



PNC

The PNC Financial Services Group, Inc.

Third Quarter 2014

Earnings Conference Call

October 15, 2014

Cautionary Statement Regarding Forward-Looking Information and Adjusted Information

Our earnings conference call presentation includes “snapshot” information about PNC used by way of illustration. It is not intended as a full business or financial review and should be viewed in the context of all of the information made available by PNC in its SEC filings. The presentation also contains forward-looking statements regarding our outlook for earnings, revenues, expenses, capital and liquidity levels and ratios, asset levels, asset quality, financial position, and other matters regarding or affecting PNC and its future business and operations. Forward-looking statements are necessarily subject to numerous assumptions, risks and uncertainties, which change over time. The forward-looking statements in this presentation are qualified by the factors affecting forward-looking statements identified in the more detailed Cautionary Statement included in the Appendix, which is included in the version of the presentation materials posted on our corporate website at www.pnc.com/investorevents, and in our SEC filings. We provide greater detail regarding these as well as other factors in our 2013 Form 10-K and our 2014 Form 10-Qs, including in the Risk Factors and Risk Management sections and in the Legal Proceedings and Commitments and Guarantees Notes of the Notes To Consolidated Financial Statements in those reports, and in our subsequent SEC filings. Our forward-looking statements may also be subject to other risks and uncertainties, including those we may discuss in this presentation or in our SEC filings, accessible on the SEC’s website at www.sec.gov and on PNC’s corporate website at www.pnc.com/secfilings. We have included web addresses in this presentation as inactive textual references only. Information on those websites is not part of this presentation. 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 in this presentation speak only as of the date of this presentation. We do not assume any duty and do not undertake to update those statements. Actual results or future events could differ, possibly materially, from those anticipated in forward-looking statements, as well as from historical performance.

In this presentation, we may sometimes refer to adjusted results to help illustrate the impact of certain types of items. This information supplements our results as reported in accordance with GAAP and should not be viewed in isolation from, or as a substitute for, our GAAP results. We believe that this additional information and the reconciliations we provide may be useful to investors, analysts, regulators and others to help evaluate the impact of these respective items on our operations. We may also provide information on the components of total net interest income (purchase accounting accretion and the remainder, which we refer to as core net interest income), on the impact of purchase accounting accretion on net interest margin (core net interest margin being net interest margin less (annualized purchase accounting accretion divided by average interest-earning assets)), on pretax pre-provision earnings (total revenue less noninterest expense), and on tangible book value per common share (calculated based on tangible common shareholders’ equity (common shareholders’ equity less goodwill and other intangible assets, other than servicing rights, net of deferred tax liabilities on such intangible assets) divided by period-end common shares outstanding). Where applicable, we provide GAAP reconciliations for such additional information, including in the slides, the Appendix and/or other slides and materials on our corporate website at www.pnc.com/investorevents and in our SEC filings. In certain discussions, we may also provide information on yields and margins for all interest-earning assets calculated using net 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. We believe this adjustment may be useful when comparing yields and margins for all earning assets. We may also use annualized, pro forma, estimated or third party numbers for illustrative or comparative purposes only. These may not reflect actual results.

This presentation may also include discussion of other non-GAAP financial measures, which, to the extent not so qualified therein or in the Appendix, is qualified by GAAP reconciliation information available on our corporate website at www.pnc.com under “About PNC–Investor Relations,” which may include materials from investor presentations or in our annual, quarterly or current reports.

3Q14 Highlights

- ▶ Successfully managed a challenging revenue environment
 - Revenue growth driven by higher noninterest income
 - Fee income growth outpaced the decline in NII
 - Well-managed expenses; Completed actions to achieve full year CIP⁽¹⁾ target ahead of schedule
 - Overall credit quality improvement
- ▶ Continued progress on strategic priorities
 - Fee income grew 4% linked quarter⁽²⁾
- ▶ Strong Basel III capital position
 - Pro forma fully phased-in Basel III common equity Tier 1 capital ratio increased to 10.1%⁽³⁾
 - Capital actions
 - Repurchased 4.2 million common shares in 3Q14

3Q14 financial summary	Net income	Diluted EPS from net income	Return on average assets
	\$1.0 billion	\$1.79	1.25%

(1) CIP refers to PNC's Continuous Improvement Program. (2) See Reconciliation section of the Appendix. (3) Estimated as of September 30, 2014. We previously referred to Basel III common equity Tier 1 capital ratio as the Basel III Tier 1 common capital ratio. Calculated on a pro forma basis without the benefit of the Basel III phase-in provisions. For 3Q14, the resulting fully phased-in Basel III common equity Tier 1 capital ratio was calculated based on standardized approach RWAs and rules. See Estimated Transitional Basel III and Pro forma Fully Phased-In Basel III Common Equity Tier 1 Capital Ratios and related information in the Appendix for further details.

Capital Improvement Continued

Category (billions) Avg. Balances – Three months ended	% change from:		
	Sept. 30, 2014	June 30, 2014	Sept. 30, 2013
Investment securities	\$54.4	(3%)	(4%)
Total commercial lending	\$123.1	1%	8%
Total consumer lending	76.7	0%	(1%)
Total loans	\$199.8	0%	5%
Interest-earning deposits with banks	\$22.1	51%	378%
Total assets	\$329.4	2%	9%
Transaction deposits	\$190.1	2%	7%
Total deposits	\$223.8	2%	6%
Total equity	\$45.7	1%	9%
Capital ratios: ^(1,5)	Sept. 30, 2014	June 30, 2014	Sept. 30, 2013
Transitional Basel III common equity Tier 1 ^(2,3)	11.1%	11.0%	N/A
Pro forma Fully Phased-In Basel III common equity Tier 1 ^(3,4)	10.1%	10.0%	8.7%
Tangible book value per common share (TBV) ⁽⁶⁾	\$59.24	\$58.22	\$52.17
Book value per common share	\$76.71	\$75.62	\$69.75

Highlights

Linked quarter:

- ▶ Average securities declined by \$1.9 billion
- ▶ Average loans increased \$.6 billion
 - Total Commercial grew \$.9 billion
 - Total Consumer declined \$.3 billion
- ▶ Spot loan balances essentially flat
- ▶ Spot deposits at Federal Reserve Bank increased \$9.4 billion
- ▶ Average deposits grew \$3.9 billion
 - Transaction deposits grew \$4.3 billion

Prior Year Quarter:

- ▶ Average loans grew 5%
- ▶ Average deposits increased 6%
- ▶ TBV grew 14%⁽⁶⁾

(1) September 30, 2014 ratios estimated. (2) Calculated using the regulatory capital methodology applicable to PNC during 2014. See Note A in the Appendix for further details. (3) We previously referred to Basel III common equity Tier 1 capital ratio as the Basel III Tier 1 common capital ratio. (4) Calculated on a pro forma basis without the benefit of the Basel III phase-in provisions. For both 3Q14 and 2Q14, the resulting pro forma fully phased-in Basel III common equity Tier 1 ratios were calculated based on standardized approach RWAs and rules. Advanced approaches RWAs and rules were utilized for 3Q13. (5) See Estimated Transitional Basel III and Pro forma Fully Phased-In Basel III Common Equity Tier 1 Capital Ratios and related information in the Appendix for further details. (6) See Appendix for additional information related to TBV.

Solid Profitability and Returns

(millions)	\$ change from:		
	3Q14	2Q14	3Q13
Net interest income	\$2,104	(\$25)	(\$130)
Noninterest income	1,737	56	51
Total revenue	\$3,841	\$31	(\$79)
Noninterest expense ⁽¹⁾	\$2,357	\$29	(\$37)
Pretax pre-provision earnings ^(2,5)	\$1,484	\$2	(\$42)
Provision	55	(17)	(82)
Pretax earnings ⁽³⁾	\$1,429	\$19	\$40
Net income	\$1,038	(\$14)	\$10
Net income attributable to diluted common shares	\$959	(\$36)	\$12
	3Q14	2Q14	3Q13
Returns			
ROAA ⁽⁴⁾	1.25%	1.31%	1.34%
ROACE ⁽⁴⁾	9.52%	10.12%	10.40%

Highlights

Linked quarter:

- ▶ Revenue grew 1%
- ▶ Pretax pre-provision earnings largely reflect noninterest income growth of 3% and modest expense growth
- ▶ Credit costs declined

Prior Year Quarter:

- ▶ Solid profitability mostly related to reduced credit costs and expense in addition to growth in noninterest income of 3% offset by NII decline

YTD:

- ▶ Maintained similar profitability due to lower credit costs and expenses partially offset by purchase accounting accretion decline

(1) Prior period amounts have been updated to reflect first quarter 2014 adoption of ASU 2014-01 related to investments in low income housing tax credits. (2),(3),(4) See Notes B, C and D, respectively, in the Appendix for additional details. (5) See Reconciliation section of the Appendix.

Net Interest Income and NIM Declined

(billions)	\$ change from:		
	3Q14	2Q14	3Q13
Average interest-earning assets	\$285.0	\$6.6	\$25.3
(millions)			
Core NII ⁽¹⁾	\$1,957	(\$25)	(\$78)
Plus purchase accounting accretion (PAA)	147	-	(52)
Total NII	\$2,104	(\$25)	(\$130)
	3Q14	2Q14	3Q13
<u>Margins</u>			
Net interest margin (NIM)	2.98%	3.12%	3.47%
Core NIM ⁽²⁾	2.78%	2.92%	3.17%

Highlights

Linked quarter:

- ▶ Average interest-earning assets grew 2%
- ▶ NII declined 1%
 - Core NII impacted by lower earning asset yields and securities balances
 - Higher liquidity position

Prior year quarter:

- ▶ Core NII⁽¹⁾ reflects the commercial facility fees classification change⁽³⁾ in addition to linked quarter factors above

YTD:

- ▶ NII impacted by lower Core NII⁽⁴⁾
- ▶ PAA declined

(1) Core net interest income (Core NII) is total net interest income (NII), as reported, less related purchase accounting accretion (scheduled and excess cash recoveries) (PAA). See also Note E in the Appendix. (2) Core NIM is net interest margin (NIM) less (annualized PAA/average interest-earning assets). See Reconciliation in Appendix. (3) Change in classification to noninterest income beginning 2Q14 of certain commercial facility fees reported in net interest income in prior periods. (4) See Reconciliation section of Appendix.

Strong Fee Income Growth

(millions)	\$ change from:		
	3Q14	2Q14	3Q13
Asset management ⁽¹⁾	\$411	\$49	\$81
Consumer services	320	(3)	4
Corporate services	374	31	68
Residential mortgage	140	(42)	(59)
Service charges on deposits	179	23	23
Fee income	\$1,424	\$58	\$117
Other noninterest income	256	(5)	(38)
Gain on VISA sales	57	3	(28)
Total other noninterest income ^(2,3)	\$313	(\$2)	(\$66)
Total noninterest income	\$1,737	\$56	\$51
	3Q14	2Q14	3Q13
Noninterest income to total revenue	45%	44%	43%

Highlights

Linked quarter:

- ▶ Noninterest income growth of 3% was primarily driven by overall strong fee income growth of 4%⁽²⁾ from our diversified businesses
- ▶ Residential mortgage decline largely related to lower loan sales revenue

Prior Year Quarter:

- ▶ Noninterest income grew 3%
- ▶ Fee income increased 9%⁽²⁾

YTD:

- ▶ Fee income increased 5%⁽²⁾

(1) Asset management includes the Asset Management Group (AMG) and BlackRock. (2) See Reconciliation section of the Appendix. (3) Total other noninterest income includes the categories other income (including VISA gains), net gains (losses) on sales of securities and net-other-than-temporary impairments.

Disciplined Expense Management While Investing for Growth

(millions)	\$ change from:		
	3Q14	2Q14	3Q13
Personnel	\$1,189	\$17	\$8
Occupancy	200	1	(5)
Equipment	220	16	26
Marketing	66	(2)	(2)
Other	682	(3)	(64)
Total noninterest expense	\$2,357	\$29	(\$37)
	3Q14	2Q14	3Q13
Efficiency ratio ^(1,3)	61%	61%	61%

Highlights

Linked quarter:

- ▶ Completed actions to achieve full year 2014 CIP⁽²⁾ target of \$500 million ahead of schedule
- ▶ Noninterest expense in line with lower-end of guidance
 - Personnel higher due to increased variable compensation costs largely related to business activity
 - Equipment increase mostly related to technology and business infrastructure

Prior Year Quarter:

- ▶ Noninterest expense decline of 2% reflects continued expense management

YTD:

- ▶ Noninterest expense declined 3%

(1) See Note F in the Appendix. (2) CIP refers to PNC's Continuous Improvement Program. (3) As required on adoption of Accounting Standards Update 2014-01, 2013 periods have been updated for adoption of ASU 2014-01. This includes a reduction in noninterest expense for 2013 periods. The efficiency ratio for the 2013 period listed above has been updated to reflect the adoption of this ASU.

Overall Credit Quality Continued to Improve

(millions)	3Q14	2Q14	3Q13	% change from:	
				2Q14	3Q13
Nonperforming loans ^(1,2)	\$2,612	\$2,801	\$3,206	(7%)	(19%)
Total Past Due ^(1,3)	\$2,006	\$2,098	\$2,669	(4%)	(25%)
Net charge-offs	\$82	\$145	\$224	(43%)	(63%)
Provision	\$55	\$72	\$137	(24%)	(60%)
	3Q14	2Q14	3Q13		
Loan loss reserves to total loans ⁽⁴⁾	1.70%	1.72%	1.91%		

Highlights

Linked quarter:

- ▶ Continued credit quality improvement
 - Overall delinquencies declined 4%
 - Net charge-offs declined and were .16% of average loans⁽⁵⁾
 - Provision for credit losses declined
- ▶ Maintained appropriate reserves

As of quarter end except net charge-offs and provision, which are for the quarter. (1) Does not include purchased impaired loans or loans held for sale. (2) Does not include foreclosed and other assets. Excludes certain government insured or guaranteed loans and loans accounted for under the fair value option. (3) Includes loans that are government guaranteed/insured, primarily residential mortgages. Past due loans in this category totaled \$1.5 billion in 3Q14. (4) See Note G in the Appendix for additional details. (5) Net charge-offs to average loans (for 3Q14) (annualized).

Outlook⁽¹⁾ – 4Q14 vs. 3Q14

Balance sheet	Loans	Modest growth
	Net interest income	Down modestly
Income statement	Fee income ⁽²⁾	Stable
	Noninterest expense	Up low single digits
	Loan loss provision	\$25-\$75 million

(1) Refer to Cautionary Statement in the Appendix, including economic and other assumptions. Does not take into account impact of potential legal and regulatory contingencies. (2) Fee income refers to noninterest income in the following categories: asset management, consumer services, corporate services, residential mortgage, and service charges on deposits.

Cautionary Statement Regarding Forward-Looking Information

This presentation includes “snapshot” information about PNC used by way of illustration and is not intended as a full business or financial review. It should not be viewed in isolation but rather in the context of all of the information made available by PNC in its SEC filings.

We also make statements in this presentation, and we may from time to time make other statements, regarding our outlook for earnings, revenues, expenses, capital and liquidity levels and ratios, asset levels, asset quality, financial position, and other matters regarding or affecting PNC and its future business and operations 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 subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date made. We do not assume any duty and do not undertake 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.

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 the following:
 - Changes in interest rates and valuations in debt, equity and other financial markets.
 - Disruptions in the liquidity and other functioning of U.S. and global financial markets.
 - The impact on financial markets and the economy of any changes in the credit ratings of U.S. Treasury obligations and other U.S. government-backed debt, as well as issues surrounding the levels of U.S. and European government debt and concerns regarding the creditworthiness of certain sovereign governments, supranationals and financial institutions in Europe.
 - Actions by the Federal Reserve, U.S. Treasury and other government agencies, including those that impact money supply and market interest rates.
 - Changes in customers’, suppliers’ and other counterparties’ performance and creditworthiness.
 - Slowing or reversal of the current U.S. economic expansion.
 - Continued residual effects of recessionary conditions and uneven spread of positive impacts of recovery on the economy and our counterparties, including adverse impacts on levels of unemployment, loan utilization rates, delinquencies, defaults and counterparty ability to meet credit and other obligations.
 - Changes in customer preferences and behavior, whether due to changing business and economic conditions, legislative and regulatory initiatives, or other factors.
- Our forward-looking financial statements are subject to the risk that economic and financial market conditions will be substantially different than we are currently expecting. These statements are based on our current view that the U.S. economic expansion will speed up to an above trend growth rate near 3.0 percent in the second half of 2014 and that short-term interest rates will remain very low and bond yields will rise only slowly in the latter half of 2014. These forward-looking statements also do not, unless otherwise indicated, take into account the impact of potential legal and regulatory contingencies.

Cautionary Statement Regarding Forward-Looking Information (continued)

- PNC's ability to take certain capital actions, including paying dividends and any plans to increase common stock dividends, repurchase common stock under current or future programs, or issue or redeem preferred stock or other regulatory capital instruments, is subject to the review of such proposed actions by the Federal Reserve as part of PNC's comprehensive capital plan for the applicable period in connection with the regulators' Comprehensive Capital Analysis and Review (CCAR) process and to the acceptance of such capital plan and non-objection to such capital actions by the Federal Reserve.
- PNC's regulatory capital ratios in the future will depend on, among other things, the company's financial performance, the scope and terms of final capital regulations then in effect (particularly those implementing the Basel Capital Accords), 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 approval of related 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 management. These developments could include:
 - Changes resulting from legislative and regulatory reforms, including major reform of the regulatory oversight structure of the financial services industry and changes to laws and regulations involving tax, pension, bankruptcy, consumer protection, and other industry aspects, and changes in accounting policies and principles. We will be impacted by extensive reforms provided for in the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") and otherwise growing out of the most recent financial crisis, the precise nature, extent and timing of which, and their impact on us, remains uncertain.
 - Changes to regulations governing bank capital and liquidity standards, including due to the Dodd-Frank Act and to Basel-related initiatives.
 - Unfavorable resolution of legal proceedings or other claims and regulatory and other governmental investigations or other inquiries. In addition to matters relating to PNC's current and historical business and activities, such matters may include proceedings, claims, investigations, or inquiries relating to pre-acquisition business and activities of acquired companies, such as National City. These matters may result in monetary judgments or settlements or other remedies, including fines, penalties, restitution or alterations in our business practices, and in additional expenses and collateral costs, and may cause reputational harm to PNC.
 - Results of the regulatory examination and supervision process, including our failure to satisfy requirements of agreements with governmental agencies.
 - Impact on business and operating results of any costs associated with obtaining rights in intellectual property claimed by others and of adequacy of our intellectual property protection in general.

Cautionary Statement Regarding Forward-Looking Information (continued)

- 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 third-party insurance, derivatives, and capital management techniques, and to meet evolving regulatory capital and liquidity standards. In particular, our results currently depend on our ability to manage elevated levels of impaired assets.
- Business and operating results also include impacts relating to our equity interest in BlackRock, Inc. and rely to a significant extent on information provided to us by BlackRock. Risks and uncertainties that could affect BlackRock are discussed in more detail by BlackRock in its SEC filings.
- We grow our business in part by acquiring from time to time other financial services companies, financial services assets and related deposits and other liabilities. Acquisition risks and uncertainties include those presented by the nature of the business acquired, 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, and the integration of the acquired businesses into PNC after closing.
- 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. Industry restructuring in the current environment could also impact our business and financial performance through changes in counterparty creditworthiness and performance and in the competitive and regulatory landscape. 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 natural and other disasters, dislocations, terrorist activities, cyberattacks or international hostilities through impacts on the economy and financial markets generally or on us or our counterparties specifically.

We provide greater detail regarding these as well as other factors in our 2013 Form 10-K and our 2014 Form 10-Qs, including in the Risk Factors and Risk Management sections and the Legal Proceedings and Commitments and Guarantees Notes of the Notes To Consolidated Financial Statements in those reports, and in our subsequent SEC filings. Our forward-looking statements may also be subject to other risks and uncertainties, including those we may discuss elsewhere in this presentation or in our SEC filings, accessible on the SEC's website at www.sec.gov and on our corporate website at www.pnc.com/secfilings. We have included these web addresses as inactive textual references only. Information on these websites is not part of this document.

Any annualized, pro forma, estimated, third party or consensus numbers in this presentation are used for illustrative or comparative purposes only and may not reflect actual results. Any consensus earnings estimates are calculated based on the earnings projections made by analysts who cover that company. The analysts' opinions, estimates or forecasts (and therefore the consensus earnings estimates) are theirs alone, are not those of PNC or its management, and may not reflect PNC's or other company's actual or anticipated results.

Explanatory Notes

(A) Transitional Basel III common equity Tier 1 capital ratio is common equity Tier 1 capital (using the definitions of, and deductions from, capital under Basel III, as such definitions and deductions are phased-in for 2014) divided by period-end Basel I risk-weighted assets with 2014 transition adjustments as defined by the Basel III rules.

(B) Pretax pre-provision earnings is defined as total revenue less noninterest expense. We believe that pretax pre-provision earnings, a non-GAAP measure, is useful as a tool to help evaluate the ability to provide for credit costs through operations.

(C) Pretax earnings is income before income taxes and noncontrolling interests.

(D) ROAA is Return on Average Assets and ROACE is Return on Average Common Shareholders' Equity.

(E) PNC believes that core net interest income, a non-GAAP measure, is useful in evaluating components of net interest income.

(F) Efficiency ratio calculated as noninterest expense divided by total revenue.

(G) The allowance for loan and lease losses includes impairment reserves attributable to purchased impaired loans.

Estimated Transitional Basel III and Pro forma Fully Phased-In Basel III Common Equity Tier 1 Capital Ratios

As a result of the staggered effective dates of the final U.S. capital rules issued in July 2013, as well as the fact that PNC remains in the parallel run qualification phase for the advanced approaches, PNC's regulatory risk-based capital ratios during 2014 are based on the definitions of, and deductions from, capital under Basel III (as such definitions and deductions are phased-in for 2014) and Basel I risk-weighted assets (but subject to certain adjustments as defined by the Basel III rules). We refer to the capital ratios calculated using these Basel III phased-in provisions and Basel I risk-weighted assets as the Transitional Basel III ratios. These capital ratios became effective for PNC on January 1, 2014.

We provide information on the next slide regarding PNC's estimated Transitional Basel III common equity Tier 1 ratio and PNC's estimated pro forma fully phased-in Basel III common equity Tier 1 ratio. We previously referred to the Basel III common equity Tier 1 ratio as the Basel III Tier 1 common ratio. In addition, on the next slide we provide information regarding PNC's Basel I Tier 1 common capital ratio during 2013, which was applicable to PNC through 2013 under the U.S. regulatory capital rules.

Common equity Tier 1 capital as defined under the Basel III rules adopted by the U.S. banking agencies differs materially from Basel I Tier 1 common capital. For example, under Basel III, significant common stock investments in unconsolidated financial institutions, mortgage servicing rights and deferred tax assets must be deducted from capital to the extent they individually exceed 10%, or in the aggregate exceed 15%, of the institution's adjusted common equity Tier 1 capital. Also, Basel I regulatory capital excludes accumulated other comprehensive income related to securities currently and previously held as available for sale, as well as pension and other postretirement plans, whereas under Basel III these items are a component of PNC's capital.

Estimated Transitional Basel III and Pro forma Fully Phased-In Basel III Common Equity Tier 1 Capital Ratios

Appendix

Dollars in millions

	Transitional Basel III		Pro forma Fully Phased-In Basel III		
	September 30, 2014	June 30, 2014	September 30, 2014	June 30, 2014	September 30, 2013(a)
Common stock, related surplus, and retained earnings, net of treasury stock	\$39,809	\$39,380	\$39,809	\$39,380	\$37,143
Less regulatory capital adjustments:					
Goodwill and disallowed intangibles, net of deferred tax liabilities	(8,914)	(8,923)	(9,233)	(9,262)	(9,350)
Basel III total threshold deductions	(214)	(216)	(1,070)	(1,075)	(2,011)
Accumulated other comprehensive income (b)	100	115	501	576	(231)
All other adjustments (c)	(30)	(5)	(98)	(74)	(302)
Estimated Basel III Common equity Tier 1 capital	\$ 30,751	\$ 30,351	\$ 29,909	\$ 29,545	\$ 25,249
Estimated Basel I risk-weighted assets calculated in accordance with transition rules for 2014 (d)	\$ 276,525	\$ 277,126	N/A	N/A	N/A
Estimated Basel III standardized approach risk-weighted assets (e)	N/A	N/A	\$ 295,945	\$ 295,217	N/A
Estimated Basel III advanced approaches risk-weighted assets (f)	N/A	N/A	\$ 287,888	\$ 290,063	\$ 289,063
Estimated Basel III Common equity Tier 1 capital ratio	11.1%	11.0%	10.1%	10.0%	8.7%
Risk-weight and associated rules utilized	Basel I (with 2014 transition adjustments)	Basel I (with 2014 transition adjustments)	Standardized	Standardized	Advanced

(a) Amounts have not been updated to reflect the first quarter 2014 adoption of ASU 2014-01 related to investments in low income housing tax credits.

(b) Represents net adjustments related to accumulated other comprehensive income for securities currently and previously held as available for sale, as well as pension and other postretirement plans.

(c) Includes adjustments as required based on whether the standardized approach or advanced approaches are utilized.

(d) Includes credit and market risk-weighted assets.

(e) Basel III standardized approach risk-weighted assets were estimated based on the Basel III standardized approach rules and include credit and market risk-weighted assets.

(f) Basel III advanced approaches risk-weighted assets were estimated based on the Basel III advanced approaches rules, and include credit, market and operational risk-weighted assets.

PNC utilizes the pro forma fully phased-in Basel III capital ratios to assess its capital position (without the benefit of phase-ins), including comparison to similar estimates made by other financial institutions. Our Basel III capital ratios and estimates may be impacted by additional regulatory guidance or analysis, and in the case of those ratios calculated using the advanced approaches, the ongoing evolution, validation and regulatory approval of PNC's models integral to the calculation of advanced approaches risk-weighted assets.

2013 Basel I Tier 1 Common Capital Ratios (a) (b)

Dollars in millions

	Dec. 31, 2013	Sept. 30, 2013
Basel I Tier 1 common capital	\$28,484	\$27,540
Basel I risk-weighted assets	272,169	266,698
Basel I Tier 1 common capital ratio	10.5%	10.3%

(a) Effective January 1, 2014, the Basel I Tier 1 common capital ratio no longer applies to PNC (except for stress testing purposes). Our 2013 Form 10-K included additional information regarding our Basel I capital ratios.

(b) Amounts have not been updated to reflect the first quarter 2014 adoption of ASU 2014-01 related to investments in low income housing tax credits.

Tangible Book Value per Common Share

Tangible book value per common share is a non-GAAP financial measure and is calculated based on tangible common shareholders' equity divided by period-end common shares outstanding. We believe this non-GAAP financial measure serves as a useful tool to help evaluate the strength and discipline of a company's capital management strategies and as an additional, conservative measure of total company value.

Tangible Book Value per Common Share Ratio				%Change	
	September 30, 2014	June 30, 2014	September 30, 2013	9/30/14 vs. 6/30/14	9/30/14 vs. 9/30/13
<i>Dollars in millions, except per share data</i>					
Book value per common share (a)	\$ 76.71	\$ 75.62	\$ 69.75	1%	10%
Tangible book value per common share					
Common shareholders' equity (a)	\$ 40,536	\$ 40,261	\$ 37,103		
Goodwill and Other Intangible Assets (b)	(9,559)	(9,590)	(9,690)		
Deferred tax liabilities on Goodwill and Other Intangible Assets (b)	325	327	340		
Tangible common shareholders' equity	\$ 31,302	\$ 30,998	\$ 27,753		
Period-end common shares outstanding (in millions)	528	532	532		
Tangible book value per common share (Non-GAAP)	\$ 59.24	\$ 58.22	\$ 52.17	2%	14%

(a) Amounts for the 2013 period have been updated to reflect the first quarter 2014 adoption of Accounting Standards Update (ASU) 2014-01 related to investments in low income housing tax credits.

(b) Excludes the impact from mortgage servicing rights of \$1.5 billion at both September 30, 2014 and June 30, 2014 and \$1.6 billion at September 30, 2013.

Non-GAAP to GAAP Reconciliation

<i>\$ in millions</i>	For the three months ended		
	Sept. 30, 2014	June 30, 2014	Sept. 30, 2013
Net interest margin, as reported	2.98%	3.12%	3.47%
Purchase accounting accretion (1)	\$147	\$147	\$199
Purchase accounting accretion, if annualized	\$583	\$590	\$790
Avg. interest earning assets	\$284,951	\$278,369	\$259,606
Annualized purchase accounting accretion/Avg. interest-earning assets	0.20%	0.20%	0.30%
Core net interest margin (2)	2.78%	2.92%	3.17%

(1) Purchase accounting accretion is scheduled purchase accounting accretion plus excess cash recoveries.

(2) PNC believes that core net interest margin, a non-GAAP measure, is useful as a tool to help evaluate the impact of purchase accounting accretion on net interest margin. The adjustment represents annualized purchase accounting accretion divided by average interest-earning assets.

<i>\$ in millions</i>	For the three months ended			For the nine months ended	
	Sept. 30, 2014	June 30, 2014	Sept. 30, 2013	Sept. 30, 2014	Sept. 30, 2013
Net Interest Income					
Core net interest income (a)	\$1,957	\$1,982	\$2,035	\$5,971	\$6,229
Total purchase accounting accretion (a)					
Scheduled accretion net of contractual interest	116	112	173	362	565
Excess cash recoveries	31	35	26	95	87
Total purchase accounting accretion	<u>147</u>	<u>147</u>	<u>199</u>	<u>457</u>	<u>652</u>
Total net interest income	\$2,104	\$2,129	\$2,234	\$6,428	\$6,881

(a) We believe that core net interest income, a non-GAAP measure, and purchase accounting accretion are useful in evaluating the components of total net interest income.

Non-GAAP to GAAP Reconciliation

<i>\$ in millions</i>	For the three months ended					For the nine months ended		
	September 30, 2014	June 30, 2014	% change	September 30, 2013	% change	September 30, 2014	September 30, 2013	% change
Net interest income	\$2,104	\$2,129	-1%	\$2,234	-6%	\$6,428	\$6,881	-7%
Noninterest income	<u>\$1,737</u>	<u>\$1,681</u>	3%	<u>\$1,686</u>	3%	<u>\$5,000</u>	<u>\$5,058</u>	-1%
Total revenue	\$3,841	\$3,810	1%	\$3,920	-2%	\$11,428	\$11,939	-4%
Noninterest expense	<u>(\$2,357)</u>	<u>(\$2,328)</u>	1%	<u>(\$2,394)</u>	-2%	<u>(\$6,949)</u>	<u>(\$7,167)</u>	-3%
Pretax pre-provision earnings (1)	\$1,484	\$1,482	0%	\$1,526	-3%	\$4,479	\$4,772	-6%
Net income	\$1,038	\$1,052	-1%	\$1,028	1%	\$3,150	\$3,138	0%

(1) PNC believes that pretax, pre-provision earnings, a non-GAAP measure, is useful as a tool to help evaluate the ability to provide for credit costs through operations.

<i>\$ in millions</i>	For the three months ended					For the nine months ended		
	September 30, 2014	June 30, 2014	% change	September 30, 2013	% change	September 30, 2014	September 30, 2013	% change
Asset management	\$411	\$362		\$330		\$1,137	\$978	
Consumer services	\$320	\$323		\$316		\$933	\$926	
Corporate services	\$374	\$343		\$306		\$1,018	\$909	
Residential mortgage	\$140	\$182		\$199		\$483	\$600	
Service charges on deposits	<u>\$179</u>	<u>\$156</u>		<u>\$156</u>		<u>\$482</u>	<u>\$439</u>	
Total fee income	\$1,424	\$1,366	4%	\$1,307	9%	\$4,053	\$3,852	5%
Net gains (losses) on sales of securities	\$0	(\$6)		\$21		\$ 4	\$ 96	
Net other-than-temporary impairments	(\$1)	(\$1)		(\$2)		\$ (4)	\$ (16)	
Other	\$314	\$322		\$360		\$947	\$1,126	
Total noninterest income, as reported	\$1,737	\$1,681	3%	\$1,686	3%	\$5,000	\$5,058	-1%

Non-GAAP to GAAP Reconciliation

<i>\$ in millions</i>	For the three months ended				
	September 30, 2014	June 30, 2014	% change	September 30, 2013	% change
Asset management	\$411	\$362		\$330	
Consumer services	\$320	\$323		\$316	
Corporate services	\$374	\$343		\$306	
Residential mortgage	\$140	\$182		\$199	
Service charges on deposits	<u>\$179</u>	<u>\$156</u>		<u>\$156</u>	
Total fee income	\$1,424	\$1,366		\$1,307	
Net gains (losses) on sales of securities	\$0	(\$6)		\$21	
Net other-than-temporary impairments	(\$1)	(\$1)		(\$2)	
Other	\$314	\$322		\$360	
Total noninterest income, as reported	<u>\$1,737</u>	<u>\$1,681</u>	3%	<u>\$1,686</u>	3%
Corporate services	\$374	\$343	9%	\$306	22%
Less commercial facility fees in corporate services impacted by classification change (1)	<u>(\$32)</u>	<u>(\$31)</u>			
Corporate services, adjusted for commercial facility fees classification change	\$342	\$312	10%	\$306	12%

(1) Certain commercial facility fees reported in net interest income in prior periods are classified as noninterest income beginning in 2Q14.