 2024, we updated our policy to classify Interest-earning deposits with banks as Cash and cash equivalents on the Consolidated Statement of Cash Flows when reconciling Cash and due from banks and restricted cash.

In our opinion, the unaudited interim consolidated financial statements reflect all normal, recurring adjustments needed to state fairly our results for the interim periods. The results of operations for interim periods are not necessarily indicative of the results that may be expected for the full year or any other interim period.

We have also considered the impact of subsequent events on these consolidated financial statements through the date of issuance of the consolidated financials.

When preparing these unaudited interim consolidated financial statements, we have assumed that you have read the audited consolidated financial statements included in our 2023 Form 10-K. Reference is made to Note 1 Accounting Policies in our 2023 Form 10-K for a detailed description of significant accounting policies. These interim consolidated financial statements serve to update our 2023 Form 10-K and may not include all information and Notes necessary to constitute a complete set of financial statements.

Use of Estimates

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

Cash, Cash Equivalents and Restricted Cash

Cash and due from banks are considered cash and cash equivalents for financial reporting purposes because they represent a source of liquidity. Certain cash balances within Cash and due from banks on our Consolidated Balance Sheet are restricted as to withdrawal or usage by legally binding contractual agreements or regulatory requirements.

Effective for the second quarter of 2024, we updated our policy to classify Interest-earning deposits with banks as Cash and cash equivalents on the Consolidated Statement of Cash Flows when reconciling Cash and due from banks and restricted cash. We believe this presentation enhances the usefulness of financial reporting because management views these funds as a source of liquidity for future transactions, while enhancing comparability to align with industry practice. There is no impact to our Consolidated Income Statement (including EPS), Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, or Consolidated Statement of Changes in Equity. All periods presented herein reflect this change.

To reflect the change in accounting policy, we adjusted the Consolidated Statement of Cash Flows for the nine months ended September 30, 2023. This included an adjustment of $14.2 billion from Net cash provided (used) by investing activities to Net increase (decrease) in cash, cash equivalents and restricted cash at end of period. The $14.2 billion was comprised of $14.2 billion reported in Net change in Interest-earning deposits with banks and less than $(0.1) billion reported in Other investing activities, net. Additionally, we included $27.3 billion of Interest-earning deposits with banks in Cash, cash equivalents and restricted cash at beginning of period, and $41.5 billion of Interest-earning deposits with banks in Cash, cash equivalents and restricted cash at end of period.

Recently Adopted Accounting Standards

See Note 1 Accounting Policies in our 2023 Form 10-K for recently adopted accounting standards. We did not adopt any new accounting standards during the first nine months of 2024 that impacted our financial statements.

NOTE 2 INVESTMENT SECURITIES

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

Table 35: Investment Securities Summary (a)(b)

	September 30, 2024				December 31, 2023			
		Unrealized				Unrealized		
In millions	Amortized Cost (c)	Gains	Losses	Fair Value	Amortized Cost (c)	Gains	Losses	Fair Value
Securities Available for Sale								
U.S. Treasury and government agencies	$ 22,955	$ 106	$ (422)	$ 22,639	$ 7,596	$ 22	$ (667)	$ 6,951
Residential mortgage-backed								
Agency	31,666	126	(2,131)	29,661	30,643	46	(2,809)	27,880
Non-agency	517	116	(5)	628	585	118	(7)	696
Commercial mortgage-backed								
Agency	1,980	5	(93)	1,892	1,680	1	(135)	1,546
Non-agency	752		(18)	734	913	1	(45)	869
Asset-backed	2,229	61	(1)	2,289	1,092	25	(1)	1,116
Other	2,551	44	(100)	2,495	2,844	44	(161)	2,727
Total securities available for sale	$ 62,650	$ 458	$ (2,770)	$ 60,338	$ 45,353	$ 257	$ (3,825)	$ 41,785
Securities Held to Maturity								
U.S. Treasury and government agencies	$ 33,824	$ 24	$ (602)	$ 33,246	$ 36,529	$ 9	$ (1,141)	$ 35,397
Residential mortgage-backed								
Agency	40,983	179	(2,090)	39,072	42,686	92	(2,733)	40,045
Non-agency	245		(10)	235	259		(17)	242
Commercial mortgage-backed								
Agency	972	17	(12)	977	939	9	(23)	925
Non-agency	1,006	3	(10)	999	1,373	2	(27)	1,348
Asset-backed	4,006	45	(11)	4,040	5,890	17	(39)	5,868
Other	2,809	44	(24)	2,829	3,108	50	(35)	3,123
Total securities held to maturity (d)	$ 83,845	$ 312	$ (2,759)	$ 81,398	$ 90,784	$ 179	$ (4,015)	$ 86,948

(a) At September 30, 2024, the accrued interest associated with our held to maturity and available for sale portfolios totaled $234 million and $247 million, respectively. The comparable amounts at December 31, 2023 were $281 million and $144 million, respectively. These amounts are included in Other assets on the Consolidated Balance Sheet.
(b) Credit ratings represent a primary credit quality indicator used to monitor and manage credit risk. Of our total securities portfolio, 97% were rated AAA/AA at both September 30, 2024 and December 31, 2023.
(c) Amortized cost is presented net of allowance of $88 million for securities available for sale, primarily related to non-agency commercial mortgage-backed securities, and $5 million for securities held to maturity at September 30, 2024. The comparable amounts at December 31, 2023 were $86 million and $6 million, respectively.
(d) Held to maturity securities transferred from available for sale are included in held to maturity at fair value at the time of the transfer. The amortized cost of held to maturity securities included net unrealized losses of $3.6 billion at September 30, 2024 related to securities transferred, which are offset in AOCI, net of tax. The comparable amount at December 31, 2023 was $4.2 billion.

The fair value of investment securities is impacted by interest rates, credit spreads, market volatility and liquidity conditions. Securities available for sale are carried at fair value with net unrealized gains and losses included in Total shareholders’ equity as AOCI, unless credit-related. Net unrealized gains and losses are determined by taking the difference between the fair value of a security and its amortized cost, net of any allowance. Securities held to maturity are carried at amortized cost, net of any allowance. Investment securities at September 30, 2024 included $952 million of net unsettled purchases that represent non-cash investing activity, and accordingly, are not reflected on the Consolidated Statement of Cash Flows. The comparable amount for September 30, 2023 was $28 million of net unsettled purchases.

We maintain the allowance for investment securities at levels that we believe to be appropriate as of the balance sheet date to absorb expected credit losses on our portfolio. At September 30, 2024, the allowance for investment securities was $93 million and primarily related to non-agency commercial mortgage-backed securities in the available for sale portfolio. The comparable amount at December 31, 2023 was $92 million. See Note 1 Accounting Policies in our 2023 Form 10-K for a discussion of the methodologies used to determine the allowance for investment securities.

At September 30, 2024, AOCI included pretax losses of $280 million from derivatives that hedged the purchase of investment securities classified as held to maturity. The losses will be accreted to interest income as an adjustment of yield on the securities.

Table 36 presents the gross unrealized losses and fair value of securities available for sale that do not have an associated allowance for investment securities at September 30, 2024 and December 31, 2023. These securities are segregated between investments that had been in a continuous unrealized loss position for less than twelve months and twelve months or more, based on the point in time that the fair value declined below the amortized cost basis. All securities included in the table have been evaluated to determine if a credit loss exists. As part of that assessment, as of September 30, 2024, we concluded that we do not intend to sell and believe we will not be required to sell these securities prior to recovery of the amortized cost basis.

Table 36: Gross Unrealized Loss and Fair Value of Securities Available for Sale Without an Allowance for Credit Losses

	Unrealized loss position less than 12 months		Unrealized loss position 12 months or more		Total	
In millions	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value
September 30, 2024						
U.S. Treasury and government agencies	$ (37)	$ 11,531	$ (385)	$ 1,962	$ (422)	$ 13,493
Residential mortgage-backed						
Agency	(1)	577	(2,130)	21,064	(2,131)	21,641
Non-agency			(3)	52	(3)	52
Commercial mortgage-backed						
Agency	(1)	240	(92)	1,432	(93)	1,672
Non-agency			(18)	600	(18)	600
Asset-backed			(1)	8	(1)	8
Other			(80)	1,790	(80)	1,790
Total securities available for sale	$ (39)	$ 12,348	$ (2,709)	$ 26,908	$ (2,748)	$ 39,256
December 31, 2023						
U.S. Treasury and government agencies			$ (666)	$ 6,035	$ (666)	$ 6,035
Residential mortgage-backed						
Agency	$ (4)	$ 1,015	(2,805)	24,306	(2,809)	25,321
Non-agency	(1)	15	(4)	84	(5)	99
Commercial mortgage-backed						
Agency			(135)	1,495	(135)	1,495
Non-agency			(45)	731	(45)	731
Asset-backed			(1)	9	(1)	9
Other	(3)	78	(136)	2,106	(139)	2,184
Total securities available for sale	$ (8)	$ 1,108	$ (3,792)	$ 34,766	$ (3,800)	$ 35,874

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

Table 37: Gains (Losses) on Sales of Securities Available for Sale

Nine months ended September 30 In millions	Gross Gains	Gross Losses	Net Gains (Losses)	Tax Expense (Benefit)
2024	$ 2	$ (500)	$ (498)	$ (105)
2023		$ (2)	$ (2)	

The following table presents, by remaining contractual maturity, the amortized cost, fair value and weighted-average yield of debt securities at September 30, 2024:

Table 38: Contractual Maturity of Debt Securities

September 30, 2024 Dollars in millions	1 Year or Less	After 1 Year through 5 Years	After 5 Years through 10 Years	After 10 Years	Total
Securities Available for Sale					
U.S. Treasury and government agencies	$ 507	$ 8,700	$ 11,291	$ 2,457	$ 22,955
Residential mortgage-backed					
Agency	1	218	3,323	28,124	31,666
Non-agency			17	500	517
Commercial mortgage-backed					
Agency	72	953	626	329	1,980
Non-agency	1	103	86	562	752
Asset-backed		750	318	1,161	2,229
Other	375	1,753	283	140	2,551
Total securities available for sale at amortized cost	$ 956	$ 12,477	$ 15,944	$ 33,273	$ 62,650
Fair value	$ 953	$ 12,432	$ 15,760	$ 31,193	$ 60,338
Weighted-average yield, GAAP basis (a)	3.34 %	3.61 %	4.15 %	3.59 %	3.73 %
Securities Held to Maturity					
U.S. Treasury and government agencies	$ 10,401	$ 20,906	$ 1,640	$ 877	$ 33,824
Residential mortgage-backed					
Agency		8	295	40,680	40,983
Non-agency				245	245
Commercial mortgage-backed					
Agency		180	582	210	972
Non-agency		46		960	1,006
Asset-backed	17	1,081	1,716	1,192	4,006
Other	325	829	371	1,284	2,809
Total securities held to maturity at amortized cost	$ 10,743	$ 23,050	$ 4,604	$ 45,448	$ 83,845
Fair value	$ 10,690	$ 22,663	$ 4,532	$ 43,513	$ 81,398
Weighted-average yield, GAAP basis (a)	1.30 %	1.51 %	3.51 %	2.95 %	2.37 %

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

At September 30, 2024, there were no securities of a single issuer, other than FNMA and FHLMC, that exceeded 10% of total shareholders' equity. The FNMA and FHLMC investments had a total amortized cost of $35.9 billion and $32.4 billion, and fair value of $34.0 billion and $31.0 billion, respectively.

The following table presents the fair value of securities that have been either pledged to or accepted from others to collateralize outstanding borrowings:

Table 39: Fair Value of Securities Pledged and Accepted as Collateral

In millions	September 30, 2024	December 31, 2023
Pledged to others	$ 71,329	$ 29,878
Accepted from others:		
Permitted by contract or custom to sell or repledge	$ 1,454	$ 755
Permitted amount repledged to others	$ 1,454	$ 755

The securities pledged to others include positions held in our portfolio of investment securities, trading securities and securities accepted as collateral from others that we are permitted by contract or custom to sell or repledge, and were used to secure public and trust deposits, repurchase agreements and for other purposes. See Note 12 Financial Derivatives for information related to securities pledged and accepted as collateral for derivatives.

NOTE 3 LOANS AND RELATED ALLOWANCE FOR CREDIT LOSSES

Loan Portfolio

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

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

See Note 1 Accounting Policies in our 2023 Form 10-K for additional information on our loan related policies.

Credit Quality

We closely monitor economic conditions and loan performance trends to manage and evaluate our exposure to credit risk within the loan portfolio based on our defined loan classes. In doing so, we use several credit quality indicators, including, but not limited to, trends in delinquency rates, nonperforming status, analyses of PD and LGD ratings, updated credit scores and originated and updated LTV ratios.

We manage credit risk based on the risk profile of the borrower, repayment sources, underlying collateral and other support given current events, economic conditions and expectations. We refine our practices to address operating environment changes such as inflation levels, industry specific risks, interest rate levels, the level of consumer savings and deposit balances, and structural and secular changes such as those arising from the pandemic. To mitigate losses and enhance customer support, we offer loan modifications and collection programs to assist our customers.

Table 40 presents the composition and delinquency status of our loan portfolio at September 30, 2024 and December 31, 2023. Loan delinquencies include government insured or guaranteed loans and loans accounted for under the fair value option.

Table 40: Analysis of Loan Portfolio (a) (b)

	Accruing							
Dollars in millions	Current or Less Than 30 Days Past Due	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due (c)	Nonperforming Loans	Fair Value Option Nonaccrual Loans (d)	Total Loans (e)(f)
September 30, 2024								
Commercial								
Commercial and industrial	$ 177,926	$ 106	$ 40	$ 97	$ 243	$ 722		$ 178,891
Commercial real estate	34,102	9			9	993		35,104
Equipment lease financing	6,678	22	12		34	14		6,726
Total commercial	218,706	137	52	97	286	1,729		220,721
Consumer								
Residential real estate	45,719	238	85	179	502 (c)	265	$ 486	46,972
Home equity	25,341	65	27		92	473	64	25,970
Automobile	14,937	81	21	6	108	90		15,135
Credit card	6,639	55	39	79	173	15		6,827
Education	1,611	26	16	40	82 (c)			1,693
Other consumer	4,025	12	12	8	32	6		4,063
Total consumer	98,272	477	200	312	989	849	550	100,660
Total	$ 316,978	$ 614	$ 252	$ 409	$ 1,275	$ 2,578	$ 550	$ 321,381
Percentage of total loans	98.63 %	0.19 %	0.08 %	0.13 %	0.40 %	0.80 %	0.17 %	100.00 %
December 31, 2023								
Commercial								
Commercial and industrial	$ 176,796	$ 104	$ 45	$ 76	$ 225	$ 559		$ 177,580
Commercial real estate	34,685	7		9	16	735		35,436
Equipment lease financing	6,480	41	8		49	13		6,542
Total commercial	217,961	152	53	85	290	1,307		219,558
Consumer								
Residential real estate	46,159	282	101	192	575 (c)	294	$ 516	47,544
Home equity	25,533	63	27		90	458	69	26,150
Automobile	14,638	91	20	7	118	104		14,860
Credit card	6,991	54	39	86	179	10		7,180
Education	1,850	27	19	49	95 (c)			1,945
Other consumer	4,227	16	11	10	37	7		4,271
Total consumer	99,398	533	217	344	1,094	873	585	101,950
Total	$ 317,359	$ 685	$ 270	$ 429	$ 1,384	$ 2,180	$ 585	$ 321,508
Percentage of total loans	98.71 %	0.21 %	0.08 %	0.13 %	0.43 %	0.68 %	0.18 %	100.00 %

(a) Amounts in table represent loans held for investment and do not include any associated ALLL.
(b) The accrued interest associated with our loan portfolio totaled $1.4 billion and $1.5 billion at September 30, 2024 and December 31, 2023, respectively. These amounts are included in Other assets on the Consolidated Balance Sheet.
(c) Past due loan amounts include government insured or guaranteed residential real estate loans and education loans totaling $0.2 billion and $0.1 billion at September 30, 2024. Comparable amounts at December 31, 2023 were $0.3 billion and $0.1 billion, respectively.
(d) Consumer loans accounted for under the fair value option for which we do not expect to collect substantially all principal and interest are subject to nonaccrual accounting and classification upon meeting any of our nonaccrual policy criteria. Given that these loans are not accounted for at amortized cost, they have been excluded from the nonperforming loan population.
(e) Includes unearned income, unamortized deferred fees and costs on originated loans and premiums or discounts on purchased loans totaling $0.9 billion and $1.0 billion at September 30, 2024 and December 31, 2023, respectively.
(f) Collateral dependent loans totaled $1.9 billion and $1.4 billion at September 30, 2024 and December 31, 2023, respectively.

At September 30, 2024, we pledged unpaid principal balances in the amounts of $46.2 billion of commercial and other loans to the Federal Reserve Bank and $89.7 billion of residential real estate and other loans to the FHLB as collateral for the ability to borrow, if necessary. The comparable amounts at December 31, 2023 were $51.3 billion and $89.5 billion, respectively.

Nonperforming Assets

Nonperforming assets include nonperforming loans and leases, OREO and foreclosed assets. Nonperforming loans are those loans accounted for at amortized cost whose credit quality has deteriorated to the extent that full collection of contractual principal and interest is not probable. Interest income is not recognized on these loans. Loans accounted for under the fair value option are reported as performing loans; however, when nonaccrual criteria is met, interest income is not recognized on these loans. Additionally, certain government insured or guaranteed loans for which we expect to collect substantially all principal and interest are not reported as nonperforming loans and continue to accrue interest. See Note 1 Accounting Policies in our 2023 Form 10-K for additional information on our nonperforming loan and lease policies.

The following table presents our nonperforming assets as of September 30, 2024 and December 31, 2023:

Table 41: Nonperforming Assets

Dollars in millions	September 30, 2024	December 31, 2023
Nonperforming loans		
Commercial	$ 1,729	$ 1,307
Consumer (a)	849	873
Total nonperforming loans (b)	2,578	2,180
OREO and foreclosed assets	31	36
Total nonperforming assets	$ 2,609	$ 2,216
Nonperforming loans to total loans	0.80 %	0.68 %
Nonperforming assets to total loans, OREO and foreclosed assets	0.81 %	0.69 %
Nonperforming assets to total assets	0.46 %	0.39 %

(a) Excludes most unsecured consumer loans and lines of credit, which are charged off after 120 to 180 days past due and are not placed on nonperforming status.
(b) Nonperforming loans for which there is no related ALLL totaled $0.6 billion and $0.5 billion at September 30, 2024 and December 31, 2023, respectively. This primarily includes loans with a fair value of collateral that exceeds the amortized cost basis.

Additional Credit Quality Indicators by Loan Class

Commercial Loan Classes

See Note 3 Loans and Related Allowance for Credit Losses in our 2023 Form 10-K for additional information related to these loan classes, including discussion around the credit quality indicators that we use to monitor and manage the credit risk associated with each loan class.

The following table presents credit quality indicators for our commercial loan classes:

Table 42: Commercial Credit Quality Indicators (a)

September 30, 2024 In millions	Term Loans by Origination Year 2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Commercial and industrial									
Pass Rated	$ 16,786	$ 16,119	$ 18,362	$ 5,682	$ 4,954	$ 12,864	$ 92,692	$ 600	$ 168,059
Criticized	484	1,079	2,257	726	166	726	5,330	64	10,832
Total commercial and industrial loans	17,270	17,198	20,619	6,408	5,120	13,590	98,022	664	178,891
Gross charge-offs (b)	16 (c)	23	43	22	4	4	86	52	250
Commercial real estate									
Pass Rated	1,717	5,419	7,664	2,514	1,763	10,273	390	9	29,749
Criticized	98	253	1,901	498	453	2,082	19	51	5,355
Total commercial real estate loans	1,815	5,672	9,565	3,012	2,216	12,355	409	60	35,104
Gross charge-offs (b)		5		2	1	263			271
Equipment lease financing									
Pass Rated	1,267	1,318	1,206	544	538	1,496			6,369
Criticized	46	105	82	61	27	36			357
Total equipment lease financing loans	1,313	1,423	1,288	605	565	1,532			6,726
Gross charge-offs (b)		5	8	4	3	5			25
Total commercial loans	$ 20,398	$ 24,293	$ 31,472	$ 10,025	$ 7,901	$ 27,477	$ 98,431	$ 724	$ 220,721
Total commercial gross charge-offs	$ 16	$ 33	$ 51	$ 28	$ 8	$ 272	$ 86	$ 52	$ 546

December 31, 2023 In millions	Term Loans by Origination Year 2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Commercial and industrial									
Pass Rated	$ 23,019	$ 26,657	$ 7,562	$ 5,783	$ 4,110	$ 11,982	$ 88,467	$ 573	$ 168,153
Criticized	838	1,781	739	331	281	698	4,708	51	9,427
Total commercial and industrial loans	23,857	28,438	8,301	6,114	4,391	12,680	93,175	624	177,580
Gross charge-offs (b)	25 (c)	32	33	8	3	26	105	12	244
Commercial real estate									
Pass Rated	4,182	8,571	2,986	2,190	4,887	7,411	383		30,610
Criticized	155	1,300	455	490	622	1,753	51		4,826
Total commercial real estate loans	4,337	9,871	3,441	2,680	5,509	9,164	434		35,436
Gross charge-offs (b)				12	31	137			180
Equipment lease financing									
Pass Rated	1,522	1,424	689	690	452	1,378			6,155
Criticized	90	81	81	51	35	49			387
Total equipment lease financing loans	1,612	1,505	770	741	487	1,427			6,542
Gross charge-offs (b)	4	4	4	4	1	1			18
Total commercial loans	$ 29,806	$ 39,814	$ 12,512	$ 9,535	$ 10,387	$ 23,271	$ 93,609	$ 624	$ 219,558
Total commercial gross charge-offs	$ 29	$ 36	$ 37	$ 24	$ 35	$ 164	$ 105	$ 12	$ 442

(a) Loans in our commercial portfolio are classified as Pass Rated or Criticized based on the regulatory definitions, which are driven by the PD and LGD ratings that we assign. The Criticized classification includes loans that were rated special mention, substandard or doubtful as of September 30, 2024 and December 31, 2023.
(b) Gross charge-offs are presented on a year-to-date basis, as of the period end date.
(c) Includes charge-offs of deposit overdrafts.

<u>Consumer Loan Classes</u>

See Note 3 Loans and Related Allowance for Credit Losses in our 2023 Form 10-K for additional information related to these loan classes, including discussion around the credit quality indicators that we use to monitor and manage the credit risk associated with each loan class.

Residential Real Estate and Home Equity

The following table presents credit quality indicators for our residential real estate and home equity loan classes:

Table 43: Credit Quality Indicators for Residential Real Estate and Home Equity Loan Classes

	Term Loans by Origination Year								
September 30, 2024 In millions	2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Residential real estate									
Current estimated LTV ratios									
Greater than 100%	$ 5	$ 68	$ 113	$ 59	$ 23	$ 31			$ 299
Greater than or equal to 80% to 100%	608	633	963	581	176	134			3,095
Less than 80%	1,582	4,084	8,551	14,187	6,206	8,294			42,904
No LTV available		36		11		3			50
Government insured or guaranteed loans		17	22	16	67	502			624
Total residential real estate loans	$ 2,195	$ 4,838	$ 9,649	$ 14,854	$ 6,472	$ 8,964			$ 46,972
Updated FICO scores									
Greater than or equal to 780	$ 1,302	$ 3,337	$ 7,639	$ 11,832	$ 4,726	$ 5,042			$ 33,878
720 to 779	775	960	1,484	2,152	1,081	1,609			8,061
660 to 719	114	273	411	618	342	816			2,574
Less than 660	3	116	85	148	102	703			1,157
No FICO score available	1	135	8	88	154	292			678
Government insured or guaranteed loans		17	22	16	67	502			624
Total residential real estate loans	$ 2,195	$ 4,838	$ 9,649	$ 14,854	$ 6,472	$ 8,964			$ 46,972
Gross charge-offs (a)						$ 2			$ 2
Home equity (b)									
Current estimated LTV ratios									
Greater than 100%				$ 1	$ 12	$ 15	$ 333	$ 328	$ 689
Greater than or equal to 80% to 100%				5	32	30	1,042	1,552	2,661
Less than 80%				145	1,720	2,958	6,922	10,875	22,620
Total home equity loans				$ 151	$ 1,764	$ 3,003	$ 8,297	$ 12,755	$ 25,970
Updated FICO scores									
Greater than or equal to 780				$ 96	$ 1,177	$ 1,845	$ 4,626	$ 6,203	$ 13,947
720 to 779				37	368	606	2,225	3,265	6,501
660 to 719				15	157	302	1,198	2,039	3,711
Less than 660				3	60	243	241	1,202	1,749
No FICO score available					2	7	7	46	62
Total home equity loans				$ 151	$ 1,764	$ 3,003	$ 8,297	$ 12,755	$ 25,970
Gross charge-offs (a)						$ 1	$ 13	$ 13	$ 27

(Continued from previous page) December 31, 2023 In millions	Term Loans by Origination Year 2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Residential real estate									
Current estimated LTV ratios									
Greater than 100%	$ 15	$ 139	$ 79	$ 31	$ 10	$ 28			$ 302
Greater than or equal to 80% to 100%	1,665	1,928	955	221	69	92			4,930
Less than 80%	3,585	7,977	14,421	6,514	2,154	6,935			41,586
No LTV available	56		13			4			73
Government insured or guaranteed loans	14	20	16	66	37	500			653
Total residential real estate loans	$ 5,335	$ 10,064	$ 15,484	$ 6,832	$ 2,270	$ 7,559			$ 47,544
Updated FICO scores									
Greater than or equal to 780	$ 3,206	$ 7,797	$ 12,197	$ 5,035	$ 1,492	$ 4,004			$ 33,731
720 to 779	1,482	1,659	2,389	1,107	432	1,388			8,457
660 to 719	400	508	657	334	171	721			2,791
Less than 660	93	71	133	122	82	680			1,181
No FICO score available	140	9	92	168	56	266			731
Government insured or guaranteed loans	14	20	16	66	37	500			653
Total residential real estate loans	$ 5,335	$ 10,064	$ 15,484	$ 6,832	$ 2,270	$ 7,559			$ 47,544
Gross charge-offs (a)		$ 2	$ 1	$ 1		$ 4			$ 8
Home equity (b)									
Current estimated LTV ratios									
Greater than 100%			$ 1	$ 12	$ 6	$ 14	$ 306	$ 309	$ 648
Greater than or equal to 80% to 100%			4	40	17	22	1,116	1,743	2,942
Less than 80%			157	1,866	845	2,556	6,843	10,293	22,560
Total home equity loans			$ 162	$ 1,918	$ 868	$ 2,592	$ 8,265	$ 12,345	$ 26,150
Updated FICO scores									
Greater than or equal to 780			$ 102	$ 1,254	$ 489	$ 1,605	$ 4,604	$ 6,083	$ 14,137
720 to 779			38	423	216	488	2,222	3,225	6,612
660 to 719			17	174	110	271	1,207	1,894	3,673
Less than 660			5	65	52	220	223	1,089	1,654
No FICO score available				2	1	8	9	54	74
Total home equity loans			$ 162	$ 1,918	$ 868	$ 2,592	$ 8,265	$ 12,345	$ 26,150
Gross charge-offs (a)						$ 4	$ 7	$ 10	$ 21

(a) Gross charge-offs are presented on a year-to-date basis, as of the period end date.
(b) Beginning January 1, 2022, new originations consist of only revolving Home Equity Lines of Credit.

Automobile, Credit Card, Education and Other Consumer

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

Table 44: Credit Quality Indicators for Automobile, Credit Card, Education and Other Consumer Loan Classes

September 30, 2024 In millions	Term Loans by Origination Year 2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Automobile									
Updated FICO scores									
Greater than or equal to 780	$ 2,590	$ 1,901	$ 1,227	$ 1,010	$ 304	$ 181			$ 7,213
720 to 779	1,533	1,309	747	494	164	132			4,379
660 to 719	720	756	417	266	104	106			2,369
Less than 660	145	354	238	188	101	148			1,174
Total automobile loans	$ 4,988	$ 4,320	$ 2,629	$ 1,958	$ 673	$ 567			$ 15,135
Gross charge-offs (a)	$ 4	$ 33	$ 21	$ 13	$ 9	$ 18			$ 98
Credit card									
Updated FICO scores									
Greater than or equal to 780							$ 2,000	$ 1	$ 2,001
720 to 779							1,864	5	1,869
660 to 719							1,836	15	1,851
Less than 660							946	55	1,001
No FICO score available or required (b)							102	3	105
Total credit card loans							$ 6,748	$ 79	$ 6,827
Gross charge-offs (a)							$ 240	$ 28	$ 268
Education									
Updated FICO scores									
Greater than or equal to 780	$ 10	$ 61	$ 83	$ 41	$ 34	$ 332			$ 561
720 to 779	14	39	40	21	15	123			252
660 to 719	10	15	15	6	5	51			102
Less than 660	2	3	4	1	1	21			32
No FICO score available or required (b)	13	6	4	3	1	1			28
Total loans using FICO credit metric	49	124	146	72	56	528			975
Other internal credit metrics						718			718
Total education loans	$ 49	$ 124	$ 146	$ 72	$ 56	$ 1,246			$ 1,693
Gross charge-offs (a)			$ 1	$ 1	$ 1	$ 10			$ 13
Other consumer									
Updated FICO scores									
Greater than or equal to 780	$ 189	$ 157	$ 75	$ 24	$ 8	$ 8	$ 37	$ 1	$ 499
720 to 779	232	171	89	28	10	9	74	1	614
660 to 719	163	105	87	29	11	9	80	1	485
Less than 660	9	33	39	18	8	7	41	1	156
Total loans using FICO credit metric	593	466	290	99	37	33	232	4	1,754
Other internal credit metrics	6	10	93	14	12	92	2,071	11	2,309
Total other consumer loans	$ 599	$ 476	$ 383	$ 113	$ 49	$ 125	$ 2,303	$ 15	$ 4,063
Gross charge-offs (a)	$ 55 (c)	$ 19	$ 19	$ 11	$ 6	$ 8	$ 8	$ 1	$ 127

(Continued from previous page)

December 31, 2023 In millions	Term Loans by Origination Year								
	2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term	Total
Automobile									
Updated FICO Scores									
Greater than or equal to 780	$ 2,722	$ 1,650	$ 1,483	$ 535	$ 368	$ 88			$ 6,846
720 to 779	1,797	1,104	778	301	250	80			4,310
660 to 719	1,014	604	408	186	186	70			2,468
Less than 660	264	272	243	152	200	105			1,236
Total automobile loans	$ 5,797	$ 3,630	$ 2,912	$ 1,174	$ 1,004	$ 343			$ 14,860
Gross charge-offs (a)	$ 8	$ 24	$ 22	$ 17	$ 30	$ 20			$ 121
Credit card									
Updated FICO scores									
Greater than or equal to 780							$ 2,017	$ 1	$ 2,018
720 to 779							1,976	4	1,980
660 to 719							1,979	13	1,992
Less than 660							1,036	48	1,084
No FICO score available or required (b)							103	3	106
Total credit card loans							$ 7,111	$ 69	$ 7,180
Gross charge-offs (a)							$ 290	$ 29	$ 319
Education									
Updated FICO scores									
Greater than or equal to 780	$ 35	$ 88	$ 45	$ 40	$ 51	$ 331			$ 590
720 to 779	32	47	24	19	24	131			277
660 to 719	20	17	8	6	8	54			113
Less than 660	4	3	2	1	2	21			33
No FICO score available or required (b)	15	5	4	2		1			27
Total loans using FICO credit metric	106	160	83	68	85	538			1,040
Other internal credit metrics						905			905
Total education loans	$ 106	$ 160	$ 83	$ 68	$ 85	$ 1,443			$ 1,945
Gross charge-offs (a)			$ 1	$ 1	$ 2	$ 13			$ 17
Other consumer									
Updated FICO scores									
Greater than or equal to 780	$ 241	$ 127	$ 47	$ 21	$ 14	$ 11	$ 39	$ 1	$ 501
720 to 779	286	157	54	26	17	11	80	1	632
660 to 719	147	140	57	27	21	11	87	2	492
Less than 660	19	52	31	17	14	8	43	1	185
Total loans using FICO credit metric	693	476	189	91	66	41	249	5	1,810
Other internal credit metrics	19	97	33	48	71	34	2,149	10	2,461
Total other consumer loans	$ 712	$ 573	$ 222	$ 139	$ 137	$ 75	$ 2,398	$ 15	$ 4,271
Gross charge-offs (a)	$ 75 (c)	$ 23	$ 18	$ 14	$ 14	$ 8	$ 11	$ 1	$ 164

(a) Gross charge-offs are presented on a year-to-date basis, as of the period end date.
(b) Loans where FICO scores are not available or required generally refers to new accounts issued to borrowers with limited credit history, accounts for which we cannot obtain an updated FICO score (*e.g.*, recent profile changes), cards issued with a business name and/or cards secured by collateral. Management proactively assesses the risk and size of this loan category and, when necessary, takes actions to mitigate the credit risk.
(c) Includes charge-offs of deposit overdrafts.

Loan Modifications to Borrowers Experiencing Financial Difficulty

Loan modifications to borrowers experiencing financial difficulty (FDMs) result from our loss mitigation activities and include principal forgiveness, interest rate reductions, term extensions, payment delays, repayment plans or combinations thereof. See Note 1 Accounting Policies in our 2023 Form 10-K for additional information on FDMs.

The following table presents the amortized cost basis, as of the period end date, of FDMs granted during the three and nine months ended September 30, 2024 and 2023:

Table 45: Loan Modifications Granted to Borrowers Experiencing Financial Difficulty (a) (b)

Three months ended September 30, 2024 Dollars in millions	Interest Rate Reduction	Term Extension	Payment Delay	Repayment Plan	Payment Delay and Term Extension	Interest Rate Reduction and Term Extension	Other (c)	Total	% of Loan Class
Commercial									
Commercial and industrial		$ 372	$ 19		$ 6	$ 11	$ 2	$ 410	0.23 %
Commercial real estate		253	87				14	354	1.01 %
Total commercial		625	106		6	11	16	764	0.35 %
Consumer									
Residential real estate			28			1	4	33	0.07 %
Home equity			3	$ 1			6	10	0.04 %
Credit card				21				21	0.31 %
Education		1						1	0.06 %
Total consumer		1	31	22		1	10	65	0.06 %
Total		$ 626	$ 137	$ 22	$ 6	$ 12	$ 26	$ 829	0.26 %
Three months ended September 30, 2023 Dollars in millions									
Commercial									
Commercial and industrial	$ 15	$ 356	$ 37		$ 7		$ 83	$ 498	0.29 %
Commercial real estate		307	16					323	0.90 %
Total commercial	15	663	53		7		83	821	0.38 %
Consumer									
Residential real estate	1		50				3	54	0.11 %
Home equity			2				5	7	0.03 %
Credit card				$ 20				20	0.28 %
Education		1						1	0.05 %
Other consumer				1				1	0.02 %
Total consumer	1	1	52	21			8	83	0.08 %
Total	$ 16	$ 664	$ 105	$ 21	$ 7		$ 91	$ 904	0.28 %

Nine months ended September 30, 2024 Dollars in millions	Interest Rate Reduction	Term Extension	Payment Delay	Repayment Plan	Payment Delay and Term Extension	Interest Rate Reduction and Term Extension	Interest Rate Reduction and Payment Delay	Other (c)	Total	% of Loan Class
Commercial										
Commercial and industrial	$ 27	$ 927	$ 34		$ 157	$ 104	$ 15	$ 85	$ 1,349	0.75 %
Commercial real estate		926	101		147				1,174	3.34 %
Total commercial	27	1,853	135		304	104	15	85	2,523	1.14 %
Consumer										
Residential real estate		1	67			3		8	79	0.17 %
Home equity			10	$ 5				12	27	0.10 %
Credit card				52					52	0.76 %
Education		4							4	0.24 %
Other consumer				1					1	0.02 %
Total consumer		5	77	58		3		20	163	0.16 %
Total	$ 27	$ 1,858	$ 212	$ 58	$ 304	$ 107	$ 15	$ 105	$ 2,686	0.84 %
Nine months ended September 30, 2023 Dollars in millions										
Commercial										
Commercial and industrial	$ 15	$ 704	$ 91		$ 20			$ 130	$ 960	0.55 %
Commercial real estate		745	16					61	822	2.30 %
Total commercial	15	1,449	107		20			191	1,782	0.82 %
Consumer										
Residential real estate	1		83			$ 3		6	93	0.20 %
Home equity			6	$ 7				9	22	0.08 %
Credit card				45					45	0.64 %
Education		3							3	0.15 %
Other consumer				1					1	0.02 %
Total consumer	1	3	89	53		3		15	164	0.16 %
Total	$ 16	$ 1,452	$ 196	$ 53	$ 20	$ 3		$ 206	$ 1,946	0.61 %

(a) The unfunded lending related commitments on FDMs granted were $0.5 billion and $0.3 billion during the nine months ended September 30, 2024 and 2023, respectively.
(b) Excludes the amortized cost basis of modified loans that were paid off, charged off or otherwise liquidated as of the period end date.
(c) Represents all other modifications, and includes trial modifications and loans where we have received notification that a borrower has filed for Chapter 7 bankruptcy relief, but specific instructions as to the terms of the relief have not been formally ruled upon by the court.

Table 46 presents the weighted average financial effect of FDMs granted during the three and nine months ended September 30, 2024 and 2023.

Table 46: Financial Effect of FDMs (a)

Three months ended September 30, 2024 Dollars in millions	Amortized cost basis (b)	Financial Effect
Term Extension		
Commercial and industrial	$389	Extended contractual term by 11 months.
Commercial real estate	$253	Extended contractual term by 17 months.
Residential real estate	$1	Extended contractual term by 28 months.
Education	$1	Extended contractual term by 12 months.
Interest Rate Reduction		
Commercial and industrial	$11	Reduced contractual interest rate by 1.52%.
Residential real estate	$1	Reduced contractual interest rate by 1.48%.
Payment Delay		
Commercial and industrial	$25	Provided 3 months of payment deferral.
Commercial real estate	$87	Provided 8 months of payment deferral.
Residential real estate	$28	Provided 10 months of payment deferral.
Home equity	$3	Provided 5 months of payment deferral.

Three months ended September 30, 2023 Dollars in millions	Amortized cost basis (b)	Financial Effect
Term Extension		
Commercial and industrial	$363	Extended contractual term by 13 months.
Commercial real estate	$307	Extended contractual term by 13 months.
Education	$1	Extended contractual term by 15 months.
Interest Rate Reduction		
Commercial and industrial	$15	Reduced contractual interest rate by 0.25%.
Residential real estate	$1	Reduced contractual interest rate by 0.72%.
Payment Delay		
Commercial and industrial	$44	Provided 6 months of payment deferral.
Commercial real estate	$16	Provided 8 months of payment deferral.
Residential real estate	$50	Provided 10 months of payment deferral.
Home equity	$2	Provided 5 months of payment deferral.

Nine months ended September 30, 2024 Dollars in millions	Amortized cost basis (b)	Financial Effect
Term Extension		
Commercial and industrial	$1,188	Extended contractual term by 14 months.
Commercial real estate	$1,073	Extended contractual term by 15 months.
Residential real estate	$4	Extended contractual term by 81 months.
Education	$4	Extended contractual term by 12 months.
Interest Rate Reduction		
Commercial and industrial	$146	Reduced contractual interest rate by 1.45%.
Residential real estate	$3	Reduced contractual interest rate by 0.83%.
Payment Delay		
Commercial and industrial	$206	Provided 8 months of payment deferral.
Commercial real estate	$248	Provided 7 months of payment deferral.
Residential real estate	$67	Provided 9 months of payment deferral.
Home equity	$10	Provided 4 months of payment deferral.

Nine months ended September 30, 2023 Dollars in millions	Amortized cost basis (b)	Financial Effect
Term Extension		
Commercial and industrial	$724	Extended contractual term by 12 months.
Commercial real estate	$745	Extended contractual term by 16 months.
Residential real estate	$3	Extended contractual term by 118 months.
Education	$3	Extended contractual term by 16 months.
Interest Rate Reduction		
Commercial and industrial	$15	Reduced contractual interest rate by 0.25%.
Residential real estate	$4	Reduced contractual interest rate by 1.13%.
Payment Delay		
Commercial and industrial	$111	Provided 6 months of payment deferral.
Commercial real estate	$16	Provided 8 months of payment deferral.
Residential real estate	$83	Provided 9 months of payment deferral.
Home equity	$6	Provided 4 months of payment deferral.

(a) Excludes the financial effects of modifications for loans that were paid off, charged off or otherwise liquidated as of the period end date.
(b) The amortized cost basis presented in Table 46 includes combination modification categories in addition to the standalone modification categories presented in Table 45. Primarily due to this reason, the amortized cost basis presented in Table 46 may not agree to the amortized cost basis presented alongside the standalone modification categories in Table 45. Amortized cost basis is as of the period end date.

Repayment plans are excluded from Table 46. The terms of these programs, which are offered for certain consumer products, are as follows:

- Credit card and unsecured lines of credit
  - Short-term programs are granted for periods of 6 and 12 months. These programs are structurally similar such that the interest rate is reduced to a standard rate of 4.99% and the minimum payment percentage is adjusted to 1.90% of the outstanding balance. At the end of the 6 or 12 months, the borrower is returned to the original contractual interest rate and minimum payment amount specified in the original lending agreement.
  - Fully-amortized repayment plans are also granted, the most common of which being a 60 month program. In this program, we convert the borrower’s drawn and unpaid balances into a fully-amortized repayment plan consisting of an interest rate of 4.99% and an adjusted minimum payment percentage of 1.90% of the outstanding balance. This fully-amortized program is designed in a manner that allows the drawn and unpaid amounts to be recaptured at the end of the 60 months.
- Home equity loans and lines of credit
  - Fixed payment plan programs establish a modified monthly payment that is informed by the borrower’s financial situation and the current market environment at the time of modification, among other factors. As such, we may change the borrower’s interest rate, modify the term of the loan, and/or defer payment to arrive at the modified monthly payment. Each of the aforementioned terms may increase or decrease, and may vary from loan to loan, based on the individual loan and borrower characteristics.

After we modify a loan, we continue to track its performance under its most recent modified terms. The following table presents the performance, as of the period end date, of FDMs granted during the twelve months preceding September 30, 2024.

Table 47: Payment Performance of FDMs Modified in the Last 12 Months (a) (b)

Twelve months ended September 30, 2024 Dollars in millions	Current or Less Than 30 Days Past Due	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Nonperforming Loans	Total
Commercial						
Commercial and industrial	$ 1,213	$ 18	$ 1		$ 248	$ 1,480
Commercial real estate	874				462	1,336
Total commercial	2,087	18	1		710	2,816
Consumer						
Residential real estate	8	1			83	92
Home equity	5				27	32
Credit card	43	5	4	$ 7	1	60
Education	4					4
Other consumer					2	2
Total consumer	60	6	4	7	113	190
Total	$ 2,147	$ 24	$ 5	$ 7	$ 823	$ 3,006

(a) Represents amortized cost basis.
(b) Loans in our Payment Delay category are reported as past due in accordance with their contractual terms. Once contractually modified, these loans are reported as past due in accordance with their restructured terms.

The following table presents the performance as of September 30, 2023 for FDMs granted since January 1, 2023:

Table 48: Payment Performance of FDMs (a) (b)

Nine months ended September 30, 2023 Dollars in millions	Current or Less Than 30 Days Past Due	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Nonperforming Loans	Total
Commercial						
Commercial and industrial	$ 801			$ 3	$ 156	$ 960
Commercial real estate	755				67	822
Total commercial	1,556			3	223	1,782
Consumer						
Residential real estate	4	$ 1			88	93
Home equity	1				21	22
Credit card	31	4	$ 3	6	1	45
Education	3					3
Other consumer					1	1
Total consumer	39	5	3	6	111	164
Total	$ 1,595	$ 5	$ 3	$ 9	$ 334	$ 1,946

(a) Represents amortized cost basis.
(b) Loans in our Payment Delay category are reported as past due in accordance with their contractual terms. Once contractually modified, these loans are reported as past due in accordance with their restructured terms.

We generally consider FDMs to have subsequently defaulted when they become 60 days past due after the most recent date the loan was modified. The following table presents loans that were both (i) classified as FDMs, and (ii) subsequently defaulted during the period.

Table 49: Subsequently Defaulted FDMs (a)

Three months ended September 30, 2024 Dollars in millions	Term Extension	Payment Delay	Repayment Plan	Payment Delay and Term Extension	All Other Modifications (b)	Total
Commercial						
Commercial and industrial	$ 35	$ 3		$ 3		$ 41
Commercial real estate	27					27
Total commercial	62	3		3		68
Consumer						
Residential real estate		14			$ 3	17
Home equity		1			2	3
Credit card			$ 8			8
Total consumer		15	8		5	28
Total	$ 62	$ 18	$ 8	$ 3	$ 5	$ 96

Nine months ended September 30, 2024 Dollars in millions	Term Extension	Payment Delay	Repayment Plan	Payment Delay and Term Extension	All Other Modifications (b)	Total
Commercial						
Commercial and industrial	$ 61	$ 12		$ 3		$ 76
Commercial real estate	28	33		37		98
Total commercial	89	45		40		174
Consumer						
Residential real estate		33			$ 5	38
Home equity		2	$ 1		7	10
Credit card			24			24
Total consumer		35	25		12	72
Total	$ 89	$ 80	$ 25	$ 40	$ 12	$ 246

(a) Represents amortized cost basis.
(b) Includes the following modification categories: interest rate reduction, combination of interest rate reduction/payment delay, combination of interest rate reduction/term extension, and other.

Subsequently defaulted loans during the three and nine months ended September 30, 2023 were $36 million and $84 million, respectively.

Allowance for Credit Losses

We maintain the ACL related to loans at levels that we believe to be appropriate to absorb expected credit losses in the portfolios as of the balance sheet date. See Note 1 Accounting Policies in our 2023 Form 10-K for a discussion of the methodologies used to determine this allowance. A rollforward of the ACL related to loans follows:

Table 50: Rollforward of Allowance for Credit Losses

	Three months ended September 30						Nine months ended September 30					
	2024			2023			2024			2023		
In millions	Commercial	Consumer	Total	Commercial	Consumer	Total	Commercial	Consumer	Total	Commercial	Consumer	Total
Allowance for loan and lease losses												
Beginning balance	$ 3,243	$ 1,393	$ 4,636	$ 3,142	$ 1,595	$ 4,737	$ 3,259	$ 1,532	$ 4,791	$ 3,114	$ 1,627	$ 4,741
Adoption of ASU 2022-02 (a)											(35)	(35)
Beginning balance, adjusted	3,243	1,393	4,636	3,142	1,595	4,737	3,259	1,532	4,791	3,114	1,592	4,706
Charge-offs	(200)	(176)	(376)	(72)	(161)	(233)	(546)	(535)	(1,081)	(327)	(481)	(808)
Recoveries	28	62	90	49	63	112	103	187	290	110	188	298
Net (charge-offs)	(172)	(114)	(286)	(23)	(98)	(121)	(443)	(348)	(791)	(217)	(293)	(510)
Provision for credit losses	151	84	235	105	48	153	408	178	586	325	246	571
Other	4		4	(2)		(2)	2	1	3			
Ending balance	$ 3,226	$ 1,363	$ 4,589	$ 3,222	$ 1,545	$ 4,767	$ 3,226	$ 1,363	$ 4,589	$ 3,222	$ 1,545	$ 4,767
Allowance for unfunded lending related commitments (b)												
Beginning balance	$ 581	$ 136	$ 717	$ 555	$ 108	$ 663	$ 545	$ 118	$ 663	$ 613	$ 81	$ 694
Provision for (recapture of) credit losses	(2)	9	7	(22)	(1)	(23)	34	27	61	(80)	26	(54)
Other	1		1				1		1			
Ending balance	$ 580	$ 145	$ 725	$ 533	$ 107	$ 640	$ 580	$ 145	$ 725	$ 533	$ 107	$ 640
Allowance for credit losses at September 30 (c)	$ 3,806	$ 1,508	$ 5,314	$ 3,755	$ 1,652	$ 5,407	$ 3,806	$ 1,508	$ 5,314	$ 3,755	$ 1,652	$ 5,407

(a) Represents the impact of adopting ASU 2022-02 *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures* on January 1, 2023. As a result of adoption, we eliminated the accounting guidance for TDRs, including the use of a discounted cash flow approach to measure the allowance for TDRs.
(b) See Note 8 Commitments for additional information about the underlying commitments related to this allowance.
(c) Represents the ALLL plus allowance for unfunded lending related commitments and excludes allowances for investment securities and other financial assets, which together totaled $111 million and $131 million at September 30, 2024 and 2023, respectively.

The ACL related to loans totaled $5.3 billion at September 30, 2024 and $5.5 billion at December 31, 2023. The reserve change was driven by improved macroeconomic factors as well as portfolio activity.

Note 4 Loan Sale and Servicing Activities and Variable Interest Entities

Loan Sale and Servicing Activities

As more fully described in Note 4 Loan Sale and Servicing Activities and Variable Interest Entities in our 2023 Form 10-K, we have transferred residential and commercial mortgage loans in securitization or sales transactions in which we have continuing involvement. Our continuing involvement in the FNMA, FHLMC and GNMA securitizations, Non-agency securitizations and loan sale transactions generally consists of servicing, repurchasing previously transferred loans under certain conditions and loss share arrangements, and, in limited circumstances, holding of mortgage-backed securities issued by the securitization SPEs.

We earn servicing and other ancillary fees for our role as servicer and, depending on the contractual terms of the servicing arrangement, we can be terminated as servicer with or without cause. At the consummation date of each type of loan transfer where we retain the servicing, we recognize a servicing right at fair value. See Note 8 Commitments and Note 11 Fair Value for information on our servicing rights, including the carrying value of servicing assets.

The following table provides our loan sale and servicing activities:

Table 51: Loan Sale and Servicing Activities

In millions	Residential Mortgages	Commercial Mortgages (a)
Cash Flows - Three months ended September 30, 2024		
Sales of loans and related securitization activity (b)	$ 884	$ 937
Repurchases of previously transferred loans (c)	$ 30	
Servicing fees (d)	$ 138	$ 53
Servicing advances recovered/(funded), net	$ 9	$ (20)
Cash flows on mortgage-backed securities held (e)	$ 969	$ 32
Cash Flows - Three months ended September 30, 2023		
Sales of loans and related securitization activity (b)	$ 873	$ 398
Repurchases of previously transferred loans (c)	$ 16	$ (9)
Servicing fees (d)	$ 129	$ 51
Servicing advances recovered/(funded), net	$ 5	$ (22)
Cash flows on mortgage-backed securities held (e)	$ 710	$ 19
Cash Flows - Nine months ended September 30, 2024		
Sales of loans and related securitization activity (b)	$ 2,112	$ 1,604
Repurchases of previously transferred loans (c)	$ 71	$ 9
Servicing fees (d)	$ 415	$ 152
Servicing advances recovered/(funded), net	$ 49	$ (37)
Cash flows on mortgage-backed securities held (e)	$ 2,789	$ 133
Cash Flows - Nine months ended September 30, 2023		
Sales of loans and related securitization activity (b)	$ 2,044	$ 2,554
Repurchases of previously transferred loans (c)	$ 67	
Servicing fees (d)	$ 384	$ 146
Servicing advances recovered/(funded), net	$ 44	$ (86)
Cash flows on mortgage-backed securities held (e)	$ 2,008	$ 49

(a) Represents both commercial mortgage loan transfer and servicing activities.
(b) Gains/losses recognized on sales of loans were insignificant for the periods presented.
(c) Includes both residential and commercial mortgage government insured or guaranteed loans eligible for repurchase through the exercise of our ROAP option, as well as residential mortgage loans repurchased due to alleged breaches of origination covenants or representations and warranties made to purchasers.
(d) Includes contractually specified servicing fees, late charges and ancillary fees.
(e) Represents cash flows on securities where we transferred to and/or service loans for a securitization SPE and we hold securities issued by that SPE. The carrying values of such securities held were $19.0 billion, $20.4 billion and $20.5 billion in residential mortgage-backed securities at September 30, 2024, December 31, 2023, and September 30, 2023, respectively. The carrying values of commercial mortgage-backed securities were $0.7 billion at each September 30, 2024, December 31, 2023 and September 30, 2023.

Table 52 presents information about the principal balances of transferred loans that we service and are not recorded on our Consolidated Balance Sheet. We would only experience a loss on these transferred loans if we were required to repurchase a loan, where the repurchase price exceeded the loan's fair value, due to a breach in representations and warranties or a loss sharing arrangement associated with our continuing involvement with these loans. The estimate of losses related to breaches in representations and warranties was insignificant at September 30, 2024 and December 31, 2023.

Table 52: Principal Balance, Delinquent Loans and Net Charge-offs Related to Serviced Loans For Others

In millions	Residential Mortgages	Commercial Mortgages (a)
September 30, 2024		
Total principal balance	$ 37,861	$ 53,473
Delinquent loans (b)	$ 271	$ 91
December 31, 2023		
Total principal balance	$ 39,016	$ 57,492
Delinquent loans (b)	$ 329	$ 89
Three months ended September 30, 2024		
Net charge-offs (c)		$ 30
Three months ended September 30, 2023		
Net charge-offs (c)		$ 14
Nine months ended September 30, 2024		
Net charge-offs (c)	$ 1	$ 91
Nine months ended September 30, 2023		
Net charge-offs (c)	$ 2	$ 18

(a) Represents information at the securitization level in which we have sold loans and we are the servicer for the securitization.
(b) Serviced delinquent loans are 90 days or more past due or are in process of foreclosure.
(c) Net charge-offs for residential mortgages represent credit losses less recoveries distributed and as reported to investors during the period. Net charge-offs for commercial mortgages represent credit losses less recoveries distributed and as reported by the trustee for commercial mortgage-backed securitizations. Realized losses for Agency securitizations are not reflected as we do not manage the underlying real estate upon foreclosure and, as such, do not have access to loss information.

Variable Interest Entities (VIEs)

As discussed in Note 4 Loan Sale and Servicing Activities and Variable Interest Entities included in our 2023 Form 10-K, we are involved with various entities in the normal course of business that are deemed to be VIEs.

The following table provides a summary of non-consolidated VIEs with which we have significant continuing involvement but are not the primary beneficiary. We have excluded certain transactions with non-consolidated VIEs from the balances presented in Table 53 where we have determined that our continuing involvement is insignificant. We do not consider our continuing involvement to be significant when it relates to a VIE where we only invest in securities issued by the VIE and were not involved in the design of the VIE or where no transfers have occurred between us and the VIE. In addition, where we only have lending arrangements in the normal course of business with entities that could be VIEs, we have excluded these transactions with non-consolidated entities from the balances presented in Table 53. These loans are included as part of the credit quality disclosures that we make in Note 3 Loans and Related Allowance for Credit Losses.

Table 53: Non-Consolidated VIEs

In millions	PNC Risk of Loss (a)	Carrying Value of Assets	Carrying Value of Liabilities
September 30, 2024			
Mortgage-backed securitizations (b)	$ 20,002	$ 20,004 (c)	
Tax credit investments and other	5,157	5,104 (d) (e)	$ 2,181 (f) (g)
Total	$ 25,159	$ 25,108	$ 2,181
December 31, 2023			
Mortgage-backed securitizations (b)	$ 21,451	$ 21,453 (c)	
Tax credit investments and other	4,709	4,631 (d) (e)	$ 2,119 (f) (g)
Total	$ 26,160	$ 26,084	$ 2,119

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

(e) Amount includes $3.4 billion of LIHTCs and $0.2 billion of NMTCs at September 30, 2024, which are included in Equity investments on our Consolidated Balance Sheet. Comparable amounts at December 31, 2023 were $3.0 billion and $0.2 billion, respectively.

(f) Included in Deposits and Other liabilities on our Consolidated Balance Sheet.
(g) Amount includes $1.8 billion of LIHTCs and less than $0.1 billion of NMTCs at September 30, 2024, which are included in Other liabilities on our Consolidated Balance Sheet. Comparable amounts at December 31, 2023 were $1.6 billion and $0.2 billion, respectively.

We make certain equity investments in various tax credit limited partnerships or LLCs. The purpose of these investments is to achieve a satisfactory return on capital and to assist us in achieving goals associated with the Community Reinvestment Act. Within Income taxes, during the nine months ended September 30, 2024, we recognized $0.4 billion of amortization, $0.4 billion of tax credits and less than $0.1 billion of other tax benefits associated with qualified investments in LIHTCs and NMTCs. During the nine months ended September 30, 2023, we recognized $0.3 billion of amortization, $0.3 billion of tax credits and $0.1 billion of other tax benefits associated with qualified investments in LIHTCs.

Note 5 Goodwill and Mortgage Servicing Rights

Goodwill

See Note 5 Goodwill and Mortgage Servicing Rights in our 2023 Form 10-K for more information regarding our goodwill.

Mortgage Servicing Rights

We recognize the right to service mortgage loans for others as an intangible asset when the benefits of servicing are expected to be more than adequate compensation to a servicer for performing the servicing. MSRs are recognized either when purchased or when originated loans are sold with servicing retained. MSRs totaled $3.5 billion at September 30, 2024 and $3.7 billion at December 31, 2023, and consisted of loan servicing contracts for commercial and residential mortgages which are measured at fair value.

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

See the Sensitivity Analysis section of this Note 5 for more detail on our fair value measurement of MSRs. See Note 5 Goodwill and Mortgage Servicing Rights and Note 14 Fair Value in our 2023 Form 10-K for more detail on our fair value measurement and our accounting of MSRs.

Changes in the commercial and residential MSRs follow:

Table 54: Mortgage Servicing Rights

	Commercial MSRs		Residential MSRs	
In millions	2024	2023	2024	2023
January 1	$ 1,032	$ 1,113	$ 2,654	$ 2,310
Additions:				
From loans sold with servicing retained	23	38	18	17
Purchases	43	27	30	438
Changes in fair value due to:				
Time and payoffs (a)	(241)	(247)	(191)	(176)
Other (b)	118	238	17	248
September 30	$ 975	$ 1,169	$ 2,528	$ 2,837
Related unpaid principal balance of loans serviced at September 30	$ 288,696	$ 282,123	$ 199,571	$ 212,521
Servicing advances at September 30	$ 598	$ 507	$ 123	$ 121

(a) Represents decrease in MSR value due to passage of time, which includes the impact from regularly scheduled loan principal payments, prepayments and loans that were paid off during the period.
(b) Includes MSR value changes resulting from changes in interest rates and other market-driven conditions.

Sensitivity Analysis

The fair value of commercial and residential MSRs and significant inputs to the valuation models as of September 30, 2024 and December 31, 2023 are shown in Tables 55 and 56. The expected and actual rates of mortgage loan prepayments are significant factors driving the fair value. Management uses both internal proprietary models and a third-party model to estimate future commercial mortgage loan prepayments and a third-party model to estimate future residential mortgage loan prepayments. These models have been refined based on current market conditions and management judgment. Future interest rates are another important factor in the valuation of MSRs. Management utilizes market implied forward interest rates to estimate the future direction of mortgage and discount rates. The forward rates utilized are derived from the current yield curve for U.S. dollar interest rate swaps and are consistent with pricing of capital markets instruments. Changes in the shape and slope of the forward curve in future periods may result in volatility in the fair value estimate.

A sensitivity analysis of the hypothetical effect on the fair value of MSRs to adverse changes in key assumptions is presented in Tables 55 and 56. These sensitivities do not include the impact of the related hedging activities. Changes in fair value generally cannot be extrapolated because the relationship of the change in the assumption to the change in fair value may not be linear. Also, the effect of a variation in a particular assumption on the fair value of the MSRs is calculated independently without changing any other assumption. Changes in one factor may result in changes in another (*e.g.*, changes in mortgage interest rates, which drive changes in prepayment rate estimates, could result in changes in the interest rate spread), which could either magnify or counteract the sensitivities.

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

Table 55: Commercial Mortgage Servicing Rights – Key Valuation Assumptions

Dollars in millions	September 30, 2024	December 31, 2023
Fair value	$ 975	$ 1,032
Weighted-average life (years)	3.8	3.9
Weighted-average constant prepayment rate	4.41 %	5.51 %
Decline in fair value from 10% adverse change	$ 8	$ 9
Decline in fair value from 20% adverse change	$ 15	$ 17
Effective discount rate	10.69 %	9.64 %
Decline in fair value from 10% adverse change	$ 30	$ 31
Decline in fair value from 20% adverse change	$ 61	$ 61

Table 56: Residential Mortgage Servicing Rights – Key Valuation Assumptions

Dollars in millions	September 30, 2024	December 31, 2023
Fair value	$ 2,528	$ 2,654
Weighted-average life (years)	7.8	8.1
Weighted-average constant prepayment rate	7.21 %	6.42 %
Decline in fair value from 10% adverse change	$ 61	$ 60
Decline in fair value from 20% adverse change	$ 119	$ 117
Weighted-average option adjusted spread	755 bps	765 bps
Decline in fair value from 10% adverse change	$ 78	$ 83
Decline in fair value from 20% adverse change	$ 151	$ 161

Fees from mortgage loan servicing, which include contractually specified servicing fees, late fees and ancillary fees were $0.2 billion and $0.1 billion for the three months ended September 30, 2024 and 2023, and $0.6 billion and $0.5 billion for the nine months ended September 30, 2024 and 2023, respectively. We also generate servicing fees from activities provided to others for which we do not have an associated servicing asset. Fees from commercial and residential MSRs are reported within Noninterest income on our Consolidated Income Statement in Residential and commercial mortgage.

Note 6 Leases

PNC's lessor arrangements primarily consist of direct financing, sales-type and operating leases for equipment. Lease agreements may include options to renew and for the lessee to purchase the leased equipment at the end of the lease term. For more information on lease accounting, see Note 1 Accounting Policies and Note 6 Leases in our 2023 Form 10-K.

Table 57: Lessor Income

In millions	Three months ended September 30 2024	Three months ended September 30 2023	Nine months ended September 30 2024	Nine months ended September 30 2023
Sales-type and direct financing leases (a)	$ 92	$ 76	$ 264	$ 219
Operating leases (b)	7	9	18	40
Lease income	$ 99	$ 85	$ 282	$ 259

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

Note 7 Borrowed Funds

The following table shows the carrying value of total borrowed funds at September 30, 2024 (including adjustments related to accounting hedges, purchase accounting and unamortized original issuance discounts) by remaining contractual maturity:

Table 58: Borrowed Funds

In millions	
Less than 1 year	$ 25,195
1 to 2 years	12,274
2 to 3 years	4,040
3 to 4 years	5,367
4 to 5 years	4,983
Over 5 years	16,210
Total	$ 68,069

The following table presents the contractual rates and maturity dates of our FHLB borrowings, senior debt and subordinated debt as of September 30, 2024, and the carrying values as of September 30, 2024 and December 31, 2023.

Table 59: FHLB Borrowings, Senior Debt and Subordinated Debt

Dollars in millions	Stated Rate September 30, 2024	Maturity September 30, 2024	Carrying Value September 30, 2024	Carrying Value December 31, 2023
Parent Company				
Senior debt	1.15% - 6.88%	2024 - 2035	$ 28,394	$ 22,221
Subordinated debt	4.63 %	2033	814	1,544
Junior subordinated debt	5.85 %	2028	206	206
Total Parent Company			29,414	23,971
Bank				
Federal Home Loan Bank borrowings (a)	5.07% - 5.43%	2024 - 2026	28,000	38,000
Senior debt	2.95% - 5.99%	2024 - 2043	4,098	4,615
Subordinated debt	2.70% - 5.90%	2025 - 2029	3,176	3,125
Total Bank			35,274	45,740
Total			$ 64,688	$ 69,711

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

In Table 59, the carrying values for parent company senior and subordinated debt include basis adjustments of $124 million and $(32) million, respectively, whereas Bank senior and subordinated debt include basis adjustments of $(74) million and $(101) million, respectively, related to fair value accounting hedges as of September 30, 2024.

Certain borrowings are reported at fair value. Refer to Note 11 Fair Value for more information on those borrowings.

For further information regarding junior subordinated debentures, refer to Note 9 Borrowed Funds in our 2023 Form 10-K.

NOTE 8 COMMITMENTS

In the normal course of business, we have various commitments outstanding, certain of which are not included on our Consolidated Balance Sheet. The following table presents our outstanding commitments to extend credit along with other commitments as of September 30, 2024 and December 31, 2023, respectively.

Table 60: Commitments to Extend Credit and Other Commitments

In millions	September 30, 2024	December 31, 2023
Commitments to extend credit		
Commercial	$ 205,924	$ 203,080
Home equity	24,161	23,970
Credit card	36,003	33,978
Other	7,576	7,363
Total commitments to extend credit	273,664	268,391
Net outstanding standby letters of credit (a)	10,826	10,913
Standby bond purchase agreements (b)	1,055	1,078
Other commitments (c)	4,831	4,386
Total commitments to extend credit and other commitments	$ 290,376	$ 284,768

(a) Net outstanding standby letters of credit include $3.5 billion and $3.9 billion at September 30, 2024 and December 31, 2023, respectively, which support remarketing programs.
(b) We enter into standby bond purchase agreements to support municipal bond obligations.
(c) Includes $2.2 billion and $2.1 billion related to investments in qualified affordable housing projects at September 30, 2024 and December 31, 2023, respectively.

Commitments to Extend Credit

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

Net Outstanding Standby Letters of Credit

We issue standby letters of credit and share in the risk of standby letters of credit issued by other financial institutions, in each case to support obligations of our customers to third parties, such as insurance requirements and the facilitation of transactions involving capital markets product execution. Approximately 97% of our net outstanding standby letters of credit were rated as Pass at September 30, 2024, with the remainder rated as Criticized. An internal credit rating of Pass indicates the expected risk of loss is currently low, while a rating of Criticized indicates a higher degree of risk.

If the customer fails to meet its financial or performance obligation to the third party under the terms of the contract or there is a need to support a remarketing program, then upon a draw by a beneficiary, subject to the terms of the letter of credit, we would be obligated to make payment to them. The standby letters of credit outstanding on September 30, 2024 had terms ranging from less than one year to six years.

As of September 30, 2024, assets of $1.0 billion secured certain specifically identified standby letters of credit. In addition, a portion of the remaining standby letters of credit issued on behalf of specific customers is secured by collateral or guarantees that secure the customers' other obligations to us. The carrying amount of the liability for our obligations related to standby letters of credit and participations in standby letters of credit was $0.2 billion at September 30, 2024 and is included in Other liabilities on our Consolidated Balance Sheet.

NOTE 9 TOTAL EQUITY AND OTHER COMPREHENSIVE INCOME

Activity in total equity for the three and nine months ended September 30, 2024 and 2023 is as follows:

Table 61: Rollforward of Total Equity

		Shareholders' Equity							
In millions	Shares Outstanding Common Stock	Common Stock	Capital Surplus - Preferred Stock	Capital Surplus - Common Stock and Other	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Non-controlling Interests	Total Equity
Three months ended									
Balance at June 30, 2023 (a)	398	$ 2,715	$ 7,237	$ 12,697	$ 55,346	$ (9,525)	$ (19,150)	$ 26	$ 49,346
Net income					1,554			16	1,570
Other comprehensive loss, net of tax						(736)			(736)
Cash dividends declared - Common					(624)				(624)
Cash dividends declared - Preferred					(104)				(104)
Preferred stock discount accretion			2		(2)				
Treasury stock activity				3			9		12
Other				32				(15)	17
Balance at September 30, 2023 (a)	398	$ 2,715	$ 7,239	$ 12,732	$ 56,170	$ (10,261)	$ (19,141)	$ 27	$ 49,481
Balance at June 30, 2024 (a)	398	$ 2,716	$ 6,245	$ 12,853	$ 57,652	$ (7,446)	$ (19,378)	$ 39	$ 52,681
Net income					1,490			15	1,505
Other comprehensive income, net of tax						2,356			2,356
Cash dividends declared - Common					(646)				(646)
Cash dividends declared - Preferred					(82)				(82)
Preferred stock discount accretion			2		(2)				
Treasury stock activity	(1)			7			(121)		(114)
Other				43				(14)	29
Balance at September 30, 2024 (a)	397	$ 2,716	$ 6,247	$ 12,903	$ 58,412	$ (5,090)	$ (19,499)	$ 40	$ 55,729
Nine months ended									
Balance at December 31, 2022 (a)	401	$ 2,714	$ 5,746	$ 12,630	$ 53,572	$ (10,172)	$ (18,716)	$ 38	$ 45,812
Cumulative effect of ASU adoption (b)					26				26
Balance at January 1, 2023 (a)	401	$ 2,714	$ 5,746	$ 12,630	$ 53,598	$ (10,172)	$ (18,716)	$ 38	$ 45,838
Net income					4,714			50	4,764
Other comprehensive loss, net of tax						(89)			(89)
Cash dividends declared - Common					(1,837)				(1,837)
Cash dividends declared - Preferred					(299)				(299)
Preferred stock discount accretion			6		(6)				
Preferred stock issuance (c)			1,487						1,487
Common stock activity		1		16					17
Treasury stock activity	(3)			76			(425)		(349)
Other				10				(61)	(51)
Balance at September 30, 2023 (a)	398	$ 2,715	$ 7,239	$ 12,732	$ 56,170	$ (10,261)	$ (19,141)	$ 27	$ 49,481
Balance at December 31, 2023 (a)	398	$ 2,716	$ 6,241	$ 12,779	$ 56,290	$ (7,712)	$ (19,209)	$ 36	$ 51,141
Net income					4,279			47	4,326
Other comprehensive income, net of tax						2,622			2,622
Cash dividends declared - Common					(1,893)				(1,893)
Cash dividends declared - Preferred					(258)				(258)
Preferred stock discount accretion			6		(6)				
Common stock activity				16					16
Treasury stock activity	(1)			84			(290)		(206)
Other				24				(43)	(19)
Balance at September 30, 2024 (a)	397	$ 2,716	$ 6,247	$ 12,903	$ 58,412	$ (5,090)	$ (19,499)	$ 40	$ 55,729

(a) The par value of our preferred stock outstanding was less than $0.5 million at each date and, therefore, is excluded from this presentation.
(b) Represents the cumulative effect of adopting ASU 2022-02.
(c) On February 7, 2023, PNC issued 1,500,000 depositary shares each representing 1/100th ownership in a share of 6.250% fixed-rate reset non-cumulative perpetual preferred stock, Series W, with a par value of $1 per share.

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

Table 62: Other Comprehensive Income (Loss)

	Three months ended September 30						Nine months ended September 30					
	2024			2023			2024			2023		
In millions	Pre-tax	Tax effect	After-tax	Pre-tax	Tax effect	After-tax	Pre-tax	Tax effect	After-tax	Pre-tax	Tax effect	After-tax
Debt securities												
Net unrealized gains (losses) on securities	$ 1,397	$ (336)	$ 1,061	$ (1,171)	$ 280	$ (891)	$ 786	$ (189)	$ 597	$ (993)	$ 238	$ (755)
Less: Net realized (losses) reclassified to earnings (a)	(224)	53	(171)	(239)	57	(182)	(1,131)	271	(860)	(689)	163	(526)
Net change	1,621	(389)	1,232	(932)	223	(709)	1,917	(460)	1,457	(304)	75	(229)
Cash flow hedge derivatives												
Net unrealized gains (losses) on cash flow hedge derivatives	1,162	(279)	883	(461)	122	(339)	461	(111)	350	(953)	238	(715)
Less: Net realized (losses) reclassified to earnings (a)	(313)	75	(238)	(426)	112	(314)	(1,072)	257	(815)	(1,129)	278	(851)
Net change	1,475	(354)	1,121	(35)	10	(25)	1,533	(368)	1,165	176	(40)	136
Pension and other postretirement benefit plan adjustments												
Net pension and other postretirement benefit plan activity and other reclassified to earnings (b)				1	(1)		(1)		(1)	(3)		(3)
Net change				1	(1)		(1)		(1)	(3)		(3)
Other												
Net unrealized gains (losses) on other transactions	(1)	4	3	1	(3)	(2)	(3)	4	1	8	(1)	7
Net change	(1)	4	3	1	(3)	(2)	(3)	4	1	8	(1)	7
Total other comprehensive income (loss)	$ 3,095	$ (739)	$ 2,356	$ (965)	$ 229	$ (736)	$ 3,446	$ (824)	$ 2,622	$ (123)	$ 34	$ (89)

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

Table 63: Accumulated Other Comprehensive Income (Loss) Components

In millions, after-tax	Debt securities	Cash flow hedge derivatives	Pension and other postretirement benefit plan adjustments	Other	Total
Three months ended					
Balance at June 30, 2023	$ (6,684)	$ (2,544)	$ (254)	$ (43)	$ (9,525)
Net activity	(709)	(25)		(2)	(736)
Balance at September 30, 2023 (a)	$ (7,393)	$ (2,569)	$ (254)	$ (45)	$ (10,261)
Balance at June 30, 2024	$ (5,605)	$ (1,669)	$ (126)	$ (46)	$ (7,446)
Net activity	1,232	1,121		3	2,356
Balance at September 30, 2024 (a)	$ (4,373)	$ (548)	$ (126)	$ (43)	$ (5,090)
Nine months ended					
Balance at December 31, 2022	$ (7,164)	$ (2,705)	$ (251)	$ (52)	$ (10,172)
Net activity	(229)	136	(3)	7	(89)
Balance at September 30, 2023 (a)	$ (7,393)	$ (2,569)	$ (254)	$ (45)	$ (10,261)
Balance at December 31, 2023	$ (5,830)	$ (1,713)	$ (125)	$ (44)	$ (7,712)
Net activity	1,457	1,165	(1)	1	2,622
Balance at September 30, 2024 (a)	$ (4,373)	$ (548)	$ (126)	$ (43)	$ (5,090)

(a) AOCI included pretax losses of $280 million and $297 million from derivatives that hedged the purchase of investment securities classified as held to maturity at September 30, 2024 and September 30, 2023, respectively.

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

Table 64: Dividends Per Share (a)

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Common Stock	$ 1.60	$ 1.55	$ 4.70	$ 4.55
Preferred Stock				
Series B	$ 0.45	$ 0.45	$ 1.35	$ 1.35
Series O		$ 2,294		$ 6,468
Series R	$ 2,209	$ 2,181	$ 6,612	$ 4,606
Series S			$ 2,500	$ 2,500
Series T	$ 850	$ 850	$ 2,550	$ 2,550
Series U	$ 1,500	$ 1,500	$ 4,500	$ 4,500
Series V	$ 1,550	$ 1,550	$ 4,650	$ 4,650
Series W	$ 1,563	$ 1,563	$ 4,688	$ 3,785

(a) Dividends are payable quarterly, other than Series S preferred stock, which is payable semiannually.

On October 3, 2024, the PNC Board of Directors declared a quarterly cash dividend on common stock of $1.60 per share to be paid on November 5, 2024 to shareholders of record at the close of business October 16, 2024.

Note 10 Earnings Per Share

Table 65: Basic and Diluted Earnings Per Common Share

In millions, except per share data	Three months ended September 30 2024	Three months ended September 30 2023	Nine months ended September 30 2024	Nine months ended September 30 2023
Basic				
Net income	$ 1,505	$ 1,570	$ 4,326	$ 4,764
Less:				
Net income attributable to noncontrolling interests	15	16	47	50
Preferred stock dividends	82	104	258	299
Preferred stock discount accretion and redemptions	2	2	6	6
Net income attributable to common shareholders	1,406	1,448	4,015	4,409
Less: Dividends and undistributed earnings allocated to nonvested restricted shares	10	8	24	23
Net income attributable to basic common shareholders	$ 1,396	$ 1,440	$ 3,991	$ 4,386
Basic weighted-average common shares outstanding	399	400	400	401
Basic earnings per common share (a)	$ 3.50	$ 3.60	$ 9.99	$ 10.95
Diluted				
Net income attributable to diluted common shareholders	$ 1,396	$ 1,440	$ 3,991	$ 4,386
Basic weighted-average common shares outstanding	399	400	400	401
Dilutive potential common shares	1			
Diluted weighted-average common shares outstanding	400	400	400	401
Diluted earnings per common share (a)	$ 3.49	$ 3.60	$ 9.98	$ 10.94

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

NOTE 11 FAIR VALUE

Fair Value Measurement

We measure certain financial assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability on the measurement date and is determined using an exit price in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. The fair value hierarchy established by GAAP requires us to maximize the use of observable inputs when measuring fair value. For more information regarding the fair value hierarchy, see Note 14 Fair Value in our 2023 Form 10-K.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

For more information on the valuation methodologies used to measure assets and liabilities at fair value on a recurring basis, see Note 14 Fair Value in our 2023 Form 10-K. The following table summarizes our assets and liabilities measured at fair value on a recurring basis, including instruments for which we have elected the fair value option.

Table 66: Fair Value Measurements – Recurring Basis Summary

	September 30, 2024				December 31, 2023			
In millions	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value
Assets								
Residential mortgage loans held for sale		$ 588	$ 70	$ 658		$ 371	$ 103	$ 474
Commercial mortgage loans held for sale		73	4	77		227	11	238
Securities available for sale								
U.S. Treasury and government agencies	$ 21,584	1,055		22,639	$ 6,292	659		6,951
Residential mortgage-backed								
Agency		29,661		29,661		27,880		27,880
Non-agency			628	628			696	696
Commercial mortgage-backed								
Agency		1,892		1,892		1,546		1,546
Non-agency		631	103	734		766	103	869
Asset-backed		2,193	96	2,289		1,014	102	1,116
Other		2,441	54	2,495		2,672	55	2,727
Total securities available for sale	21,584	37,873	881	60,338	6,292	34,537	956	41,785
Loans		489	684	1,173		512	726	1,238
Equity investments (a)	976		2,063	3,242	574		1,952	2,717
Residential mortgage servicing rights			2,528	2,528			2,654	2,654
Commercial mortgage servicing rights			975	975			1,032	1,032
Trading securities (b)	1,000	1,967		2,967	377	2,422		2,799
Financial derivatives (b) (c)	21	3,275	12	3,308	29	3,394	6	3,429
Other assets	453	114	8	575	403	85	8	496
Total assets (d)	$ 24,034	$ 44,379	$ 7,225	$ 75,841	$ 7,675	$ 41,548	$ 7,448	$ 56,862
Liabilities								
Other borrowed funds	$ 1,383	$ 162	$ 8	$ 1,553	$ 724	$ 84	$ 9	$ 817
Financial derivatives (c) (e)	6	4,340	281	4,627	11	5,736	152	5,899
Other liabilities			176	176			237	237
Total liabilities (f)	$ 1,389	$ 4,502	$ 465	$ 6,356	$ 735	$ 5,820	$ 398	$ 6,953

(a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.
(b) Included in Other assets on the Consolidated Balance Sheet.
(c) Amounts at September 30, 2024 and December 31, 2023 are presented gross and are not reduced by the impact of legally enforceable master netting agreements that allow us to net positive and negative positions and cash collateral held or placed with the same counterparty. See Note 12 Financial Derivatives for additional information related to derivative offsetting.
(d) Total assets at fair value as a percentage of total consolidated assets was 13% and 10% at September 30, 2024 and December 31, 2023, respectively. Level 3 assets as a percentage of total assets at fair value was 10% and 13% at September 30, 2024 and December 31, 2023, respectively. Level 3 assets as a percentage of total consolidated assets was 1% at both September 30, 2024 and December 31, 2023.
(e) Included in Other liabilities on the Consolidated Balance Sheet.
(f) Total liabilities at fair value as a percentage of total consolidated liabilities was 1% at both September 30, 2024 and December 31, 2023. Level 3 liabilities as a percentage of total liabilities at fair value was 7% and 6% at September 30, 2024 and December 31, 2023, respectively. Level 3 liabilities as a percentage of total consolidated liabilities was less than 1% at both September 30, 2024 and December 31, 2023.

Reconciliations of assets and liabilities measured at fair value on a recurring basis using Level 3 inputs for the three and nine months ended September 30, 2024 and 2023 are as follows:

Table 67: Reconciliation of Level 3 Assets and Liabilities

Three Months Ended September 30, 2024

		Total realized / unrealized gains or losses for the period (a)									
Level 3 Instruments Only In millions	Fair Value June 30, 2024	Included in Earnings	Included in Other comprehensive income (b)	Purchases	Sales	Issuances	Settlements	Transfers into Level 3	Transfers out of Level 3	Fair Value Sept. 30, 2024	Unrealized gains/losses for the period on assets and liabilities held on Consolidated Balance Sheet at Sept. 30, 2024 (a) (c)
Assets											
Residential mortgage loans held for sale	$ 95	$ 1		$ 2	$ (26)		$ (2)	$ 1	$ (1) (d)	$ 70	$ 2
Commercial mortgage loans held for sale	4	1					(1)			4	
Securities available for sale											
Residential mortgage-backed non-agency	624	4	$ 21				(21)			628	
Commercial mortgage-backed non-agency	103									103	
Asset-backed	96	1	3				(4)			96	
Other	54	(1)		1						54	
Total securities available for sale	877	4	24	1			(25)			881	
Loans	701	4		4			(21)		(4) (d)	684	5
Equity investments	2,030	27		85	(79)					2,063	16
Residential mortgage servicing rights	2,657	(71)		1		$ 6	(65)			2,528	(71)
Commercial mortgage servicing rights	1,082	(54)		19		12	(84)			975	(54)
Financial derivatives	12	8		2			(10)			12	12
Other assets	8									8	
Total assets	$ 7,466	$ (80)	$ 24	$ 114	$ (105)	$ 18	$ (208)	$ 1	$ (5)	$ 7,225	$ (90)
Liabilities											
Other borrowed funds	$ 9					$ 2	$ (3)			$ 8	
Financial derivatives	183	$ 128			$ 2		(32)			281	$ 129
Other liabilities	194	10				1	(29)			176	3
Total liabilities	$ 386	$ 138			$ 2	$ 3	$ (64)			$ 465	$ 132
Net gains (losses)		$ (218) (e)									$ (222) (f)

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Three Months Ended September 30, 2023

Level 3 Instruments Only In millions	Fair Value June 30, 2023	Total realized / unrealized gains or losses for the period (a) Included in Earnings	Included in Other comprehensive income (b)	Purchases	Sales	Issuances	Settlements	Transfers into Level 3	Transfers out of Level 3	Fair Value Sept. 30, 2023	Unrealized gains/losses for the period on assets and liabilities held on Consolidated Balance Sheet at Sept. 30, 2023 (a) (c)
Assets											
Residential mortgage loans held for sale	$ 191	$ (3)		$ 3	$ (89)		$ (2)	$ 1	$ (4) (d)	$ 97	$ (4)
Commercial mortgage loans held for sale	25									25	
Securities available for sale											
Residential mortgage-backed non-agency	768	5	$ (20)				(40)			713	
Commercial mortgage-backed non-agency	3							92		95	
Asset-backed	117		(3)				(11)			103	
Other	54	(1)	1	3			(1)			56	
Total securities available for sale	942	4	(22)	3			(52)	92		967	
Loans	745	5		19			(27)	2	(6) (d)	738	5
Equity investments	1,623	(9)		212	(97)					1,729	(16)
Residential mortgage servicing rights	2,349	215		329		$ 7	(63)			2,837	215
Commercial mortgage servicing rights	1,106	130		10		6	(83)			1,169	130
Financial derivatives	6	6					(6)			6	7
Other assets				1				4		5	
Total assets	$ 6,987	$ 348	$ (22)	$ 577	$ (186)	$ 13	$ (233)	$ 99	$ (10)	$ 7,573	$ 337
Liabilities											
Other borrowed funds	$ 5					$ 3	$ (1)			$ 7	
Financial derivatives	140	$ 50			$ 2		(84)			108	$ 51
Other liabilities	239	6				329	(324)			250	
Total liabilities	$ 384	$ 56			$ 2	$ 332	$ (409)			$ 365	$ 51
Net gains (losses)		$ 292 (e)									$ 286 (f)

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Nine Months Ended September 30, 2024

Level 3 Instruments Only In millions	Fair Value Dec. 31, 2023	Total realized / unrealized gains or losses for the period (a) Included in Earnings	Included in Other comprehensive income (b)	Purchases	Sales	Issuances	Settlements	Transfers into Level 3	Transfers out of Level 3	Fair Value Sept. 30, 2024	Unrealized gains/losses for the period on assets and liabilities held on Consolidated Balance Sheet at Sept. 30, 2024 (a) (c)
Assets											
Residential mortgage loans held for sale	$ 103			$ 16	$ (37)		$ (6)	$ 4	$ (10) (d)	$ 70	
Commercial mortgage loans held for sale	11	$ 1					(8)			4	
Securities available for sale											
Residential mortgage-backed non-agency	696	10	$ 10				(88)			628	
Commercial mortgage-backed non-agency	103									103	
Asset-backed	102	1	2				(9)			96	
Other	55	(3)	1	4			(3)			54	$ (2)
Total securities available for sale	956	8	13	4			(100)			881	(2)
Loans	726	12		16	(2)		(59)		(9) (d)	684	12
Equity investments	1,952	53		221	(163)					2,063	35
Residential mortgage servicing rights	2,654	17		30		$ 18	(191)			2,528	17
Commercial mortgage servicing rights	1,032	118		43		23	(241)			975	118
Financial derivatives	6	26		4			(24)			12	30
Other assets	8									8	
Total assets	$ 7,448	$ 235	$ 13	$ 334	$ (202)	$ 41	$ (629)	$ 4	$ (19)	$ 7,225	$ 210
Liabilities											
Other borrowed funds	$ 9					$ 9	$ (10)			$ 8	
Financial derivatives	152	$ 246			$ 4		(121)			281	$ 252
Other liabilities	237	(4)				29	(86)			176	11
Total liabilities	$ 398	$ 242			$ 4	$ 38	$ (217)			$ 465	$ 263
Net gains (losses)		$ (7) (e)									$ (53) (f)

(Continued from previous page)

Nine Months Ended September 30, 2023

Level 3 Instruments Only In millions	Fair Value Dec. 31, 2022	Total realized / unrealized gains or losses for the period (a)		Purchases	Sales	Issuances	Settlements	Transfers into Level 3	Transfers out of Level 3	Fair Value Sept. 30, 2023	Unrealized gains/losses for the period on assets and liabilities held on Consolidated Balance Sheet at Sept. 30, 2023 (a) (c)
		Included in Earnings	Included in Other comprehensive income (b)								
Assets											
Residential mortgage loans held for sale	$ 243	$ (3)		$ 12	$ (131)		$ (9)	$ 4	$ (19) (d)	$ 97	$ (3)
Commercial mortgage loans held for sale	33						(8)			25	
Securities available for sale											
Residential mortgage-backed non-agency	819	13	$ (16)				(103)			713	
Commercial mortgage-backed non-agency	3							92		95	
Asset-backed	124	1	(3)				(19)			103	
Other	55	(1)	(3)	6			(4)	3		56	
Total securities available for sale	1,001	13	(22)	6			(126)	95		967	
Loans	769	11		39	(1)		(77)	17	(20) (d)	738	11
Equity investments	1,778	136		444	(495)				(134) (g)	1,729	103
Residential mortgage servicing rights	2,310	248		438		$ 17	(176)			2,837	248
Commercial mortgage servicing rights	1,113	238		27		38	(247)			1,169	238
Financial derivatives	5	13		3			(15)			6	16
Other assets				1				4		5	
Total assets	$ 7,252	$ 656	$ (22)	$ 970	$ (627)	$ 55	$ (658)	$ 120	$ (173)	$ 7,573	$ 613
Liabilities											
Other borrowed funds	$ 4					$ 9	$ (6)			$ 7	
Financial derivatives	123	$ 168			$ 5		(188)			108	$ 173
Other liabilities	294	61				436	(541)			250	41
Total liabilities	$ 421	$ 229			$ 5	$ 445	$ (735)			$ 365	$ 214
Net gains (losses)		$ 427 (e)									$ 399 (f)

(a) Losses for assets are bracketed while losses for liabilities are not.
(b) The difference in unrealized gains and losses for the period included in Other comprehensive income and changes in unrealized gains and losses for the period included in Other comprehensive income for securities available for sale held at the end of the reporting period were insignificant.
(c) The amount of the total gains or losses for the period included in earnings that is attributable to the change in unrealized gains or losses related to those assets and liabilities held at the end of the reporting period.
(d) Residential mortgage loan transfers out of Level 3 are primarily driven by residential mortgage loans transferring to OREO as well as reclassification of mortgage loans held for sale to held for investment.
(e) Net gains (losses) realized and unrealized included in earnings related to Level 3 assets and liabilities included amortization and accretion. The amortization and accretion amounts were included in Interest income on the Consolidated Income Statement and the remaining net gains (losses) realized and unrealized were included in Noninterest income on the Consolidated Income Statement.
(f) Net unrealized gains (losses) related to assets and liabilities held at the end of the reporting period were included in Noninterest income on the Consolidated Income Statement.
(g) Transfers out of Level 3 during the prior period were due to valuation methodology changes for certain private company investments. See Note 1 Accounting Policies in our 2023 Form 10-K for more information on our accounting for private company investments.

An instrument's categorization within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Changes from one quarter to the next related to the observability of inputs to a fair value measurement may result in a reclassification (transfer) of assets or liabilities between hierarchy levels.

Quantitative information about the significant unobservable inputs within Level 3 recurring assets and liabilities follows:

Table 68: Fair Value Measurements – Recurring Quantitative Information

September 30, 2024

Level 3 Instruments Only Dollars in millions	Fair Value	Valuation Techniques	Unobservable Inputs	Range (Weighted-Average) (a)
Commercial mortgage loans held for sale	$ 4	Discounted cash flow	Spread over the benchmark curve (b)	570bps - 1,085bps (980bps)
Residential mortgage-backed non-agency securities	628	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 27.9% (4.2%)
			Constant default rate	0.0% - 12.0% (1.9%)
			Loss severity	15.0% - 77.4% (43.2%)
			Spread over the benchmark curve (b)	247bps weighted-average
Asset-backed securities	96	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 8.0% (3.8%)
			Constant default rate	0.0% - 7.0% (1.5%)
			Loss severity	35.0% - 100.0% (46.8%)
			Spread over the benchmark curve (b)	193bps weighted-average
Loans - Residential real estate - Uninsured	518	Consensus pricing (c)	Cumulative default rate	3.6% - 100.0% (57.2%)
			Loss severity	0.0% - 100.0% (5.1%)
			Discount rate	5.5% - 7.5% (5.8%)
Loans - Residential real estate	70	Discounted cash flow	Loss severity	6.0% weighted-average
			Discount rate	6.8% weighted-average
Loans - Home equity - First-lien	16	Consensus pricing (c)	Cumulative default rate	3.6% - 100.0% (56.9%)
			Loss severity	0.0% - 100.0% (12.3%)
			Discount rate	5.5% - 7.5% (6.1%)
Loans - Home equity	80	Consensus pricing (c)	Credit and liquidity discount	0.3% - 100.0% (41.0%)
Equity investments	2,063	Multiple of adjusted earnings	Multiple of earnings	5.5x - 27.0x (10.3x)
Residential mortgage servicing rights	2,528	Discounted cash flow	Constant prepayment rate	0.0% - 51.6% (7.2%)
			Spread over the benchmark curve (b)	221bps - 1,732bps (755bps)
Commercial mortgage servicing rights	975	Discounted cash flow	Constant prepayment rate	4.3% - 9.1% (4.4%)
			Discount rate	9.0% - 10.9% (10.7%)
Financial derivatives - Swaps related to sales of certain Visa Class B common shares	(276)	Discounted cash flow	Estimated conversion factor of Visa Class B shares into Class A shares	1.54 weighted-average
			Estimated annual growth rate of Visa Class A share price	16.0%
			Estimated litigation resolution date	Q1 2026
Insignificant Level 3 assets, net of liabilities (d)	58			
Total Level 3 assets, net of liabilities (e)	$ 6,760			

(Continued from previous page)

December 31, 2023

Level 3 Instruments Only Dollars in millions	Fair Value	Valuation Techniques	Unobservable Inputs	Range (Weighted-Average) (a)
Commercial mortgage loans held for sale	$ 11	Discounted cash flow	Spread over the benchmark curve (b)	575bps - 3,610bps (1,647bps)
Residential mortgage-backed non-agency securities	696	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 27.9% (3.7%)
			Constant default rate	0.0% - 12.0% (2.7%)
			Loss severity	10.0% - 69.0% (41.2%)
			Spread over the benchmark curve (b)	285bps weighted-average
Asset-backed securities	102	Priced by a third-party vendor using a discounted cash flow pricing model	Constant prepayment rate	1.0% - 28.0% (5.1%)
			Constant default rate	0.0% - 4.3% (1.7%)
			Loss severity	20.0% - 100.0% (49.5%)
			Spread over the benchmark curve (b)	248bps weighted-average
Loans - Residential real estate - Uninsured	546	Consensus pricing (c)	Cumulative default rate	3.6% - 100.0% (59.1%)
			Loss severity	0.0% - 100.0% (5.4%)
			Discount rate	5.5% - 7.5% (5.8%)
Loans - Residential real estate	75	Discounted cash flow	Loss severity	6.0% weighted-average
			Discount rate	7.8% weighted-average
Loans - Home equity - First-lien	18	Consensus pricing (c)	Cumulative default rate	3.6% - 100.0% (60.9%)
			Loss severity	0.0% - 100.0% (14.4%)
			Discount rate	5.5% - 7.5% (6.2%)
Loans - Home equity	87	Consensus pricing (c)	Credit and liquidity discount	0.3% - 100.0% (43.8%)
Equity investments	1,952	Multiple of adjusted earnings	Multiple of earnings	4.5x - 26.7x (10.1x)
Residential mortgage servicing rights	2,654	Discounted cash flow	Constant prepayment rate	0.0% - 33.6% (6.4%)
			Spread over the benchmark curve (b)	337bps - 1,668bps (765bps)
Commercial mortgage servicing rights	1,032	Discounted cash flow	Constant prepayment rate	5.3% - 9.7% (5.5%)
			Discount rate	7.6% - 10.0% (9.6%)
Financial derivatives - Swaps related to sales of certain Visa Class B common shares	(145)	Discounted cash flow	Estimated conversion factor of Visa Class B shares into Class A shares	1.59 weighted-average
			Estimated annual growth rate of Visa Class A share price	16.0%
			Estimated litigation resolution date	Q3 2024
Insignificant Level 3 assets, net of liabilities (d)	22			
Total Level 3 assets, net of liabilities (e)	$ 7,050			

(a) Unobservable inputs were weighted by the relative fair value of the instruments.
(b) The assumed yield spread over the benchmark curve for each instrument is generally intended to incorporate non-interest rate risks, such as credit and liquidity risks.
(c) Consensus pricing refers to fair value estimates that are generally internally developed using information such as dealer quotes or other third-party provided valuations or comparable asset prices.
(d) Represents the aggregate amount of Level 3 assets and liabilities measured at fair value on a recurring basis that are individually and in the aggregate insignificant. The amount includes certain financial derivative assets and liabilities, trading securities, other securities, residential mortgage loans held for sale, other assets, other borrowed funds and other liabilities.
(e) Consisted of total Level 3 assets of $7.2 billion and total Level 3 liabilities of $0.5 billion as of September 30, 2024 and $7.4 billion and $0.4 billion as of December 31, 2023, respectively.

Financial Assets Accounted for at Fair Value on a Nonrecurring Basis

We may be required to measure certain financial assets at fair value on a nonrecurring basis. These adjustments to fair value usually result from the application of lower of amortized cost or fair value accounting or write-downs of individual assets due to impairment and are included in Table 69. For more information regarding the valuation methodologies of our financial assets measured at fair value on a nonrecurring basis, see Note 14 Fair Value in our 2023 Form 10-K.

Assets measured at fair value on a nonrecurring basis follow:

Table 69: Fair Value Measurements – Nonrecurring (a) (b) (c)

	Fair Value		Gains (Losses) Three months ended		Gains (Losses) Nine months ended	
In millions	September 30 2024	December 31 2023	September 30 2024	September 30 2023	September 30 2024	September 30 2023
Assets						
Nonaccrual loans	$ 795	$ 578	$ (180)	$ (84)	$ (333)	$ (260)
Equity investments	47	203	1	(15)	(1)	(19)
OREO and foreclosed assets	7	12		(1)	(1)	(1)
Long-lived assets	9	9	(1)	(3)	(7)	(17)
Total assets	$ 858	$ 802	$ (180)	$ (103)	$ (342)	$ (297)

(a) All Level 3 for the periods presented, except for $30 million included in Equity investments which was categorized as Level 1 as of December 31, 2023.
(b) Valuation techniques applied were fair value of property or collateral.
(c) Unobservable inputs used were appraised value/sales price, broker opinions or projected income/required improvement costs. Additional quantitative information was not meaningful for the periods presented.

Financial Instruments Accounted for under Fair Value Option

We elect the fair value option to account for certain financial instruments. For more information on these financial instruments for which the fair value option election has been made, see Note 14 Fair Value in our 2023 Form 10-K.

Fair values and aggregate unpaid principal balances of items for which we elected the fair value option are as follows:

Table 70: Fair Value Option – Fair Value and Principal Balances

	September 30, 2024			December 31, 2023		
In millions	Fair Value	Aggregate Unpaid Principal Balance	Difference	Fair Value	Aggregate Unpaid Principal Balance	Difference
Assets						
Residential mortgage loans held for sale						
Accruing loans less than 90 days past due	$ 623	$ 613	$ 10	$ 432	$ 429	$ 3
Accruing loans 90 days or more past due	6	6		6	6	
Nonaccrual loans	29	35	(6)	36	43	(7)
Total	$ 658	$ 654	$ 4	$ 474	$ 478	$ (4)
Commercial mortgage loans held for sale (a) (b)						
Accruing loans less than 90 days past due	$ 77	$ 77		$ 238	$ 228	$ 10
Loans						
Accruing loans less than 90 days past due	$ 505	$ 518	$ (13)	$ 507	$ 520	$ (13)
Accruing loans 90 days or more past due	118	129	(11)	146	156	(10)
Nonaccrual loans	550	735	(185)	585	793	(208)
Total	$ 1,173	$ 1,382	$ (209)	$ 1,238	$ 1,469	$ (231)
Other assets	$ 113	$ 104	$ 9	$ 85	$ 69	$ 16
Liabilities						
Other borrowed funds	$ 29	$ 30	$ (1)	$ 39	$ 40	$ (1)
Other liabilities	$ 98		$ 98	$ 124		$ 124

(a) There were no accruing loans 90 days or more past due within this category at September 30, 2024 or December 31, 2023.
(b) There were no nonaccrual loans within this category at September 30, 2024 or December 31, 2023.

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

Table 71: Fair Value Option – Changes in Fair Value (a)

	Gains (Losses) Three months ended		Gains (Losses) Nine months ended	
In millions	September 30 2024	September 30 2023	September 30 2024	September 30 2023
Assets				
Residential mortgage loans held for sale	$ 18	$ (3)	$ 32	$ 14
Commercial mortgage loans held for sale	$ 3	$ 6	$ 12	$ 29
Loans	$ 6	$ 8	$ 18	$ 17
Other assets	$ 17		$ 20	$ (12)
Liabilities				
Other liabilities	$ (3)		$ (12)	$ (41)

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

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

The following table presents the carrying amounts and estimated fair values, as well as the level within the fair value hierarchy, of all other financial instruments that are not recorded on our Consolidated Balance Sheet at fair value as of September 30, 2024 and December 31, 2023. For more information regarding the methods and assumptions used to estimate the fair values of financial instruments included in Table 72, see Note 14 Fair Value in our 2023 Form 10-K.

Table 72: Additional Fair Value Information Related to Other Financial Instruments

	Carrying	Fair Value			
In millions	Amount	Total	Level 1	Level 2	Level 3
September 30, 2024					
Assets					
Cash and due from banks	$ 6,162	$ 6,162	$ 6,162		
Interest-earning deposits with banks (a)	35,024	35,024	34,572	$ 452	
Securities held to maturity	83,850	81,398	28,682	52,560	$ 156
Net loans (excludes leases)	308,893	304,957			304,957
Other assets	6,219	6,219		6,210	9
Total assets	$ 440,148	$ 433,760	$ 69,416	$ 59,222	$ 305,122
Liabilities					
Time deposits	$ 37,394	$ 37,500		$ 37,500	
Borrowed funds	66,438	67,371		66,388	$ 983
Unfunded lending related commitments	725	725			725
Other liabilities	1,332	1,332		1,332	
Total liabilities	$ 105,889	$ 106,928		$ 105,220	$ 1,708
December 31, 2023					
Assets					
Cash and due from banks	$ 6,921	$ 6,921	$ 6,921		
Interest-earning deposits with banks (a)	43,804	43,804	43,313	$ 491	
Securities held to maturity	90,790	86,948	30,943	55,850	$ 155
Net loans (excludes leases)	308,936	299,645			299,645
Other assets	5,872	5,872		5,872	
Total assets	$ 456,323	$ 443,190	$ 81,177	$ 62,213	$ 299,800
Liabilities					
Time deposits	$ 31,569	$ 31,602		$ 31,602	
Borrowed funds	71,816	72,369		71,194	$ 1,175
Unfunded lending related commitments	663	663			663
Other liabilities	1,091	1,091		1,091	
Total liabilities	$ 105,139	$ 105,725		$ 103,887	$ 1,838

(a) In the second quarter of 2024, we reclassified balances held at the Federal Reserve Bank from Level 2 to Level 1 to align with our updated cash and cash equivalents policy. For additional details, see Note 1 Accounting Policies.

The aggregate fair values in Table 72 represent only a portion of the total market value of our assets and liabilities as, in accordance with the guidance related to fair values about financial instruments, we exclude the following:

- financial instruments recorded at fair value on a recurring basis (as they are disclosed in Table 66),
- investments accounted for under the equity method,
- equity securities without a readily determinable fair value that apply for the alternative measurement approach to fair value under ASU 2016-01,
- real and personal property,
- lease financing,
- loan customer relationships,
- deposit customer intangibles,
- MSRs,
- retail branch networks,
- fee-based businesses, such as asset management and brokerage,
- trademarks and brand names,
- trade receivables and payables due in one year or less,
- deposit liabilities with no defined or contractual maturities under ASU 2016-01, and
- insurance contracts.

NOTE 12 FINANCIAL DERIVATIVES

We use a variety of financial derivatives to both mitigate exposure to market (primarily interest rate) and credit risks inherent in our business activities, as well as to facilitate customer risk management activities. We manage these risks as part of our overall asset and liability management process and through our credit policies and procedures. Derivatives represent contracts between parties that usually require little or no initial net investment and result in one party delivering cash or another type of asset to the other party based on a notional amount and an underlying as specified in the contract.

Derivative transactions are often measured in terms of notional amount, but this amount is generally not exchanged and it is not recorded on the balance sheet. The notional amount is the basis to which the underlying is applied to determine required payments under the derivative contract. The underlying is a referenced interest rate, security price, credit spread or other index. Residential and commercial real estate loan commitments associated with loans to be sold also qualify as derivative instruments.

For more information regarding derivatives, see Note 1 Accounting Policies and Note 15 Financial Derivatives in our 2023 Form 10-K.

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

Table 73: Total Gross Derivatives (a)

In millions	September 30, 2024 Notional / Contract Amount	September 30, 2024 Asset Fair Value (b)	September 30, 2024 Liability Fair Value (c)	December 31, 2023 Notional / Contract Amount	December 31, 2023 Asset Fair Value (b)	December 31, 2023 Liability Fair Value (c)
Derivatives used for hedging						
Interest rate contracts:						
Fair value hedges (d)	$ 54,084			$ 32,079		
Cash flow hedges (d)	48,847			33,302		
Cash flow hedges - other (e)	25,000	$ 349	$ 88	25,000	$ 327	$ 137
Foreign exchange contracts:						
Net investment hedges	1,212	1	62	1,174		2
Total derivatives designated for hedging	$ 129,143	$ 350	$ 150	$ 91,555	$ 327	$ 139
Derivatives not used for hedging						
Derivatives used for mortgage banking activities (f):						
Interest rate contracts:						
Swaps	$ 49,343			$ 43,450		
Futures (g)	9,863			10,370		
Mortgage-backed commitments	4,879	$ 67	$ 60	3,093	$ 66	$ 67
Other	11,058	39	10	15,544	46	22
Total interest rate contracts	75,143	106	70	72,457	112	89
Derivatives used for customer-related activities:						
Interest rate contracts:						
Swaps	409,026	1,769	3,094	401,607	1,723	4,228
Futures (g)	133			73		
Mortgage-backed commitments	6,543	8	9	2,592	9	25
Other	30,920	118	100	28,489	186	169
Total interest rate contracts	446,622	1,895	3,203	432,761	1,918	4,422
Commodity contracts:						
Swaps	6,308	383	360	6,714	577	569
Other	9,353	239	238	4,797	188	188
Total commodity contracts	15,661	622	598	11,511	765	757
Foreign exchange contracts and other	38,372	315	257	32,885	295	239
Total derivatives for customer-related activities	500,655	2,832	4,058	477,157	2,978	5,418
Derivatives used for other risk management activities:						
Foreign exchange contracts and other	11,568	20	349	14,882	12	253
Total derivatives not designated for hedging	$ 587,366	$ 2,958	$ 4,477	$ 564,496	$ 3,102	$ 5,760
Total gross derivatives	$ 716,509	$ 3,308	$ 4,627	$ 656,051	$ 3,429	$ 5,899
Less: Impact of legally enforceable master netting agreements		1,431	1,431		1,406	1,406
Less: Cash collateral received/paid		761	836		1,126	955
Total derivatives		$ 1,116	$ 2,360		$ 897	$ 3,538

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

All derivatives are carried on our Consolidated Balance Sheet at fair value. Derivative balances are presented on the Consolidated Balance Sheet on a net basis taking into consideration the effects of legally enforceable master netting agreements and, when appropriate, any related cash collateral exchanged with counterparties. Further discussion regarding the offsetting rights associated with these legally enforceable master netting agreements is included in the Offsetting and Counterparty Credit Risk section of this Note 12. Any nonperformance risk, including credit risk, is included in the determination of the estimated net fair value of the derivatives.

Derivatives Designated As Hedging Instruments

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

Fair Value Hedges

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

Cash Flow Hedges

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

In the 12 months that follow September 30, 2024, we expect to reclassify net derivative losses of $0.5 billion pretax, or $0.4 billion after-tax, from AOCI to interest income for these cash flow hedge strategies. This reclassified amount could differ from amounts actually recognized due to changes in interest rates, hedge de-designations and the addition of other hedges subsequent to September 30, 2024. As of September 30, 2024, the maximum length of time over which forecasted transactions are hedged is ten years.

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

Table 74: Gains (Losses) Recognized on Fair Value and Cash Flow Hedges in the Consolidated Income Statement (a) (b)

	Location and Amount of Gains (Losses) Recognized in Income			
	Interest Income		Interest Expense	Noninterest Income
In millions	Loans	Investment Securities	Borrowed Funds	Other
For the three months ended September 30, 2024				
Total amounts in the Consolidated Income Statement	$ 4,954	$ 1,097	$ 1,182	$ 69
Gains (losses) on fair value hedges recognized on:				
Hedged items (c)		$ 529	$ (1,089)	
Derivatives		$ (521)	$ 1,079	
Amounts related to interest settlements on derivatives		$ 46	$ (195)	
Gains (losses) on cash flow hedges (d):				
Amount of derivative gains (losses) reclassified from accumulated other comprehensive income	$ (304)	$ (9)		
Other amounts related to interest settlements on derivatives	$ 5			
For the three months ended September 30, 2023				
Total amounts in the Consolidated Income Statement	$ 4,643	$ 892	$ 993	$ 94
Gains (losses) on fair value hedges recognized on:				
Hedged items (c)		$ (156)	$ 416	
Derivatives		$ 158	$ (421)	
Amounts related to interest settlements on derivatives		$ 8	$ (167)	
Gains (losses) on cash flow hedges (d):				
Amount of derivative gains (losses) reclassified from accumulated other comprehensive income	$ (418)	$ (8)		
Other amounts related to interest settlements on derivatives	$ 32			
For the nine months ended September 30, 2024				
Total amounts on the Consolidated Income Statement	$ 14,615	$ 2,981	$ 3,523	$ 536
Gains (losses) on fair value hedges recognized on:				
Hedged items (c)		$ 637	$ (654)	
Derivatives		$ (632)	$ 632	
Amounts related to interest settlements on derivatives		$ 85	$ (560)	
Gains (losses) on cash flow hedges (d):				
Amount of derivative gains (losses) reclassified from accumulated other comprehensive income	$ (1,020)	$ (24)		$ (28)
Other amounts related to interest settlements on derivatives	$ 47			
For the nine months ended September 30, 2023				
Total amounts on the Consolidated Income Statement	$ 13,424	$ 2,660	$ 2,679	$ 481
Gains (losses) on fair value hedges recognized on:				
Hedged items (c)		$ (157)	$ 551	
Derivatives		$ 163	$ (569)	
Amounts related to interest settlements on derivatives		$ 20	$ (427)	
Gains (losses) on cash flow hedges (d):				
Amount of derivative gains (losses) reclassified from accumulated other comprehensive income	$ (1,108)	$ (21)		
Other amounts related to interest settlements on derivatives	$ 87			

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

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

Table 75: Hedged Items - Fair Value Hedges

	September 30, 2024		December 31, 2023	
In millions	Carrying Value of the Hedged Items	Cumulative Fair Value Hedge Adjustment included in the Carrying Value of Hedged Items (a)	Carrying Value of the Hedged Items	Cumulative Fair Value Hedge Adjustment included in the Carrying Value of Hedged Items (a)
Investment securities - available for sale (b)	$ 19,063	$ 513	$ 2,076	$ (122)
Borrowed funds	$ 35,469	$ (83)	$ 30,503	$ (737)

(a) Includes less than $(0.1) billion of fair value hedge adjustments primarily related to discontinued borrowed funds hedge relationships at both September 30, 2024 and December 31, 2023.
(b) Carrying value shown represents amortized cost.

Net Investment Hedges
We enter into foreign currency forward contracts to hedge non-U.S. dollar net investments in foreign subsidiaries against adverse changes in foreign exchange rates. We assess whether the hedging relationship is highly effective in achieving offsetting changes in the value of the hedge and hedged item by qualitatively verifying that the critical terms of the hedge and hedged item match at the inception of the hedging relationship and on an ongoing basis. Net investment hedge derivatives are classified as foreign exchange contracts. There were no components of derivative gains or losses excluded from the assessment of the hedge effectiveness for the periods presented. Net gains (losses) on net investment hedge derivatives recognized in OCI were $(68) million for the three months ended September 30, 2024 compared to $44 million for the three months ended September 30, 2023 and $(59) million for the nine months ended September 30, 2024 compared to $(2) million for the same period in 2023.

Derivatives Not Designated As Hedging Instruments

For additional information on derivatives not designated as hedging instruments under GAAP, see Note 15 Financial Derivatives in our 2023 Form 10-K.

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

Table 76: Gains (Losses) on Derivatives Not Designated for Hedging

	Three months ended September 30		Nine months ended September 30	
In millions	2024	2023	2024	2023
Derivatives used for mortgage banking activities:				
Interest rate contracts (a)	$ 203	$ (224)	$ 35	$ (301)
Derivatives used for customer-related activities:				
Interest rate contracts	(21)	11	(58)	46
Foreign exchange contracts and other	77	31	152	145
Gains from customer-related activities (b)	56	42	94	191
Derivatives used for other risk management activities:				
Foreign exchange contracts and other (b)	(301)	129	(269)	(85)
Total gains (losses) from derivatives not designated as hedging instruments	$ (42)	$ (53)	$ (140)	$ (195)

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

Offsetting and Counterparty Credit Risk

We generally utilize a net presentation on the Consolidated Balance Sheet for those derivative financial instruments entered into with counterparties under legally enforceable master netting agreements. The master netting agreements reduce credit risk by permitting the closeout netting of all outstanding derivative instruments under the master netting agreement with the same counterparty upon the occurrence of an event of default. The master netting agreement also may require the exchange of cash or marketable securities to collateralize either party’s net position. For additional information on derivative offsetting and counterparty credit risk, see Note 15 Financial Derivatives in our 2023 Form 10-K.

Table 77 shows the impact legally enforceable master netting agreements had on our derivative assets and derivative liabilities at September 30, 2024 and December 31, 2023. The table includes cash collateral held or pledged under legally enforceable master netting agreements. The table also includes the fair value of any securities collateral held or pledged under legally enforceable master

netting agreements. Cash and securities collateral amounts are included in the table only to the extent of the related net derivative fair values.

Table 77 includes OTC derivatives not settled through an exchange ("OTC derivatives") and OTC derivatives cleared through a central clearing house ("OTC cleared derivatives"). OTC derivatives represent contracts executed bilaterally with counterparties that are not settled through an organized exchange or directly cleared through a central clearing house. The majority of OTC derivatives are governed by the ISDA documentation or other legally enforceable master netting agreements. OTC cleared derivatives represent contracts executed bilaterally with counterparties in the OTC market that are novated to a central clearing house that then becomes our counterparty. OTC cleared derivative instruments are typically settled in cash each day based on the prior day value.

Table 77: Derivative Assets and Liabilities Offsetting

		Amounts Offset on the Consolidated Balance Sheet				
In millions	Gross Fair Value	Fair Value Offset Amount	Cash Collateral	Net Fair Value	Securities Collateral Held/Pledged Under Master Netting Agreements	Net Amounts
September 30, 2024						
Derivative assets						
Interest rate contracts:						
Over-the-counter cleared	$ 11			$ 11		$ 11
Over-the-counter	2,339	$ 944	$ 599	796	$ 1	795
Commodity contracts	622	370	137	115	1	114
Foreign exchange and other contracts	336	117	25	194		194
Total derivative assets	$ 3,308	$ 1,431	$ 761	$ 1,116 (a)	$ 2	$ 1,114
Derivative liabilities						
Interest rate contracts:						
Over-the-counter cleared	$ 16			$ 16		$ 16
Over-the-counter	3,345	$ 871	$ 785	1,689	$ 40	1,649
Commodity contracts	598	345	8	245		245
Foreign exchange and other contracts	668	215	43	410		410
Total derivative liabilities	$ 4,627	$ 1,431	$ 836	$ 2,360 (b)	$ 40	$ 2,320
December 31, 2023						
Derivative assets						
Interest rate contracts:						
Over-the-counter cleared	$ 19			$ 19		$ 19
Over-the-counter	2,338	$ 976	$ 767	595	$ 61	534
Commodity contracts	765	316	283	166	5	161
Foreign exchange and other contracts	307	114	76	117		117
Total derivative assets	$ 3,429	$ 1,406	$ 1,126	$ 897 (a)	$ 66	$ 831
Derivative liabilities						
Interest rate contracts:						
Over-the-counter cleared	$ 36			$ 36		$ 36
Over-the-counter	4,612	$ 885	$ 942	2,785	$ 58	2,727
Commodity contracts	757	332		425		425
Foreign exchange and other contracts	494	189	13	292		292
Total derivative liabilities	$ 5,899	$ 1,406	$ 955	$ 3,538 (b)	$ 58	$ 3,480

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

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

At September 30, 2024, cash and debt securities (primarily agency mortgage-backed securities) totaling $2.4 billion were pledged to us under master netting agreements and other collateral agreements to collateralize net derivative assets due from counterparties and to

meet initial margin requirements, and we pledged cash and debt securities (primarily agency mortgage-backed securities) totaling $2.1 billion under these agreements to collateralize net derivative liabilities owed to counterparties and to meet initial margin requirements. These totals may differ from the amounts presented in the preceding offsetting table because these totals may include collateral exchanged under an agreement that does not qualify as a master netting agreement or because the total amount of collateral pledged exceeds the net derivative fair values with the counterparty as of the balance sheet date due to timing or other factors, such as initial margin. To the extent not netted against the derivative fair values under a master netting agreement, the receivable for cash pledged is included in Other assets and the obligation for cash held is included in Other liabilities on our Consolidated Balance Sheet. Securities pledged to us by counterparties are not recognized on our balance sheet. Likewise, securities we have pledged to counterparties remain on our balance sheet.

Credit-Risk Contingent Features

Certain derivative agreements contain various credit-risk-related contingent provisions, such as those that require our debt to maintain a specified credit rating from one or more of the major credit rating agencies. If our debt ratings were to fall below such specified ratings, the counterparties to the derivative instruments could request immediate payment or demand immediate and ongoing full collateralization on derivative instruments in net liability positions. The following table presents the aggregate fair value of derivative instruments with credit-risk-related contingent features, the associated collateral posted in the normal course of business and the maximum amount of collateral we would be required to post if the credit-risk-related contingent features underlying these agreements had been triggered on September 30, 2024 and December 31, 2023.

Table 78: Credit-Risk Contingent Features

In billions	September 30, 2024	December 31, 2023
Net derivative liabilities with credit-risk contingent features	$ 3.1	$ 4.2
Less: Collateral posted	0.9	1.0
Maximum additional amount of collateral exposure	$ 2.2	$ 3.2

NOTE 13 LEGAL PROCEEDINGS

We establish accruals for legal proceedings, including litigation and regulatory and governmental investigations and inquiries, when information related to the loss contingencies represented by those matters indicates both that a loss is probable and that the amount of loss can be reasonably estimated. Any such accruals are adjusted thereafter as appropriate to reflect changed circumstances. When we are able to do so, we also determine estimates of reasonably possible losses or ranges of reasonably possible losses, whether in excess of any related accrued liability or where there is no accrued liability, for disclosed legal proceedings ("Disclosed Matters," which are those matters disclosed in Note 20 Legal Proceedings in our 2023 Form 10-K and in Note 13 Legal Proceedings in our first and second quarter 2024 Form 10-Qs (such prior disclosure referred to as "Prior Disclosure")). For Disclosed Matters where we are able to estimate such possible losses or ranges of possible losses, as of September 30, 2024, we estimate that it is reasonably possible that we could incur losses in excess of related accrued liabilities, if any, in an aggregate amount less than $300 million. The estimates included in this amount are based on our analysis of currently available information and are subject to significant judgment and a variety of assumptions and uncertainties. As new information is obtained we may change our estimates. Due to the inherent subjectivity of the assessments and unpredictability of outcomes of legal proceedings, any amounts accrued or included in this aggregate amount may not represent the ultimate loss to us from the legal proceedings in question. Thus, our exposure and ultimate losses may be higher, and possibly significantly so, than the amounts accrued or this aggregate amount.

As a result of the types of factors described in Note 20 Legal Proceedings in our 2023 Form 10-K, we are unable, at this time, to estimate the losses that are reasonably possible to be incurred or ranges of such losses with respect to some of the Disclosed Matters, and the aggregate estimated amount provided above does not include an estimate for every Disclosed Matter. Therefore, as the estimated aggregate amount disclosed above does not include all of the Disclosed Matters, the amount disclosed above does not represent our maximum reasonably possible loss exposure for all of the Disclosed Matters. The estimated aggregate amount also does not reflect any of our exposure to matters not so disclosed, as discussed below under "Other."

We include in some of the descriptions of individual Disclosed Matters certain quantitative information related to the plaintiff's claim against us as alleged in the plaintiff's pleadings or other public filings or otherwise publicly available information. While information of this type may provide insight into the potential magnitude of a matter, it does not necessarily represent our estimate of reasonably possible loss or our judgment as to any currently appropriate accrual.

Some of our exposure in Disclosed Matters may be offset by applicable insurance coverage. We do not consider the possible availability of insurance coverage in determining the amounts of any accruals (although we would record the amount of related insurance recoveries that are deemed probable up to the amount of the accrual) or in determining any estimates of possible losses or ranges of possible losses.

Regulatory and Governmental Inquiries

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

Other

In addition to the proceedings or other matters described in Prior Disclosure, PNC and persons to whom we may have indemnification obligations, in the normal course of business, are subject to various other pending and threatened legal proceedings in which claims for monetary damages and other relief are asserted. We do not anticipate, at the present time, that the ultimate aggregate liability, if any, arising out of such other legal proceedings will have a material adverse effect on our financial position. However, we cannot now determine whether or not any claims asserted against us or others to whom we may have indemnification obligations, whether in the proceedings or other matters described above or otherwise, will have a material adverse effect on our results of operations in any future reporting period, which will depend on, among other things, the amount of the loss resulting from the claim and the amount of income otherwise reported for the reporting period.

Note 14 Segment Reporting

We have three reportable business segments: Retail Banking, Corporate & Institutional Banking and Asset Management Group:

Retail Banking provides deposit, lending, brokerage, insurance services, investment management and cash management products and services to consumer and small business customers who are serviced through our coast-to-coast branch network, digital channels, ATMs, or through our phone-based customer contact centers. Deposit products include checking, savings and money market accounts and time deposits. Lending products include residential mortgages, home equity loans and lines of credit, auto loans, credit cards, education loans and personal and small business loans and lines of credit. The residential mortgage loans are directly originated within our branch network and nationwide, and are typically underwritten to agency and/or third-party standards, and either sold, servicing retained or held on our balance sheet. Brokerage, investment management and cash management products and services include managed, education, retirement and trust accounts.

Corporate & Institutional Banking provides lending, treasury management, capital markets and advisory products and services to mid-sized and large corporations and government and not-for-profit entities. Lending products include secured and unsecured loans, letters of credit and equipment leases. The Treasury Management business provides corporations with cash and investment management services, receivables and disbursement management services, funds transfer services and access to online/mobile information management and reporting services. Capital markets and advisory includes services and activities primarily related to merger and acquisitions advisory, equity capital markets advisory, asset-backed financing, loan syndication, securities underwriting and customer-related trading. We also provide commercial loan servicing and technology solutions for the commercial real estate finance industry. Products and services are provided nationally.

Asset Management Group provides private banking for high net worth and ultra high net worth clients and institutional asset management. The Asset Management group is composed of two operating units:

- PNC Private Bank provides products and services to emerging affluent, high net worth and ultra high net worth individuals and their families including investment and retirement planning, customized investment management, credit and cash management solutions, trust management and administration. In addition, multi-generational family planning services are also provided to ultra high net worth individuals and their families, which include estate, financial, tax, fiduciary and customized performance reporting through PNC Private Bank Hawthorn.
- Institutional Asset Management provides outsourced chief investment officer, custody, 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.

The remaining corporate operations are reflected in Other:

Other includes residual activities that do not meet the criteria for disclosure as a separate reportable business, such as asset and liability management activities including net securities gains or losses, ACL for investment securities, certain trading activities, certain runoff consumer loan portfolios, private equity investments, intercompany eliminations, corporate overhead net of allocations, tax adjustments that are not allocated to business segments, exited businesses and the residual impact from FTP operations. Other earnings declined in both the quarterly and year-to-date comparisons. Amounts for the third quarter of 2024 were driven by the residual impacts from FTP due to the interest rate environment. Other earnings for the first nine months of 2024 also included the loss related to the repositioning of the investment securities portfolio, along with expenses related to the increase in the FDIC's expected losses and a PNC Foundation contribution

Basis of Presentation

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

Funds Transfer Pricing

Net interest income in business segment results reflects our internal FTP methodology, which is designed to consider interest rate and liquidity risks. Under our methodology, assets receive a funding charge while liabilities and capital receive a funding credit based on market interest rates, product characteristics and other factors.

Our FTP framework considers the application of funding curves and methodologies consistently across the balance sheet. A residual gain or loss from FTP operations is retained within Other. This residual gain or loss is reviewed by management quarterly, in accordance with the interagency guidance of the FDIC, Federal Reserve and OCC.

Segment Allocations

Financial results are presented, to the extent practicable, as if each business operated on a standalone basis, and includes expense allocations for corporate overhead services used by the business segments.

Certain costs are retained within Other. These costs are not allocated to our business segments because they (i) are transitory or highly irregular in nature, (ii) exist solely to support corporate activities unrelated to business segment operations, or (iii) reflect residual costs for an exited business. During the first nine months of 2024, Other noninterest expense for the Other category included expenses related to the increase in the FDIC’s expected losses, as well as a PNC Foundation contribution. These costs were not allocated to our business segments as the FDIC special assessment expense was irregular in nature, and the contribution expense supported corporate activities.

We have allocated the ALLL and the allowance for unfunded lending related commitments based on the loan exposures within each business segment’s portfolio.

Business Segment Results

Table 79: Results of Businesses

Three months ended September 30 In millions	Retail Banking	Corporate & Institutional Banking	Asset Management Group	Other	Consolidated (a)
2024					
Income Statement					
Net interest income	$ 2,783	$ 1,588	$ 161	$ (1,122)	$ 3,410
Noninterest income	701	1,030	242	49	2,022
Total revenue	3,484	2,618	403	(1,073)	5,432
Provision for (recapture of) credit losses	111	134	(2)		243
Depreciation and amortization	78	50	6	147	281
Other noninterest expense	1,764	900	264	118	3,046
Income (loss) before income taxes (benefit) and noncontrolling interests	1,531	1,534	135	(1,338)	1,862
Income taxes (benefit)	358	332	31	(364)	357
Net income (loss)	1,173	1,202	104	(974)	1,505
Less: Net income attributable to noncontrolling interests	9	5		1	15
Net income (loss) excluding noncontrolling interests	$ 1,164	$ 1,197	$ 104	$ (975)	$ 1,490
Average Assets	$ 114,257	$ 227,277	$ 16,928	$ 211,051	$ 569,513
2023					
Income Statement					
Net interest income	$ 2,576	$ 1,390	$ 139	$ (687)	$ 3,418
Noninterest income	784	835	223	(27)	1,815
Total revenue	3,360	2,225	362	(714)	5,233
Provision for (recapture of) credit losses	42	102	(4)	(11)	129
Depreciation and amortization	80	52	9	144	285
Other noninterest expense	1,796	843	262	59	2,960
Income (loss) before income taxes (benefit) and noncontrolling interests	1,442	1,228	95	(906)	1,859
Income taxes (benefit)	337	263	22	(333)	289
Net income (loss)	1,105	965	73	(573)	1,570
Less: Net income attributable to noncontrolling interests	11	5			16
Net income (loss) excluding noncontrolling interests	$ 1,094	$ 960	$ 73	$ (573)	$ 1,554
Average Assets	$ 114,724	$ 230,082	$ 16,161	$ 193,996	$ 554,963

(Continued from previous page)

Nine months ended September 30 In millions	Retail Banking	Corporate & Institutional Banking	Asset Management Group	Other	Consolidated (a)
2024					
Income Statement					
Net interest income	$ 8,109	$ 4,639	$ 481	$ (3,253)	$ 9,976
Noninterest income	2,874	2,860	707	(429)	6,012
Total revenue	10,983	7,499	1,188	(3,682)	15,988
Provision for (recapture of) credit losses	256	409	(5)	(27)	633
Depreciation and amortization	237	151	22	436	846
Other noninterest expense	5,283	2,632	774	483	9,172
Income (loss) before income taxes (benefit) and noncontrolling interests	5,207	4,307	397	(4,574)	5,337
Income taxes (benefit)	1,215	928	93	(1,225)	1,011
Net income (loss)	3,992	3,379	304	(3,349)	4,326
Less: Net income attributable to noncontrolling interests	28	15		4	47
Net income (loss) excluding noncontrolling interests	$ 3,964	$ 3,364	$ 304	$ (3,353)	$ 4,279
Average Assets	$ 114,522	$ 228,518	$ 16,891	$ 205,215	$ 565,146
2023					
Income Statement					
Net interest income	$ 7,305	$ 4,122	$ 391	$ (1,305)	$ 10,513
Noninterest income	2,229	2,542	681	164	5,616
Total revenue	9,534	6,664	1,072	(1,141)	16,129
Provision for (recapture of) credit losses	266	283	(5)	(34)	510
Depreciation and amortization	239	159	22	430	850
Other noninterest expense	5,468	2,596	809	215	9,088
Income (loss) before income taxes (benefit) and noncontrolling interests	3,561	3,626	246	(1,752)	5,681
Income taxes (benefit)	834	775	58	(750)	917
Net income (loss)	2,727	2,851	188	(1,002)	4,764
Less: Net income attributable to noncontrolling interests	32	15		3	50
Net income (loss) excluding noncontrolling interests	$ 2,695	$ 2,836	$ 188	$ (1,005)	$ 4,714
Average Assets	$ 114,975	$ 232,914	$ 15,578	$ 194,107	$ 557,574

(a) There were no material intersegment revenues for the three and nine months ended September 30, 2024 and 2023.

NOTE 15 FEE-BASED REVENUE FROM CONTRACTS WITH CUSTOMERS

As more fully described in Note 23 Fee-based Revenue from Contracts with Customers in our 2023 Form 10-K, a subset of our noninterest income relates to certain fee-based revenue within the scope of ASC Topic 606 - *Revenue from Contracts with Customers* (Topic 606).

Fee-based revenue within the scope of Topic 606 is recognized within our three reportable business segments: Retail Banking, Corporate & Institutional Banking and Asset Management Group. Interest income, income from lease contracts, fair value gains from financial instruments (including derivatives), income from mortgage servicing rights and guarantee products, letter of credit fees, non-refundable fees associated with acquiring or originating a loan and gains from the sale of financial assets are outside of the scope of Topic 606.

Table 80 presents the noninterest income recognized within the scope of Topic 606 for each of our three reportable business segments' principal products and services, along with the relationship to the noninterest income revenue streams shown on our Consolidated Income Statement. For a description of the fee-based revenue and how it is recognized for each segment's principal products and services, see Note 23 Fee-based Revenue from Contracts with Customers in our 2023 Form 10-K.

Table 80: Noninterest Income by Business Segment and Reconciliation to Consolidated Noninterest Income

	Three Months Ended September 30, 2024			Three Months Ended September 30, 2023		
	Retail Banking	Corporate & Institutional Banking	Asset Management Group	Retail Banking	Corporate & Institutional Banking	Asset Management Group
Asset management and brokerage						
Asset management fees			$ 238			$ 217
Brokerage fees	$ 145			$ 129		2
Total asset management and brokerage	145		238	129		219
Card and cash management						
Treasury management fees	10	$ 372		10	$ 351	
Debit card fees	177			175		
Net credit card fees (a)	46			54		
Merchant services	40	18		42	20	
Other	23			24		
Total card and cash management	296	390		305	371	
Lending and deposit services						
Deposit account fees	166			170		
Other	19	7		18	8	
Total lending and deposit services	185	7		188	8	
Residential and commercial mortgage (b)		32			32	
Capital markets and advisory		261			124	
Other		16			22	
Total in-scope noninterest income	626	706	238	622	557	219
Out-of-scope noninterest income (c)	75	324	4	162	278	4
Noninterest income by business segment	$ 701	$ 1,030	$ 242	$ 784	$ 835	$ 223
Reconciliation to consolidated noninterest income						
Total in-scope business segment noninterest income			$ 1,570			$ 1,398
Out-of-scope business segment noninterest income (c)			403			444
Noninterest income from Other (d)			49			(27)
Noninterest income as shown on the Consolidated Income Statement			$ 2,022			$ 1,815

(Continued from previous page)	Nine Months Ended September 30, 2024			Nine Months Ended September 30, 2023		
	Retail Banking	Corporate & Institutional Banking	Asset Management Group	Retail Banking	Corporate & Institutional Banking	Asset Management Group
Asset management and brokerage						
Asset management fees			$ 694			$ 663
Brokerage fees	$ 417			$ 383		6
Total asset management and brokerage	417		694	383		669
Card and cash management						
Treasury management fees	31	$ 1,100		31	$ 1,024	
Debit card fees	520			518		
Net credit card fees (a)	149			173		
Merchant services	118	56		126	58	
Other	67			73		
Total card and cash management	885	1,156		921	1,082	
Lending and deposit services						
Deposit account fees	479			476		
Other	54	24		54	24	
Total lending and deposit services	533	24		530	24	
Residential and commercial mortgage (b)		90			114	
Capital markets and advisory		644			410	
Other		44			44	
Total in-scope noninterest income	1,835	1,958	694	1,834	1,674	669
Out-of-scope noninterest income (c)	1,039	902	13	395	868	12
Noninterest income by business segment	$ 2,874	$ 2,860	$ 707	$ 2,229	$ 2,542	$ 681
Reconciliation to consolidated noninterest income						
Total in-scope business segment noninterest income			$ 4,487			$ 4,177
Out-of-scope business segment noninterest income (c)			1,954			1,275
Noninterest income from Other (d)			(429)			164
Noninterest income as shown on the Consolidated Income Statement			$ 6,012			$ 5,616

(a) Net credit card fees consist of interchange fees of $167 million and $169 million and credit card reward costs totaled $121 million and $115 million for the three months ended September 30, 2024 and 2023, respectively. Net credit card fees consist of interchange fees of $496 million and $502 million and credit card reward costs of $347 million and $329 million for the nine months ended September 30, 2024 and 2023, respectively.
(b) Residential mortgage noninterest income falls under the scope of other accounting and disclosure requirements outside of Topic 606 and is included within the out-of-scope noninterest income line for the Retail Banking segment.
(c) Out-of-scope noninterest income includes revenue streams that fall under the scope of other accounting and disclosure requirements outside of Topic 606.
(d) Includes residual activities from corporate operations. For additional information see Note 14 Segment Reporting.

Note 16 Subsequent Events

On October 21, 2024, the parent company issued $1.5 billion of senior fixed-to-floating rate notes with a maturity date of October 21, 2032 (the “2032 Senior Notes”). Interest is payable on the 2032 Senior Notes semi-annually in arrears at a fixed rate of 4.812% per annum, on April 21 and October 21 of each year, beginning on April 21, 2025. Beginning on October 21, 2031, interest is payable on the 2032 Senior Notes quarterly in arrears at a floating rate per annum equal to Compounded SOFR (determined with respect to each quarterly interest period using the SOFR Index as described in the Prospectus Supplement), plus 1.259%, on January 21, 2032, April 21, 2032, July 21, 2032 and at the maturity date.

On October 22, 2024, PNC announced the redemption on November 4, 2024 of all of the outstanding senior floating rate bank notes due December 2, 2024 issued by PNC Bank, National Association in the amount of $200 million. The securities had an original scheduled maturity date of December 2, 2024. The redemption price will be equal to $1,000 per $1,000 in principal amount, plus any accrued and unpaid distributions to the redemption date.

On October 28, 2024, PNC redeemed all outstanding senior fixed-to-floating rate notes due October 28, 2025 issued by PNC in the amount of $1.0 billion. The securities had an original scheduled maturity date of October 28, 2025. The redemption price was equal to $1,000 per $1,000 in principal amount, plus any accrued and unpaid distributions to the redemption date.

On October 30, 2024, PNC announced the redemption on December 2, 2024 of $500 million of depositary shares representing interests in PNC’s fixed-to-floating rate non-cumulative perpetual preferred stock, Series R. Each depositary share represents a 1/100th interest in a share of the Series R preferred stock. The depositary shares will be redeemed at a redemption price of $1,000 per depositary share. Such redemption price does not include the regular quarterly dividend on the depositary shares that was separately declared and will be paid separately on December 2, 2024 to holders of record on the record date for such dividend payment in the customary manner. All 500,000 depositary shares outstanding will be redeemed.

STATISTICAL INFORMATION (UNAUDITED)

THE PNC FINANCIAL SERVICES GROUP, INC.

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

	Nine months ended September 30					
	2024			2023		
Taxable-equivalent basis Dollars in millions	Average Balances	Interest Income/Expense	Average Yields/Rates	Average Balances	Interest Income/ Expense	Average Yields/ Rates
Assets						
Interest-earning assets:						
Investment securities						
Securities available for sale						
Residential mortgage-backed						
Agency	$ 30,535	$ 701	3.06 %	$ 31,347	$ 632	2.69 %
Non-agency	553	42	10.18 %	659	47	9.42 %
Commercial mortgage-backed	2,652	61	3.05 %	2,976	66	2.95 %
Asset-backed	1,861	83	5.92 %	597	29	6.44 %
U.S. Treasury and government agencies	13,634	460	4.44 %	8,434	139	2.17 %
Other	2,655	53	2.66 %	3,062	58	2.53 %
Total securities available for sale	51,890	1,400	3.58 %	47,075	971	2.75 %
Securities held to maturity						
Residential mortgage-backed	42,187	884	2.79 %	44,914	919	2.73 %
Commercial mortgage-backed	2,161	87	5.39 %	2,398	95	5.28 %
Asset-backed	5,026	173	4.58 %	6,732	209	4.14 %
U.S. Treasury and government agencies	35,472	350	1.32 %	36,902	370	1.34 %
Other	2,958	103	4.64 %	3,329	114	4.61 %
Total securities held to maturity	87,804	1,597	2.43 %	94,275	1,707	2.41 %
Total investment securities	139,694	2,997	2.85 %	141,350	2,678	2.52 %
Loans						
Commercial and industrial	177,136	8,396	6.23 %	179,342	7,666	5.64 %
Commercial real estate	35,498	1,803	6.67 %	36,026	1,728	6.33 %
Equipment lease financing	6,495	263	5.40 %	6,419	217	4.51 %
Consumer	53,659	2,929	7.29 %	54,944	2,712	6.60 %
Residential real estate	47,253	1,309	3.69 %	46,435	1,194	3.43 %
Total loans	320,041	14,700	6.06 %	323,166	13,517	5.54 %
Interest-earning deposits with banks	44,896	1,842	5.47 %	34,629	1,312	5.05 %
Other interest-earning assets	8,731	452	6.89 %	8,933	410	6.12 %
Total interest-earning assets/interest income	513,362	19,991	5.15 %	508,078	17,917	4.68 %
Noninterest-earning assets	51,784			49,496		
Total assets	$ 565,146			$ 557,574		
Liabilities and Equity						
Interest-bearing liabilities:						
Interest-bearing deposits						
Money market	$ 69,361	1,808	3.48 %	$ 64,579	1,334	2.76 %
Demand	121,356	2,065	2.27 %	124,070	1,739	1.87 %
Savings	96,960	1,336	1.84 %	102,475	964	1.26 %
Time deposits	35,182	1,182	4.47 %	22,931	577	3.34 %
Total interest-bearing deposits	322,859	6,391	2.64 %	314,055	4,614	1.96 %
Borrowed funds						
Federal Home Loan Bank borrowings	35,142	1,511	5.65 %	33,313	1,318	5.22 %
Senior debt	30,139	1,512	6.59 %	21,370	947	5.85 %
Subordinated debt	4,658	234	6.68 %	5,745	264	6.12 %
Other	6,435	266	5.44 %	4,964	150	3.98 %
Total borrowed funds	76,374	3,523	6.07 %	65,392	2,679	5.41 %
Total interest-bearing liabilities/interest expense	399,233	9,914	3.28 %	379,447	7,293	2.54 %
Noninterest-bearing liabilities and equity:						
Noninterest-bearing deposits	96,986			114,063		
Accrued expenses and other liabilities	16,983			15,567		
Equity	51,944			48,497		
Total liabilities and equity	$ 565,146			$ 557,574		
Interest rate spread			1.87 %			2.14 %
Impact of noninterest-bearing sources			0.73			0.64
Net interest income/margin		$ 10,077	2.60 %		$ 10,624	2.78 %

(Continued on the following page)

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

(Continued from previous page)

	Three months ended September 30					
	2024			2023		
Taxable-equivalent basis Dollars in millions	Average Balances	Interest Income/Expense	Average Yields/Rates	Average Balances	Interest Income/ Expense	Average Yields/ Rates
Assets						
Interest-earning assets:						
Investment securities						
Securities available for sale						
Residential mortgage-backed						
Agency	$ 30,962	$ 257	3.32 %	$ 31,020	$ 211	2.73 %
Non-agency	529	14	10.64 %	627	17	10.42 %
Commercial mortgage-backed	2,635	21	3.08 %	2,880	25	3.41 %
Asset-backed	2,177	32	5.85 %	989	16	6.30 %
U.S. Treasury and government agencies	17,311	239	5.40 %	7,996	47	2.28 %
Other	2,575	17	2.70 %	2,931	18	2.58 %
Total securities available for sale	56,189	580	4.09 %	46,443	334	2.87 %
Securities held to maturity						
Residential mortgage-backed	41,698	294	2.82 %	44,112	301	2.72 %
Commercial mortgage-backed	2,057	27	5.33 %	2,346	33	5.55 %
Asset-backed	4,422	51	4.62 %	6,463	71	4.36 %
U.S. Treasury and government agencies	35,093	116	1.33 %	37,043	125	1.34 %
Other	2,855	35	4.72 %	3,256	34	4.57 %
Total securities held to maturity	86,125	523	2.43 %	93,220	564	2.42 %
Total investment securities	142,314	1,103	3.08 %	139,663	898	2.57 %
Loans						
Commercial and industrial	177,019	2,839	6.28 %	175,206	2,625	5.86 %
Commercial real estate	35,451	606	6.68 %	36,032	607	6.59 %
Equipment lease financing	6,528	92	5.65 %	6,441	76	4.72 %
Consumer	53,543	1,005	7.47 %	54,744	950	6.89 %
Residential real estate	47,061	439	3.73 %	47,081	415	3.52 %
Total loans	319,602	4,981	6.13 %	319,504	4,673	5.75 %
Interest-earning deposits with banks	45,319	619	5.48 %	38,352	522	5.44 %
Other interest-earning assets	8,909	152	6.78 %	8,777	146	6.66 %
Total interest-earning assets/interest income	516,144	6,855	5.25 %	506,296	6,239	4.87 %
Noninterest-earning assets	53,369			48,667		
Total assets	$ 569,513			$ 554,963		
Liabilities and Equity						
Interest-bearing liabilities:						
Interest-bearing deposits						
Money market	$ 72,578	656	3.59 %	$ 64,310	502	3.10 %
Demand	119,914	696	2.31 %	123,730	670	2.15 %
Savings	95,939	450	1.86 %	100,643	379	1.49 %
Time deposits	37,880	428	4.47 %	25,872	241	3.67 %
Total interest-bearing deposits	326,311	2,230	2.72 %	314,555	1,792	2.26 %
Borrowed funds						
Federal Home Loan Bank borrowings	31,785	457	5.63 %	34,109	483	5.55 %
Senior debt	32,204	546	6.64 %	23,479	370	6.17 %
Subordinated debt	4,330	74	6.77 %	5,293	87	6.52 %
Other	7,764	105	5.28 %	4,584	53	4.49 %
Total borrowed funds	76,083	1,182	6.09 %	67,465	993	5.77 %
Total interest-bearing liabilities/interest expense	402,394	3,412	3.34 %	382,020	2,785	2.86 %
Noninterest-bearing liabilities and equity:						
Noninterest-bearing deposits	95,811			107,981		
Accrued expenses and other liabilities	17,395			15,629		
Equity	53,913			49,333		
Total liabilities and equity	$ 569,513			$ 554,963		
Interest rate spread			1.91 %			2.01 %
Impact of noninterest-bearing sources			0.73			0.70
Net interest income/margin		$ 3,443	2.64 %		$ 3,454	2.71 %

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

(b) Loan fees for the three months ended September 30, 2024 and September 30, 2023 were $48 million and $47 million, respectively. Loan fees for the nine months ended September 30, 2024 and September 30, 2023 were $139 million and $137 million, respectively.

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

Reconciliation Of Taxable-Equivalent Net Interest Income (non-GAAP) (a)

In millions	Nine months ended September 30, 2024	Nine months ended September 30, 2023	Three months ended September 30, 2024	Three months ended September 30, 2023
Net interest income (GAAP)	$ 9,976	$ 10,513	$ 3,410	$ 3,418
Taxable-equivalent adjustments	101	111	33	36
Net interest income (non-GAAP)	$ 10,077	$ 10,624	$ 3,443	$ 3,454

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

Glossary

Defined Terms

For a glossary of terms commonly used in our filings, please see the glossary of terms included in our 2023 Form 10-K.

Acronyms

ACL	Allowance for credit losses	**LCR**	Liquidity Coverage Ratio
ALCO	PNC's Asset and Liability Committee	**LGD**	Loss given default
ALLL	Allowance for loan and lease losses	**LIHTC**	Low income housing tax credit
AOCI	Accumulated other comprehensive income	**LLC**	Limited liability company
ASC	Accounting Standards Codification	**LTV**	Loan-to-value ratio
ASU	Accounting Standards Update	**MD&A**	Management's Discussion and Analysis of Financial Condition and Results of Operations
BHC	Bank holding company	**MSR**	Mortgage servicing right
bps	Basis points	**NII**	Net Interest Income
CCAR	Comprehensive Capital Analysis and Review	**NMTC**	New market tax credit
CECL	Current expected credit losses	**NSFR**	Net Stable Funding Ratio
CET1	Common equity tier 1	**OCC**	Office of the Comptroller of the Currency
EVE	Economic Value of Equity	**OREO**	Other real estate owned
FDIC	Federal Deposit Insurance Corporation	**OTC**	Over-the-counter
FDM	Financial Difficulty Modification	**PCD**	Purchased credit deteriorated
FHLB	Federal Home Loan Bank	**PD**	Probability of default
FHLMC	Federal Home Loan Mortgage Corporation	**RAC**	PNC's Reserve Adequacy Committee
FICO	Fair Isaac Corporation (credit score)	**ROAP**	Removal of account provisions
FNMA	Federal National Mortgage Association	**SCB**	Stress capital buffer
FOMC	Federal Open Market Committee	**SEC**	Securities and Exchange Commission
FTP	Funds Transfer Pricing	**SOFR**	Secured Overnight Financing Rate
GAAP	Accounting principles generally accepted in the United States of America	**SPE**	Special purpose entity
GDP	Gross Domestic Product	**TDR**	Troubled debt restructuring
GSIB	Globally Systemic Important Bank	**U.S.**	United States of America
GNMA	Government National Mortgage Association	**VaR**	Value-at-risk
ISDA	International Swaps and Derivatives Association	**VIE**	Variable interest entity

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See the information set forth in Note 13 Legal Proceedings, which is incorporated by reference in response to this item.

ITEM 1A. RISK FACTORS

There are no material changes from any of the risk factors previously disclosed in our 2023 Form 10-K in response to Part I, Item 1A.

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

Unregistered Sales of Equity Securities

None.

Equity Security Repurchases

Details of our repurchases of PNC common stock during the third quarter of 2024 are included in the following table:

2024 period In thousands, except per share data	Total shares purchased (a)	Average price paid per share	Total shares purchased as part of publicly announced programs (b)	Maximum number of shares that may yet be purchased under the programs (b)
July 1 – 31	197	$ 163.29	191	43,193
August 1 – 31	320	$ 172.84	309	42,884
September 1 – 30	222	$ 181.77	222	42,662
Total	739	$ 175.73	722	

(a) Includes PNC common stock purchased in connection with our various employee benefit plans generally related to forfeitures of unvested restricted stock awards and shares used to cover employee payroll tax withholding requirements. See Note 16 Employee Benefit Plans and Note 17 Stock Based Compensation Plans in our 2023 Form 10-K, which include additional information regarding our employee benefit and equity compensation plans that use PNC common stock.

(b) Consistent with the SCB framework, which allows for capital return in amounts in excess of the SCB minimum levels, our Board of Directors has authorized a repurchase framework under the previously approved repurchase program of up to 100 million common shares, of which approximately 43% were still available for repurchase at September 30, 2024. Fourth quarter 2024 share repurchase activity is expected to approximate recent quarterly average share repurchase levels. PNC may adjust share repurchase activity depending on market and economic conditions, as well as other factors. PNC's SCB for the four-quarter period beginning October 1, 2024 is the regulatory minimum of 2.5%.

ITEM 5. OTHER INFORMATION

Director or Executive Officer Rule 10b5-1 and Non-Rule 10b5-1 Trading Arrangements

During the three months ended September 30, 2024, none of PNC's directors or executive officers adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement.

ITEM 6. EXHIBITS

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

Exhibit Index

10.33	Letter Agreement, dated as of July 24, 2024
22	Subsidiary Issuers of Guaranteed Securities
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350
32.2	Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350
101.INS	Inline XBRL Instance Document*
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

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

You can obtain copies of these Exhibits electronically at the SEC's website at www.sec.gov. The Exhibits are also available as part of this Form 10-Q on PNC's corporate website at www.pnc.com/secfilings. Shareholders and bondholders may also obtain copies of Exhibits, without charge, by contacting Investor Relations at 800-843-2206 or via e-mail at investor.relations@pnc.com. The Interactive Data File (XBRL) exhibit is only available electronically.

CORPORATE INFORMATION

The PNC Financial Services Group, Inc.

Internet Information

The PNC Financial Services Group, Inc.'s financial reports and information about its products and services are available on the internet at www.pnc.com. We provide information for investors on our corporate website under "About Us – Investor Relations." We use our account with X, formerly known as Twitter, @pncnews, as an additional way of disseminating to the public information that may be relevant to investors.

We generally post the following under "About Us – Investor Relations" shortly before or promptly following its first use or release: financially-related press releases, including earnings releases and supplemental financial information, various SEC filings, including annual, quarterly and current reports and proxy statements, presentation materials associated with earnings and other investor conference calls or events, and access to live and recorded audio from earnings and other investor conference calls or events. In some cases, we may post the presentation materials for other investor conference calls or events several days prior to the call or event. For earnings and other conference calls or events, we generally include in our posted materials a cautionary statement regarding forward-looking and non-GAAP financial information and we provide GAAP reconciliations when we include non-GAAP financial information. Such GAAP reconciliations may be in materials for the applicable presentation, in materials for prior presentations or in our annual, quarterly or current reports.

When warranted, we will also use our website to expedite public access to time-critical information regarding PNC instead of using a press release or a filing with the SEC for first disclosure of the information. In some circumstances, the information may be relevant to investors but directed at customers, in which case it may be accessed directly through the home page rather than "About Us – Investor Relations."

We are required to provide additional public disclosure regarding estimated income, losses and pro forma regulatory capital ratios under supervisory and PNC-developed hypothetical severely adverse economic scenarios, as well as information concerning our capital stress testing processes, pursuant to the stress testing regulations adopted by the Federal Reserve and the OCC. We are also required to make certain additional regulatory capital-related public disclosures about our capital structure, risk exposures, risk assessment processes, risk-weighted assets and overall capital adequacy, including market risk-related disclosures, under the regulatory capital rules adopted by the Federal banking agencies. Similarly, the Federal Reserve's rules require quantitative and qualitative disclosures about our LCR and NSFR. Under these regulations, we may satisfy these requirements through postings on our website, and, subject to limited exceptions, we have done so and expect to continue to do so without also providing disclosure of this information through filings with the SEC.

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

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

Financial Information

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

Corporate Governance at PNC

Information about our Board of Directors and its committees and corporate governance, including our PNC Code of Business Conduct and Ethics (as amended from time to time), is available on our website at www.pnc.com/corporategovernance. In addition, any future waivers from a provision of the PNC Code of Business Conduct and Ethics covering any of our directors or executive officers (including our principal executive officer, principal financial officer and principal accounting officer or controller) will be posted at this internet address.

Shareholders who would like to request printed copies of the PNC Code of Business Conduct and Ethics or our Corporate Governance Guidelines or the charters of our Board's Audit, Nominating and Governance, Human Resources or Risk Committees (all of which are posted on our website at www.pnc.com/corporategovernance) may do so by sending their requests to our Corporate Secretary at The PNC Financial Services Group, Inc. at The Tower at PNC Plaza, 300 Fifth Avenue, Pittsburgh, Pennsylvania 15222-2401. Copies will be provided without charge.

Inquiries

For customer inquiries, call 800-PNC-BANK.

Registered shareholders should contact Shareholder Services at 800-982-7652. Hearing impaired: 800-952-9245.

Analysts and institutional investors should contact Bryan Gill, Executive Vice President, Director of Investor Relations, at 412-768-4143 or via email at investor.relations@pnc.com.

News media representatives should contact PNC Media Relations at 412-762-4550 or via email at media.relations@pnc.com.

Dividend Policy

Holders of PNC common stock are entitled to receive dividends when declared by our Board of Directors out of funds legally available for this purpose. Our Board of Directors may not pay or set apart dividends on the common stock until dividends for all past dividend periods on any series of outstanding preferred stock and certain outstanding capital securities issued by the parent company have been paid or declared and set apart for payment. The Board of Directors currently intends to continue the policy of paying quarterly cash dividends. The amount of any future dividends will depend on economic and market conditions, our financial condition and operating results, and other factors, including contractual restrictions and applicable government regulations and policies (such as those relating to the ability of bank and non-bank subsidiaries to pay dividends to the parent company and regulatory capital limitations). The amount of our dividend is also currently subject to the results of the supervisory assessment of capital adequacy and capital planning processes undertaken by the Federal Reserve as part of the CCAR process, which includes setting PNC's SCB, as described in the Capital Management portion of the Risk Management section of this Report and in the Supervision and Regulation section in Item 1 of our 2023 Form 10-K.

Dividend Reinvestment and Stock Purchase Plan

The PNC Financial Services Group, Inc. Dividend Reinvestment and Stock Purchase Plan enables holders of our common stock to conveniently purchase additional shares of common stock. Obtain a prospectus and enroll at www.computershare.com/pnc or contact Computershare at 800-982-7652. Registered shareholders may also contact this phone number regarding dividends and other shareholder services.

Stock Transfer Agent and Registrar

Computershare
150 Royall Steet, Suite 101
Canton, MA 02021
800-982-7652
Hearing impaired: 800-952-9245
www.computershare.com/pnc

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on November 1, 2024 on its behalf by the undersigned thereunto duly authorized.

/s/ Robert Q. Reilly
Robert Q. Reilly
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)