THE PNC FINANCIAL SERVICES GROUP, INC. ("PNC")
DODD-FRANK ACT COMPANY-RUN STRESS TEST DISCLOSURES
MARCH 5, 2015

Pursuant to regulations issued by the Board of Governors of the Federal Reserve System ("Federal Reserve") and the Office of the Comptroller of Currency ("OCC") under the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), The PNC Financial Services Group, Inc. (NYSE: PNC) and PNC Bank, National Association ("PNC Bank") are required to conduct an annual company-run stress test based on balance sheet information as of September 30, 2014 (the "2015 Stress Test") and disclose certain results of the test.

This annual Dodd-Frank Act company-run stress test is a forward-looking exercise under which PNC and PNC Bank each must estimate the impact of a hypothetical severely adverse macroeconomic scenario provided by the Federal Reserve and OCC on its financial condition and regulatory capital ratios over a nine-quarter planning period (the "stress period"). For the 2015 Stress Test, the stress period covers the period of October 1, 2014, through December 31, 2016. The test is designed to help assess whether PNC and PNC Bank have sufficient capital to absorb losses and support operations during hypothetical severely adverse economic conditions. While the 2015 Stress Test is conducted in conjunction with the Federal Reserve's Comprehensive Capital Analysis and Review ("CCAR") process, the results of this stress test do not reflect, nor should they be interpreted as, any decision by the Federal Reserve on the capital plan that PNC submitted on January 5, 2015 as part of the 2015 CCAR process. The Federal Reserve previously announced that it will release the results of the 2015 CCAR, including its determination whether to object or not object to the proposed capital actions included in the capital plans submitted as part of the 2015 CCAR, at 4:30 p.m. (EDT) on March 11, 2015.

The supervisory severely adverse scenario for the 2015 annual company-run tests was released by the Federal Reserve on October 23, 2014. It is important to note that this is a hypothetical scenario that involves economic conditions that are more adverse than currently expected by the Federal Reserve or PNC. Accordingly, the scenario is not a forecast of anticipated economic conditions, and therefore the estimates produced under the 2015 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 test the strength and resilience of large banking organizations, including PNC and PNC Bank, and their ability to continue to meet the needs of consumers and businesses should severe economic and financial conditions develop in the future. In light of PNC's limited trading activities, PNC was not required to apply the additional global shock and counterparty default components of the supervisory severely adverse scenario.

The supervisory severely adverse scenario features a substantial weakening in global economic activity, accompanied by large reductions in asset prices. In the scenario, the United States corporate sector experiences substantial financial distress as reflected through significant widening of corporate bond spreads and a decline in equity prices. The scenario also includes a rise in oil prices (Brent crude) to approximately $110 per barrel by the first quarter of 2015. In the United States, the scenario is characterized by a deep and prolonged recession in which the unemployment rate increases by 4 percentage points from its level in September 2014, peaking at 10.1% in the second quarter of 2016. In terms of both the peak level reached by the unemployment rate and its total increase, this shock is of similar magnitude to those experienced in severe United States contractions during the past half-century. By the end of 2015, the level of real Gross Domestic Product ("GDP") is 4.6% lower than its level in the third quarter of 2014; GDP begins to recover thereafter. Despite this decline in real activity, higher oil prices cause the annualized rate of change in the Consumer Price Index ("CPI") to reach 4.3% in the fourth quarter of 2014, before the rate of change slows down. In response to this economic contraction, Treasury yields of all maturities decline significantly. Short-term interest rates remain near zero through 2017; long-term Treasury yields drop to 0.9% in the fourth quarter of 2014 and then edge up slowly over

the remainder of the stress period, reaching 1.9% by the fourth quarter of 2016. Consistent with these hypothetical developments, asset prices contract sharply in the scenario. Equity prices fall by approximately 60% from their level at September 30, 2014 to the trough in the fourth quarter of 2015, and equity market volatility increases sharply until the end of 2015. Housing prices decline by approximately 25% during the stress period relative to their level in the third quarter of 2014, while commercial real estate prices are approximately 35% lower at their trough in the third quarter of 2016 than in the third quarter 2014. Additional information on the supervisory severely adverse scenario is available on the Federal Reserve's website at http://www.federalreserve.gov/newsevents/press/bcreg/20141023a.htm.

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 using the actual capital actions undertaken in the fourth quarter of 2014. 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 generation 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 2014 (for PNC, the quarterly average common dividend during this period was $249 million); and (iii) payments on other regulatory capital instruments are made equal to the stated dividend, interest, or principal due on the instrument. 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 supervisory 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 2015 Company-Run Stress Test

The financial information and capital ratios for PNC are calculated using the assumptions required by the Federal Reserve's company-run stress test regulation. Capital ratios for PNC Bank are calculated using management's estimate of the capital actions (e.g., dividends and capital issuances and redemptions) that PNC Bank would take in the assumed macroeconomic scenario.

As provided in the Federal Reserve's stress test regulations, the capital calculations for the 2015 Stress Test incorporate a transition from Basel I to Basel III that aligns with the manner in which Basel III is being phased-in for the relevant organization, while maintaining the Basel I Tier 1 Common metric throughout the stress period to maintain a degree of consistency and comparability with previous stress tests. Accordingly, the Basel I Tier 1 Common capital ratio applicable throughout the stress period is calculated using the Basel I rules that applied to PNC through 2013, including the Basel I framework for risk-weighted assets.

As a result of the staggered phase-in schedule of the final Basel III capital rules issued in July 2013, as well as the fact that PNC and PNC Bank remain in the parallel run qualification phase for the Basel III advanced approaches, the actual and projected Basel III regulatory risk-based capital ratios as of September 30, 2014 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 2014, 2015, and 2016. 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 20% in 2014, 40% in 2015, and 60% in 2016. For 2014, risk-weighted assets used to calculate PNC's actual and projected Basel III regulatory capital ratios are determined under the Basel I rules (subject to certain adjustments as defined by the Basel III rules). For 2015 and 2016, risk-weighted assets used to calculate PNC's projected Basel III regulatory risk-based capital ratios were determined using 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 Basel I and Transitional Basel III capital ratios for PNC for purposes of the 2015 Stress Test:

Table 1: Minimum Required Transitional Basel III Regulatory Ratios and Tier 1 Common Ratio for CCAR 2015

	Minimum Required Ratios	
	Q4 2014	2015-2016
Basel I: Tier 1 Common Ratio	5.0%	5.0%
Basel III:		
Common Equity Tier 1 Capital Ratio	4.0%	4.5%
Tier 1 Risk-Based Capital Ratio	5.5%	6.0%
Total Risk-Based Capital Ratio	8.0%	8.0%
Tier 1 Leverage Ratio	4.0%	4.0%

Table 2: Projected Transitional Basel III Regulatory Capital Ratios and Basel I Tier 1 Common Ratio through Q4 2016 under the Supervisory Severely Adverse Scenario

	Actual	Stressed Capital Ratios(a)	
	Q3 2014	Ending	Minimum
The PNC Financial Services Group, Inc. (b)			
Basel I: Tier 1 Common Ratio	11.0%	10.7%	10.7%
Transitional Basel III:			
Common Equity Tier 1 Capital Ratio	11.1%	9.2%	9.2%
Tier 1 Risk-Based Capital Ratio	12.8%	10.6%	10.6%
Total Risk-Based Capital Ratio	16.1%	13.4%	13.4%
Tier 1 Leverage Ratio	11.1%	9.2%	9.2%
PNC Bank, N.A. (b)			
Basel I: Tier 1 Common Ratio	10.0%	9.8%	9.7%
Transitional Basel III:			
Common Equity Tier 1 Capital Ratio	10.1%	9.5%	9.5%
Tier 1 Risk-Based Capital Ratio	11.0%	9.9%	9.9%
Total Risk-Based Capital Ratio	14.1%	12.8%	12.7%
Tier 1 Leverage Ratio	9.5%	8.3%	8.2%

(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. Capital ratios for PNC Bank through the stress period are calculated using management's estimate of the capital actions that PNC Bank would take in the supervisory severely adverse scenario. 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 metric during the stress period.
(b) As advanced approaches banking organizations, PNC and PNC Bank are subject to the Basel III Transitional ratios for each quarter of the stress period.

Table 3: Actual Q3 2014 and Projected Q4 2016 Risk-Weighted Assets Under the Supervisory Severely Adverse Scenario for The PNC Financial Services Group, Inc.

In billions	Actual Q3 2014 Basel I Approach	Projected Q4 2016 Basel I Approach	Projected Q4 2016 Basel III Standardized Approach
Risk-Weighted Assets (a)	277.1	259.0	269.1

(a) For the Basel I Tier 1 Common ratio throughout the stress period, risk-weighted assets are based on the Basel I risk-weighting approach. For the third and fourth quarters of 2014, risk-weighted assets for the Basel III Transitional ratios are based on the Basel I risk-weighting approach with the adjustments required by the Basel III rules. The Basel I risk-weighted assets calculated in accordance with the transition rules at the end of the third quarter of 2014 were $277.3 billion. For each quarter in 2015 and 2016, 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 Q4 2014 through Q4 2016 under the Supervisory Severely Adverse Scenario for The PNC Financial Services Group, Inc.

		Billions of Dollars	% of Avg. Assets (a)
Pre-Provision Net Revenue (b)		$ 7.2	2.2 %
Other Revenue (c)		-	- %
Less:	Provision	8.6	2.6 %
	Realized (Gains)/Losses on Securities (AFS & HTM)	0.2	0.1 %
	Trading & Counterparty Losses (d)	-	- %
	Other Losses/(Gains) (e)	-	- %
Equals:	Net Income/(Losses) Before Taxes	$ (1.5)	-0.5 %
Memo Items			
Other comprehensive income (f)		$ (2.5)	
Other effects on capital		*Q3 2014*	*Q4 2016*
Accumulated Other Comprehensive Income included in capital (AOCI) (g)		$ 0.1	$ (0.8)

* Numbers may not foot due to rounding.

(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 was not subject to the global market shock or counterparty default scenario component of the stress test.
(e) Other losses/gains includes projected change in fair value of loans held for sale and loans held for investment measured under the fair-value option, and 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 2014, 2015, and 2016, includes 20%, 40% and 60%, 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 Q4 2014 through Q4 2016 under the Supervisory Severely Adverse Scenario for The PNC Financial Services Group, Inc.

	Billions of Dollars	Portfolio Loss Rates (%)(a)
Loan Losses (Net charge-offs):		
First Lien Mortgage, Domestic	$ 0.2	0.9 %
Junior Lien Mortgages & HELOCS, Domestic	1.0	4.5
Commercial and Industrial (b)	1.7	2.6
Commercial Real Estate, Domestic	1.7	5.9
Credit Cards	0.5	14.8
Other Consumer (c)	0.5	2.6
Other Loans (d)	0.2	0.8
Total Loan Losses (Net charge-offs)	$ 5.9	3.1 %
Change in Allowance for Loan and Lease Losses	2.7	
Total Provision	$ 8.6	

* 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 $5.9 billion in cumulative loan losses projected for the stress period under the hypothetical severely adverse scenario, approximately 75% are losses attributable to commercial and industrial ("C&I") loans, commercial real estate ("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 61% of all loans over the nine quarter stress period). Estimated loss rates in the CRE (5.9%) and junior lien mortgage and HELOC (4.5%) categories are significantly above the estimated aggregate loss rate for all PNC loan portfolios (3.1%). Projected total provision expense is $8.6 billion over the stress period, which provides for both the cumulative net charge-offs during the period of $5.9 billion as well as an increase in the allowance for loan and lease losses of $2.7 billion for expected future losses. Pre-provision net revenue of $7.2 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 11.1% (actual) as of the third quarter of 2014 to a minimum of 9.2% by the end of the stress period. This level of decline is primarily due to the required assumption that historical capital distributions 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 incorporated into the Transitional Basel III capital ratios at 20% in 2014, but are 60% phased-in by 2016.

PNC's minimum level of Basel III Transitional Common Equity Tier 1 of 9.2% in this 2015 Stress Test, which employed a nine-quarter stress period covering the period from the fourth quarter of 2014 through and including the fourth quarter of 2016, is improved from PNC's annual company-run stress test results released in March 2014 of 8.6%. This improvement includes the benefit of the $3.0 billion of retained earnings, partially offset by $0.5 billion in share repurchases unrelated to employee benefit plan transactions, during the four quarters between the 2014 and 2015 stress tests. However, this benefit is partially offset by the 60% phase-in of the Basel capital adjustments and deductions applicable in 2016, whereas the results released in March 2014 extended only through 2015 when the applicable phase-in was 40%.

PNC's Basel I Tier 1 Common capital ratio declines modestly from 11.0% (actual) as of the third quarter of 2014 to a low of 10.7% at the end of the stress period. This level of decline is primarily attributable to the net reduction in PNC's capital due to depressed earnings and losses and the required assumption that historical capital distributions continue, which is partially offset by a projected reduction of $18.1 billion in Basel I risk-weighted assets. The decline in Basel I risk-weighted assets reflects an assumed shift in balance sheet composition, with a reduction in loans and an increase in high-quality securities. This composition change is primarily driven by stalled loan growth and new business generation as well as the run-off, paydown, and charge-off of existing loan balances in the hypothetical scenario. See Table 2 for additional details.

The minimum level of PNC's Basel I Tier 1 Common ratio of 10.7% in this 2015 Stress Test compares favorably to the 9.6% minimum level released by PNC in March 2014 following the annual company-run stress test submitted to regulators in January 2014. The primary factor causing this improvement in stressed Basel I capital is the increase in PNC's capital levels that occurred during the four quarters between the 2014 and 2015 stress tests as a result of $3.0 billion of retained earnings, partially offset by $0.5 billion in share repurchases unrelated to employee benefit plan transactions.

Overview of PNC's Stress Test Methodology and Scenario Development

The 2015 Stress Test conducted by PNC incorporated 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 applied both quantitative and qualitative methods to measure and assess risks. Estimated losses for C&I loans were 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 were modeled using a methodology similar to that used for C&I loans. CRE losses on construction, stabilized, and multifamily loans were 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 CRE 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 were 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 were 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 newly developed 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. Newly developed models were also used for several consumer segments including credit card and federal student loans. The new 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. OTTI on available-for-sale ("AFS") and held to maturity ("HTM") securities was estimated using internally and vendor developed models which were applied at the security level. OTTI for U.S. Government and agency-guaranteed securities was assumed to be zero. 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 were then discounted at the original, credit adjusted book yield on the security to calculate the estimated OTTI. Mortgage repurchase losses were modeled primarily based on estimated levels of defaults on sold mortgage loans, investor demands or other actions following default.

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 expected loss per event. The estimated loss is a product of the projected number of events multiplied by the expected loss per event. Expected losses per event are held constant over time across different macroeconomic projections within most units of measure. For one unit of measure, expected losses per event depend on macroeconomic factors and change over time and across different projections. For this unit of measure, the expected loss 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 are 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 other 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.

PNC's forecast models were developed using historical data when sufficient relevant data exist to support robust and accurate 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 developed alternative competing models that were assessed prior to the selection of the final model to be used for the portfolio. As reflected above, 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 was undertaken. Moreover, all of the models employed by PNC to conduct the 2015 Stress Test were subjected 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. It is important to note that 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 adjusted 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.

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 and 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 2014, PNC extensively redeveloped its capital stress testing models which reduced the need for management adjustments to modeled outputs.

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, mortgage origination volume, 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.

The loan loss estimates presented in Table 5 represent estimates of the net charge-off activity recorded during the stress period. The balance 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 was modeled using processes similar to those for estimating losses in the relevant portfolio or segment and were 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.

Using the macroeconomic variables provided by the Federal Reserve for the hypothetical severely adverse scenario, PNC utilizes three internal models to construct a comprehensive, fully integrated severely adverse scenario. 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 were 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 were developed for many material noninterest income and noninterest expense categories. For all other noninterest income and noninterest expense line items, PNC employed 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 was estimated based on the net interest income projection, which was 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 were calculated under the Basel I and Basel III frameworks 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), were used to calculate the capital ratios in Table 2. The stress test conducted by PNC Bank employed similar processes and methodologies, except the

financial information and capital ratios for PNC Bank were calculated using management's estimate of the capital actions that PNC Bank would take in the assumed macroeconomic scenario.

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.

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