



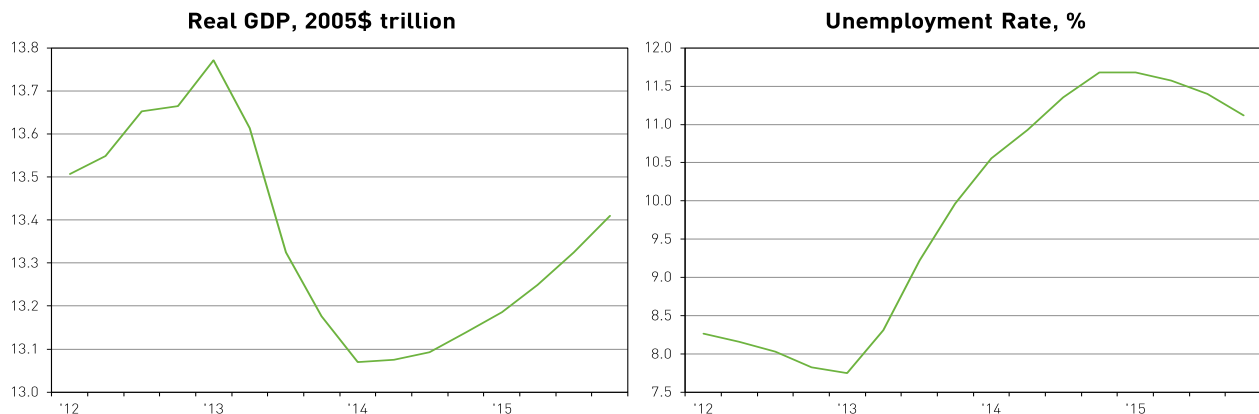
**The PNC Financial Services Group, Inc.  
Dodd-Frank Act Mid-Year Company-Run Stress Test Disclosures  
September 16, 2013**

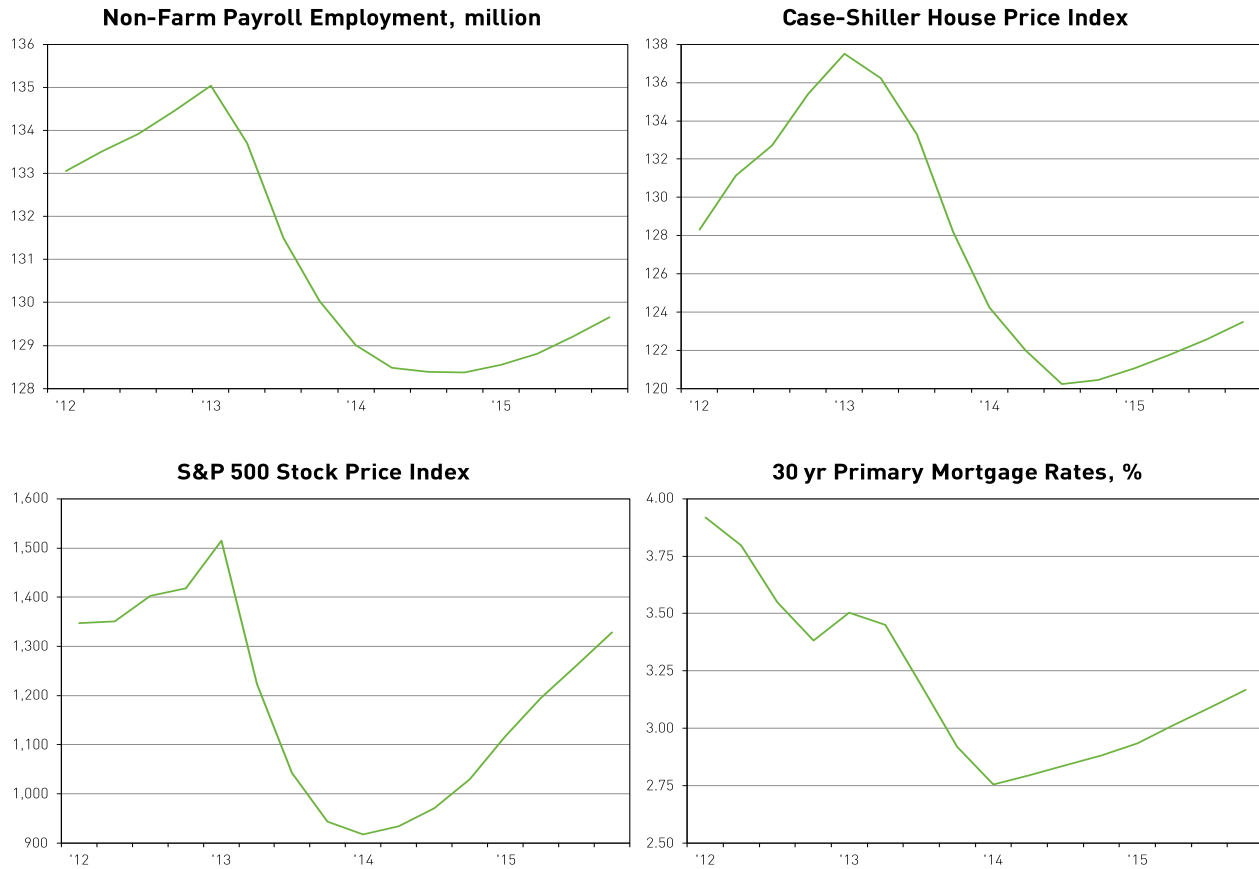
Pursuant to regulations issued by the Board of Governors of the Federal Reserve System ("Federal Reserve") under the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), The PNC Financial Services Group, Inc. (NYSE: PNC) is required to conduct a mid-year company-run stress test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

The mid-year stress test is a forward-looking exercise under which PNC must estimate the impact of an internally developed, hypothetical severely adverse macroeconomic scenario on the financial condition and Basel I regulatory capital ratios of PNC over a nine-quarter planning period. For the 2013 mid-year stress test, the nine-quarter planning period extended from the second quarter of 2013 through the second quarter of 2015. The test is designed to help assess whether PNC has sufficient capital to absorb losses and support operations during severely adverse economic conditions.

PNC developed the severely adverse scenario for use in the 2013 mid-year stress tests. It is important to note that this is a hypothetical scenario that involves economic conditions that are far more adverse than currently expected by PNC. Accordingly, the scenario is not a forecast of anticipated economic conditions, and therefore the estimates produced under the mid-year stress test are not forecasts of expected losses, revenues, net income before taxes, or capital ratios. Rather, the hypothetical severely adverse scenario helps assess PNC's strength and resilience and its ability to continue to meet the credit needs of households and businesses should severe economic and financial environments develop in the future.

The severely adverse scenario developed by PNC for the 2013 mid-year company-run stress test assumes a deep recession, similar in severity to the Great Recession, starting in the second quarter of 2013, where Real GDP falls by 4.3% over the next three quarters. The economy as measured by Real GDP is then projected to begin to recover in the second quarter of 2014, with a subsequent above-trend recovery. The unemployment rate in the scenario increases 3.9 percentage points to 11.7% by the fourth quarter of 2014, well above the post-World War II peak unemployment rate of 10.8% in 1982, and falls to 11.2% by the end of 2015. Non-Farm Payroll employment falls by 4.9% over seven quarters. House prices, as measured by the Case-Shiller Home Price Index, fall 12.6 percent from the first quarter of 2013 to the third quarter of 2014, and bottom out 37% below their all-time peak in the first quarter of 2006. The S&P 500 declines sharply by 40%, followed by a steady recovery. Interest rates are forecast to fall in concert with the economic downturn, with the 30-year primary mortgage rate declining to 2.75% in the first quarter of 2014. For the mid-year stress test, the PNC severely adverse scenario also was adjusted to add a heightened level of stress to PNC's concentration of loans in certain regions and industries, while maintaining a broad impact that is substantially the same level of magnitude and duration exhibited in the Federal Reserve's supervisory severely adverse scenario provided for the 2013 annual stress test. The following graphs depict the path of these macro-economic variables in the PNC severely adverse scenario through the planning period for the mid-year stress test. Data for 2012 and the first quarter of 2013 are actual.





Under the Federal Reserve’s regulation implementing the stress testing requirements established by the Dodd-Frank Act (12 CFR § 252.141-148), bank holding companies, including PNC, must make a uniform set of assumptions regarding capital actions over the planning horizon. These assumptions are designed to assist the public in comparing disclosed results across the institutions subject to the tests and reduce the effect of company-specific assumptions about capital distributions on disclosed results. Under these regulations, financial information and capital ratios for the 2013 mid-year stress test are calculated using the actual capital actions undertaken by the relevant firm in the second quarter of 2013. For the remaining eight quarters of the planning period, firms must assume that (i) there are no issuances or redemptions of regulatory capital instruments (other than issuances pursuant to expensed employee compensation programs); (ii) quarterly common stock dividends beginning in the third quarter of 2013 are equal to the quarterly average of common stock dividends paid over the course of the previous four quarters (for PNC, the quarterly average dividend assumed was \$0.41); and (iii) payments on other regulatory capital instruments are made equal to the stated dividend, interest, or principal due on the instrument during the quarter. 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 realized, PNC would expect to undertake capital actions in response designed to positively impact capital and liquidity, such as, for example, reducing capital payouts.

**Detailed Results of Company-Run Stress Test and Overview of PNC’s Stress Test Methodology**  
 The financial information and capital ratios for The PNC Financial Services Group, Inc. are calculated using the assumptions required by the Federal Reserve’s company-run stress test regulation. All projections represent hypothetical estimates that involve an economic outcome that is more adverse than expected. These estimates are not forecasts of expected losses, revenues, net income before taxes, or capital ratios. The minimum capital ratio presented is for the period Q2 2013 through and including Q2 2015.

**Table 1: Projected Capital Ratios through Q2 2015 under the PNC Severely Adverse Scenario**

	Actual	Stressed Capital Ratios	
	Q1 2013	Q2 2015	Minimum
<b>The PNC Financial Services Group, Inc.</b>			
Tier 1 Common Ratio (%)	9.8%	10.2%	9.4%
Tier 1 Capital Ratio (%)	11.6%	12.2%	11.4%
Total Risk Based Capital Ratio (%)	14.9%	15.1%	14.7%
Tier 1 Leverage Ratio (%)	10.4%	10.0%	9.7%

**Table 2: Projected Losses, Revenue, and Net Income Before Taxes through Q2 2015 under the PNC Severely Adverse Scenario**

	Billions of Dollars	% of Avg. Assets
Pre-Provision Net Revenue (a)	\$ 10.3	3.3%
Other Revenue (b)	-	- %
Less: Provision (c)	9.8	3.2%
Realized (Gains)/Losses on Securities (AFS & HTM)	0.2	0.1%
Trading & Counterparty Losses (d)	-	- %
Other Losses/(Gains) (e)	-	- %
<b>Equals: Net Income Before Taxes</b>	<b>\$ 0.3</b>	<b>0.1%</b>

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

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

(c) Provision is calculated in accordance with applicable regulatory standards for capital stress testing.

(d) Trading and counterparty includes mark-to-market losses, changes in credit valuation adjustments (CVA) and incremental default losses. Trading & Counterparty Losses are reported as \$0 due to PNC not being required to complete the Counterparty/Trading templates.

(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.

**Table 3: Projected Loan Losses by Type of Loans for Q2 2013 through Q2 2015 under the PNC Severely Adverse Scenario**

	Billions of Dollars	Portfolio Loss Rates (%)
Loan Losses (Net charge-offs):		
First Lien Mortgage Domestic	\$ 0.5	1.8%
Junior Lien Mortgages & HELOCS, Domestic	1.6	6.8
Commercial and Industrial	2.0	3.7
Commercial Real Estate	1.3	4.5
Credit Cards	0.6	16.7
Other Consumer Loans	0.6	2.8
All Other Loans	0.3	1.1
Total Loan Losses (Net charge-offs) (a)	\$ 6.9	3.8%
Change in Allowance for Loan and Lease Losses	2.9	
Total Provision (b)	\$ 9.8	

(a) Commercial and industrial loans include small and medium enterprise loans and corporate cards. Other loans include international real estate loans. Average loan balances used to calculate portfolio loss rates exclude loans held for sale and loans held for investment under the fair-value option.

(b) Provision is calculated in accordance with applicable regulatory standards established for capital stress testing.

In the hypothetical severely adverse scenario, credit losses, primarily in three asset classes, drive a reduction in capital ratios during the first part of the planning period. Specifically, of the \$6.9 billion in cumulative loan losses projected for the nine quarters from Q2 2013 through Q2 2015 under the hypothetical severely adverse scenario, approximately 73% were losses attributable to C&I loans, CRE loans, and domestic junior lien mortgages and home equity lines of credit. C&I loans together with CRE loans and domestic junior lien mortgages and home equity lines of credit comprise the majority of PNC's loan portfolio (approximately 61% of all loans). Estimated loss rates in the junior lien mortgage and home equity line of credit category (6.8%) were significantly above the estimated loss rate for all loan portfolios (3.8%). PNC projected a total provision expense of \$9.8 billion over the nine-quarter planning period, which provides for both the cumulative net charge-offs during the period of \$6.9 billion as well as an increase in the allowance for loan and lease losses of \$2.9 billion for future losses. As a result of these and other influences, PNC's Basel 1 Tier 1 Common Capital ratio declines from 9.8% (actual) in Q1 2013 to a low point of 9.4% during the nine-quarter planning period.

Losses are offset, in terms of capital ratio impact, by the end of the planning period by a variety of factors. Pre-provision net revenue more than offsets the credit losses over the entire forecast, driven primarily by significantly lower provision and mortgage repurchase activity as the economy recovers. In addition, there is a reduction in Basel I risk-weighted assets as projected stalled loan growth and new business generation, as well as the runoff, paydown and charge-off of loan balances, leads to higher risk weighted assets being replaced by high-quality securities. Because risk-weighted assets for the mid-year stress test are based on the Basel I risk-weighting framework, which limits the impact of projected changes in credit risk, the negative credit migration that is projected to occur on non-defaulted loans as a result of the severely adverse scenario does not have a significant effect on the projected capital ratios.

A number of factors influenced the improvement in these mid-year stress test results compared to the results released by PNC in March 2013 following the annual company-run stress test. For example, two quarters of additional earnings between the start of the annual company-run stress test and this mid-year test contributed to a higher capital starting point in the mid-year stress test, which also positively impacted the minimum and ending capital ratios. Forecasted pre-provision net revenues increased due to improved non-interest income modeling, higher projected levels of economic activity and lower forecasted mortgage interest rates during the planning period in the PNC severely adverse scenario than in the supervisory severely adverse scenario used for the annual stress test and released last November, which resulted in higher mortgage origination volume and fees. Additionally, increases in the housing price index in 4Q 2012 and 1Q 2013 and lower available-for-sale housing inventories contributed to reduced severity in the Home Price Index forecast and consequently lower projected credit losses in the First Lien Mortgages and Junior Lien Mortgages & HELOC portfolios than in the annual company-run stress test. Changes in policy accelerated credit losses into the first quarter 2013 that would otherwise have been recognized in the stress testing projection. The level of management adjustments applied to increase model-estimated losses for mortgage repurchases, consumer first lien and junior mortgages and HELOCs also was reduced. Improvements to the control processes for stress testing and loss aggregation contributed to a lower change in the allowance for loan and lease losses relative to the annual company-run stress test. As required by applicable regulations, the mid-year stress test also was based on the PNC severely adverse scenario developed for the mid-year test. While this scenario projects a deep recession similar in magnitude to the Great Recession, it is slightly less severe than the supervisory severely adverse stress scenario that was used in projecting the results disclosed under the annual company-run stress test primarily as a result of improvements to the economy in the two quarters between the tests.

### ***Overview of PNC's Stress Test Methodology and Scenario Development***

The mid-year company-run stress test conducted by PNC incorporated a broad spectrum of risks that affect PNC including, among others, credit risk and operational risk, and, more specifically, 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 impact resulting from inadequate or failed processes, people and 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 mortgage loans to the investor. Credit risk primarily affects the

loan classes identified in table 3, while mortgage repurchase risk primarily affects first-lien residential mortgages that have been sold. OTTI affects the securities portfolio while operational risk losses are estimated for all businesses and segments of PNC.

PNC applied both quantitative and qualitative methods to measure and assess risks. Estimated losses for commercial and industrial (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 transition matrix approach and its inputs include, among other things, macroeconomic variables and loan-level characteristics such as loan type, tenor, segment, and internal ratings. The estimated losses on owner-occupied properties within the Commercial Real Estate (CRE) portfolio generally were modeled using a methodology similar to that used for C&I loans. Losses on commercial construction, stabilized commercial product loans, and the multifamily segment of the CRE portfolio 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 a portion of the CRE portfolio, losses were determined by mapping the results of the third party vendor model using internal risk ratings in the assignments. A PNC-developed model that takes into account, among other things, previously incurred purchase accounting marks and estimated future cash flows was used to estimate losses on impaired CRE loans.

For Residential Real Estate loans, including first lien mortgages, junior lien mortgages and domestic HELOCs, credit losses were primarily estimated via a loan delinquency state transition model that considers among other things, macroeconomic variables and loan level characteristics such as origination data, payment history, and updated loan and property information. The model steps forward through time to predict the likely evolution that the loan would follow from its current state through payoff or default and liquidation. Roll rate models utilizing multivariate regressions linked to macroeconomic variables were utilized for several segments including credit cards and the majority of other consumer loans. 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 US 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, and losses given demands and other actions.

Losses within operational risk units of measure are modeled using a methodology that leverages historical internal and external loss data where such data are deemed sufficient for modeling purposes. For such units of measure, losses are estimated by first developing an event frequency estimate and, second, 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. Projected event frequencies are derived from a model that fits the relationship between macroeconomic factors and historical event frequencies. In instances in which no statistically significant relationship to macroeconomic factors was observed, the event frequency estimate is a constant value based upon the historical average event frequency.

Analysis based on operational risk specific scenarios is used for units of measure for which historical loss data were deemed insufficient for modeling purposes. For each of these units of measure, the estimated loss is equal to the scenario frequency multiplied by the scenario severity across the relevant operational risk scenarios for the unit of measure. In these instances, loss estimates are independent of macroeconomic factors and thus are constant over time.

PNC in some cases developed "challenger" or alternative models to estimate losses for certain risk types or for segments within a loan or securities portfolio, including the C&I, CRE, and Residential Real Estate loan portfolios, in light of the special characteristics of the loans or securities within the segment.

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 macro-economic variables and their relation to, in the case of credit models, customer credit migration, changes in delinquency status and charge-off behavior. As reflected above, PNC's stress testing models utilize a variety of modeling techniques and functional forms along with adopting specific variables for the different asset classes. As part of PNC's overall model risk management process, significant management review of the performance and fit of stress testing models was undertaken. Moreover, all of the models employed by PNC to conduct this stress test were subjected to PNC's rigorous 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 2012 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 speed, intensity and duration of losses estimated to occur through the stress scenario against the performance experienced in more recent severe economic downturns.

For certain portfolios or segments, model outputs were calibrated by management in light of, among other things, the actual historical performance of loans or securities within the portfolio or segment, the output of challenger models, or the particular characteristics of the loans or securities within the portfolio or segment that may not have been reasonably reflected in the primary model's outputs. These management adjustments in the aggregate and for most individual portfolios resulted in higher estimated provision than the pre-adjusted estimates produced by the relevant models, with the adjustments ranging from -5% to 25% of pre-adjusted provision for significant asset classes. PNC's Executive Capital Committee is responsible for reviewing and approving material management adjustments to model loss forecast results for capital stress testing purposes. In considering the appropriateness and size of any adjustment, the committee may consider, among other things, the expected timing of losses, model uncertainty and data quality, actual historical experience of losses (including PNC historical losses in recent significant economic downturns), supervisory estimates of losses, the characteristics of the specific economic scenario developed, and changes to 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 planning period. Key assumptions include, for example, projected rates/spreads on deposits and loans, mortgage origination volume, forecasts for certain balance sheet items, and potential expense changes. Sensitivity analysis is conducted for these and other key assumptions and the results are reviewed with PNC's Executive Capital Committee and the Board of Directors.

The loan loss estimates presented in Table 3 represent estimates of the net charge-off activity recorded during the nine-quarter planning 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 were modeled using processes similar to those for estimating losses in the relevant portfolio or segment and were calculated in accordance with the applicable regulatory standards 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 two 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, and a regional model that forecasts house prices for all U.S. metropolitan areas based on projected macroeconomic and local economic conditions. PNC's scenario provides a broad 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 nine-quarter planning 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 planning period. Noninterest expense and income were estimated based on historical trends and assumptions driven by the

macroeconomic variables. 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 assumptions. Risk-weighted assets were calculated under the Basel I framework in line with current methodologies used for regulatory reporting purposes (FR Y-9C) utilizing the estimated balance sheet and certain off-balance sheet exposures, which together with estimated levels of regulatory capital derived from the projected income statement and in combination with the capital action assumptions required by applicable regulations, were used to calculate the PNC capital ratios in Table 1.

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 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 tolerance.

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