



The following revised public summary of The PNC Financial Services Group, Inc.'s (PNC) 165(d) and IDI Resolution Plans has been posted at PNC's request. This version is substantively identical to the version that the Federal Reserve and Federal Deposit Insurance Corporation posted on their respective websites on January 10, 2013. However, this revised version addresses certain formatting and other cosmetic issues with the prior version.



**The PNC Financial Services Group, Inc.  
PNC Bank, National Association**

**Resolution Plan: Public Executive Summary**

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## I. Introduction and Executive Summary

The PNC Financial Services Group, Inc. (PNC) is a regional banking organization headquartered in Pittsburgh, Pennsylvania. PNC provides a range of traditional retail banking, corporate and institutional banking, asset management and residential mortgage banking products and services primarily through PNC Bank, National Association (PNC Bank), PNC's only insured depository institution subsidiary. PNC's business and organizational structure is built predominantly around PNC Bank. As of December 31, 2012, PNC had total consolidated assets of \$305.1 billion. PNC Bank had total consolidated assets of \$295 billion representing approximately 97% (before consolidating entries) of the total consolidated assets of PNC. Because PNC and PNC Bank each have more than \$50 billion in total assets, PNC and PNC Bank—as well as other banking organizations that exceed this asset threshold—are required annually to develop and submit to U.S. banking regulators a resolution plan addressing how they hypothetically could be resolved in a rapid and orderly fashion if they were to fail or experience material financial distress. Because PNC had less than \$100 billion in total nonbank assets as of September 30, 2011, PNC and PNC Bank were not required to file their initial Resolution Plans until December 31, 2013.

Importantly, both PNC and PNC Bank currently are not in financial distress or in danger of failing. As of December 31, 2012 — the balance sheet date used for purposes of the 2013 resolution plans — both PNC and PNC Bank had regulatory capital ratios significantly in excess of the amount required to be considered “well capitalized” under U.S. banking regulations.<sup>1</sup> Specifically, PNC had a Basel I Tier 1 common capital ratio of 9.6%, a Tier 1 risk-based capital ratio of 11.6%, a Total risk-based capital ratio of 14.7% and a Leverage ratio of 10.4%. PNC Bank had a Tier 1 risk-based ratio of 11.3%, a Total risk-based ratio of 14.2% and a Leverage ratio 10.1%. PNC and PNC Bank continued to strengthen their capital base in 2013, with PNC having a Basel I Tier 1 common capital ratio of 10.3%, a Tier 1 risk-based capital ratio of 12.3%, a Total risk-based capital ratio of 15.6% and a Leverage ratio of 11.1% as of September 30, 2013. Moreover, PNC Bank is core-deposit funded — meaning its activities primarily are funded by customer deposits, which are a relatively stable source of funding. PNC Bank's loan-to-deposit ratio at December 31, 2012, was approximately 86% (i.e., net loans of \$185.7 billion over total deposits of \$216.7 billion). Core deposits totaled \$209.9 billion as of that same date. For more details on the capital and funding resources of PNC and PNC Bank, please see Section IV. Summary Financial Information Regarding Assets, Liabilities, Capital and Major Funding Sources.

Pursuant to a regulation jointly issued by the Board of Governors of the Federal Reserve System (Federal Reserve) and the Federal Deposit Insurance Corporation (FDIC) which

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<sup>1</sup> To qualify as “well capitalized,” regulators require that bank holding companies maintain capital ratios of at least 6% for Tier 1 risk-based and 10% for Total risk-based capital and that banks maintain capital ratios of at least 6% for Tier 1 risk-based, 10% for Total risk-based and 5% for Leverage.



implements section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) (the 165(d) Rule), PNC has developed a resolution plan (the PNC Plan) that addresses how PNC hypothetically could be resolved under the Bankruptcy Code, within a reasonable period of time and in a manner that substantially mitigates the potential for systemic risk. Bank holding companies that are required to file a resolution plan under the 165(d) Rule are referred to as “covered companies.”

As required by a separate regulation issued by the FDIC (the CIDI Rule), PNC Bank also has developed a resolution plan (the Bank Plan and together with the PNC Plan the Resolution Plans) that addresses how the FDIC could resolve PNC Bank in a hypothetical resolution scenario in a manner that ensures that depositors have access to their insured deposits within one business day of the bank’s failure, maximizes the net present value return from the sale or disposition of the bank’s assets, and minimizes the amount of any loss realized by creditors of the bank. Banks that are required to file the resolution plans under the CIDI Rule are referred to as “covered insured depository institutions” or “CIDIs.”

This public section provides an overview of the Resolution Plans submitted by PNC to the Federal Reserve and the FDIC and by PNC Bank to the FDIC. It describes, among other things, PNC’s bank-centric organizational structure, limited number (3) of material entities identified for resolution plan purposes and limited foreign operations. It also provides a high-level overview of the resolution strategies for PNC and PNC Bank and identifies PNC’s core business lines and includes certain other information related to the business of PNC and PNC Bank.

All information included in this Public Summary is as of December 31, 2012, unless otherwise indicated.

## II. Material Entities

PNC has identified only three entities within its organizational structure that qualify as “material entities” for purposes of its 2013 Resolution Plans — PNC, PNC Bank and PNC Capital Markets LLC (PNCCM). Under the 165(d) Rule, a “material entity” is a subsidiary of the covered company that is significant to the activities of a core business line or critical operation<sup>2</sup> of the covered company. Under the CIDI Rule, a “material entity” is a company that is significant to a core business line or the activities of a critical service<sup>3</sup> of the CIDI. The Resolution Plans include strategies that could be used to ensure the orderly resolution of each material entity should the entity experience material financial distress or fail. The following provides a brief overview of PNC, PNC Bank and PNCCM:

### **The PNC Financial Services Group, Inc.**

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

### **PNC Bank, National Association**

PNC Bank, National Association is a national bank and its deposits are insured by the FDIC (up to, and in accordance with, applicable limitations and restrictions). PNC Bank is PNC’s only insured depository institution subsidiary. It is the entity through which PNC conducts the vast majority of its businesses and operations, including those of its four core business lines (Retail Banking, Corporate & Institutional Banking, the Asset Management Group and Residential Mortgage Banking). As of December 31, 2012, PNC Bank’s total consolidated assets represented approximately 97% of PNC’s total consolidated assets. PNC Bank is headquartered in Pittsburgh, Pennsylvania. As of December 31, 2012, PNC Bank had branches in 19 states and

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<sup>2</sup> Section III. of this Public Summary includes the definition of a “core business line.” The 165(d) Rule defines a “critical operation” as an operation, including associated services, functions and support, of a covered company the failure or discontinuance of which, in the view of the covered company or as jointly directed by the Federal Reserve and the FDIC, would pose a threat to the financial stability of the United States.

<sup>3</sup> A “critical service” is defined by the CIDI Rule as a service or operation of the CIDI, such as servicing, information technology support and operations, and human resources and personnel, that are necessary to continue the day-to-day operations of the CIDI.

the District of Columbia. The bank's retail footprint comprised 2,881 branches, 7,282 ATMs, nationwide call centers and online and mobile banking platforms. PNC Bank is an indirect wholly-owned subsidiary of PNC and is a material entity for purposes of both the PNC Plan and the Bank Plan.

## **PNC Capital Markets LLC**

PNC Capital Markets LLC is registered with the Securities and Exchange Commission (SEC) as a securities broker-dealer and is a member of the Financial Industry Regulatory Authority. PNCCM underwrites and trades in corporate, state and municipal obligations, mortgage-backed securities and asset-backed securities, and trades in U.S. government and agency securities, commercial paper and money market instruments. It is a limited liability company organized under the laws of the Commonwealth of Pennsylvania and headquartered in Pittsburgh, Pennsylvania. As of December 31, 2012, PNCCM's total consolidated assets represented less than 1% of the total consolidated assets of PNC. PNCCM is an indirect, wholly-owned subsidiary of PNC and is a material entity for purposes of both the PNC Plan and the Bank Plan.

### **Simplified Organizational Chart of Material Entities<sup>4</sup>**



<sup>4</sup> The direct parent companies of PNC Bank and PNCCM — PNC Bancorp, Inc. and PNC Holding, LLC, respectively — are not considered material entities and, therefore, not included in this simplified organizational chart.

### **III. Core Business Lines**

PNC has businesses engaged in retail banking, corporate and institutional banking, asset management and residential mortgage banking. These business lines represent PNC’s “core business lines” for purposes of the Resolution Plans. “Core business lines” are defined for these purposes as those business lines of the covered company or CIDI, including associated operations, service functions and support, that upon failure would result in a material loss of revenue, profit or franchise value to the covered company or CIDI, respectively.

The products and services of these business lines are mainly offered to customers in PNC’s primary geographic markets (located in Pennsylvania, Ohio, New Jersey, Michigan, Illinois, Maryland, Indiana, North Carolina, Florida, Kentucky, the District of Columbia, Delaware, Alabama, Virginia, Georgia, Missouri, Wisconsin and South Carolina). Certain products and services are offered nationally, and, to a limited extent, internationally. The following provides a brief overview of PNC’s four core business lines identified for resolution planning purposes.<sup>5</sup> All core business lines operate exclusively or primarily through PNC Bank.

#### **Retail Banking**

The Retail Banking core business line provides deposit, lending, brokerage, investment management and cash management services to individual consumers and small business customers. Retail Banking customers are serviced through PNC Bank’s branch network, call centers, online banking and mobile channels. The branch network covers 19 states and the District of Columbia, and includes 2,881 branch locations and 7,282 ATMs.

#### **Corporate & Institutional Banking**

Corporate & Institutional Banking (C&IB) provides lending, treasury management and capital markets-related products and services to mid-sized corporations, government and not-for-profit entities, and selectively to large corporations. Lending products include secured and unsecured loans, letters of credit and equipment leases. Treasury management services include cash and investment management, receivables management, disbursement services, funds transfer services, information reporting and global trade services. Capital markets-related products and services include foreign exchange, derivatives, loan syndications, merger and acquisition advisory and related services to middle-market companies, and securities underwriting and securities sales and trading. C&IB also provides servicing for commercial loan and commercial mortgage-backed securities and real estate advisory and technology solutions for the commercial real estate finance industry. C&IB products and services are generally

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<sup>5</sup> The core business lines identified for resolution planning purposes may differ in scope from the operating segments PNC uses for SEC reporting purposes.



provided within PNC Bank's primary geographic markets, with certain products and services offered nationally and, to a limited extent, internationally.

## **Asset Management Group**

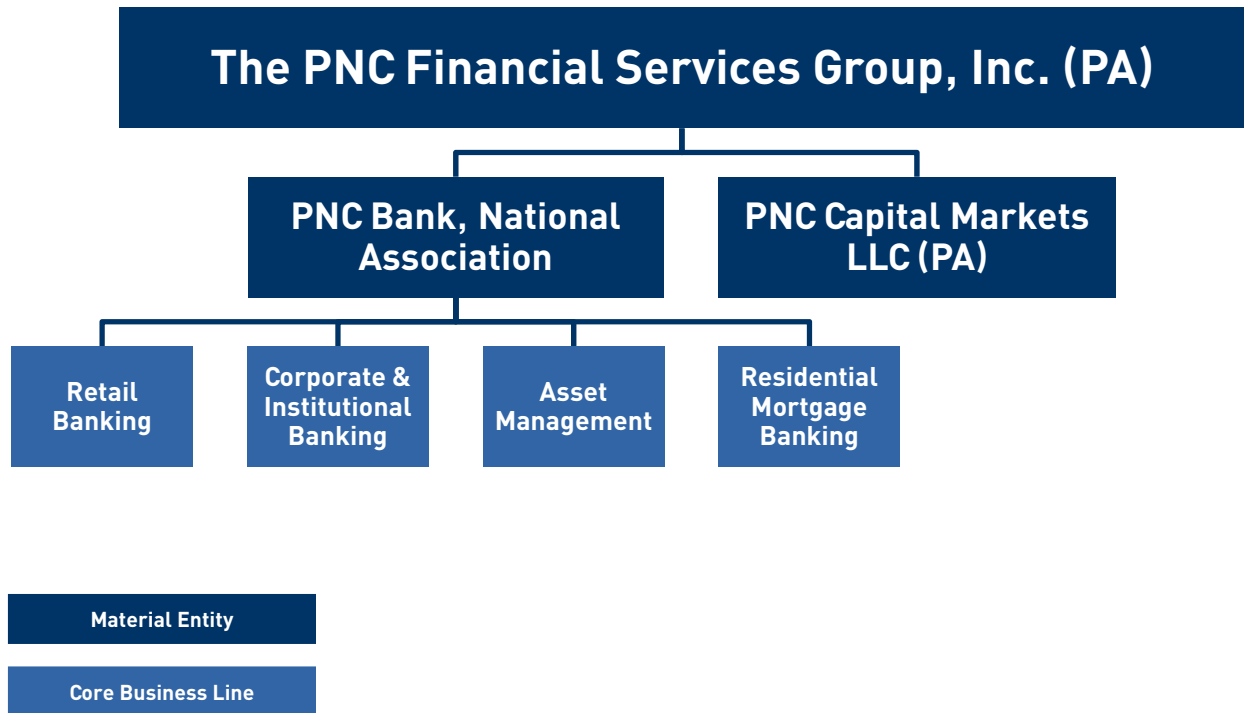
The Asset Management Group (AMG) core business line provides personal wealth management for high net worth and ultra-high net worth clients, as well as institutional asset management. Wealth management products and services include investment and retirement planning, customized investment management, private banking, tailored credit solutions and trust management and administration for individuals and their families. Institutional asset management provides investment management, custody and retirement administration services. Institutional clients include corporations, unions, municipalities, non-profits, foundations and endowments, primarily located in PNC Bank's geographic footprint.

## **Residential Mortgage Banking**

Residential Mortgage Banking directly originates primarily first-lien residential mortgage loans on a nationwide basis, with a significant presence within PNC's retail banking footprint, and also originated loans through majority-owned affiliates. Mortgage loans represent loans collateralized by one-to-four-family residential real estate. These loans are typically underwritten to government agency and/ or third-party standards, and sold, servicing retained, to secondary mortgage conduits of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Banks and third-party investors, or are securitized and issued under the Government National Mortgage Association program. The mortgage servicing operation performs all functions related to servicing mortgage loans, primarily those in a first-lien position, for various investors and for loans owned by PNC.

**Graphical Representation of Core Business Lines<sup>6</sup>**

The following chart illustrates a mapping of PNC’s four Core Business Lines to the PNC Material Entities through which they predominantly operate:



<sup>6</sup> All Core Business Lines operate predominantly through PNC Bank. Core Business Lines are not separate legal entities.

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

The following provides summary financial information regarding PNC and PNC Bank derived from financial and regulatory reports as of December 31, 2012. A consolidated balance sheet for PNC — the top-tier bank holding company — is included along with a balance sheet for PNC Bank.

For detailed financial information with respect to PNC, please refer to PNC's annual, quarterly and current reports filed with the SEC which are available on the SEC's website at [www.sec.gov](http://www.sec.gov), including the Annual Report on Form 10-K for the year ended December 31, 2012. The information below regarding PNC Bank is based on PNC Bank's Consolidated Report of Condition and Income on FFIEC Form 031 for the year ended December 31, 2012, which is available on the FDIC's website at [www.fdic.gov](http://www.fdic.gov).



## CONSOLIDATED BALANCE SHEETS

December 31, 2012

\$ in millions	The PNC Financial Services Group, Inc. <sup>7</sup>	PNC Bank, N.A. (unaudited) <sup>8</sup>
Assets		
Cash and due from banks	\$5,220	\$5,213
Federal funds sold and resale agreements	1,463	1,741
Trading securities	2,096	3,000
Interest-earning deposits with banks	3,984	3,951
Loans held for sale	3,693	3,702
Investment securities	61,406	61,313
Loans	185,856	186,034
Allowance for loan and lease losses	(4,036)	(4,036)
Net loans	181,820	181,998
Goodwill	9,072	9,072
Other intangible assets	1,797	1,797
Equity investments	10,877	-
Other	23,679	23,239
<b>Total assets</b>	<b>\$305,107</b>	<b>\$295,026</b>
Liabilities		
Deposits		
Noninterest-bearing	\$69,980	70,811
Interest-bearing	143,162	145,932
Total Deposits	213,142	216,743
Borrowed funds		
Federal funds purchased and repurchase agreements	3,327	3,351
Federal Home Loan Bank borrowings	9,437	9,437
Bank notes and senior debt	10,429	-
Subordinated debt	7,299	5,990
Commercial Paper	8,453	-
Other	1,962	14,996
Total borrowed funds	40,907	33,774
Allowance for unfunded loan commitments and letters of credit	250	250
Accrued expenses	4,449	2,953
Other	4,594	2,896
<b>Total liabilities</b>	<b>263,342</b>	<b>256,616</b>
Equity		
Common stock - \$5 par value	2,690	240
Capital surplus - preferred stock	3,590	500
Capital surplus - common stock and other	12,193	27,781
Retained earnings	20,265	6,855
Accumulated other comprehensive income (loss)	834	892
Common stock held in treasury at cost	(569)	-
Total shareholders' equity	39,003	36,268
Noncontrolling interests	2,762	2,142
Total equity	41,765	38,410
<b>Total liabilities and equity</b>	<b>\$305,107</b>	<b>\$295,026</b>

<sup>7</sup> Source: The PNC Financial Services Group, Inc. 2012 Annual Report on Form 10-K.

<sup>8</sup> Source: PNC Bank Consolidated Report of Condition and Income as of December 31, 2012.

## Capital

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

## Regulatory Capital

The following table provides information regarding the Basel I regulatory capital ratios of PNC and PNC Bank as of December 31, 2012.<sup>9</sup>

\$ in millions	Amount	Ratios
Risk-based capital		
Tier 1		
PNC	\$30,226	11.60%
PNC Bank, N.A.	28,352	11.30%
Total		
PNC	38,234	14.70%
PNC Bank, N.A.	35,756	14.20%
Leverage		
PNC	30,226	10.40%
PNC Bank, N.A.	28,352	10.10%

PNC's Tier 1 common ratio under the Basel I capital framework was 9.6% at December 31, 2012. As of that same date, both PNC and PNC Bank were "well capitalized" based on U.S. regulatory capital ratio requirements under the Basel I capital framework. To qualify as "well capitalized," regulators require banks to maintain capital ratios of at least 6% for Tier 1 risk-based, 10% for total risk-based and 5% for leverage. To be "well capitalized," a bank holding company must maintain capital ratios of at least 6% Tier 1 risk-based and 10% for total risk-based.

PNC's pro forma Basel III Tier 1 common ratio was 7.5% at December 31, 2012, without the benefit of phase-ins, and increased to 8.7% as of September 30, 2013. In July 2013, the Federal Reserve announced final rules implementing the Basel III capital framework, under which the definition of Tier 1 common capital differs materially from the Basel I methodology. Set forth below is information regarding PNC's pro forma fully phased-in Basel III Tier 1 common capital ratio and how it differs from the Basel I Tier 1 common capital ratio. This Basel

<sup>9</sup> Source: The PNC Financial Services Group, Inc. 2012 Annual Report on Form 10-K.



III ratio is calculated using PNC's estimated Basel III advanced approaches risk-weighted assets and is based on PNC's current understanding of the final Basel III rules.

<b>\$ in millions<sup>10</sup></b>	<b>September 30, 2013</b>	<b>December 31, 2012</b>
Basel I Tier 1 common capital	\$27,540	\$24,951
Basel I Tier 1 common capital ratio	10.3%	9.6%
Less regulatory capital adjustments:		
Basel III quantitative limits	(2,011)	(2,330)
Accumulated other comprehensive income	(231)	276
All other adjustments	(49)	(396)
Estimated Basel III Tier 1 common capital	\$25,249	\$22,501
Estimated Basel III risk-weighted assets	289,063	301,006
Pro forma Basel III Tier 1 common ratio	8.7%	7.5%

## Economic Capital

PNC's economic capital framework represents the company's internal view of capital requirements. Material risks are identified and quantified within the economic capital framework so that PNC maintains appropriate capital to cover these risks. As part of PNC's internal capital assessment process, the economic capital framework, along with regulatory capital, is a key component to ensuring that the actual level of capital is commensurate with PNC's risk profile and sufficient to provide the financial flexibility to satisfy the needs and objectives of its primary constituencies and undertake future strategic business initiatives.

## Stress Testing

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

*Please see PNC's 2012 Annual Report on Form 10-K for additional information on PNC's capital management philosophy and practices.*

<sup>10</sup> Source: The PNC Financial Services Group, Inc. Quarterly Report on Form 10-Q as of September 30, 2013.

## **Funding Sources and Liquidity**

PNC Bank primarily is funded through its customer deposit base derived from its retail and commercial businesses. PNC Bank's loan-to-deposit ratio was approximately 86% at December 31, 2012 (net loans of \$185.7 billion and total deposits of \$216.7 billion). In addition to the customer deposit base, which has historically provided the single largest source of relatively stable and low-cost funding, PNC Bank also obtains liquidity through the issuance of traditional forms of funding including long-term debt (for example, senior notes, subordinated debt and Federal Home Loan Bank advances) and short-term borrowings (such as Federal Funds purchased, securities sold under repurchase agreements, commercial paper issuances and other short-term borrowings). Liquid assets (including, for example, Federal Funds sold, resale agreements, trading securities and interest-earning deposits with other banks) and unused borrowing capacity from a number of sources also are available to maintain PNC Bank's liquidity position.

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

A summary overview of PNC's sources of funding (average balances for 2012) is included in the following table.

<b>Average Deposits and Borrowed Funds Balances for 2012<sup>11</sup></b>	<b>Balance (\$ in millions)</b>
Deposits	
Interest bearing deposits	
Money market	\$65,933
Demand	34,342
Savings	9,863
Retail certificate of deposit	26,609
Time deposits in foreign office and other time deposits	3,195
Interest bearing deposits (total)	139,942
Noninterest bearing deposits (total)	61,610
<b>Total Deposits</b>	<b>\$201,552</b>
Federal funds purchased and repurchase agreements	4,542
Federal Home Loan Bank borrowings	9,678
Bank notes and senior debt	10,275
Subordinated debt	7,019
Commercial paper	8,383
Other	1,947
<b>Borrowed Funds (total)</b>	<b>\$41,844</b>

## Liquidity Risk Management

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

Management monitors liquidity through a series of liquidity risk management tools, including, for example, spot and forward funding gap analyses, early warning indicators that may indicate a potential market, or PNC-specific, liquidity stress event, and a set of liquidity stress tests. PNC also maintains a contingency funding plan to address potential liquidity stress events. PNC's Asset and Liability Committee regularly reviews PNC's compliance with established liquidity risk limits.

*Please see "Liquidity Risk Management" in the Risk Management section of PNC's 2012 Annual Report on Form 10-K for additional information on PNC's liquidity risk management.*

<sup>11</sup> Source: The PNC Financial Services Group, Inc. 2012 Annual Report on Form 10-K.



## V. Derivatives and Hedging Activities

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

As of December 31, 2012, the aggregate notional/ contractual amount of PNC's financial derivatives (including derivatives designated, and not designated, as hedges under GAAP) was \$366.4 billion with a net fair value (after collateral and master netting agreements) of approximately \$2 billion. To put PNC's derivatives exposure into perspective, the aggregate notional/ contractual amount of financial derivatives of the largest U.S. bank holding company was \$69.6 trillion (an amount approximately 190 times larger than PNC's exposure), as of the same date.

### Customer Needs

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

### Hedging and Risk Mitigation

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

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

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

PNC's derivatives portfolio includes a limited amount of credit default swaps, which are used to mitigate the risk of economic loss on a portion of PNC's loan exposure. As of December 31, 2012, the net fair value of PNC's credit default swaps was only \$2 million.

*Please see PNC's 2012 Annual Report on Form 10-K for additional information on its derivatives and hedging activities.*

## **VI. Memberships in Material Payment, Clearing and Settlement Systems**

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

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

### **Electronic Payments Network (EPN)**

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

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

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

### **Depository Trust Company (DTC)**

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

## **National Securities Clearing Corporation (NSCC)**

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

## **Fixed Income Clearing Corporation (FICC)**

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

## **FedACH Services (FedACH)**

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

## **Fedwire Funds Service (Fedwire Funds)**

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

## **Fedwire Securities Service (Fedwire Securities)**

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

## **Society for Interbank Financial Telecommunication (SWIFT)**

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

## VII. Foreign Operations

PNC has limited foreign operations and employees, with the vast majority of PNC's operations and employees being located in the United States. Of PNC's approximately 56,700 total employees as of December 31, 2012, only 81 are located outside of the United States. PNC's foreign operations are conducted through both foreign branches and subsidiaries. Only two of PNC Bank's 2,881 branches are located outside of the United States (Toronto, Canada and Nassau, Bahamas). PNC's principal foreign subsidiaries, both of which are indirect subsidiaries of PNC Bank, are:

- Harris Williams & Co. Ltd., which provides financial advisory services to companies in the European Union through an office located in London, United Kingdom; and
- PNC Financial Services UK Ltd., which provides asset-backed commercial loans in the United Kingdom through offices located in London and several other locations in the U.K.

## VIII. Material Supervisory Authorities

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

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

PNCCM is registered with the SEC as a securities broker and dealer pursuant to the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority, a securities industry self-regulatory organization.

The Consumer Financial Protection Bureau (CFPB), a new agency established by the Dodd-Frank Act, is responsible for examining PNC Bank and its affiliates (including PNC) for compliance with most consumer financial protection laws and for enforcing such laws with respect to PNC Bank and its affiliates.

## IX. Principal Officers

The principal executive officers of PNC and PNC Bank, current as of November 30, 2013, are listed in the table below:

PRINCIPAL OFFICERS <sup>12</sup>	PNC	PNC BANK
William S. Demchak	President and Chief Executive Officer	President and Chief Executive Officer
E. Todd Chamberlain	Executive Vice President	Executive Vice President
Orlando C. Esposito	Executive Vice President	Executive Vice President
Joan L. Gulley	Executive Vice President and Chief Human Resources Officer	Executive Vice President and Chief Human Resources Officer
Joseph C. Guyaux	Senior Vice Chairman and Chief Risk Officer	Senior Vice Chairman, Chief Risk Officer and Derivatives Chief Compliance Officer
Neil F. Hall	Executive Vice President	Executive Vice President and Head of Retail Banking
Michael J. Hannon	Executive Vice President and Chief Credit Officer	Executive Vice President and Chief Credit Officer
Gregory B. Jordan	General Counsel, Executive Vice President and Head of Regulatory and Government Affairs	General Counsel, Executive Vice President and Head of Regulatory and Government Affairs
Gregory H. Kozich	Senior Vice President and Controller	Executive Vice President and Controller
Karen L. Larrimer	Executive Vice President and Chief Marketing Officer	Executive Vice President
Michael P. Lyons	Executive Vice President	Executive Vice President
E. William Parsley, III	Executive Vice President, Treasurer and Chief Investment Officer	Executive Vice President and Treasurer
Robert Q. Reilly	Executive Vice President and Chief Financial Officer	Executive Vice President and Chief Financial Officer
Steven Van Wyk	Executive Vice President and Head of Technology and Operations	Executive Vice President and Head of Technology and Operations

<sup>12</sup> Data is given as of November 30, 2013 to reflect a number of changes since December 31, 2012, including:

(i) Mr. Demchak succeeded James E. Rohr as Chief Executive Officer in April 2013. Mr. Rohr continues to serve as Executive Chairman of PNC.

(ii) Mr. Chamberlain replaced Saiyid T. Naqvi as Executive Vice President for Residential Mortgage Banking in April 2013.

(iii) Mr. Esposito replaced Robert Q. Reilly as Executive Vice President for the Asset Management Group in April 2013.

(iv) Mr. Jordan replaced Robert F. Hoyt as Executive Vice President, General Counsel and Head of Regulatory and Government Affairs in October 2013.

(v) Ms. Larrimer became an executive officer of PNC in May 2013.

(vi) Mr. Reilly replaced Richard J. Johnson as Chief Financial Officer in August 2013.

(vii) Mr. Van Wyk was appointed as Executive Vice President and Head of Technology and Operations in February 2013.

(viii) Thomas K. Whitford retired from the position of Vice Chairman in April 2013.



## **X. Corporate Governance Structure and Processes Related to Resolution Planning**

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

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

### **Executive Committee**

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

### **Executive Sponsor**

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

### **Resolution Planning Steering Committee**

PNC's Resolution Planning Steering Committee (RPSC) was established in 2013 and is responsible for overseeing the development and submission of the Resolution Plans. The membership of the RPSC includes senior managers from key enterprise-level functional areas (including Finance, Asset & Liability Management, Information Technology and Risk Management and the Strategic Initiatives Office). The RPSC is supported by members of the Legal Department, and a representative from Internal Audit attends the meetings of the RPSC. The RPSC developed and approved the project plan for the development and timely submission of the Resolution Plans, reviewed the Resolution Plans and recommended approval of the plans to the Executive Committee. The RPSC also is responsible for ongoing monitoring of

developments with the potential to materially impact the Resolution Plans, and to ensure that the resolution plans are updated in accordance with applicable regulations.

To support the work of the RPSC, PNC established Resolution Planning Working Groups comprising members of PNC's lines of business and other key functional areas (including the Legal Department). The Resolution Planning Working Groups are responsible for collecting the data used directly in the Resolution Plans as well as collecting data and other information supporting the resolution strategies for PNC and PNC Bank.

## **XI. Material Management Information Systems**

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

### **Risk Management Systems**

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

### **Accounting and Financial and Regulatory Reporting Tools**

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

### **Business Continuity and Disaster Recovery**

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

## **XII. High-Level Resolution Strategy Overview**

Consistent with the regulations implementing the resolution plan requirements, the Resolution Plans developed for PNC and PNC Bank include hypothetical strategies for the orderly resolution of PNC, PNC Bank and PNCCM under the applicable legal regimes. Importantly, these resolution strategies would allow PNC, PNC Bank and PNCCM to be resolved in a manner that substantially mitigates the potential for systemic risk. None of the resolution strategies presented in the Resolution Plans would require extraordinary support from the U.S. government (or any other government) or would otherwise put taxpayer funds at risk. The Resolution Plans also do not contemplate the use of any provisions of the Orderly Liquidation Authority established by Title II of the Dodd-Frank Act.

In the unlikely event that PNC Bank were to fail and need to be resolved, the Bank Plan contemplates that the FDIC would be appointed as receiver for PNC Bank. The Bank Plan includes multiple strategies that the FDIC could then follow to resolve PNC Bank under the Federal Deposit Insurance Act (FDI Act) in a manner that ensures that depositors have access to their insured deposits within one business day of the bank's failure, maximizes the net present value return from the sale or disposition of the bank's assets, minimizes the amount of any loss realized by creditors of the bank in the resolution and that is consistent with the least cost requirement established under section 13(c)(4) of the FDI Act. These strategic options include the prompt sale of PNC Bank to another owner after establishment of the receivership, and the establishment of a bridge bank to carry on the operations of PNC Bank for a period of time until the sale of the bank's operations to another owner can be completed. Potential third-party purchasers would include a range of global, national or regional financial institutions.

The PNC Plan contemplates that, in the unlikely event PNC were to fail and need to be resolved, PNC would seek protection under Chapter 11 of the Bankruptcy Code. Administered by a bankruptcy court and PNC as the debtor-in-possession, a Chapter 11 bankruptcy proceeding would facilitate the orderly wind down and disposition of PNC's businesses and operations. The PNC Plan provides that, if PNCCM were to fail, the customer accounts of PNCCM would be transferred to another U.S. broker-dealer and PNCCM would be liquidated in a special proceeding managed and overseen by the Securities Investor Protection Corporation and administered by a bankruptcy court under the provisions of the Securities Investor Protection Act, as supplemented by the Bankruptcy Code. The hypothetical resolution strategies described in the PNC Plan would allow these proceedings to be accomplished within a reasonable amount of time and would not result in any serious adverse effects on U.S. financial stability.