



**THE PNC FINANCIAL SERVICES GROUP, INC. ("PNC")
DODD-FRANK ACT COMPANY-RUN STRESS TEST DISCLOSURES
JULY 15, 2015**

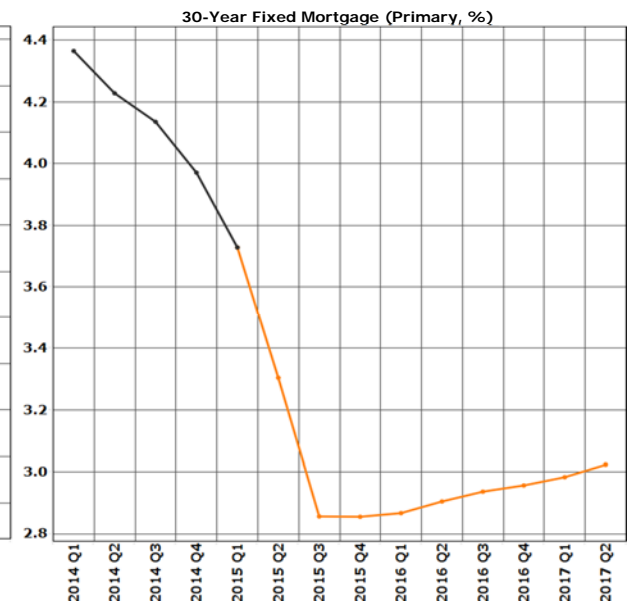
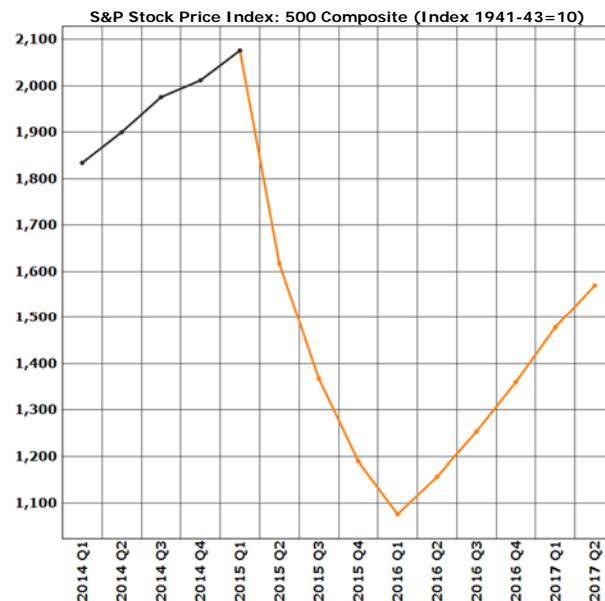
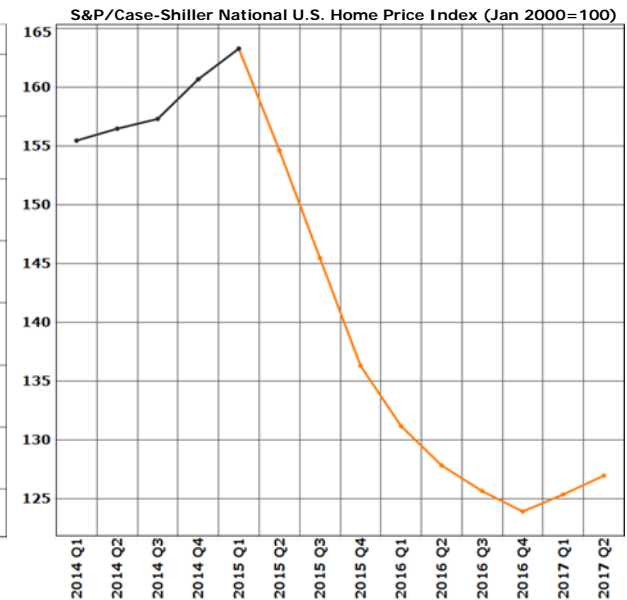
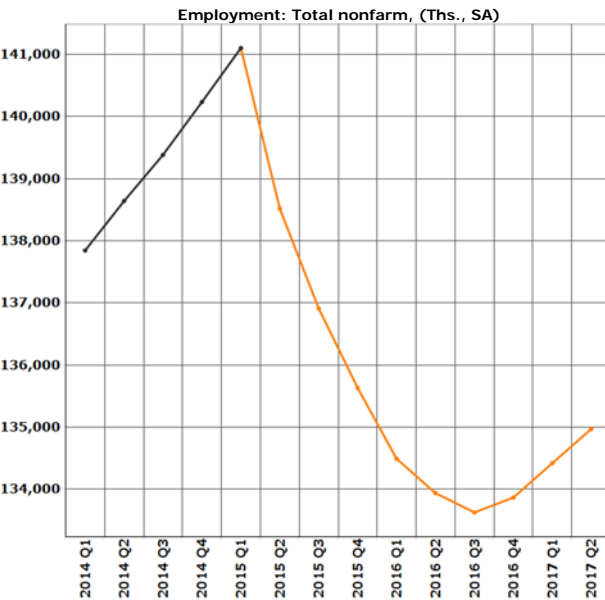
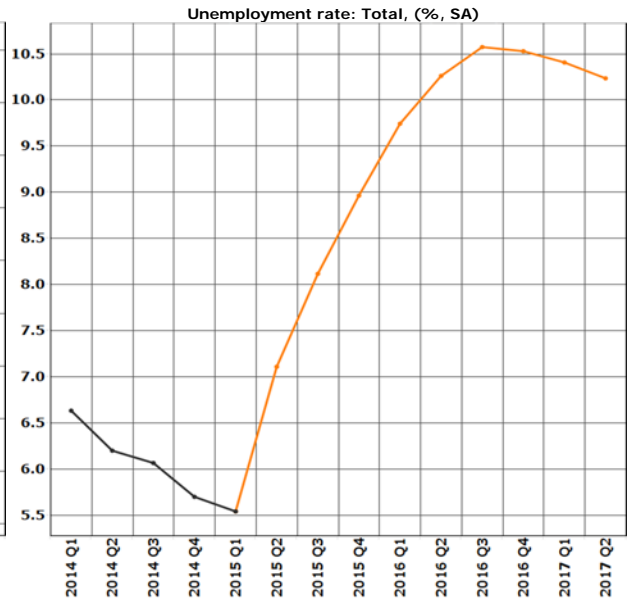
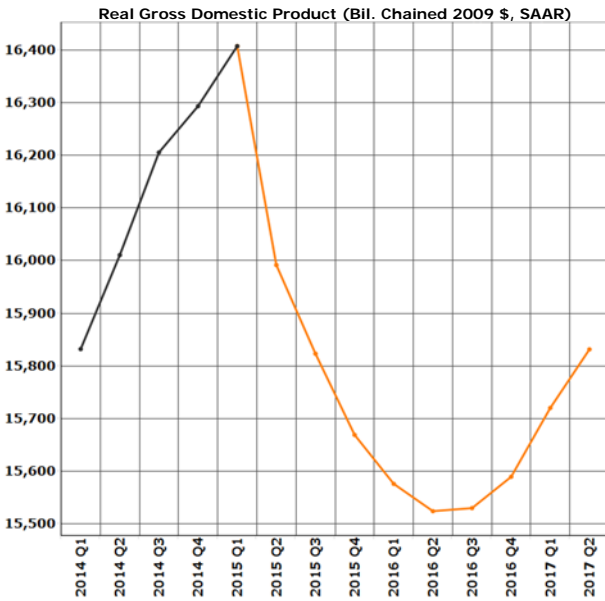
Pursuant to regulations issued by the Board of Governors of the Federal Reserve System ("Federal Reserve") under the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), PNC (NYSE: PNC) is required to conduct a mid-cycle company-run stress test in 2015 based on balance sheet information as of March 31, 2015 (the "mid-cycle stress test") and disclose certain results of the test.

The mid-cycle stress test is a forward-looking exercise under which PNC must estimate the impact of an internally developed, hypothetical severely adverse macroeconomic scenario on its financial condition and regulatory capital ratios over a nine-quarter period (the "stress period"). For the 2015 mid-cycle stress test, the stress period covers the period of April 1, 2015, through June 30, 2017. The test is designed to help PNC assess whether it has sufficient capital to absorb losses and support operations during hypothetical severely adverse economic conditions.

The severely adverse scenario developed by PNC for use in the 2015 mid-cycle stress test is a hypothetical scenario that involves economic conditions that are more adverse than currently expected by PNC. Accordingly, the scenario is not a forecast of anticipated economic conditions, and the estimates produced under the mid-cycle stress test are not forecasts of expected losses, revenues, net income before taxes, or capital ratios. Rather, the hypothetical severely adverse scenario is designed to help PNC assess its strength, resilience, and ability to continue to meet the needs of consumers and businesses should severe economic and financial conditions develop in the future.

The severely adverse scenario developed by PNC for the 2015 mid-cycle stress test assumes a severe U.S. economic downturn beginning in the second quarter of 2015 and lasting through the second quarter of 2016. Real gross domestic product ("GDP") falls by 5.4% from its peak in the first quarter of 2015 to the trough in the second quarter of 2016, with a weak real GDP recovery beginning in the fourth quarter of 2016. The unemployment rate increases from just above 5.5% in the first quarter of 2015 to a peak of 10.6% in the third quarter of 2016, and then gradually declines starting in the fourth quarter of 2016. Asset prices drop sharply, with housing prices (as measured by the S&P/Case-Shiller National U.S. Home Price Index) falling through the fourth quarter of 2016 – declining 24.1% from their peak in the first quarter of 2015 – before rebounding 2.5% from the trough by the second quarter of 2017. The S&P 500 drops by 48.2% from its level at the end of first quarter of 2015 to a low of just under 1,100 in the first quarter of 2016 and then recovers rapidly, reaching 1,570 by the end of second quarter of 2017. Interest rates are forecast to fall in concert with the economic downturn, with the 30-year primary mortgage rate declining to a low of 2.9% in the first quarter of 2016, and increasing to just above 3.0% by the second quarter of 2017. The following graphs depict the path of these macro-economic variables in the PNC severely adverse scenario through the stress period. Data for 2014 through the first quarter of 2015 are actual.

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For the 2015 mid-cycle stress test, the PNC severely adverse scenario also includes a heightened level of stress applied to PNC's auto, energy, certain other commercial and industrial ("C&I"), commercial real estate ("CRE"), and residential real estate loans in certain U.S. geographic regions (western Pennsylvania, Illinois, Indiana, Michigan, Ohio, and West Virginia). The scenario also applies additional stresses to healthcare, oil and gas (and related CRE), education lending exposures and to borrowers that would be significantly impacted by a potential Federal government shutdown. From an overall perspective, the PNC severely adverse scenario for the 2015 mid-cycle stress test maintains a level of severity that is generally consistent with the supervisory severely adverse scenario used as part of the 2015 Comprehensive Capital Analysis and Review. In light of PNC's limited trading activities, PNC's severely adverse scenario does not include a global market shock or a counterparty default component.

Pursuant to the Federal Reserve's Dodd-Frank Act company-run stress test regulations (12 C.F.R. § 252.50-58), bank holding companies, including PNC, must make a uniform set of assumptions regarding capital actions over the stress period. These assumptions are designed to assist the public in comparing disclosed results across the bank holding companies subject to the tests and reduce the effect of company-specific assumptions related to capital distributions on disclosed results. Under these regulations, financial information and capital ratios are calculated for the second quarter of 2015 using the actual capital actions undertaken in that quarter. For the remaining eight quarters of the stress period, firms must assume that (i) there are no issuances or redemptions of regulatory capital instruments (other than equity issuances pursuant to expensed employee compensation programs); (ii) quarterly common stock dividends are equal to the quarterly average of common stock dividends paid over the course of the third and fourth quarters of 2014 and first and second quarters of 2015 (for PNC, the quarterly average common dividend during this period was \$256 million); and (iii) payments on other regulatory capital instruments are made equal to the stated dividend, interest, or principal due. These assumptions may not represent the actual capital actions that would be taken should severely adverse economic conditions develop. For example, if the extreme economic conditions specified in the hypothetical severely adverse scenario were indeed to develop, PNC would expect to respond by adjusting its capital actions to preserve or improve its capital and liquidity (e.g., by reducing capital payouts).

Detailed Results of PNC's Company-Run Stress Test

The financial information and capital ratios for PNC are calculated using the assumptions required by the Federal Reserve's stress test regulations. All projections represent hypothetical outcomes under the assumed severely adverse scenario conditions and are not forecasts of expected losses, revenues, net income before taxes, risk-weighted assets, or capital ratios.

The capital calculations for this mid-cycle stress test incorporate the ongoing phase-in of the Basel III regulatory capital requirements. As a result of the staggered phase-in schedule of the final Basel III capital rules issued in July 2013, the actual and projected Basel III regulatory risk-based capital ratios as of March 31, 2015 and through the stress period are based on the definitions of, and deductions from, capital under the Basel III rules as such definitions and deductions are phased-in for 2015, 2016, and 2017. For example, under the phase-in schedule included in the Basel III rules, the individual and aggregate deductions from Basel III Common Equity Tier 1 capital for mortgage servicing rights, deferred tax assets, and significant common stock investments in unconsolidated financial institutions are phased-in at 40% in 2015, 60% in 2016, and 80% in 2017. Also, because PNC remains in its parallel run qualification phase for the Basel III advanced approaches, risk-weighted assets used to calculate PNC's projected Basel III regulatory risk-based capital ratios were based on the Basel III standardized approach. We refer to the capital ratios calculated using these Basel III phased-in provisions as the Transitional Basel III ratios.

Table 1 illustrates the minimum required Transitional Basel III capital ratios in effect during the stress period, as well as the amount of capital conservation buffer in 2016 and 2017. Banking organizations must maintain capital ratios above the minimum amount plus the capital conservation buffer amount to avoid potential limitations on capital distributions and certain discretionary incentive compensation payments.

Table 1: Minimum Transitional Basel III Regulatory Ratios in Effect during the Stress Period and Amount of Capital Conservation Buffer in 2016 and 2017

	Minimum Transitional Basel III Regulatory Ratios in Effect & Amount of Capital Conservation Buffer		
	2015	2016	2017
Common Equity Tier 1 Capital Ratio	4.5%	4.5%	4.5%
Tier 1 Risk-Based Capital Ratio	6.0%	6.0%	6.0%
Total Risk-Based Capital Ratio	8.0%	8.0%	8.0%
Capital Conservation Buffer (a)	-	0.625%	1.25%
Tier 1 Leverage Ratio	4.0%	4.0%	4.0%

(a) The Capital Conservation Buffer is measured with respect to each of the three Basel III risk-based capital ratios. Banking organizations must maintain risk-based capital ratios above the minimums plus the Capital Conservation Buffer in order to avoid potential limitations on capital distributions and certain discretionary incentive compensation payments.

Table 2: Projected Transitional Basel III Regulatory Capital Ratios and the Basel I Tier 1 Common Ratio through Q2 2017 under the PNC Severely Adverse Scenario

	Actual	Stressed Capital Ratios(a)
	Q1 2015	Minimum/Ending
Basel I: Tier 1 Common Ratio (b)	10.8%	10.6%
Transitional Basel III:		
Common Equity Tier 1 Capital Ratio	10.5%	8.9%
Tier 1 Risk-Based Capital Ratio	12.0%	10.2%
Total Risk-Based Capital Ratio	15.0%	12.9%
Tier 1 Leverage Ratio	10.5%	8.6%

(a) The capital ratios for PNC through the stress period are calculated using the capital action assumptions included in the Federal Reserve's Dodd-Frank Act stress testing rules. These projections represent hypothetical estimates that involve an economic outcome that is more adverse than expected. The projected minimum capital ratios presented are the minimum quarter-end ratio for the relevant metrics during the stress period.

(b) The Federal Reserve's Dodd-Frank Act stress testing rules and capital planning rule require bank holding companies to estimate the Tier 1 Common ratio using the definition of capital and the methodology for determining risk-weighted assets under the Basel I regulatory capital rules in effect in 2013 (12 C.F.R. Part 225, Appendices A and E).

Table 3: Actual Q1 2015 and Projected Q2 2017 Risk-Weighted Assets Under the PNC Severely Adverse Scenario

In billions	Actual Q1 2015		Projected Q2 2017	
	Basel I Approach	Basel III Standardized Approach	Basel I Approach	Basel III Standardized Approach
Risk-Weighted Assets (a)	284.4	295.1	266.4	272.5

(a) For the Basel I Tier 1 Common ratio, risk-weighted assets are calculated under the Basel I regulatory capital rules in effect in 2013. Risk-weighted assets for the Basel III Transitional ratios are calculated under the Basel III Standardized Approach.

Table 4: Projected Losses, Revenue, and Net Income Before Taxes Q2 2015 through Q2 2017 under the PNC Severely Adverse Scenario

	Billions of Dollars	% of Avg. Assets (a)
Pre-Provision Net Revenue (b)	\$ 8.2	2.4 %
Other Revenue (c)	-	- %
Less: Provision	9.2	2.7 %
Realized (Gains)/Losses on Securities (AFS & HTM)	0.1	0.0 %
Trading & Counterparty Losses (d)	-	- %
Other Losses/(Gains) (e)	-	- %
<i>Equals:</i> Net Income/(Loss) Before Taxes	<u>\$ (1.1)</u>	-0.3 %
Memo Items		
Other comprehensive income (f)	\$ (2.1)	
<i>Other effects on capital</i>	Q1 2015	Q2 2017
Accumulated Other Comprehensive Income included in capital (AOCI) (g)	\$ 0.0	\$ (1.0)

(a) Average assets is the nine-quarter average of total assets.

(b) Pre-provision net revenue includes losses from operational risk events, mortgage repurchase expenses, and other real estate owned ("OREO") costs.

(c) Other revenue includes one-time income and (expense) items not included in pre-provision net revenue.

(d) Trading and counterparty losses include mark-to-market losses and credit valuation adjustment ("CVA") losses. PNC's severely adverse scenario did not incorporate a global market shock or counterparty default component.

(e) Other losses/gains include goodwill impairment losses.

(f) Represents cumulative net change over the stress period of the following primary components of other comprehensive income ("OCI"): net unrealized gains/(losses) on available for sale securities and cash flow hedge derivatives, and adjustments related to pension and other postretirement benefit plans.

(g) For 2015, 2016, and 2017, includes 40%, 60% and 80%, respectively, of the after-tax AOCI related to the net unrealized gains/(losses) on available for sale securities and adjustments related to pension and other postretirement benefit plans.

Table 5: Projected Loan Losses by Type of Loans for Q2 2015 through Q2 2017 under the PNC Severely Adverse Scenario

	Billions of Dollars	Portfolio Loss Rates (%)(a)
Loan Losses (Net charge-offs):		
First Lien Mortgage, Domestic	\$ 0.3	1.2 %
Junior Lien Mortgages & HELOCS, Domestic	0.8	4.1
Commercial and Industrial (b)	1.8	2.7
Commercial Real Estate, Domestic	1.8	5.6
Credit Cards	0.6	16.6
Other Consumer (c)	0.7	3.4
Other Loans (d)	<u>0.3</u>	1.2
Total Loan Losses (Net charge-offs)	\$ 6.2	3.2 %
Change in Allowance for Loan and Lease Losses	<u>3.0</u>	
Total Provision	<u>\$ 9.2</u>	

* Numbers may not foot due to rounding.

(a) Average loan balances used to calculate portfolio loss rates exclude loans held for sale and loans held for investment under the fair-value option, and are calculated over nine quarters.

(b) Commercial and industrial loans include small- and medium-enterprise loans and corporate cards.

(c) Other consumer loans include student loans and automobile loans.

(d) Other loans include loans to non-profit organizations, commercial leases, other commercial loans not classified elsewhere and international real estate loans (if any).

In the hypothetical severely adverse scenario, depressed earnings and losses (which in large part are due to increased credit losses) in combination with the required capital action assumptions, result in a reduction in projected regulatory capital. Increased credit losses are primarily concentrated in three asset classes. Specifically, of the \$6.2 billion in cumulative loan losses projected for the stress period under the hypothetical severely adverse scenario, approximately 70% were losses attributable to C&I loans, CRE loans, and domestic junior lien mortgages and home equity lines of credit ("HELOCs"). C&I loans together with CRE loans and domestic junior lien mortgages and HELOCs comprise the majority of PNC's loan portfolio (averaging 60% of all loans over the nine-quarter stress period). Estimated loss rates in the CRE (5.6%) and junior lien mortgage and HELOC (4.1%) categories are above the estimated aggregate loss rate for all PNC loan portfolios (3.2%). Projected total provision expense is \$9.2 billion over the stress period, which provides for both the cumulative net charge-offs during the period of \$6.2 billion as well as an increase in the allowance for loan and lease losses of \$3.0 billion for expected future losses. Pre-provision net revenue of \$8.2 billion over the stress period, which reflects among other things a projected decline in loan balances, yields, and noninterest income resulting from the economic stress in the hypothetical scenario, is insufficient to cover provision expense and non-loan losses.

PNC's Transitional Basel III Common Equity Tier 1 Capital ratio declines from 10.5% (actual) as of the first quarter of 2015 to a minimum of 8.9% by the end of the stress period. This level of decline is primarily due to the required assumption that historical common dividends continue, the net reduction in PNC's capital due to depressed earnings and losses, as well as the ongoing phase-in of adjustments to and deductions from Basel III capital, including those related to AOCI, net operating loss carry forwards, and the quantitative limits for mortgage servicing rights, deferred tax assets, and significant common stock investments in unconsolidated financial institutions. As described earlier, such adjustments and deductions are phased into the Transitional Basel III capital ratios at 40% in 2015, 60% in 2016, and 80% by 2017.

PNC's minimum level of Basel III Transitional Common Equity Tier 1 of 8.9% in this mid-cycle stress test, which employs a nine-quarter stress period covering the period from the second quarter of 2015 through and including the second quarter of 2017, is lower relative to PNC's annual stress test results released in March 2015 of 9.2% which covered a nine-quarter period through year-end 2016. This reduction in the minimum ratio is primarily due to (1) the higher 80% phase-in that applies to deductions and adjustments to Basel III capital in 2017 as compared to the 60% phase-in applicable to 2016 forecasts, and (2) a relative increase in the projected risk weighted assets for the severely adverse scenario for this mid-cycle stress test exercise compared to the annual stress test forecasts, partially offset by (3) net earnings retained by PNC during the two intervening quarters between this mid-cycle and annual stress tests.

PNC's Basel I Tier 1 Common ratio declines modestly from 10.8% (actual) as of the first quarter of 2015 to a low of 10.6% near the end of the stress period. This decline is primarily attributable to the net reduction in PNC's capital due to depressed earnings in the severe scenario combined with the required assumption that historical common dividend levels continue. This reduction in capital is partially offset by a projected reduction of \$18.0 billion in Basel I risk-weighted assets driven by declines in the loan portfolio and an overall reduced balance sheet size through the nine-quarter stress period. The minimum Basel I Tier 1 Common ratio of 10.6% in this 2015 mid-cycle stress test is generally consistent with the 10.7% minimum level released by PNC in March 2015 following the annual company-run stress test submitted to regulators in January 2015.

Overview of PNC's Stress Test Methodology and Scenario Development

The mid-cycle stress test conducted by PNC incorporates a broad spectrum of risks that affect PNC including, among others, credit risk, operational risk, mortgage repurchase risk, and other-than-temporary impairment ("OTTI") risk on securities. Credit risk represents the risk that losses will be incurred as a result of borrowers not performing in accordance with the contractual terms of their obligations. Operational risk refers to the risk of financial loss, adverse customer experience, or negative regulatory or reputational impacts resulting from inadequate or failed processes, people, systems, or external events. Mortgage repurchase risk refers to the risk of loss arising from demands or legal action initiated by mortgage investors as a result of claims that PNC breached representations or warranties in selling mortgages. Credit risk primarily affects the loan classes identified in Table 5, while OTTI affects the securities portfolio. Operational risk losses are estimated for all businesses and segments of PNC. Mortgage repurchase risk primarily affects first-lien residential mortgages that have been sold.

PNC applies both quantitative and qualitative methods to measure and assess risks. Estimated losses for C&I loans are primarily modeled by projecting the probability of default, estimated loss given default (taking into account available collateral and guarantees), and estimated exposure at default. The probability of default model for C&I loans is based on a credit migration approach and its inputs include, among other things, macroeconomic variables and loan-level characteristics such as loan type, tenor, segment, and internal credit ratings. The estimated losses on owner-occupied properties within the CRE portfolio generally are modeled using a methodology similar to that used for C&I loans. CRE losses on construction, stabilized, and multifamily loans are primarily modeled using a third-party vendor model. The inputs to the vendor model include, among other things, macroeconomic variables and loan-level inputs such as collateral, geography, loan-to-value ratio, and debt service coverage ratio. The model simulates future paths of the collateral's net operating income and market value. Along each simulation path, the conditional probability of default and loss given default are estimated based on the forecast environment and the resulting performance metrics for each loan. For impaired residential development loans, an internally-developed model that takes into account, among other things, previously incurred purchase accounting marks (if any) and estimated future cash flows was used to estimate losses. Losses for retail auto loans are forecasted based on a regression model that uses a segment-level approach for evaluating and forecasting probability of default, exposure at default, and loss given default. Losses for small business loans are forecasted based on a regression model that uses a pool level approach for estimating probability of default and exposure at default, and empirically derived estimates of stressed recovery rates for estimating loss given default.

For residential real estate loans, including first lien mortgages, junior lien mortgages, and domestic HELOCs, credit losses are projected using separate internal loan-level transition rate models for

mortgages and home equity loans. The model for HELOCs also takes into account additional credit losses that may arise when an interest-only HELOC reaches the end of its draw period (lower monthly payment) and either converts to an amortizing loan (higher monthly payment) or becomes fully payable. Models are also used for several consumer segments including credit card and federal student loans. The models for credit card and federal student loans model transition rates at a granular level that helps capture the underlying nature and projected behavior of the portfolio. Mortgage repurchase losses are modeled primarily based on estimated levels of defaults on sold mortgage loans, investor demands or other actions following default.

Projected realized losses on investment securities are estimated through OTTI write-downs included in the income statement. Such losses are generally driven by declining housing prices, rising unemployment, and deterioration in credit quality. Generally, OTTI on available-for-sale ("AFS") and held to maturity ("HTM") securities is estimated using internally and vendor developed models which are applied at the security level. Major inputs to the OTTI models include macroeconomic variables and collateral characteristics (if applicable), and the output for each model includes projected cash flows for each security. These cash flows are then discounted at the original, credit adjusted book yield on the security to calculate the estimated OTTI. Projected changes in unrealized losses on investment securities are included in accumulated other comprehensive income ("AOCI"). AOCI reflects changes in market and book value of AFS securities due to differences in maturities/run-off, interest rates, spreads, and economic conditions. PNC uses an internally developed model that projects AOCI on its entire AFS holdings and on forecasted security additions. Cash flow models are used to project non-interest income and balance sheet items related to capitalized commercial mortgage servicing rights ("CMSR") and capitalized residential mortgage servicing rights ("RMSR") under various stressed market scenarios. These calculations require the projection of cash flows over the projection horizon as well as the projection of any changes to the CMSR and RMSR asset fair values to be realized over the projection horizon.

Operational risk-related losses are modeled within each unit of measure (as defined in the Basel III advanced approaches) using a methodology that leverages historical internal loss data where such data are deemed sufficient for modeling purposes. Losses are estimated by first developing an event frequency estimate and then calculating the loss severity per event. The estimated loss is a product of the projected number of events multiplied by the loss severity per event. Loss severity per event are held constant over time across different macroeconomic projections within most units of measure. For one unit of measure, loss severity per event depends on macroeconomic factors and changes over time and across different projections. For this unit of measure, the loss severity per event is derived from a model that fits the relationship between macroeconomic factors and historical-average loss per event. Projected event frequencies are derived from a model that fits the relationship between macroeconomic factors and historical event frequencies. When no statistically significant relationship to macroeconomic factors is observed for a unit of measure, the event frequency estimate is assumed to be a constant value and is based upon the historical average event frequency. In these instances, loss estimates are independent of macroeconomic factors and held constant over time.

For units of measure for which historical loss data is deemed insufficient for modeling purposes, operational losses are based on operational risk specific scenario analysis results. For each of these units of measure, the estimated annualized loss is equal to the sum of expected annualized losses for the relevant operational risk scenarios for the units of measure. The expected annualized loss for each operational risk scenario is equal to the scenario frequency multiplied by the scenario severity. In these instances, loss estimates are independent of macroeconomic factors and held constant over time.

The loan loss estimates presented in Table 5 represent estimates of the net charge-off activity recorded during the nine-quarter stress period. The amount of the allowance for loan and leases losses ("ALLL") established for stress testing reporting purposes, at any point in time, is derived from the estimated expected future net charge-offs to be incurred. ALLL for portfolios or segments are modeled using processes similar to those for estimating losses in the relevant portfolio or segment and are calculated in accordance with the applicable regulatory guidance for stress testing. The provision expense, which includes both net charge-offs and the change in ALLL, is reflected in net income and consequently is reflected in capital levels and ratios during the period.

PNC utilizes three internal models to construct a comprehensive, fully integrated severely adverse scenario that is benchmarked against the historical experience of recessions in the U.S. since World War II. These models are a macroeconomic model of the U.S. economy that projects approximately 100 variables, a regional model that forecasts housing prices and unemployment rates for all U.S. metropolitan areas based on projected macroeconomic and local economic conditions, and an interest rate model that forecasts approximately 40 interest rate variables including swap, treasury, mortgage, and corporate rates. This allows for a broader set of variables to be used as modeling inputs for the balance sheet estimates, as well as for the models, assumptions, or other processes used to estimate interest and noninterest income, expense, credit loss, securities losses, and other losses over the stress period. These balance sheet estimates are used as inputs to the various credit models to estimate losses for each portfolio for the duration of the stress period. Additionally, the balance sheet projections serve as the primary input utilized in calculating projected risk-weighted assets for each period of the planning horizon. Models are developed for many material noninterest income and noninterest expense categories. For all other noninterest income and noninterest expense line items, PNC employs a standardized analytical framework with a focus on sound and thoroughly documented assumptions and effective challenge provided through Line of Business and Finance reviews. Pre-provision net revenue is estimated based on the net interest income projection, which is derived from balance sheet estimates and the impact of the respective interest rate and spread forecasts in the assumed scenario, combined with outputs of noninterest income and expense projections. Risk-weighted assets are calculated under the Basel III Standardized Approach framework utilizing the estimated balance sheet and certain off-balance sheet exposures, which together with estimated levels of regulatory capital (taking into account the capital action assumptions required by applicable regulations), are used to calculate the capital ratios in Table 2.

PNC's forecast models are developed using historical data when sufficient relevant data exist to support robust modeling. These data reflect the performance and behavior of PNC's portfolios through recent credit cycles. The models also take into account macroeconomic variables and their relation to, in the case of credit models, customer credit migration, changes in delinquency status, and charge-off behavior. For some portfolios, PNC develops alternative competing models that are assessed prior to the selection of the final model to be used for the portfolio. PNC's stress testing models utilize a variety of modeling techniques and functional forms and may use different variables for different asset classes. As part of PNC's overall model risk management and stress testing processes, significant management review of the performance and fit of stress testing models is undertaken. All of the models employed by PNC to conduct the mid-cycle and annual stress test are subject to PNC's internal model governance framework and procedures. Additional information on PNC's Model Risk Management framework and the risks associated with the use of models can be found in PNC's 2014 Form 10-K at Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Risk Management—Model Risk Management and Item 1A—Risk Factors. When considering the appropriateness of models for stress testing, both management and PNC's independent Model Risk Management Group consider the losses estimated to occur through the stress scenario against the performance experienced in prior economic downturns.

For a limited set of portfolios or segments, management adjusts model outputs in light of, among other things, the actual historical performance, or the particular characteristics of the portfolio or segment that may not have been reasonably reflected in the model. Management also assesses whether overlays to the operational risk loss forecast model are appropriate to ensure that results, consistent with regulatory expectations, capture significant operational risk that could occur during the stress period even though they may not be directly linked to macroeconomic factors.

PNC has established a robust governance framework to oversee its stress testing and capital planning processes, consistent with the key principles defined by the Federal Reserve. PNC's governance framework includes Board of Directors and senior management oversight, including the review of capital goals, the economic scenarios utilized in the stress testing process, significant assumptions and uncertainties in the stress testing and capital planning process, and approval of capital actions. PNC's Executive Capital Committee is responsible for reviewing and approving material adjustments to capital stress testing model forecasts. In considering the appropriateness and size of any such change, the committee may consider, among other things, the expected timing of losses, model uncertainty, internal ratings, data quality, actual historical experience of losses (including PNC historical losses in recent economic downturns), past supervisory estimates of losses and provisions, the characteristics of the

specific economic scenario developed, and the evolution of the firm's business strategy or balance sheet that may influence the relevance of model results.

In addition to modeled outcomes, PNC utilizes various assumptions in estimating its income and capital ratios through the stress period. For example, we use assumptions related to projected rates/spreads on deposits and loans, forecasts for certain balance sheet items, and potential expense changes. Sensitivity analyses are conducted for key assumptions and the results are reviewed by PNC's Executive Capital Committee and the Board of Directors and its Risk Committee.

PNC utilizes a robust internal capital adequacy assessment process ("ICAAP") to evaluate its capital adequacy in light of a wide range of inputs. These inputs include capital stress test results as well as risks that may not be adequately captured by capital stress testing, such as liquidity risks, reputational risks, idiosyncratic risks, and firm-wide model risk. The Board of Directors, its Risk Committee, and senior management use the firm's ICAAP results to assess the level of capital that is appropriate for the firm to maintain in light of the range of risks facing the firm, the firm's business strategy, and its risk appetite.

Internal Audit employs a risk-based audit approach to ensure comprehensive coverage of the end-to-end ICAAP over a multi-year period. Internal Audit conducts regular audits to assess the adequacy and effectiveness of the controls supporting PNC's capital planning and forecasting processes, including governance, qualitative assessments, the detail and quality of reporting, and the process by which deficiencies are identified and remediated. On a sample basis, as part of its risk-based approach, Internal Audit also assesses the accuracy of the spot capital data that is being relied on by senior management and the regulators and independently challenges the reasonableness of the forecasted results. The results of Internal Audit's evaluation of the control framework supporting PNC's ICAAP are formally presented in an Audit Report, which is distributed to PNC's executive management, Risk Committee of the Board of Directors, Audit Committee, and to the Federal Reserve and OCC.

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