

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d)
of The Securities Exchange Act of 1934

January 13, 2017
Date of Report (Date of earliest event reported)

THE PNC FINANCIAL SERVICES GROUP, INC.

(Exact name of registrant as specified in its charter)

Commission File Number 001-09718

Pennsylvania
(State or other jurisdiction
of incorporation)

25-1435979
(I.R.S. Employer
Identification No.)

The Tower at PNC Plaza
300 Fifth Avenue
Pittsburgh, Pennsylvania 15222-2401
(Address of principal executive offices, including zip code)

(888) 762-2265
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

On January 13, 2017, The PNC Financial Services Group, Inc. (“the Corporation”) issued a press release and held a conference call for investors regarding the Corporation’s earnings and business results for the fourth quarter and full year 2016. The Corporation also provided supplementary financial information on its web site, including financial information disclosed in connection with its press release, and provided electronic presentation slides on its web site used in connection with the related investor conference call. Copies of the supplementary financial information and electronic presentation slides are included in this Report as Exhibits 99.1 and 99.2, respectively, and are furnished herewith.

Item 9.01 Financial Statements and Exhibits.

- (d) Exhibits. The exhibits listed on the Exhibit Index accompanying this Form 8-K are furnished herewith.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE PNC FINANCIAL SERVICES GROUP, INC.
(Registrant)

Date: January 13, 2017

By: /s/ Gregory H. Kozich
Gregory H. Kozich
Senior Vice President and Controller

EXHIBIT INDEX

| <u>Number</u> | <u>Description</u> | <u>Method of Filing</u> |
|---------------|--|-------------------------|
| 99.1 | Financial Supplement (unaudited) for Fourth Quarter and Full Year 2016 | Furnished herewith |
| 99.2 | Electronic presentation slides for earnings release conference call | Furnished herewith |



THE PNC FINANCIAL SERVICES GROUP, INC.

**FINANCIAL SUPPLEMENT
FOURTH QUARTER 2016
(Unaudited)**

THE PNC FINANCIAL SERVICES GROUP, INC.
FINANCIAL SUPPLEMENT
FOURTH QUARTER 2016
(UNAUDITED)

| | Page |
|--|-------|
| Consolidated Results: | |
| Income Statement | 1 |
| Balance Sheet | 2 |
| Per Share Related Information | 3 |
| Average Balance Sheet | 4-5 |
| Details of Net Interest Margin | 6 |
| Total and Core Net Interest Income and Net Interest Margin | 7 |
| Loans | 8 |
| Allowance for Credit Losses | 9 |
| Nonperforming Assets | 10-11 |
| Accruing Loans Past Due | 12 |
| Business Segment Results: | |
| Descriptions | 13 |
| Period End Employees | 13 |
| Income and Revenue | 14 |
| Retail Banking | 15 |
| Corporate & Institutional Banking | 16 |
| Asset Management Group | 17 |
| Residential Mortgage Banking | 18 |
| Non-Strategic Assets Portfolio | 19 |
| Glossary of Terms | 20-24 |

The information contained in this Financial Supplement is preliminary, unaudited and based on data available on January 13, 2017. We have reclassified certain prior period amounts to be consistent with the current period presentation, which we believe is more meaningful to readers of our consolidated financial statements. This information speaks only as of the particular date or dates included in the schedules. We do not undertake any obligation to, and disclaim any duty to, correct or update any of the information provided in this Financial Supplement. Our future financial performance is subject to risks and uncertainties as described in our United States Securities and Exchange Commission (SEC) filings.

BUSINESS

PNC is one of the largest diversified financial services companies in the United States and is headquartered in Pittsburgh, Pennsylvania. PNC has businesses engaged in retail banking, corporate and institutional banking, asset management and residential mortgage banking, providing many of its products and services nationally, as well as other products and services in PNC's primary geographic markets located in Pennsylvania, Ohio, New Jersey, Michigan, Illinois, Maryland, Indiana, Florida, North Carolina, Kentucky, Washington, D.C., Delaware, Virginia, Alabama, Georgia, Missouri, Wisconsin and South Carolina. PNC also provides certain products and services internationally.

The PNC Financial Services Group, Inc.

Cross-Reference Index to Fourth Quarter and Full Year 2016 Financial Supplement (Unaudited)

Financial Supplement Table Reference

| <u>Table</u> | <u>Description</u> | <u>Page</u> |
|--------------|--|-------------|
| 1 | Consolidated Income Statement | 1 |
| 2 | Consolidated Balance Sheet | 2 |
| 3 | Per Share Related Information | 3 |
| 4 | Average Consolidated Balance Sheet | 4-5 |
| 5 | Details of Net Interest Margin | 6 |
| 6 | Total and Core Net Interest Income | 7 |
| 7 | Details of Net Interest Margin | 7 |
| 8 | Details of Core Net Interest Margin | 7 |
| 9 | Details of Loans | 8 |
| 10 | Change in Allowance for Loan and Lease Losses | 9 |
| 11 | Nonperforming Assets By Type | 10 |
| 12 | Change in Nonperforming Assets | 11 |
| 13 | Largest Individual Nonperforming Assets at December 31, 2016 | 11 |
| 14 | Accruing Loans Past Due 30 To 59 Days | 12 |
| 15 | Accruing Loans Past Due 60 To 89 Days | 12 |
| 16 | Accruing Loans Past Due 90 Days or More | 12 |
| 17 | Period End Employees | 13 |
| 18 | Summary of Business Segment Income and Revenue | 14 |
| 19 | Retail Banking | 15 |
| 20 | Corporate & Institutional Banking | 16 |
| 21 | Asset Management Group | 17 |
| 22 | Residential Mortgage Banking | 18 |
| 23 | Non-Strategic Assets Portfolio | 19 |

Table 1: Consolidated Income Statement (Unaudited)

| <i>In millions, except per share data</i> | <i>Three months ended</i> | | | | | <i>Year ended</i> | |
|--|---------------------------|----------------------|-----------------|------------------|---------------------|---------------------|---------------------|
| | December 31 2016 | September 30 2016 | June 30 2016 | March 31 2016 | December 31 2015 | December 31 2016 | December 31 2015 |
| Interest Income | | | | | | | |
| Loans | \$ 1,886 | \$ 1,856 | \$ 1,829 | \$ 1,843 | \$ 1,806 | \$ 7,414 | \$ 7,203 |
| Investment securities | 457 | 451 | 456 | 462 | 443 | 1,826 | 1,679 |
| Other | 110 | 101 | 99 | 102 | 109 | 412 | 441 |
| Total interest income | 2,453 | 2,408 | 2,384 | 2,407 | 2,358 | 9,652 | 9,323 |
| Interest Expense | | | | | | | |
| Deposits | 114 | 107 | 104 | 105 | 106 | 430 | 403 |
| Borrowed funds | 209 | 206 | 212 | 204 | 160 | 831 | 642 |
| Total interest expense | 323 | 313 | 316 | 309 | 266 | 1,261 | 1,045 |
| Net interest income | 2,130 | 2,095 | 2,068 | 2,098 | 2,092 | 8,391 | 8,278 |
| Noninterest Income | | | | | | | |
| Asset management | 399 | 404 | 377 | 341 | 399 | 1,521 | 1,567 |
| Consumer services | 349 | 348 | 354 | 337 | 349 | 1,388 | 1,335 |
| Corporate services | 387 | 389 | 403 | 325 | 394 | 1,504 | 1,491 |
| Residential mortgage | 142 | 160 | 165 | 100 | 113 | 567 | 566 |
| Service charges on deposits | 172 | 174 | 163 | 158 | 170 | 667 | 651 |
| Other (a) | 295 | 259 | 264 | 306 | 336 | 1,124 | 1,337 |
| Total noninterest income | 1,744 | 1,734 | 1,726 | 1,567 | 1,761 | 6,771 | 6,947 |
| Total revenue | 3,874 | 3,829 | 3,794 | 3,665 | 3,853 | 15,162 | 15,225 |
| Provision For Credit Losses | 67 | 87 | 127 | 152 | 74 | 433 | 255 |
| Noninterest Expense | | | | | | | |
| Personnel | 1,231 | 1,239 | 1,226 | 1,145 | 1,252 | 4,841 | 4,831 |
| Occupancy | 210 | 215 | 215 | 221 | 208 | 861 | 842 |
| Equipment | 254 | 246 | 240 | 234 | 245 | 974 | 925 |
| Marketing | 60 | 72 | 61 | 54 | 56 | 247 | 249 |
| Other | 686 | 622 | 618 | 627 | 635 | 2,553 | 2,616 |
| Total noninterest expense | 2,441 | 2,394 | 2,360 | 2,281 | 2,396 | 9,476 | 9,463 |
| Income before income taxes and noncontrolling interests | 1,366 | 1,348 | 1,307 | 1,232 | 1,383 | 5,253 | 5,507 |
| Income taxes | 319 | 342 | 318 | 289 | 361 | 1,268 | 1,364 |
| Net income | 1,047 | 1,006 | 989 | 943 | 1,022 | 3,985 | 4,143 |
| Less: Net income (loss) attributable to noncontrolling interests | 22 | 18 | 23 | 19 | 14 | 82 | 37 |
| Preferred stock dividends and discount accretion and redemptions (b) | 43 | 64 | 43 | 65 | 43 | 215 | 225 |
| Net income attributable to common shareholders | \$ 982 | \$ 924 | \$ 923 | \$ 859 | \$ 965 | \$ 3,688 | \$ 3,881 |
| Earnings Per Common Share | | | | | | | |
| Basic | \$ 2.01 | \$ 1.87 | \$ 1.84 | \$ 1.70 | \$ 1.90 | \$ 7.42 | \$ 7.52 |
| Diluted | \$ 1.97 | \$ 1.84 | \$ 1.82 | \$ 1.68 | \$ 1.87 | \$ 7.30 | \$ 7.39 |
| Average Common Shares Outstanding | | | | | | | |
| Basic | 487 | 490 | 497 | 501 | 506 | 494 | 514 |
| Diluted | 494 | 496 | 503 | 507 | 513 | 500 | 521 |
| Efficiency | 63% | 63% | 62% | 62% | 62% | 62% | 62% |
| Noninterest income to total revenue | 45% | 45% | 45% | 43% | 46% | 45% | 46% |
| Effective tax rate (c) | 23.4% | 25.4% | 24.3% | 23.5% | 26.1% | 24.1% | 24.8% |

(a) Includes net gains (losses) on sales of securities of \$(4) million, \$7 million, \$4 million, \$9 million, and \$2 million for the quarters ended December 31, 2016, September 30, 2016, June 30, 2016, March 30, 2016 and December 31, 2015, respectively, and \$16 million and \$43 million for the years ended December 31, 2016 and 2015, respectively.

(b) Dividends are payable quarterly other than Series O, Series R and Series S preferred stock, which are payable semiannually, with the Series O payable in different quarters than the Series R and Series S preferred stock.

(c) The effective income tax rates are generally lower than the statutory rate due to the relationship of pretax income to tax credits and earnings that are not subject to tax.

Table 2: Consolidated Balance Sheet (Unaudited)

| <i>In millions, except par value</i> | December 31 2016 | September 30 2016 | June 30 2016 | March 31 2016 | December 31 2015 |
|---|---------------------|----------------------|------------------|------------------|---------------------|
| Assets | | | | | |
| Cash and due from banks | \$ 4,879 | \$ 4,531 | \$ 4,196 | \$ 3,861 | \$ 4,065 |
| Interest-earning deposits with banks (a) | 25,711 | 27,058 | 26,750 | 29,478 | 30,546 |
| Loans held for sale (b) | 2,504 | 2,053 | 2,296 | 1,541 | 1,540 |
| Investment securities - available for sale | 60,104 | 61,941 | 56,884 | 57,415 | 55,760 |
| Investment securities - held to maturity | 15,843 | 16,573 | 14,917 | 15,154 | 14,768 |
| Loans (b) | 210,833 | 210,446 | 209,056 | 207,485 | 206,696 |
| Allowance for loan and lease losses | (2,589) | (2,619) | (2,685) | (2,711) | (2,727) |
| Net loans | 208,244 | 207,827 | 206,371 | 204,774 | 203,969 |
| Equity investments (c) | 10,728 | 10,605 | 10,469 | 10,391 | 10,587 |
| Mortgage servicing rights | 1,758 | 1,293 | 1,222 | 1,323 | 1,589 |
| Goodwill | 9,103 | 9,103 | 9,103 | 9,103 | 9,103 |
| Other (b) | 27,506 | 28,364 | 29,127 | 27,945 | 26,566 |
| Total assets | <u>\$ 366,380</u> | <u>\$ 369,348</u> | <u>\$361,335</u> | <u>\$360,985</u> | <u>\$ 358,493</u> |
| Liabilities | | | | | |
| Deposits | | | | | |
| Noninterest-bearing | \$ 80,230 | \$ 82,159 | \$ 77,866 | \$ 78,151 | \$ 79,435 |
| Interest-bearing | 176,934 | 177,736 | 171,912 | 172,208 | 169,567 |
| Total deposits | 257,164 | 259,895 | 249,778 | 250,359 | 249,002 |
| Borrowed funds | | | | | |
| Federal Home Loan Bank borrowings | 17,549 | 17,050 | 18,055 | 19,058 | 20,108 |
| Bank notes and senior debt | 22,972 | 22,431 | 23,588 | 21,594 | 21,298 |
| Subordinated debt | 8,009 | 8,708 | 8,764 | 8,707 | 8,556 |
| Other (b) | 4,176 | 3,352 | 4,164 | 4,819 | 4,570 |
| Total borrowed funds | 52,706 | 51,541 | 54,571 | 54,178 | 54,532 |
| Allowance for unfunded loan commitments and letters of credit | 301 | 310 | 303 | 282 | 261 |
| Accrued expenses and other liabilities | 9,281 | 10,757 | 9,984 | 9,838 | 8,718 |
| Total liabilities | <u>319,452</u> | <u>322,503</u> | <u>314,636</u> | <u>314,657</u> | <u>312,513</u> |
| Equity | | | | | |
| Preferred stock (d) | | | | | |
| Common stock - \$5 par value | | | | | |
| Authorized 800 shares, issued 542 shares | 2,709 | 2,709 | 2,709 | 2,708 | 2,708 |
| Capital surplus | 16,651 | 16,159 | 16,108 | 16,039 | 16,197 |
| Retained earnings | 31,670 | 30,958 | 30,309 | 29,642 | 29,043 |
| Accumulated other comprehensive income (loss) | (191) | 646 | 736 | 532 | 130 |
| Common stock held in treasury at cost: 57, 54, 49, 43 and 38 shares | (5,066) | (4,765) | (4,304) | (3,791) | (3,368) |
| Total shareholders' equity | 45,773 | 45,707 | 45,558 | 45,130 | 44,710 |
| Noncontrolling interests | 1,155 | 1,138 | 1,141 | 1,198 | 1,270 |
| Total equity | <u>46,928</u> | <u>46,845</u> | <u>46,699</u> | <u>46,328</u> | <u>45,980</u> |
| Total liabilities and equity | <u>\$ 366,380</u> | <u>\$ 369,348</u> | <u>\$361,335</u> | <u>\$360,985</u> | <u>\$ 358,493</u> |

- (a) Amounts include balances held with the Federal Reserve Bank of Cleveland of \$25.1 billion, \$26.6 billion, \$26.3 billion, \$29.0 billion, and \$30.0 billion as of December 31, 2016, September 30, 2016, June 30, 2016, March 31, 2016, and December 31, 2015, respectively.
- (b) Amounts include assets and liabilities for which PNC has elected the fair value option. Our third quarter 2016 Form 10-Q included, and our 2016 Form 10-K will include, additional information regarding these items.
- (c) Amounts include our equity interest in BlackRock.
- (d) Par value less than \$.5 million at each date.

Table 3: Per Share Related Information (Unaudited)

| <i>In millions, except per share data</i> | <i>Three months ended</i> | | | | | <i>Year ended</i> | |
|---|---------------------------|----------------------|-----------------|------------------|---------------------|---------------------|---------------------|
| | December 31 2016 | September 30 2016 | June 30 2016 | March 31 2016 | December 31 2015 | December 31 2016 | December 31 2015 |
| Basic | | | | | | | |
| Net income | \$ 1,047 | \$ 1,006 | \$ 989 | \$ 943 | \$ 1,022 | \$ 3,985 | \$ 4,143 |
| Less: | | | | | | | |
| Net income (loss) attributable to noncontrolling interests | 22 | 18 | 23 | 19 | 14 | 82 | 37 |
| Preferred stock dividends and discount accretion and redemptions (a) | 43 | 64 | 43 | 65 | 43 | 215 | 225 |
| Net income attributable to common shareholders | 982 | 924 | 923 | 859 | 965 | 3,688 | 3,881 |
| Less: | | | | | | | |
| Dividends and undistributed earnings allocated to nonvested restricted shares | 7 | 7 | 6 | 6 | 4 | 26 | 17 |
| Net income attributable to basic common shares | \$ 975 | \$ 917 | \$ 917 | \$ 853 | \$ 961 | \$ 3,662 | \$ 3,864 |
| Basic weighted-average common shares outstanding | 487 | 490 | 497 | 501 | 506 | 494 | 514 |
| Basic earnings per common share | \$ 2.01 | \$ 1.87 | \$ 1.84 | \$ 1.70 | \$ 1.90 | \$ 7.42 | \$ 7.52 |
| Diluted | | | | | | | |
| Net income attributable to basic common shares | \$ 975 | \$ 917 | \$ 917 | \$ 853 | \$ 961 | \$ 3,662 | \$ 3,864 |
| Less: Impact of BlackRock earnings per share dilution | 2 | 4 | 3 | 3 | 4 | 12 | 18 |
| Net income attributable to diluted common shares | \$ 973 | \$ 913 | \$ 914 | \$ 850 | \$ 957 | \$ 3,650 | \$ 3,846 |
| Basic weighted-average common shares outstanding | 487 | 490 | 497 | 501 | 506 | 494 | 514 |
| Dilutive potential common shares | 7 | 6 | 6 | 6 | 7 | 6 | 7 |
| Diluted weighted-average common shares outstanding | 494 | 496 | 503 | 507 | 513 | 500 | 521 |
| Diluted earnings per common share | \$ 1.97 | \$ 1.84 | \$ 1.82 | \$ 1.68 | \$ 1.87 | \$ 7.30 | \$ 7.39 |

- (a) (a) Dividends are payable quarterly other than the Series O, Series R and Series S preferred stock, which are payable semiannually, with the Series O payable in different quarters than the Series R and Series S preferred stock.

Table 4: Average Consolidated Balance Sheet (Unaudited) (a)

| <i>In millions</i> | <i>Three months ended</i> | | | | | <i>Year ended</i> | |
|---------------------------------------|---------------------------|----------------------|------------------|------------------|---------------------|---------------------|---------------------|
| | December 31 2016 | September 30 2016 | June 30 2016 | March 31 2016 | December 31 2015 | December 31 2016 | December 31 2015 |
| Assets | | | | | | | |
| Interest-earning assets: | | | | | | | |
| Investment securities | | | | | | | |
| Securities available for sale | | | | | | | |
| Residential mortgage-backed | | | | | | | |
| Agency | \$ 26,374 | \$ 25,825 | \$ 24,856 | \$ 24,696 | \$ 23,777 | \$ 25,442 | \$ 21,371 |
| Non-agency | 3,303 | 3,490 | 3,728 | 3,936 | 4,089 | 3,613 | 4,374 |
| Commercial mortgage-backed | 6,283 | 6,276 | 6,335 | 6,586 | 6,709 | 6,369 | 6,372 |
| Asset-backed | 5,977 | 5,823 | 5,672 | 5,486 | 5,280 | 5,741 | 5,234 |
| U.S. Treasury and government agencies | 12,805 | 9,929 | 9,673 | 9,936 | 8,996 | 10,590 | 6,486 |
| Other | 5,237 | 5,166 | 5,004 | 4,847 | 4,611 | 5,064 | 4,344 |
| Total securities available for sale | 59,979 | 56,509 | 55,268 | 55,487 | 53,462 | 56,819 | 48,181 |
| Securities held to maturity | | | | | | | |
| Residential mortgage-backed | 11,465 | 10,521 | 10,215 | 9,906 | 9,345 | 10,529 | 8,238 |
| Commercial mortgage-backed | 1,532 | 1,666 | 1,755 | 1,821 | 1,878 | 1,693 | 1,976 |
| Asset-backed | 585 | 702 | 708 | 715 | 723 | 677 | 738 |
| U.S. Treasury and government agencies | 444 | 264 | 262 | 259 | 257 | 308 | 253 |
| Other | 2,030 | 1,983 | 1,986 | 2,081 | 2,193 | 2,020 | 2,279 |
| Total securities held to maturity | 16,056 | 15,136 | 14,926 | 14,782 | 14,396 | 15,227 | 13,484 |
| Total investment securities | 76,035 | 71,645 | 70,194 | 70,269 | 67,858 | 72,046 | 61,665 |
| Loans | | | | | | | |
| Commercial | 101,880 | 100,320 | 99,991 | 99,068 | 98,212 | 100,319 | 98,093 |
| Commercial real estate | 29,247 | 29,034 | 28,659 | 27,967 | 26,714 | 28,729 | 25,177 |
| Equipment lease financing | 7,398 | 7,463 | 7,570 | 7,420 | 7,501 | 7,463 | 7,570 |
| Consumer | 57,164 | 57,163 | 57,467 | 58,212 | 59,108 | 57,499 | 60,094 |
| Residential real estate | 15,193 | 14,870 | 14,643 | 14,517 | 14,486 | 14,807 | 14,415 |
| Total loans | 210,882 | 208,850 | 208,330 | 207,184 | 206,021 | 208,817 | 205,349 |
| Interest-earning deposits with banks | 25,245 | 28,063 | 26,463 | 25,533 | 31,509 | 26,328 | 32,908 |
| Other interest-earning assets | 7,983 | 8,174 | 7,449 | 7,764 | 8,475 | 7,843 | 8,903 |
| Total interest-earning assets | 320,145 | 316,732 | 312,436 | 310,750 | 313,863 | 315,034 | 308,825 |
| Noninterest-earning assets | 46,041 | 47,138 | 46,554 | 45,163 | 46,533 | 46,226 | 46,139 |
| Total assets | <u>\$ 366,186</u> | <u>\$ 363,870</u> | <u>\$358,990</u> | <u>\$355,913</u> | <u>\$ 360,396</u> | <u>\$ 361,260</u> | <u>\$ 354,964</u> |

(a) Calculated using average daily balances.

Table 4: Average Consolidated Balance Sheet (Unaudited) (Continued) (a)

| <i>In millions</i> | <i>Three months ended</i> | | | | | <i>Year ended</i> | |
|---|---------------------------|----------------------|-----------------|------------------|---------------------|---------------------|---------------------|
| | December 31 2016 | September 30 2016 | June 30 2016 | March 31 2016 | December 31 2015 | December 31 2016 | December 31 2015 |
| Liabilities and Equity | | | | | | | |
| Interest-bearing liabilities: | | | | | | | |
| Interest-bearing deposits | | | | | | | |
| Money market | \$ 67,271 | \$ 70,076 | \$ 72,442 | \$ 76,392 | \$ 81,199 | \$ 71,530 | \$ 81,911 |
| Demand | 55,223 | 53,428 | 52,218 | 49,770 | 47,778 | 52,701 | 46,649 |
| Savings | 35,224 | 31,791 | 28,131 | 23,343 | 17,851 | 29,643 | 14,719 |
| Retail certificates of deposit | 16,571 | 17,153 | 17,277 | 17,278 | 17,916 | 17,069 | 18,294 |
| Time deposits in foreign offices and other time | 1,838 | 1,757 | 1,779 | 2,040 | 2,709 | 1,821 | 2,392 |
| Total interest-bearing deposits | 176,127 | 174,205 | 171,847 | 168,823 | 167,453 | 172,764 | 163,965 |
| Borrowed funds | | | | | | | |
| Federal Home Loan Bank borrowings | 17,465 | 17,524 | 18,716 | 19,855 | 20,796 | 18,385 | 21,365 |
| Bank notes and senior debt | 21,653 | 22,896 | 22,375 | 20,690 | 20,458 | 21,906 | 17,937 |
| Subordinated debt | 8,287 | 8,356 | 8,336 | 8,317 | 8,600 | 8,324 | 8,796 |
| Other | 4,127 | 4,205 | 4,206 | 4,764 | 5,159 | 4,324 | 8,415 |
| Total borrowed funds | 51,532 | 52,981 | 53,633 | 53,626 | 55,013 | 52,939 | 56,513 |
| Total interest-bearing liabilities | 227,659 | 227,186 | 225,480 | 222,449 | 222,466 | 225,703 | 220,478 |
| Noninterest-bearing liabilities and equity: | | | | | | | |
| Noninterest-bearing deposits | 80,925 | 78,303 | 75,775 | 77,306 | 79,479 | 78,085 | 76,398 |
| Accrued expenses and other liabilities | 10,828 | 11,855 | 11,390 | 10,255 | 12,563 | 11,083 | 12,210 |
| Equity | 46,774 | 46,526 | 46,345 | 45,903 | 45,888 | 46,389 | 45,878 |
| Total liabilities and equity | \$ 366,186 | \$ 363,870 | \$358,990 | \$355,913 | \$ 360,396 | \$ 361,260 | \$ 354,964 |

(a) Calculated using average daily balances.

Table 5: Details of Net Interest Margin (Unaudited) (a)

| | <i>Three months ended</i> | | | | | <i>Year ended</i> | |
|---|---------------------------|----------------------|-----------------|------------------|---------------------|---------------------|---------------------|
| | December 31 2016 | September 30 2016 | June 30 2016 | March 31 2016 | December 31 2015 | December 31 2016 | December 31 2015 |
| Average yields/rates | | | | | | | |
| Yield on interest-earning assets | | | | | | | |
| Investment securities | | | | | | | |
| Securities available for sale | | | | | | | |
| Residential mortgage-backed | | | | | | | |
| Agency | 2.30% | 2.39% | 2.46% | 2.57% | 2.55% | 2.43% | 2.53% |
| Non-agency | 5.18% | 5.06% | 4.79% | 4.45% | 4.90% | 4.84% | 4.73% |
| Commercial mortgage-backed | 2.25% | 2.47% | 2.94% | 2.79% | 2.85% | 2.62% | 3.06% |
| Asset-backed | 2.39% | 2.31% | 2.32% | 2.19% | 2.14% | 2.30% | 2.12% |
| U.S. Treasury and government agencies | 1.41% | 1.33% | 1.50% | 1.55% | 1.09% | 1.46% | 1.22% |
| Other | 2.97% | 2.99% | 3.02% | 2.99% | 3.11% | 3.00% | 3.36% |
| Total securities available for sale | 2.33% | 2.42% | 2.54% | 2.55% | 2.53% | 2.46% | 2.65% |
| Securities held to maturity | | | | | | | |
| Residential mortgage-backed | 2.52% | 2.71% | 2.81% | 3.02% | 2.98% | 2.75% | 3.05% |
| Commercial mortgage-backed | 4.12% | 3.51% | 3.61% | 3.53% | 3.67% | 3.66% | 3.80% |
| Asset-backed | 2.29% | 1.99% | 1.91% | 1.84% | 1.61% | 2.07% | 1.49% |
| U.S. Treasury and government agencies | 3.25% | 3.81% | 3.79% | 3.80% | 3.82% | 3.57% | 3.95% |
| Other | 5.35% | 6.58% | 5.40% | 5.35% | 5.25% | 5.64% | 5.22% |
| Total securities held to maturity | 3.04% | 3.29% | 3.22% | 3.37% | 3.36% | 3.22% | 3.46% |
| Total investment securities | 2.48% | 2.60% | 2.68% | 2.72% | 2.71% | 2.62% | 2.83% |
| Loans | | | | | | | |
| Commercial | 3.11% | 3.05% | 3.08% | 3.08% | 2.97% | 3.13% | 3.03% |
| Commercial real estate | 3.30% | 3.23% | 3.16% | 3.51% | 3.47% | 3.36% | 3.56% |
| Equipment lease financing | 3.33% | 4.06% | 3.44% | 3.40% | 3.41% | 3.56% | 3.43% |
| Consumer | 4.35% | 4.32% | 4.28% | 4.29% | 4.15% | 4.31% | 4.17% |
| Residential real estate | 4.64% | 4.60% | 4.84% | 4.74% | 4.79% | 4.70% | 4.84% |
| Total loans | 3.59% | 3.57% | 3.56% | 3.60% | 3.52% | 3.61% | 3.57% |
| Interest-earning deposits with banks | .56% | .50% | .51% | .50% | .29% | .52% | .26% |
| Other interest-earning assets | 3.80% | 3.23% | 3.59% | 3.62% | 4.01% | 3.56% | 4.00% |
| Total yield on interest-earning assets | 3.09% | 3.07% | 3.10% | 3.15% | 3.03% | 3.13% | 3.08% |
| Rate on interest-bearing liabilities | | | | | | | |
| Interest-bearing deposits | | | | | | | |
| Money market | .21% | .19% | .20% | .22% | .25% | .20% | .26% |
| Demand | .08% | .08% | .08% | .07% | .06% | .08% | .06% |
| Savings | .42% | .40% | .39% | .39% | .33% | .40% | .22% |
| Retail certificates of deposit | .71% | .70% | .70% | .70% | .69% | .70% | .69% |
| Time deposits in foreign offices and other time | .23% | .24% | .24% | .27% | .16% | .27% | .17% |
| Total interest-bearing deposits | .26% | .25% | .24% | .25% | .25% | .25% | .25% |
| Borrowed funds | | | | | | | |
| Federal Home Loan Bank borrowings | 1.01% | .86% | .80% | .68% | .52% | .84% | .49% |
| Bank notes and senior debt | 1.55% | 1.50% | 1.62% | 1.66% | 1.11% | 1.61% | 1.24% |
| Subordinated debt | 3.05% | 3.06% | 3.26% | 3.29% | 2.65% | 3.17% | 2.68% |
| Other | 1.41% | 1.41% | 1.39% | 1.24% | 1.31% | 1.39% | .94% |
| Total borrowed funds | 1.60% | 1.53% | 1.57% | 1.51% | 1.15% | 1.57% | 1.14% |
| Total rate on interest-bearing liabilities | .56% | .54% | .56% | .55% | .47% | .56% | .47% |
| Interest rate spread | 2.53% | 2.53% | 2.54% | 2.60% | 2.56% | 2.57% | 2.61% |
| Impact of noninterest-bearing sources (b) | .16 | .15 | .16 | .15 | .14 | .16 | .13 |
| Net interest margin | 2.69% | 2.68% | 2.70% | 2.75% | 2.70% | 2.73% | 2.74% |

(a) Calculated as annualized taxable-equivalent net interest income divided by average earning assets. The interest income earned on certain earning assets is completely or partially exempt from federal income tax. As such, these tax-exempt instruments typically yield lower returns than taxable investments. To provide more meaningful comparisons of net interest yields for all earning assets, interest income includes the effects of taxable-equivalent adjustments using a statutory federal income tax rate of 35% to increase tax-exempt interest income to a taxable-equivalent basis. This adjustment is not permitted under generally accepted accounting principles (GAAP) in the Consolidated Income Statement. The taxable-equivalent adjustments to net interest income for the three months ended December 31, 2016, September 30, 2016, June 30, 2016, March 31, 2016 and December 31, 2015, were \$50 million, \$49 million, \$48 million, \$48 million and \$48 million, respectively. The taxable-equivalent adjustments to net interest income for the year ended December 31, 2016 and December 31, 2015 were \$195 million and \$196 million, respectively.

(b) Represents the positive effects of investing noninterest-bearing sources in interest-earning assets.

Total and Core Net Interest Income and Net Interest Margin (Unaudited)**Table 6: Total and Core Net Interest Income(Non-GAAP)**

| <i>In millions</i> | <i>Three months ended</i> | | | | | <i>Year ended</i> | |
|---|---------------------------|----------------------|-----------------|------------------|---------------------|---------------------|---------------------|
| | December 31 2016 | September 30 2016 | June 30 2016 | March 31 2016 | December 31 2015 | December 31 2016 | December 31 2015 |
| Core net interest income (Non-GAAP) (a) | \$ 2,064 | \$ 2,033 | \$ 2,004 | \$ 2,012 | \$ 2,002 | \$ 8,113 | \$ 7,859 |
| Purchase accounting accretion (b) | 66 | 62 | 64 | 86 | 90 | 278 | 419 |
| Total net interest income | \$ 2,130 | \$ 2,095 | \$ 2,068 | \$ 2,098 | \$ 2,092 | \$ 8,391 | \$ 8,278 |

(a) We believe that core net interest income, a non-GAAP financial measure, is useful in evaluating the performance of our interest-based activities.

(b) Purchase accounting accretion includes purchase accounting accretion and cash recoveries on purchased impaired loans.

Table 7: Details of Net Interest Margin (c)

| | <i>Three months ended</i> | | | | | <i>Year ended</i> | |
|--|---------------------------|----------------------|-----------------|------------------|---------------------|---------------------|---------------------|
| | December 31 2016 | September 30 2016 | June 30 2016 | March 31 2016 | December 31 2015 | December 31 2016 | December 31 2015 |
| Average yields/rates | | | | | | | |
| Yield on interest-earning assets | | | | | | | |
| Total investment securities | 2.48% | 2.60% | 2.68% | 2.72% | 2.71% | 2.62% | 2.83% |
| Total loans | 3.59% | 3.57% | 3.56% | 3.60% | 3.52% | 3.61% | 3.57% |
| Other | 1.33% | 1.12% | 1.18% | 1.23% | 1.08% | 1.21% | 1.06% |
| Total yield on interest-earning assets | 3.09% | 3.07% | 3.10% | 3.15% | 3.03% | 3.13% | 3.08% |
| Rate on interest-bearing liabilities | | | | | | | |
| Total interest-bearing deposits | .26% | .25% | .24% | .25% | .25% | .25% | .25% |
| Total borrowed funds | 1.60% | 1.53% | 1.57% | 1.51% | 1.15% | 1.57% | 1.14% |
| Total rate on interest-bearing liabilities | .56% | .54% | .56% | .55% | .47% | .56% | .47% |
| Interest rate spread | 2.53% | 2.53% | 2.54% | 2.60% | 2.56% | 2.57% | 2.61% |
| Impact of noninterest-bearing sources | .16 | .15 | .16 | .15 | .14 | .16 | .13 |
| Net interest margin | 2.69% | 2.68% | 2.70% | 2.75% | 2.70% | 2.73% | 2.74% |

(c) See note (a) on page 6.

Table 8: Details of Core Net Interest Margin(Non-GAAP) (d)

| | <i>Three months ended</i> | | | | | <i>Year ended</i> | |
|---|---------------------------|----------------------|-----------------|------------------|---------------------|---------------------|---------------------|
| | December 31 2016 | September 30 2016 | June 30 2016 | March 31 2016 | December 31 2015 | December 31 2016 | December 31 2015 |
| Average yields/rates | | | | | | | |
| Yield on interest-earning assets | | | | | | | |
| Total investment securities | 2.44% | 2.57% | 2.64% | 2.68% | 2.66% | 2.58% | 2.77% |
| Total loans | 3.45% | 3.43% | 3.42% | 3.42% | 3.34% | 3.46% | 3.36% |
| Other | 1.31% | 1.11% | 1.18% | 1.24% | 1.06% | 1.20% | 1.05% |
| Total yield on interest-earning assets | 2.99% | 2.97% | 3.00% | 3.02% | 2.90% | 3.02% | 2.93% |
| Rate on interest-bearing liabilities | | | | | | | |
| Total interest-bearing deposits | .26% | .25% | .24% | .25% | .26% | .25% | .26% |
| Total borrowed funds | 1.46% | 1.38% | 1.44% | 1.38% | 1.02% | 1.43% | 1.02% |
| Total rate on interest-bearing liabilities | .53% | .51% | .53% | .52% | .44% | .53% | .45% |
| Interest rate spread | 2.46% | 2.46% | 2.47% | 2.50% | 2.46% | 2.49% | 2.48% |
| Impact of noninterest-bearing sources | .16 | .15 | .16 | .15 | .14 | .16 | .13 |
| Core net interest margin (Non-GAAP) | 2.62 | 2.61 | 2.63 | 2.65 | 2.60 | 2.65 | 2.61 |
| Purchase accounting accretion impact on net interest margin | .07 | .07 | .07 | .10 | .10 | .08 | .13 |
| Net interest margin (e) | 2.69% | 2.68% | 2.70% | 2.75% | 2.70% | 2.73% | 2.74% |

(d) We believe that core net interest margin, a non-GAAP financial measure, is useful as a tool to help evaluate the impact of purchase accounting accretion on net interest margin. To calculate core net interest margin, each calculated margin in the table has been adjusted by annualized purchase accounting accretion divided by average interest-earning assets.

(e) See note (a) on page 6.

Table 9: Details of Loans (Unaudited)

| <i>In millions</i> | December 31 2016 | September 30 2016 | June 30 2016 | March 31 2016 | December 31 2015 |
|--------------------------------|---------------------|----------------------|-----------------|------------------|---------------------|
| Commercial | | | | | |
| Retail/wholesale trade | \$ 16,752 | \$ 17,211 | \$ 16,786 | \$ 16,736 | \$ 16,661 |
| Manufacturing | 18,891 | 19,813 | 19,665 | 20,104 | 19,014 |
| Service providers | 14,707 | 14,159 | 14,258 | 14,141 | 13,970 |
| Real estate related (a) | 11,920 | 12,045 | 11,965 | 12,153 | 11,659 |
| Financial services | 7,241 | 7,203 | 7,400 | 6,084 | 7,234 |
| Health care | 9,491 | 9,148 | 9,092 | 9,106 | 9,210 |
| Other industries | 22,362 | 21,933 | 21,396 | 20,992 | 20,860 |
| Total commercial | 101,364 | 101,512 | 100,562 | 99,316 | 98,608 |
| Commercial real estate | | | | | |
| Real estate projects (b) | 16,312 | 16,851 | 16,468 | 16,199 | 15,697 |
| Commercial mortgage | 12,698 | 12,422 | 12,372 | 12,031 | 11,771 |
| Total commercial real estate | 29,010 | 29,273 | 28,840 | 28,230 | 27,468 |
| Equipment lease financing | 7,581 | 7,378 | 7,620 | 7,584 | 7,468 |
| Total commercial lending | 137,955 | 138,163 | 137,022 | 135,130 | 133,544 |
| Consumer | | | | | |
| Home equity | | | | | |
| Lines of credit | 17,738 | 18,014 | 18,203 | 18,458 | 18,828 |
| Installment | 12,211 | 12,418 | 12,680 | 13,000 | 13,305 |
| Credit card | 5,282 | 5,029 | 4,896 | 4,746 | 4,862 |
| Other consumer | | | | | |
| Automobile | 12,380 | 11,898 | 11,449 | 11,177 | 11,157 |
| Education | 5,159 | 5,337 | 5,482 | 5,701 | 5,881 |
| Other | 4,510 | 4,446 | 4,525 | 4,601 | 4,708 |
| Total consumer | 57,280 | 57,142 | 57,235 | 57,683 | 58,741 |
| Residential real estate | | | | | |
| Residential mortgage | 15,381 | 14,915 | 14,562 | 14,425 | 14,162 |
| Residential construction | 217 | 226 | 237 | 247 | 249 |
| Total residential real estate | 15,598 | 15,141 | 14,799 | 14,672 | 14,411 |
| Total consumer lending | 72,878 | 72,283 | 72,034 | 72,355 | 73,152 |
| Total loans (c) | \$ 210,833 | \$ 210,446 | \$209,056 | \$207,485 | \$ 206,696 |

(a) Includes loans to customers in the real estate and construction industries.

(b) Includes both construction loans and intermediate financing for projects.

(c) Includes purchased impaired loans of \$3.0 billion, \$3.1 billion, \$3.2 billion, \$3.4 billion and \$3.5 billion at December 31, 2016, September 30, 2016, June 30, 2016, March 31, 2016 and December 31, 2015, respectively.

Allowances for Loan and Lease Losses (Unaudited)

Table 10: Change in Allowance for Loan and Lease Losses

| <i>Three months ended - in millions</i> | December 31 2016 | September 30 2016 | June 30 2016 | March 31 2016 | December 31 2015 |
|---|---------------------|----------------------|-----------------|------------------|---------------------|
| Beginning balance | \$ 2,619 | \$ 2,685 | \$ 2,711 | \$ 2,727 | \$ 3,237 |
| Gross charge-offs: | | | | | |
| Commercial | (61) | (107) | (86) | (78) | (61) |
| Commercial real estate | (4) | (2) | (10) | (10) | (15) |
| Equipment lease financing | (1) | (1) | (2) | (1) | (3) |
| Home equity | (28) | (39) | (28) | (48) | (42) |
| Residential real estate | (3) | (3) | (8) | (8) | (7) |
| Credit card | (39) | (39) | (41) | (42) | (39) |
| Other consumer | (58) | (52) | (46) | (49) | (49) |
| Total gross charge-offs | (194) | (243) | (213) | (236) | (216) |
| Recoveries: | | | | | |
| Commercial | 30 | 26 | 28 | 33 | 31 |
| Commercial real estate | 14 | 12 | 13 | 12 | 20 |
| Equipment lease financing | 1 | 7 | 1 | 1 | 1 |
| Home equity | 21 | 25 | 17 | 21 | 24 |
| Residential real estate | 2 | 2 | 2 | 3 | 3 |
| Credit card | 5 | 5 | 5 | 4 | 5 |
| Other consumer | 15 | 12 | 13 | 13 | 12 |
| Total recoveries | 88 | 89 | 79 | 87 | 96 |
| Net (charge-offs) / recoveries: | | | | | |
| Commercial | (31) | (81) | (58) | (45) | (30) |
| Commercial real estate | 10 | 10 | 3 | 2 | 5 |
| Equipment lease financing | (7) | 6 | (1) | (2) | (2) |
| Home equity | (1) | (14) | (11) | (27) | (18) |
| Residential real estate | (1) | (1) | 2 | (5) | (4) |
| Credit card | (34) | (34) | (36) | (38) | (34) |
| Other consumer | (43) | (40) | (33) | (36) | (37) |
| Total net charge-offs | (106) | (154) | (134) | (149) | (120) |
| Provision for credit losses | 67 | 87 | 127 | 152 | 74 |
| Net recoveries / (write-offs) of purchased impaired loans and other | | 8 | 2 | 2 | (469) |
| Net change in allowance for unfunded loan commitments and letters of credit | 9 | (7) | (21) | (21) | 5 |
| Ending balance | <u>\$ 2,589</u> | <u>\$ 2,619</u> | <u>\$ 2,685</u> | <u>\$ 2,711</u> | <u>\$ 2,727</u> |
| Supplemental Information | | | | | |
| Net charge-offs to average loans (for the three months ended) (annualized) | .20% | .29% | .26% | .29% | .23% |
| Allowance for loan and lease losses to total loans (a) | 1.23 | 1.24 | 1.28 | 1.31 | 1.32 |
| Commercial lending net charge-offs | \$ (21) | \$ (65) | \$ (56) | \$ (43) | \$ (27) |
| Consumer lending net charge-offs | (85) | (89) | (78) | (106) | (93) |
| Total net charge-offs | \$ (106) | \$ (154) | \$ (134) | \$ (149) | \$ (120) |
| Net charge-offs to average loans | | | | | |
| Commercial lending | .06% | .19% | .17% | .13% | .08% |
| Consumer lending | <u>.47%</u> | <u>.49%</u> | <u>.44%</u> | <u>.59%</u> | <u>.50%</u> |

(a) See our 2015 Form 10-K for information on our change in derecognition policy effective December 31, 2015 for certain purchased impaired loans.

Details of Nonperforming Assets (Unaudited)

Table 11: Nonperforming Assets by Type

| <i>In millions</i> | December 31 2016 | September 30 2016 | June 30 2016 | March 31 2016 | December 31 2015 |
|---|---------------------|----------------------|-----------------|------------------|---------------------|
| Nonperforming loans, including TDRs | | | | | |
| Commercial lending | | | | | |
| Commercial | | | | | |
| Retail/wholesale trade | \$ 87 | \$ 59 | \$ 80 | \$ 50 | \$ 55 |
| Manufacturing | 31 | 43 | 69 | 83 | 79 |
| Service providers | 40 | 43 | 69 | 76 | 68 |
| Real estate related (a) | 47 | 68 | 73 | 36 | 40 |
| Financial services | 1 | 1 | 1 | 1 | 1 |
| Health care | 30 | 22 | 26 | 32 | 32 |
| Other industries | 260 | 285 | 288 | 274 | 76 |
| Total commercial | 496 | 521 | 606 | 552 | 351 |
| Commercial real estate | 143 | 152 | 143 | 160 | 187 |
| Equipment lease financing | 16 | 18 | 19 | 20 | 7 |
| Total commercial lending | 655 | 691 | 768 | 732 | 545 |
| Consumer lending (b) | | | | | |
| Home equity | 914 | 895 | 926 | 957 | 977 |
| Residential real estate | 501 | 502 | 513 | 536 | 549 |
| Credit card | 4 | 4 | 4 | 4 | 3 |
| Other consumer | | | | | |
| Automobile | 55 | 41 | 38 | 37 | 35 |
| Education and other | 15 | 13 | 15 | 15 | 17 |
| Total consumer lending | 1,489 | 1,455 | 1,496 | 1,549 | 1,581 |
| Total nonperforming loans (c)(d) | 2,144 | 2,146 | 2,264 | 2,281 | 2,126 |
| OREO and foreclosed assets | 230 | 229 | 251 | 271 | 299 |
| Total nonperforming assets | \$ 2,374 | \$ 2,375 | \$ 2,515 | \$ 2,552 | \$ 2,425 |
| Nonperforming loans to total loans | 1.02% | 1.02% | 1.08% | 1.10% | 1.03% |
| Nonperforming assets to total loans, OREO and foreclosed assets | 1.12% | 1.13% | 1.20% | 1.23% | 1.17% |
| Nonperforming assets to total assets | .65% | .64% | .70% | .71% | .68% |
| Allowance for loan and lease losses to nonperforming loans (e) | 121% | 122% | 119% | 119% | 128% |

(a) Includes loans related to customers in the real estate and construction industries.

(b) Excludes most consumer loans and lines of credit, not secured by residential real estate, which are charged off after 120 to 180 days past due and are not placed on nonperforming status.

(c) Nonperforming loans exclude certain government insured or guaranteed loans, loans held for sale, loans accounted for under the fair value option and purchased impaired loans.

(d) The recorded investment of loans collateralized by residential real estate property that are in process of foreclosure was \$.4 billion, \$.4 billion, \$.4 billion, \$.5 billion and \$.6 billion at December 31, 2016, September 30, 2016, June 30, 2016, March 31, 2016 and December 31, 2015, which included \$.2 billion, of loans that are government insured/guaranteed at December 31, 2016 and \$.3 billion for all remaining periods presented.

(e) See our 2015 Form 10-K for information on our change in derecognition policy effective December 31, 2015 for certain purchased impaired loans.

Details of Nonperforming Assets (Unaudited) (Continued)

Table 12: Change in Nonperforming Assets

| <i>In millions</i> | October 1, 2016 - December 31, 2016 | July 1, 2016 - September 30, 2016 | April 1, 2016 - June 30, 2016 | January 1, 2016 - March 31, 2016 | October 1, 2015 - December 31, 2015 |
|--|--|--------------------------------------|----------------------------------|-------------------------------------|--|
| Beginning balance | \$ 2,375 | \$ 2,515 | \$ 2,552 | \$ 2,425 | \$ 2,490 |
| New nonperforming assets | 518 | 370 | 405 | 542 | 370 |
| Charge-offs and valuation adjustments | (132) | (153) | (158) | (161) | (132) |
| Principal activity, including paydowns and payoffs | (279) | (171) | (149) | (98) | (143) |
| Asset sales and transfers to loans held for sale | (57) | (113) | (76) | (90) | (68) |
| Returned to performing status | (51) | (73) | (59) | (66) | (92) |
| Ending balance | <u>\$ 2,374</u> | <u>\$ 2,375</u> | <u>\$ 2,515</u> | <u>\$ 2,552</u> | <u>\$ 2,425</u> |

Table 13: Largest Individual Nonperforming Assets at December 31, 2016 (a)

| <i>In millions</i> | Outstandings | Industry |
|--------------------|--------------|---|
| Ranking | | |
| 1 | \$46 | Mining, Quarrying, Oil and Gas Extraction |
| 2 | 37 | Mining, Quarrying, Oil and Gas Extraction |
| 3 | 26 | Mining, Quarrying, Oil and Gas Extraction |
| 4 | 24 | Transportation and Warehousing |
| 5 | 24 | Mining, Quarrying, Oil and Gas Extraction |
| 6 | 24 | Mining, Quarrying, Oil and Gas Extraction |
| 7 | 23 | Mining, Quarrying, Oil and Gas Extraction |
| 8 | 20 | Mining, Quarrying, Oil and Gas Extraction |
| 9 | 18 | Wholesale Trade |
| 10 | 18 | Real Estate, Rental and Leasing |
| Total | <u>\$260</u> | |

As a percent of total nonperforming assets 11%

(a) Amounts shown are not net of related allowance for loan and lease losses, if applicable.

Accruing Loans Past Due (Unaudited)

Table 14: Accruing Loans Past Due 30 to 59 Days (a)

| Dollars in millions | Amount | | | | | Percent of Total Outstandings | | | | |
|---------------------------|---------|----------|---------|---------|---------|-------------------------------|----------|---------|---------|---------|
| | Dec. 31 | Sept. 30 | Jun. 30 | Mar. 31 | Dec. 31 | Dec. 31 | Sept. 30 | Jun. 30 | Mar. 31 | Dec. 31 |
| | 2016 | 2016 | 2016 | 2016 | 2015 | 2016 | 2016 | 2016 | 2016 | 2015 |
| Commercial | \$ 81 | \$ 64 | \$ 61 | \$ 85 | \$ 69 | .08% | .06% | .06% | .09% | .07% |
| Commercial real estate | 5 | 26 | 5 | 6 | 10 | .02% | .09% | .02% | .02% | .04% |
| Equipment lease financing | 29 | 1 | 1 | 21 | 19 | .38% | .01% | .01% | .28% | .25% |
| Home equity | 64 | 55 | 63 | 57 | 63 | .21% | .18% | .20% | .18% | .20% |
| Residential real estate | | | | | | | | | | |
| Non government insured | 103 | 60 | 71 | 77 | 86 | .66% | .40% | .48% | .52% | .60% |
| Government insured | 56 | 50 | 57 | 62 | 56 | .36% | .33% | .39% | .42% | .39% |
| Credit card | 33 | 28 | 25 | 25 | 28 | .62% | .56% | .51% | .53% | .58% |
| Other consumer | | | | | | | | | | |
| Automobile | 51 | 38 | 38 | 33 | 41 | .41% | .32% | .33% | .30% | .37% |
| Education and other | | | | | | | | | | |
| Non government insured | 37 | 28 | 33 | 24 | 23 | .38% | .29% | .33% | .23% | .22% |
| Government insured | 103 | 104 | 110 | 116 | 116 | 1.07% | 1.06% | 1.10% | 1.13% | 1.10% |
| Total | \$ 562 | \$ 454 | \$ 464 | \$ 506 | \$ 511 | .27% | .22% | .22% | .24% | .25% |

Table 15: Accruing Loans Past Due 60 to 89 Days (a)

| Dollars in millions | Amount | | | | | Percent of Total Outstandings | | | | |
|---------------------------|---------|----------|---------|---------|---------|-------------------------------|----------|---------|---------|---------|
| | Dec. 31 | Sept. 30 | Jun. 30 | Mar. 31 | Dec. 31 | Dec. 31 | Sept. 30 | Jun. 30 | Mar. 31 | Dec. 31 |
| | 2016 | 2016 | 2016 | 2016 | 2015 | 2016 | 2016 | 2016 | 2016 | 2015 |
| Commercial | \$ 20 | \$ 24 | \$ 34 | \$ 18 | \$ 32 | .02% | .02% | .03% | .02% | .03% |
| Commercial real estate | 2 | 1 | 11 | 1 | 4 | .01% | .00% | .04% | .00% | .01% |
| Equipment lease financing | 1 | 2 | 4 | | 2 | .01% | .03% | .05% | | .03% |
| Home equity | 30 | 27 | 27 | 27 | 30 | .10% | .09% | .09% | .09% | .09% |
| Residential real estate | | | | | | | | | | |
| Non government insured | 18 | 20 | 18 | 17 | 20 | .12% | .13% | .12% | .12% | .14% |
| Government insured | 50 | 51 | 47 | 44 | 45 | .32% | .34% | .32% | .30% | .31% |
| Credit card | 21 | 19 | 17 | 17 | 19 | .40% | .38% | .35% | .36% | .39% |
| Other consumer | | | | | | | | | | |
| Automobile | 12 | 11 | 10 | 8 | 10 | .10% | .09% | .09% | .07% | .09% |
| Education and other | | | | | | | | | | |
| Non government insured | 12 | 13 | 11 | 13 | 11 | .12% | .13% | .11% | .13% | .10% |
| Government insured | 66 | 68 | 64 | 64 | 75 | .68% | .70% | .64% | .62% | .71% |
| Total | \$ 232 | \$ 236 | \$ 243 | \$ 209 | \$ 248 | .11% | .11% | .12% | .10% | .12% |

Table 16: Accruing Loans Past Due 90 Days or More (a)

| Dollars in millions | Amount | | | | | Percent of Total Outstandings | | | | |
|-------------------------|---------|----------|---------|---------|---------|-------------------------------|----------|---------|---------|---------|
| | Dec. 31 | Sept. 30 | Jun. 30 | Mar. 31 | Dec. 31 | Dec. 31 | Sept. 30 | Jun. 30 | Mar. 31 | Dec. 31 |
| | 2016 | 2016 | 2016 | 2016 | 2015 | 2016 | 2016 | 2016 | 2016 | 2015 |
| Commercial | \$ 39 | \$ 37 | \$ 38 | \$ 39 | \$ 45 | .04% | .04% | .04% | .04% | .05% |
| Residential real estate | | | | | | | | | | |
| Non government insured | 24 | 18 | 23 | 23 | 21 | .15% | .12% | .16% | .16% | .15% |
| Government insured | 476 | 478 | 466 | 483 | 545 | 3.05% | 3.16% | 3.15% | 3.29% | 3.78% |
| Credit card | 37 | 31 | 30 | 32 | 33 | .70% | .62% | .61% | .67% | .68% |
| Other consumer | | | | | | | | | | |
| Automobile | 5 | 4 | 3 | 3 | 4 | .04% | .03% | .03% | .03% | .04% |
| Education and other | | | | | | | | | | |
| Non government insured | 10 | 9 | 10 | 9 | 13 | .10% | .09% | .10% | .09% | .12% |
| Government insured | 191 | 189 | 184 | 193 | 220 | 1.98% | 1.93% | 1.84% | 1.87% | 2.08% |
| Total | \$ 782 | \$ 766 | \$ 754 | \$ 782 | \$ 881 | .37% | .36% | .36% | .38% | .43% |

(a) Excludes loans held for sale and purchased impaired loans.

Business Segment Descriptions (Unaudited)

Retail Banking provides deposit, lending, brokerage, investment management and cash management services to consumer and small business customers within our primary geographic markets. Our customers are serviced through our branch network, ATMs, call centers, online banking and mobile channels. The branch network is located primarily in Pennsylvania, Ohio, New Jersey, Michigan, Illinois, Maryland, Indiana, Florida, North Carolina, Kentucky, Washington, D.C., Delaware, Virginia, Alabama, Georgia, Missouri, Wisconsin and South Carolina.

Corporate & Institutional Banking provides lending, treasury management, and capital markets-related products and services to mid-sized and large corporations, government and not-for-profit entities. Lending products include secured and unsecured loans, letters of credit and equipment leases. Treasury management services include cash and investment management, receivables management, disbursement services, funds transfer services, information reporting and global trade services. Capital markets-related products and services include foreign exchange, derivatives, securities, loan syndications, mergers and acquisitions advisory and equity capital markets advisory related services. We also provide commercial loan servicing and technology solutions for the commercial real estate finance industry. Products and services are generally provided within our primary geographic markets, with certain products and services offered nationally and internationally.

Asset Management Group includes personal wealth management for high net worth and ultra high net worth clients and institutional asset management. Wealth management products and services include investment and retirement planning, customized investment management, private banking, tailored credit solutions, and trust management and administration for individuals and their families. Our Hawthorn unit provides multi-generational family planning including wealth strategy, investment management, private banking, tax and estate planning guidance, performance reporting and personal administration services to ultra high net worth families. Institutional asset management provides advisory, custody administration and retirement administration services. The business also offers PNC proprietary mutual funds and investment strategies. Institutional clients include corporations, unions, municipalities, non-profits, foundations and endowments, primarily located in our geographic footprint.

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

Non-Strategic Assets Portfolio includes a consumer portfolio of mainly residential mortgage and brokered home equity loans and lines of credit, and a small commercial lending portfolio. We obtained a significant portion of these non-strategic assets through acquisitions of other companies.

BlackRock, in which we hold an equity investment, is a leading publicly traded investment management firm providing a broad range of investment and risk management services to institutional and retail clients worldwide. Using a diverse platform of active and index investment strategies across asset classes, BlackRock develops investment outcomes and asset allocation solutions for clients. Product offerings include single- and multi-asset class portfolios investing in equities, fixed income, alternatives and money market instruments. BlackRock also offers an investment and risk management technology platform, risk analytics and advisory services and solutions to a broad base of institutional investors. Our equity investment in BlackRock provides us with an additional source of noninterest income and increases our overall revenue diversification. BlackRock is a publicly traded company, and additional information regarding its business is available in its filings with the Securities and Exchange Commission (SEC). At December 31, 2016, our economic interest in BlackRock was 22%.

Table 17: Period End Employees

| | December 31 2016 | September 30 2016 | June 30 2016 | March 31 2016 | December 31 2015 |
|----------------------------|---------------------|----------------------|-----------------|------------------|---------------------|
| Full-time employees | | | | | |
| Retail Banking | 21,535 | 21,654 | 21,649 | 21,903 | 21,896 |
| Other full-time employees | 27,825 | 27,597 | 27,365 | 27,331 | 27,252 |
| Total full-time employees | 49,360 | 49,251 | 49,014 | 49,234 | 49,148 |
| Part-time employees | | | | | |
| Retail Banking | 2,269 | 2,354 | 2,595 | 2,684 | 2,877 |
| Other part-time employees | 377 | 438 | 781 | 462 | 488 |
| Total part-time employees | 2,646 | 2,792 | 3,376 | 3,146 | 3,365 |
| Total | 52,006 | 52,043 | 52,390 | 52,380 | 52,513 |

Table 18: Summary of Business Segment Income and Revenue (Unaudited) (a) (b)

| <i>In millions</i> | <i>Three months ended</i> | | | | | <i>Year ended</i> | |
|------------------------------------|---------------------------|----------------------|-----------------|------------------|---------------------|---------------------|---------------------|
| | December 31 2016 | September 30 2016 | June 30 2016 | March 31 2016 | December 31 2015 | December 31 2016 | December 31 2015 |
| Income (Loss) | | | | | | | |
| Retail Banking | \$ 229 | \$ 223 | \$ 307 | \$ 268 | \$ 213 | \$ 1,027 | \$ 907 |
| Corporate & Institutional Banking | 577 | 537 | 490 | 431 | 539 | 2,035 | 2,031 |
| Asset Management Group | 55 | 58 | 48 | 49 | 51 | 210 | 194 |
| Residential Mortgage Banking | 39 | 13 | 46 | (13) | (17) | 85 | 26 |
| Non-Strategic Assets Portfolio | 58 | 54 | 29 | 52 | 96 | 193 | 301 |
| Other, including BlackRock (b) (c) | 89 | 121 | 69 | 156 | 140 | 435 | 684 |
| Net income | <u>\$ 1,047</u> | <u>\$ 1,006</u> | <u>\$ 989</u> | <u>\$ 943</u> | <u>\$ 1,022</u> | <u>\$ 3,985</u> | <u>\$ 4,143</u> |
| Revenue | | | | | | | |
| Retail Banking | \$ 1,619 | \$ 1,647 | \$1,682 | \$ 1,650 | \$ 1,645 | \$ 6,598 | \$ 6,449 |
| Corporate & Institutional Banking | 1,428 | 1,390 | 1,387 | 1,304 | 1,419 | 5,509 | 5,429 |
| Asset Management Group | 288 | 294 | 289 | 280 | 288 | 1,151 | 1,161 |
| Residential Mortgage Banking | 209 | 191 | 210 | 130 | 155 | 740 | 734 |
| Non-Strategic Assets Portfolio | 86 | 80 | 78 | 97 | 109 | 341 | 445 |
| Other, including BlackRock (b) (c) | 244 | 227 | 148 | 204 | 237 | 823 | 1,007 |
| Total revenue | <u>\$ 3,874</u> | <u>\$ 3,829</u> | <u>\$3,794</u> | <u>\$ 3,665</u> | <u>\$ 3,853</u> | <u>\$ 15,162</u> | <u>\$ 15,225</u> |

- (a) Our business information is presented based on our internal management reporting practices. We periodically refine our internal methodologies as management reporting practices are enhanced. Net interest income in business segment results reflects PNC's internal funds transfer pricing methodology. Assets receive a funding charge and liabilities and capital receive a funding credit based on a transfer pricing methodology that incorporates product repricing characteristics, tenor and other factors.
- (b) We consider BlackRock to be a separate reportable business segment but have combined its results with Other for this presentation. Our 2016 Form10-K will include additional information regarding BlackRock.
- (c) Includes earnings and gains or losses related to PNC's equity interest in BlackRock and residual activities that do not meet the criteria for disclosure as a separate reportable business, such as gains or losses related to BlackRock transactions, integration costs, asset and liability management activities including net securities gains or losses, other-than-temporary impairment of investment securities and certain trading activities, exited businesses, private equity investments, intercompany eliminations, most corporate overhead, tax adjustments that are not allocated to business segments and differences between business segment performance reporting and financial statement reporting (GAAP), including the presentation of net income attributable to noncontrolling interests as the segments' results exclude their portion of net income attributable to noncontrolling interests.

Table 19: Retail Banking (Unaudited) (a)

| Dollars in millions | Three months ended | | | | | Year ended | |
|--|---------------------|----------------------|-----------------|------------------|---------------------|---------------------|---------------------|
| | December 31 2016 | September 30 2016 | June 30 2016 | March 31 2016 | December 31 2015 | December 31 2016 | December 31 2015 |
| Income Statement | | | | | | | |
| Net interest income | \$ 1,105 | \$ 1,120 | \$ 1,118 | \$ 1,113 | \$ 1,074 | \$ 4,456 | \$ 4,226 |
| Noninterest income | 514 | 527 | 564 | 537 | 571 | 2,142 | 2,223 |
| Total revenue | 1,619 | 1,647 | 1,682 | 1,650 | 1,645 | 6,598 | 6,449 |
| Provision for credit losses | 74 | 104 | 29 | 77 | 108 | 284 | 259 |
| Noninterest expense | 1,184 | 1,191 | 1,168 | 1,150 | 1,203 | 4,693 | 4,761 |
| Pretax earnings | 361 | 352 | 485 | 423 | 334 | 1,621 | 1,429 |
| Income taxes | 132 | 129 | 178 | 155 | 121 | 594 | 522 |
| Earnings | \$ 229 | \$ 223 | \$ 307 | \$ 268 | \$ 213 | \$ 1,027 | \$ 907 |
| Average Balance Sheet | | | | | | | |
| Loans | | | | | | | |
| Consumer | | | | | | | |
| Home equity | \$ 25,768 | \$ 26,005 | \$ 26,308 | \$ 26,743 | \$ 27,202 | \$ 26,204 | \$ 27,657 |
| Automobile | 11,868 | 11,353 | 10,978 | 10,787 | 10,608 | 11,248 | 10,433 |
| Education | 5,289 | 5,454 | 5,642 | 5,865 | 6,026 | 5,562 | 6,307 |
| Credit cards | 5,099 | 4,943 | 4,788 | 4,722 | 4,675 | 4,889 | 4,527 |
| Other | 1,762 | 1,783 | 1,793 | 1,823 | 1,870 | 1,790 | 1,881 |
| Total consumer | 49,786 | 49,538 | 49,509 | 49,940 | 50,381 | 49,693 | 50,805 |
| Commercial and commercial real estate | 11,788 | 11,937 | 12,319 | 12,551 | 12,588 | 12,147 | 12,705 |
| Residential mortgage | 471 | 508 | 536 | 596 | 609 | 528 | 680 |
| Total loans | \$ 62,045 | \$ 61,983 | \$ 62,364 | \$ 63,087 | \$ 63,578 | \$ 62,368 | \$ 64,190 |
| Total assets | \$ 71,252 | \$ 71,219 | \$ 71,544 | \$ 72,216 | \$ 72,677 | \$ 71,556 | \$ 73,240 |
| Deposits | | | | | | | |
| Noninterest-bearing demand | \$ 28,111 | \$ 27,523 | \$ 26,945 | \$ 26,209 | \$ 26,395 | \$ 27,200 | \$ 24,119 |
| Interest-bearing demand | 39,216 | 38,539 | 38,897 | 37,860 | 36,726 | 38,629 | 36,189 |
| Money market | 42,041 | 44,243 | 47,072 | 50,405 | 53,981 | 45,926 | 54,576 |
| Savings | 32,111 | 29,268 | 26,128 | 21,780 | 16,991 | 27,340 | 14,358 |
| Certificates of deposit | 14,172 | 14,631 | 15,048 | 15,350 | 15,789 | 14,798 | 16,518 |
| Total deposits | \$ 155,651 | \$ 154,204 | \$ 154,090 | \$ 151,604 | \$ 149,882 | \$ 153,893 | \$ 145,760 |
| Performance Ratios | | | | | | | |
| Return on average assets | 1.28% | 1.24% | 1.72% | 1.51% | 1.16% | 1.44% | 1.24% |
| Noninterest income to total revenue | 32% | 32% | 34% | 33% | 35% | 32% | 34% |
| Efficiency | 73% | 72% | 69% | 70% | 73% | 71% | 74% |
| Supplemental Noninterest Income Information | | | | | | | |
| Service charges on deposits | \$ 165 | \$ 168 | \$ 155 | \$ 151 | \$ 164 | \$ 639 | \$ 623 |
| Brokerage | \$ 73 | \$ 73 | \$ 74 | \$ 75 | \$ 72 | \$ 295 | \$ 284 |
| Consumer services | \$ 269 | \$ 267 | \$ 271 | \$ 254 | \$ 268 | \$ 1,061 | \$ 1,015 |
| Other information (b) | | | | | | | |
| Customer-related statistics (average): | | | | | | | |
| Non-teller deposit transactions (c) | 51% | 50% | 48% | 47% | 46% | 49% | 43% |
| Digital consumer customers (d) | 60% | 59% | 57% | 56% | 55% | 58% | 52% |
| Credit-related statistics: | | | | | | | |
| Nonperforming assets | \$ 1,003 | \$ 970 | \$ 995 | \$ 1,023 | \$ 1,045 | | |
| Net charge-offs | \$ 89 | \$ 89 | \$ 75 | \$ 96 | \$ 93 | \$ 349 | \$ 344 |
| Other statistics: | | | | | | | |
| ATMs | 9,024 | 9,045 | 8,993 | 8,940 | 8,956 | | |
| Branches (e) | 2,520 | 2,600 | 2,601 | 2,613 | 2,616 | | |
| Universal branches (f) | 526 | 475 | 467 | 362 | 359 | | |
| Brokerage account client assets (billions) (g) | \$ 44 | \$ 44 | \$ 44 | \$ 43 | \$ 43 | | |

(a) See note (a) on page 14.

(b) Presented as of period end, except for customer-related statistics which are averages for the quarterly and year-to-date periods, respectively, and net charge-offs which are for the three months and year ended, respectively.

(c) Percentage of total consumer and business banking deposit transactions processed at an ATM or through our mobile banking application.

(d) Represents consumer checking relationships that process the majority of their transactions through non-teller channels.

(e) Excludes satellite offices (e.g., drive-ups, electronic branches and retirement centers) that provide limited products and/or services.

(f) Included in total branches, represents branches operating under our Universal model.

(g) Amounts include cash and money market balances.

Table 20: Corporate & Institutional Banking (Unaudited) (a)

| Dollars in millions | Three months ended | | | | | Year ended | |
|---|---------------------|----------------------|-----------------|------------------|---------------------|---------------------|---------------------|
| | December 31 2016 | September 30 2016 | June 30 2016 | March 31 2016 | December 31 2015 | December 31 2016 | December 31 2015 |
| Income Statement | | | | | | | |
| Net interest income | \$ 906 | \$ 873 | \$ 854 | \$ 870 | \$ 881 | \$ 3,503 | \$ 3,494 |
| Noninterest income | 522 | 517 | 533 | 434 | 538 | 2,006 | 1,935 |
| Total revenue | 1,428 | 1,390 | 1,387 | 1,304 | 1,419 | 5,509 | 5,429 |
| Provision for credit losses (benefit) | (1) | 12 | 69 | 107 | 23 | 187 | 106 |
| Noninterest expense | 550 | 555 | 549 | 521 | 554 | 2,175 | 2,148 |
| Pretax earnings | 879 | 823 | 769 | 676 | 842 | 3,147 | 3,175 |
| Income taxes | 302 | 286 | 279 | 245 | 303 | 1,112 | 1,144 |
| Earnings | \$ 577 | \$ 537 | \$ 490 | \$ 431 | \$ 539 | \$ 2,035 | \$ 2,031 |
| Average Balance Sheet | | | | | | | |
| Loans held for sale | \$ 965 | \$ 994 | \$ 801 | \$ 708 | \$ 944 | \$ 868 | \$ 966 |
| Loans | | | | | | | |
| Commercial | \$ 90,166 | \$ 88,481 | \$ 87,741 | \$ 86,645 | \$ 85,750 | \$ 88,264 | \$ 85,416 |
| Commercial real estate | 27,023 | 26,866 | 26,497 | 25,817 | 24,520 | 26,553 | 23,036 |
| Equipment lease financing | 6,747 | 6,817 | 6,929 | 6,783 | 6,865 | 6,819 | 6,940 |
| Total commercial lending | 123,936 | 122,164 | 121,167 | 119,245 | 117,135 | 121,636 | 115,392 |
| Consumer | 349 | 394 | 441 | 499 | 553 | 420 | 866 |
| Total loans | \$ 124,285 | \$ 122,558 | \$ 121,608 | \$ 119,744 | \$ 117,688 | \$ 122,056 | \$ 116,258 |
| Total assets | \$ 140,681 | \$ 139,806 | \$ 138,305 | \$ 135,521 | \$ 133,083 | \$ 138,587 | \$ 132,032 |
| Deposits | | | | | | | |
| Noninterest-bearing demand | \$ 47,931 | \$ 45,957 | \$ 44,213 | \$ 46,962 | \$ 48,763 | \$ 46,269 | \$ 48,318 |
| Money market | 21,537 | 21,979 | 21,141 | 21,229 | 21,788 | 21,473 | 22,185 |
| Other | 16,122 | 15,041 | 12,958 | 11,316 | 11,414 | 13,869 | 10,189 |
| Total deposits | \$ 85,590 | \$ 82,977 | \$ 78,312 | \$ 79,507 | \$ 81,965 | \$ 81,611 | \$ 80,692 |
| Performance Ratios | | | | | | | |
| Return on average assets | 1.63% | 1.52% | 1.42% | 1.29% | 1.61% | 1.47% | 1.54% |
| Noninterest income to total revenue | 37% | 37% | 38% | 33% | 38% | 36% | 36% |
| Efficiency | 39% | 40% | 40% | 40% | 39% | 39% | 40% |
| Other Information | | | | | | | |
| Commercial loan servicing portfolio (in billions) (b) (c) | \$ 487 | \$ 461 | \$ 459 | \$ 453 | \$ 447 | | |
| Consolidated revenue from: (d) | | | | | | | |
| Treasury Management (e) | \$ 407 | \$ 400 | \$ 385 | \$ 377 | \$ 389 | \$ 1,569 | \$ 1,388 |
| Capital Markets (e) | \$ 208 | \$ 213 | \$ 235 | \$ 152 | \$ 221 | \$ 808 | \$ 813 |
| Commercial mortgage banking activities | | | | | | | |
| Commercial mortgage loans held for sale (f) | \$ 50 | \$ 27 | \$ 24 | \$ 26 | \$ 46 | \$ 127 | \$ 140 |
| Commercial mortgage loan servicing income (g) | 63 | 66 | 66 | 66 | 70 | 261 | 261 |
| Commercial mortgage servicing rights valuation, net of economic hedge (h) | 22 | 1 | 20 | 1 | 3 | 44 | 28 |
| Total | \$ 135 | \$ 94 | \$ 110 | \$ 93 | \$ 119 | \$ 432 | \$ 429 |
| Average Loans (by C&IB business) | | | | | | | |
| Corporate Banking | \$ 59,126 | \$ 58,238 | \$ 57,700 | \$ 56,166 | \$ 56,784 | \$ 57,813 | \$ 57,774 |
| Real Estate | 37,262 | 36,721 | 36,193 | 35,784 | 33,361 | 36,493 | 31,312 |
| Business Credit | 14,741 | 14,772 | 14,865 | 14,672 | 14,945 | 14,763 | 14,615 |
| Equipment Finance | 11,445 | 11,125 | 11,143 | 11,014 | 10,948 | 11,182 | 10,954 |
| Other | 1,711 | 1,702 | 1,707 | 2,108 | 1,650 | 1,805 | 1,603 |
| Total average loans | \$ 124,285 | \$ 122,558 | \$ 121,608 | \$ 119,744 | \$ 117,688 | \$ 122,056 | \$ 116,258 |
| Net carrying amount of commercial mortgage servicing rights (c) | \$ 576 | \$ 473 | \$ 448 | \$ 460 | \$ 526 | | |
| Credit-related statistics: | | | | | | | |
| Nonperforming assets (c) | \$ 654 | \$ 671 | \$ 752 | \$ 701 | \$ 518 | | |
| Net charge-offs | \$ 18 | \$ 69 | \$ 59 | \$ 41 | \$ 24 | \$ 187 | \$ 30 |

(a) See note (a) on page 14.

(b) Represents loans serviced for PNC and others.

(c) Presented as of period end.

(d) Represents consolidated PNC amounts.

(e) Includes amounts reported in net interest income, corporate service fees and other noninterest income.

(f) Includes other noninterest income for valuations on commercial mortgage loans held for sale and related commitments, derivative valuations, origination fees, and gains on sale of loans held for sale and net interest income on loans held for sale.

(g) Includes net interest income and noninterest income, primarily in corporate services fees, from loan servicing and ancillary services, net of changes in fair value on commercial mortgage servicing rights due to time and payoffs. Commercial mortgage servicing rights valuation, net of economic hedge is shown separately.

(h) Includes amounts reported in corporate service fees.

Table 21: Asset Management Group (Unaudited) (a)

| | <i>Three months ended</i> | | | | | <i>Year ended</i> | |
|---|---------------------------|----------------------|------------------|------------------|---------------------|---------------------|---------------------|
| | December 31 2016 | September 30 2016 | June 30 2016 | March 31 2016 | December 31 2015 | December 31 2016 | December 31 2015 |
| <i>Dollars in millions, except as noted</i> | | | | | | | |
| Income Statement | | | | | | | |
| Net interest income | \$ 73 | \$ 74 | \$ 76 | \$ 77 | \$ 77 | \$ 300 | \$ 292 |
| Noninterest income | 215 | 220 | 213 | 203 | 211 | 851 | 869 |
| Total revenue | 288 | 294 | 289 | 280 | 288 | 1,151 | 1,161 |
| Provision for credit losses (benefit) | (6) | (3) | 6 | (3) | (2) | (6) | 9 |
| Noninterest expense | 207 | 206 | 206 | 206 | 210 | 825 | 846 |
| Pretax earnings | 87 | 91 | 77 | 77 | 80 | 332 | 306 |
| Income taxes | 32 | 33 | 29 | 28 | 29 | 122 | 112 |
| Earnings | <u>\$ 55</u> | <u>\$ 58</u> | <u>\$ 48</u> | <u>\$ 49</u> | <u>\$ 51</u> | <u>\$ 210</u> | <u>\$ 194</u> |
| Average Balance Sheet | | | | | | | |
| Loans | | | | | | | |
| Consumer | \$ 5,266 | \$ 5,350 | \$ 5,501 | \$ 5,630 | \$ 5,653 | \$ 5,436 | \$ 5,655 |
| Commercial and commercial real estate | 738 | 721 | 769 | 788 | 817 | 754 | 880 |
| Residential mortgage | 1,137 | 1,069 | 1,023 | 1,003 | 979 | 1,058 | 919 |
| Total loans | <u>\$ 7,141</u> | <u>\$ 7,140</u> | <u>\$ 7,293</u> | <u>\$ 7,421</u> | <u>\$ 7,449</u> | <u>\$ 7,248</u> | <u>\$ 7,454</u> |
| Total assets | <u>\$ 7,597</u> | <u>\$ 7,588</u> | <u>\$ 7,756</u> | <u>\$ 7,887</u> | <u>\$ 7,917</u> | <u>\$ 7,707</u> | <u>\$ 7,920</u> |
| Deposits | | | | | | | |
| Noninterest-bearing demand | \$ 1,497 | \$ 1,426 | \$ 1,393 | \$ 1,407 | \$ 1,466 | \$ 1,431 | \$ 1,272 |
| Interest-bearing demand | 3,844 | 3,845 | 4,085 | 4,280 | 4,199 | 4,013 | 4,144 |
| Money market | 3,682 | 3,850 | 4,229 | 4,758 | 5,426 | 4,128 | 5,161 |
| Savings | 3,113 | 2,524 | 2,002 | 1,563 | 859 | 2,303 | 361 |
| Other | 272 | 275 | 279 | 275 | 266 | 275 | 277 |
| Total deposits | <u>\$ 12,408</u> | <u>\$ 11,920</u> | <u>\$ 11,988</u> | <u>\$ 12,283</u> | <u>\$ 12,216</u> | <u>\$ 12,150</u> | <u>\$ 11,215</u> |
| Performance Ratios | | | | | | | |
| Return on average assets | 2.87% | 3.03% | 2.48% | 2.52% | 2.56% | 2.72% | 2.45% |
| Noninterest income to total revenue | 75% | 75% | 74% | 73% | 73% | 74% | 75% |
| Efficiency | <u>72%</u> | <u>70%</u> | <u>71%</u> | <u>74%</u> | <u>73%</u> | <u>72%</u> | <u>73%</u> |
| Other Information | | | | | | | |
| Nonperforming assets (b) | \$ 53 | \$ 51 | \$ 48 | \$ 54 | \$ 53 | | |
| Net charge-offs (recoveries) | <u>\$ 2</u> | <u>\$ 1</u> | <u>\$ 2</u> | <u>\$ 4</u> | <u>\$ (1)</u> | <u>\$ 9</u> | <u>\$ 13</u> |
| Client Assets Under Administration (in billions) (b) (c) (d) | | | | | | | |
| Discretionary client assets under management | \$ 137 | \$ 138 | \$ 135 | \$ 135 | \$ 134 | | |
| Nondiscretionary client assets under administration | 129 | 128 | 126 | 125 | 125 | | |
| Total | <u>\$ 266</u> | <u>\$ 266</u> | <u>\$ 261</u> | <u>\$ 260</u> | <u>\$ 259</u> | | |
| Discretionary client assets under management | | | | | | | |
| Personal | \$ 85 | \$ 85 | \$ 84 | \$ 84 | \$ 85 | | |
| Institutional | 52 | 53 | 51 | 51 | 49 | | |
| Total | <u>\$ 137</u> | <u>\$ 138</u> | <u>\$ 135</u> | <u>\$ 135</u> | <u>\$ 134</u> | | |
| Equity | \$ 73 | \$ 73 | \$ 72 | \$ 72 | \$ 72 | | |
| Fixed income | 39 | 40 | 40 | 40 | 40 | | |
| Liquidity/Other | 25 | 25 | 23 | 23 | 22 | | |
| Total | <u>\$ 137</u> | <u>\$ 138</u> | <u>\$ 135</u> | <u>\$ 135</u> | <u>\$ 134</u> | | |

(a) See note (a) on page 14.

(b) As of period end.

(c) Excludes brokerage account client assets.

(d) As a result of certain investment advisory services performed by one of our registered investment advisors, certain assets are reported as both discretionary client assets under management and nondiscretionary client assets under administration. The amount of such assets was approximately \$9 billion, \$9 billion, \$9 billion, \$7 billion, and \$6 billion as of December 31, 2016, September 30, 2016, June 30, 2016, March 31, 2016, and December 31, 2015, respectively.

Table 22: Residential Mortgage Banking (Unaudited) (a)

| <i>Dollars in millions, except as noted</i> | <i>Three months ended</i> | | | | | <i>Year ended</i> | |
|--|---------------------------|----------------------|-----------------|------------------|---------------------|---------------------|---------------------|
| | December 31 2016 | September 30 2016 | June 30 2016 | March 31 2016 | December 31 2015 | December 31 2016 | December 31 2015 |
| Income Statement | | | | | | | |
| Net interest income | \$ 26 | \$ 28 | \$ 28 | \$ 25 | \$ 30 | \$ 107 | \$ 121 |
| Noninterest income | 183 | 163 | 182 | 105 | 125 | 633 | 613 |
| Total revenue | 209 | 191 | 210 | 130 | 155 | 740 | 734 |
| Provision for credit losses (benefit) | — | — | 1 | (1) | — | — | 2 |
| Noninterest expense | 148 | 170 | 136 | 152 | 181 | 606 | 691 |
| Pretax earnings (loss) | 61 | 21 | 73 | (21) | (26) | 134 | 41 |
| Income taxes (benefit) | 22 | 8 | 27 | (8) | (9) | 49 | 15 |
| Earnings (loss) | \$ 39 | \$ 13 | \$ 46 | \$ (13) | \$ (17) | \$ 85 | \$ 26 |
| Average Balance Sheet | | | | | | | |
| Loans held for sale | \$ 1,058 | \$ 1,046 | \$ 843 | \$ 800 | \$ 949 | \$ 937 | \$ 1,107 |
| Loans | 946 | 946 | 962 | 1,028 | 1,037 | 970 | 1,140 |
| Mortgage servicing rights (MSR) | 1,076 | 842 | 903 | 995 | 1,063 | 954 | 991 |
| Total assets | \$ 5,980 | \$ 6,160 | \$ 5,768 | \$ 6,306 | \$ 6,477 | \$ 6,053 | \$ 6,840 |
| Total deposits | \$ 2,906 | \$ 2,947 | \$ 2,777 | \$ 2,330 | \$ 2,469 | \$ 2,741 | \$ 2,428 |
| Performance Ratios | | | | | | | |
| Return on average assets | 2.59% | .84% | 3.20% | (.84)% | (1.04)% | 1.40% | .38% |
| Noninterest income to total revenue | 88% | 85% | 87% | 81% | 81% | 86% | 84% |
| Efficiency | 71% | 89% | 65% | 117% | 117% | 82% | 94% |
| Residential Mortgage Servicing Portfolio (in billions except where noted) (b) | | | | | | | |
| Serviced portfolio balance (c) | \$ 125 | \$ 126 | \$ 126 | \$ 125 | \$ 123 | | |
| Portfolio acquisitions | 3 | 5 | 6 | 5 | 5 | 19 | 29 |
| MSR asset value (c) | 1.2 | .8 | .8 | .9 | 1.1 | | |
| MSR capitalization value (in basis points) (c) | 94 | 65 | 61 | 69 | 86 | | |
| Consolidated revenue from: (in millions) (d) | | | | | | | |
| Servicing fees | \$ 42 | \$ 45 | \$ 50 | \$ 55 | \$ 52 | \$ 192 | \$ 178 |
| Mortgage servicing rights valuation, net of economic hedge | \$ 35 | \$ 30 | \$ 35 | \$ (8) | \$ 6 | \$ 92 | \$ 89 |
| Other Information | | | | | | | |
| Loan origination volume (in billions) | \$ 3.0 | \$ 3.1 | \$ 2.6 | \$ 1.9 | \$ 2.3 | \$ 10.6 | \$ 10.5 |
| Loan sale margin percentage | 2.79% | 3.33% | 3.42% | 3.21% | 2.91% | 3.17% | 3.32% |
| Loan sales revenue (e) | \$ 82 | \$ 103 | \$ 95 | \$ 64 | \$ 64 | \$ 344 | \$ 342 |
| Percentage of originations represented by: | | | | | | | |
| Purchase volume (f) | 33% | 41% | 48% | 40% | 45% | 40% | 45% |
| Refinance volume | 67% | 59% | 52% | 60% | 55% | 60% | 55% |
| Nonperforming assets (c) | \$ 51 | \$ 57 | \$ 65 | \$ 75 | \$ 81 | | |

(a) See note (a) on page 14.

(b) Represents loans serviced for third parties.

(c) As of period end.

(d) Represents consolidated PNC amounts.

(e) Amounts include intercompany loan sales revenue from affiliates that is eliminated in consolidation of \$17 million, \$18 million, \$15 million, \$11 million and \$9 million for the quarters ended December 31, 2016, September 30, 2016, June 30, 2016, March 31, 2016, and December 31, 2015, respectively, and \$61 million and \$43 million for the years ended December 31, 2016 and 2015, respectively.

(f) Mortgages with borrowers as part of residential real estate purchase transactions.

Table 23: Non-Strategic Assets Portfolio (Unaudited) (a)

| <i>Dollars in millions</i> | <i>Three months ended</i> | | | | | <i>Year ended</i> | |
|---------------------------------------|---------------------------|----------------------|-----------------|------------------|---------------------|---------------------|---------------------|
| | December 31 2016 | September 30 2016 | June 30 2016 | March 31 2016 | December 31 2015 | December 31 2016 | December 31 2015 |
| Income Statement | | | | | | | |
| Net interest income | \$ 78 | \$ 72 | \$ 73 | \$ 75 | \$ 90 | \$ 298 | \$ 392 |
| Noninterest income | 8 | 8 | 5 | 22 | 19 | 43 | 53 |
| Total revenue | 86 | 80 | 78 | 97 | 109 | 341 | 445 |
| Provision for credit losses (benefit) | (14) | (22) | 13 | (7) | (53) | (30) | (114) |
| Noninterest expense | 9 | 16 | 20 | 21 | 10 | 66 | 83 |
| Pretax earnings | 91 | 86 | 45 | 83 | 152 | 305 | 476 |
| Income taxes | 33 | 32 | 16 | 31 | 56 | 112 | 175 |
| Earnings | \$ 58 | \$ 54 | \$ 29 | \$ 52 | \$ 96 | \$ 193 | \$ 301 |
| Average Balance Sheet | | | | | | | |
| Loans | | | | | | | |
| Commercial lending | \$ 695 | \$ 698 | \$ 701 | \$ 708 | \$ 722 | \$ 700 | \$ 737 |
| Consumer lending | | | | | | | |
| Home equity | 1,764 | 1,884 | 2,018 | 2,144 | 2,523 | 1,952 | 2,774 |
| Residential real estate | 2,885 | 2,999 | 3,132 | 3,245 | 3,565 | 3,065 | 3,877 |
| Total consumer lending | 4,649 | 4,883 | 5,150 | 5,389 | 6,088 | 5,017 | 6,651 |
| Total loans | 5,344 | 5,581 | 5,851 | 6,097 | 6,810 | 5,717 | 7,388 |
| Other assets (b) | (274) | (279) | (312) | (281) | (623) | (265) | (682) |
| Total assets | \$ 5,070 | \$ 5,302 | \$ 5,539 | \$ 5,816 | \$ 6,187 | \$ 5,452 | \$ 6,706 |
| Performance Ratios | | | | | | | |
| Return on average assets | 4.54% | 4.04% | 2.10% | 3.63% | 6.16% | 3.54% | 4.49% |
| Noninterest income to total revenue | 9% | 10% | 6% | 23% | 17% | 13% | 12% |
| Efficiency | 10% | 20% | 26% | 22% | 9% | 19% | 19% |
| Other Information | | | | | | | |
| Nonperforming assets (c) | \$ 410 | \$ 433 | \$ 460 | \$ 499 | \$ 529 | | |
| Purchased impaired loans (c) (d) | \$ 2,419 | \$ 2,512 | \$ 2,628 | \$ 2,737 | \$ 2,839 | | |
| Net charge-offs (recoveries) | \$ (3) | \$ (6) | \$ (2) | \$ 8 | \$ 4 | \$ (3) | \$ (4) |
| Loans (c) | | | | | | | |
| Commercial lending | \$ 693 | \$ 693 | \$ 696 | \$ 703 | \$ 713 | | |
| Consumer lending | | | | | | | |
| Home equity | 1,707 | 1,826 | 1,952 | 2,088 | 2,203 | | |
| Residential real estate | 2,824 | 2,933 | 3,062 | 3,190 | 3,300 | | |
| Total consumer lending | 4,531 | 4,759 | 5,014 | 5,278 | 5,503 | | |
| Total loans | \$ 5,224 | \$ 5,452 | \$ 5,710 | \$ 5,981 | \$ 6,216 | | |

(a) See note (a) on page 14.

(b) Other assets were negative in all periods presented due to the allowance for loan and lease losses.

(c) As of period end.

(d) Recorded investment of purchased impaired loans related to acquisitions.

Glossary Of Terms

Accretable net interest (Accretable yield) - The excess of cash flows expected to be collected on a purchased impaired loan over the carrying value of the loan. The accretable net interest is recognized into interest income over the remaining life of the loan using the constant effective yield method.

Adjusted average total assets - Primarily comprised of total average quarterly (or annual) assets plus (less) unrealized losses (gains) on investment securities, less goodwill and certain other intangible assets (net of eligible deferred taxes).

Annualized - Adjusted to reflect a full year of activity.

Basel III common equity Tier 1 capital - Common stock plus related surplus, net of treasury stock, plus retained earnings, plus accumulated other comprehensive income for securities currently and previously held as available for sale, plus accumulated other comprehensive income for pension and other postretirement benefit plans, less goodwill, net of associated deferred tax liabilities, less other disallowed intangibles, net of deferred tax liabilities and plus/less other adjustments.

Basel III common equity Tier 1 capital ratio - Common equity Tier 1 capital divided by period-end risk-weighted assets (as applicable).

Basel III Tier 1 capital - Common equity Tier 1 capital, plus preferred stock, plus certain trust preferred capital securities, plus certain noncontrolling interests that are held by others and plus/less other adjustments.

Basel III Tier 1 capital ratio - Tier 1 capital divided by period-end risk-weighted assets (as applicable).

Basel III Total capital - Tier 1 capital plus qualifying subordinated debt, plus certain trust preferred securities, plus, under the Basel III transitional rules and the standardized approach, the allowance for loan and lease losses included in Tier 2 capital and other.

Basel III Total capital ratio - Total capital divided by period-end risk-weighted assets (as applicable).

Basis point - One hundredth of a percentage point.

Carrying value of purchased impaired loans - The net value on the balance sheet which represents the recorded investment less any valuation allowance.

Cash recoveries - Cash recoveries used in the context of purchased impaired loans represent cash payments for a single purchased impaired loan not included within a pool of loans from customers that exceeded the recorded investment of that loan.

Charge-off - Process of removing a loan or portion of a loan from our balance sheet because it is considered uncollectible. We also record a charge-off when a loan is transferred from portfolio holdings to held for sale by reducing the loan carrying amount to the fair value of the loan, if fair value is less than carrying amount.

Combined loan-to-value ratio (CLTV) - This is the aggregate principal balance(s) of the mortgages on a property divided by its appraised value or purchase price.

Common shareholders' equity to total assets - Common shareholders' equity divided by total assets. Common shareholders' equity equals total shareholders' equity less the liquidation value of preferred stock.

Core net interest income - Core net interest income is total net interest income less purchase accounting accretion.

Credit spread - The difference in yield between debt issues of similar maturity. The excess of yield attributable to credit spread is often used as a measure of relative creditworthiness, with a reduction in the credit spread reflecting an improvement in the borrower's perceived creditworthiness.

Credit valuation adjustment (CVA) - Represents an adjustment to the fair value of our derivatives for our own and counterparties' non-performance risk.

Criticized commercial loans – Loans with potential or identified weaknesses based upon internal risk ratings that comply with the regulatory classification definitions of “Special Mention,” “Substandard” or “Doubtful.”

Derivatives - Financial contracts whose value is derived from changes in publicly traded securities, interest rates, currency exchange rates or market indices. Derivatives cover a wide assortment of financial contracts, including but not limited to forward contracts, futures, options and swaps.

Discretionary client assets under management - Assets over which we have sole or shared investment authority for our customers/clients. We do not include these assets on our Consolidated Balance Sheet.

Duration of equity - An estimate of the rate sensitivity of our economic value of equity. A negative duration of equity is associated with asset sensitivity (i.e., positioned for rising interest rates), while a positive value implies liability sensitivity (i.e., positioned for declining interest rates). For example, if the duration of equity is -1.5 years, the economic value of equity increases by 1.5% for each 100 basis point increase in interest rates.

Earning assets - Assets that generate income, which include: federal funds sold; resale agreements; trading securities; interest-earning deposits with banks; loans held for sale; loans; investment securities; and certain other assets.

Effective duration - A measurement, expressed in years, that, when multiplied by a change in interest rates, would approximate the percentage change in value of on- and off-balance sheet positions.

Efficiency - Noninterest expense divided by total revenue.

Fair value - The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fee income - When referring to the components of Noninterest income, we use the term fee income to refer to the following categories within Noninterest income: Asset management; Consumer services; Corporate services; Residential mortgage; and Service charges on deposits.

FICO score - A credit bureau-based industry standard score created by Fair Isaac Co. which predicts the likelihood of borrower default. We use FICO scores both in underwriting and assessing credit risk in our consumer lending portfolio. Lower FICO scores indicate likely higher risk of default, while higher FICO scores indicate likely lower risk of default. FICO scores are updated on a periodic basis.

Funds transfer pricing - A management accounting methodology designed to recognize the net interest income effects of sources and uses of funds provided by the assets and liabilities of a business segment. Assets receive a funding charge and liabilities and capital receive a funding credit based on a transfer pricing methodology that incorporates product repricing characteristics, tenor and other factors.

Futures and forward contracts - Contracts in which the buyer agrees to purchase and the seller agrees to deliver a specific financial instrument at a predetermined price or yield. May be settled either in cash or by delivery of the underlying financial instrument.

GAAP - Accounting principles generally accepted in the United States of America.

Impaired loans - Loans are determined to be impaired when, based on current information and events, it is probable that all contractually required payments will not be collected. Impaired loans include commercial nonperforming loans and consumer and commercial TDRs, regardless of nonperforming status. Excluded from impaired loans are nonperforming leases, loans held for sale, loans accounted for under the fair value option, smaller balance homogenous type loans and purchased impaired loans.

Leverage ratio - Tier 1 capital divided by average quarterly adjusted total assets.

LIBOR - Acronym for London InterBank Offered Rate. LIBOR is the average interest rate charged when banks in the London wholesale money market (or interbank market) borrow unsecured funds from each other. LIBOR rates are used as a benchmark for interest rates on a global basis. PNC’s product set includes loans priced using LIBOR as a benchmark.

Loan-to-value ratio (LTV) - A calculation of a loan's collateral coverage that is used both in underwriting and assessing credit risk in our lending portfolio. LTV is the sum total of loan obligations secured by collateral divided by the market value of that same collateral. Market values of the collateral are based on an independent valuation of the collateral. For example, a LTV of less than 90% is better secured and has less credit risk than a LTV of greater than or equal to 90%.

Loss given default (LGD) - An estimate of loss, net of recovery based on collateral type, collateral value, loan exposure, and other factors. Each loan has its own LGD. The LGD risk rating measures the percentage of exposure of a specific credit obligation that we expect to lose if default occurs. LGD is net of recovery, through any means, including but not limited to the liquidation of collateral or deficiency judgments rendered from foreclosure or bankruptcy proceedings.

Net interest margin - Annualized taxable-equivalent net interest income divided by average earning assets.

Nonaccretable difference - Contractually required payments receivable on a purchased impaired loan in excess of the cash flows expected to be collected.

Nonaccrual loans - Loans for which we do not accrue interest income. Nonaccrual loans include nonperforming loans, in addition to loans accounted for under fair value option and loans accounted for as held for sale for which full collection of contractual principal and/or interest is not probable.

Nondiscretionary client assets under administration - Assets we hold for our customers/clients in a nondiscretionary, custodial capacity. We do not include these assets on our Consolidated Balance Sheet.

Nonperforming assets - Nonperforming assets include nonperforming loans and OREO and foreclosed assets, but exclude certain government insured or guaranteed loans for which we expect to collect substantially all principal and interest, loans held for sale, loans accounted for under the fair value option and purchased impaired loans. We do not accrue interest income on assets classified as nonperforming.

Nonperforming loans - Loans accounted for at amortized cost for which we do not accrue interest income. Nonperforming loans include loans to commercial, commercial real estate, equipment lease financing, home equity, residential real estate, credit card and other consumer customers as well as TDRs which have not returned to performing status. Nonperforming loans exclude certain government insured or guaranteed loans for which we expect to collect substantially all principal and interest, loans held for sale, loans accounted for under the fair value option and purchased impaired loans. Nonperforming loans exclude purchased impaired loans as we are currently accreting interest income over the expected life of the loans.

Notional amount - A number of currency units, shares, or other units specified in a derivative contract.

Operating leverage - The period to period dollar or percentage change in total revenue (GAAP basis) less the dollar or percentage change in noninterest expense. A positive variance indicates that revenue growth exceeded expense growth (i.e., positive operating leverage) while a negative variance implies expense growth exceeded revenue growth (i.e., negative operating leverage).

Options - Contracts that grant the purchaser, for a premium payment, the right, but not the obligation, to either purchase or sell the associated financial instrument at a set price during a specified period or at a specified date in the future.

Other real estate owned (OREO) and foreclosed assets - Assets taken in settlement of troubled loans primarily through deed-in-lieu of foreclosure or foreclosure. Foreclosed assets include real and personal property, equity interests in corporations, partnerships, and limited liability companies. Excludes certain assets that have a government-guarantee which are classified as other receivables.

Other-than-temporary impairment (OTTI) - When the fair value of a security is less than its amortized cost basis, an assessment is performed to determine whether the impairment is other-than-temporary. If we intend to sell the security or more likely than not will be required to sell the security before recovery of its amortized cost basis less any current-period credit loss, an other-than-temporary impairment is considered to have occurred. In such cases, an other-than-temporary impairment is recognized in earnings equal to the entire difference between the investment's amortized cost basis and its fair value at the balance sheet date. Further, if we do not expect to recover the entire amortized cost of the security, an other-than-temporary impairment is considered to have occurred. However for debt securities, if we do not intend to sell the security and it is not more likely than not that we will be required to sell the security before its recovery, the other-than-temporary loss is separated into (a) the amount representing the credit loss, and (b) the amount related to all other factors. The other-than-temporary impairment related to credit losses is recognized in earnings while the amount related to all other factors is recognized in other comprehensive income, net of tax.

Parent company liquidity coverage - Liquid assets divided by funding obligations within a two year period.

Pretax earnings - Income before income taxes and noncontrolling interests.

Probability of default (PD) - An internal risk rating that indicates the likelihood that a credit obligor will enter into default status.

Purchase accounting accretion - Accretion of the discounts and premiums on acquired assets and liabilities. The purchase accounting accretion is recognized in net interest income over the weighted-average life of the financial instruments using the constant effective yield method. Accretion for a single purchased impaired loan not included within a pool of loans includes any cash recoveries on that loan received in excess of the recorded investment.

Purchased impaired loans - Acquired loans (or pools of loans) determined to be credit impaired under FASB ASC 310-30 (AICPA SOP 03-3). Loans (or pools of loans) are determined to be impaired if there is evidence of credit deterioration since origination and for which it is probable that all contractually required payments will not be collected.

Recorded investment (purchased impaired loans) - The initial investment of a purchased impaired loan plus interest accretion and less any cash payments and writedowns to date. The recorded investment excludes any valuation allowance which is included in our allowance for loan and lease losses.

Recovery - Cash proceeds received on a loan that we had previously charged off. We credit the amount received to the allowance for loan and lease losses.

Residential development loans - Project-specific loans to commercial customers for the construction or development of residential real estate including land, single family homes, condominiums and other residential properties.

Return on average assets - Annualized net income divided by average assets.

Return on average capital - Annualized net income divided by average capital.

Return on average common shareholders' equity - Annualized net income attributable to common shareholders divided by average common shareholders' equity.

Risk-weighted assets - Computed by the assignment of specific risk-weights (as defined by the Board of Governors of the Federal Reserve System) to assets and off-balance sheet instruments.

Securitization - The process of legally transforming financial assets into securities.

Servicing rights - An intangible asset or liability created by an obligation to service assets for others. Typical servicing rights include the right to receive a fee for collecting and forwarding payments on loans and related taxes and insurance premiums held in escrow.

Taxable-equivalent interest - The interest income earned on certain assets is completely or partially exempt from Federal income tax. As such, the tax-exempt instruments typically yield lower returns than taxable investments. To provide more meaningful comparisons of yields and margins for all interest-earning assets, we use interest income on a taxable-equivalent basis in calculating average yields and net interest margins by increasing the interest income earned on tax-exempt assets to make it fully equivalent to interest income earned on other taxable investments. This adjustment is not permitted under GAAP on the Consolidated Income Statement.

Total equity - Total shareholders' equity plus noncontrolling interests.

Transitional Basel III common equity - Common equity calculated under Basel III using phased in definitions and deductions applicable to PNC during the applicable presentation period.

Troubled debt restructuring (TDR) - A loan whose terms have been restructured in a manner that grants a concession to a borrower experiencing financial difficulties.

Watchlist - A list of criticized loans, credit exposure or other assets compiled for internal monitoring purposes. We define criticized exposure for this purpose as exposure with an internal risk rating of other assets especially mentioned, substandard, doubtful or loss.

Yield curve - A graph showing the relationship between the yields on financial instruments or market indices of the same credit quality with different maturities. For example, a “normal” or “positive” yield curve exists when long-term bonds have higher yields than short-term bonds. A “flat” yield curve exists when yields are the same for short-term and long-term bonds. A “steep” yield curve exists when yields on long-term bonds are significantly higher than on short-term bonds. An “inverted” or “negative” yield curve exists when short-term bonds have higher yields than long-term bonds.

Fourth Quarter 2016
Earnings Conference Call
January 13, 2017

The PNC Financial Services Group



Cautionary Statement Regarding Forward-Looking and Non-GAAP Financial Information



Our earnings conference call presentation 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 and on its corporate website.

The presentation 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. We provide greater detail regarding these as well as other factors in our 2015 Form 10-K and our 2016 Form 10-Qs, 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. 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 include non-GAAP financial information. Non-GAAP financial information includes metrics such as fee income, tangible book value, pretax, pre-provision earnings, core net interest income and return on average tangible common equity, as well as adjusted results and certain information used to review components of reported information. When we do so, we provide GAAP reconciliations for such information. Such reconciliations may be found in our presentation, in these slides, including the Appendix, in other materials on our corporate website, and in our SEC filings. 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 information and the related reconciliations may be useful to investors, analysts, regulators and others to help understand and evaluate our financial results. We may also use annualized, pro forma, estimated or third party numbers for illustrative or comparative purposes only. These may not reflect actual results.

References to our corporate website are to www.pnc.com under "About Us–Investor Relations." Our SEC filings are available both on our corporate website and on the SEC's website at www.sec.gov. We include web addresses here as inactive textual references only. Information on these websites is not part of this presentation.

2016 Highlights



- Delivered high quality and consistent results
 - Diverse revenue sources
 - Higher net interest income
 - Higher fee income
 - Grew loans and deposits
 - Stable expenses
 - CIP savings funded investments in our business
 - Strong credit quality
 - Energy loans drove higher provision
 - Strong capital return and liquidity positions

- Continued to execute on our strategic priorities to deliver positive operating leverage and create long-term shareholder value

Net Income

\$4.0
billion

Diluted EPS

\$7.30

Tangible Book Value

\$67.41
per common share

- Fee income (Non-GAAP) - Refers to noninterest income in the following categories: asset management, consumer services, corporate services, residential mortgage, and service charges on deposits. See Reconciliation in Appendix
- Tangible book value per common share (Non-GAAP) - See Reconciliation in Appendix.

Balance Sheet: **Grew Loans, Deposits and Securities**



| Average balances (three months ended) \$ billions | Change vs. | | | Highlights |
|--|----------------|---------|----------|---|
| | 4Q16 | 3Q16 | 4Q15 | |
| Commercial lending | \$138.5 | \$1.7 | \$6.1 | <ul style="list-style-type: none"> ▪ Growth driven by corporate banking and real estate businesses |
| Consumer lending | 72.4 | 0.3 | (1.2) | <ul style="list-style-type: none"> ▪ Growth in auto, residential mortgage, and credit card, partially offset by home equity and education runoff |
| Total loans | \$210.9 | \$2.0 | \$4.9 | <ul style="list-style-type: none"> ▪ Overall loan growth |
| Investment securities | \$76.0 | \$4.4 | \$8.2 | <ul style="list-style-type: none"> ▪ 6% increase over 3Q16 |
| Deposits | \$257.1 | \$4.5 | \$10.1 | <ul style="list-style-type: none"> ▪ Seasonally higher commercial deposits and growth in savings products |
| Common shareholders' equity | \$41.8 | (\$0.1) | \$0.7 | <ul style="list-style-type: none"> ▪ 85% payout ratio for 2016 <ul style="list-style-type: none"> – 22.8 million shares repurchased for \$2.0 billion and dividends of \$1.1 billion |
| | 12/31/16 | 9/30/16 | 12/31/15 | |
| Pro forma fully phased-in Basel III common equity Tier 1 capital ratio | 10.0% | 10.2% | 10.0% | <ul style="list-style-type: none"> ▪ Maintained strong capital position |
| Tangible book value per common share | \$67.41 | \$67.93 | \$63.65 | <ul style="list-style-type: none"> ▪ Linked quarter impacted by lower accumulated other comprehensive income ▪ 6% increase over 4Q15 |
| Return on average assets | 1.13% | 1.10% | 1.12% | |

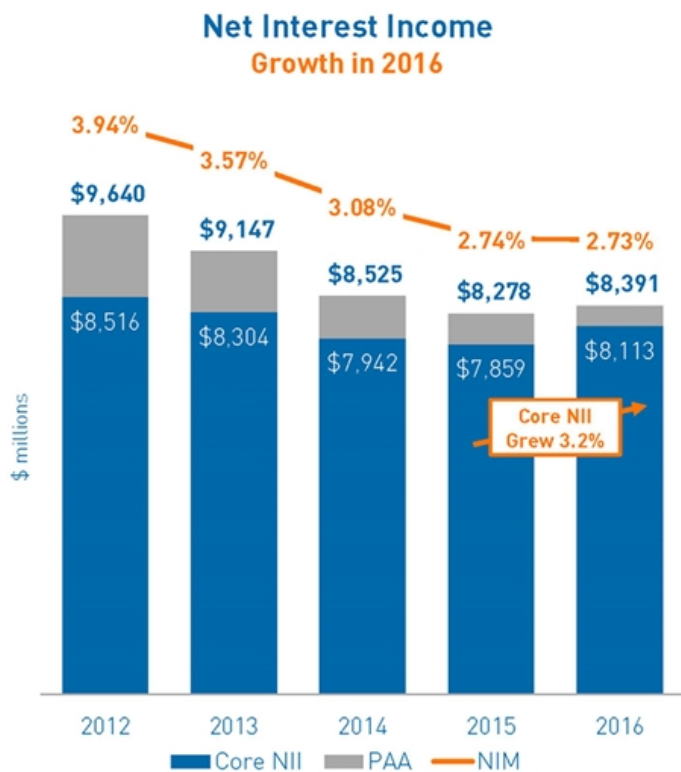
- Payout ratio – Refers to amount used to fund common stock dividends and share repurchases as a percentage of net income attributable to diluted common shares
- Pro forma fully phased-in Basel III common equity Tier 1 capital ratio (Non-GAAP) – Estimated ratios calculated based on the standardized approach. See Appendix for additional information.
- Tangible book value per common share (Non-GAAP) – See Reconciliation in Appendix.

Income Statement: High Quality and Consistent Results



| \$ millions | Change | | Change | | Full Year Highlights |
|----------------------------------|----------------|----------|----------------|----------|--|
| | FY16 | vs. FY15 | 4Q16 | vs. 3Q16 | |
| Net interest income | \$8,391 | \$113 | \$2,130 | \$35 | ▪ Higher loans / securities balances and higher loan yields |
| Fee income | 5,647 | 37 | 1,449 | (26) | ▪ Increase primarily attributable to consumer services, partially offset by asset management |
| Other income | 1,124 | (213) | 295 | 36 | ▪ Decrease primarily due to lower net Visa activity |
| Noninterest income | 6,771 | (176) | 1,744 | 10 | |
| Total revenue | 15,162 | (63) | 3,874 | 45 | ▪ Continued focus on strategic priorities |
| Noninterest expense | 9,476 | 13 | 2,441 | 47 | ▪ Well managed expenses |
| Pretax, pre-provision earnings | 5,686 | (76) | 1,433 | (2) | |
| Provision | 433 | 178 | 67 | (20) | ▪ Increase attributable to certain energy related loans |
| Net income | \$3,985 | (\$158) | 1,047 | \$41 | |
| | FY16 | FY15 | 4Q16 | 3Q16 | |
| Diluted EPS | \$7.30 | \$7.39 | \$1.97 | \$1.84 | |
| Return on average common equity | 8.85% | 9.50% | 9.31% | 8.74% | |
| Return on tangible common equity | 11.32% | 12.26% | 11.90% | 11.17% | |

- Visa activity - See Appendix for additional information.
- Pretax, pre-provision earnings (Non-GAAP) - See Reconciliation in Appendix.
- Return on average tangible common equity (Non-GAAP) - Annualized net income attributable to common shareholders divided by average tangible common equity. See Reconciliation in Appendix.

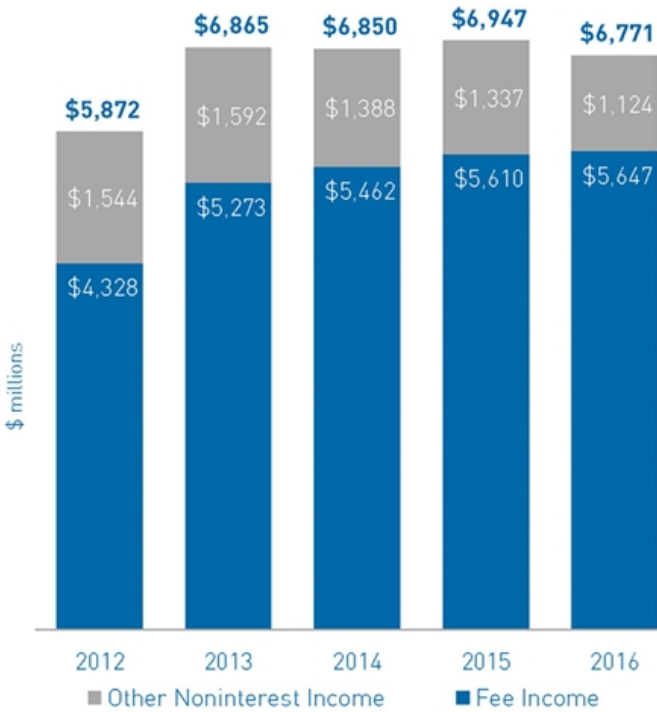


2016 Highlights

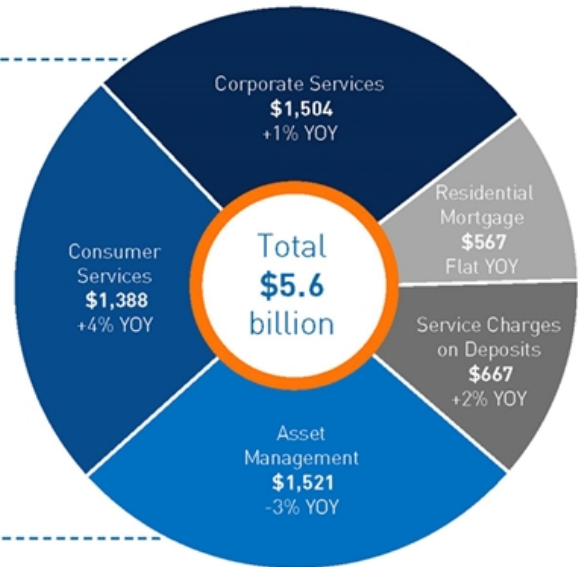
- Net interest income (NII) increased, driven by core NII
- Core net interest income
 - Core NII grew \$254 million over 2015, primarily due to higher loan and securities balances and higher loan yields
 - 4Q16 core NII was the highest since 4Q13
- Purchase accounting accretion (PAA) declined \$141 million
 - 2017 PAA expected to decline \$75 million
- Net interest margin (NIM)
 - Stabilized in 2016
 - 4Q16 NIM increased to 2.69% compared to 2.68% in 3Q16

– Core NII (Non-GAAP) – See Reconciliation in Appendix.

Noninterest Income
Continued Fee Income Growth

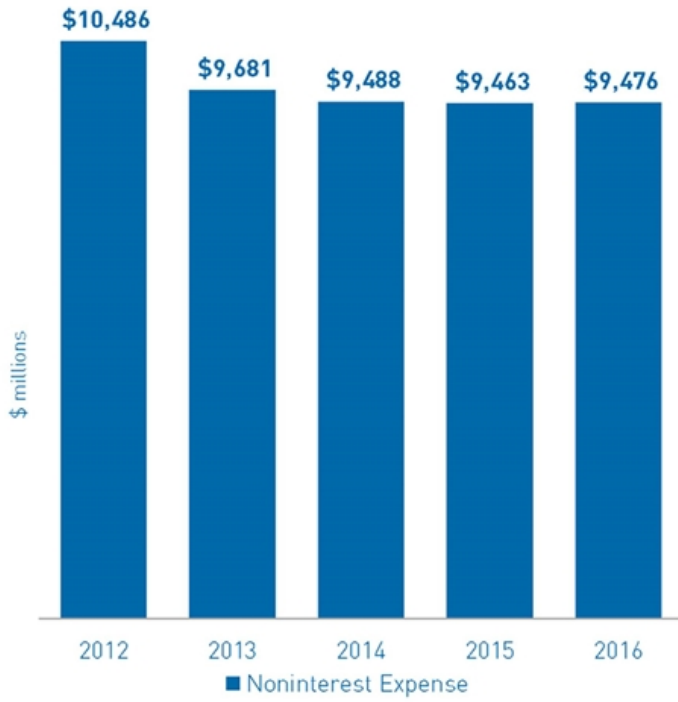


Diversified Sources of Fee Income
FY 2016
\$ millions



- YOY - Refers to a comparison of full year 2016 with full year 2015

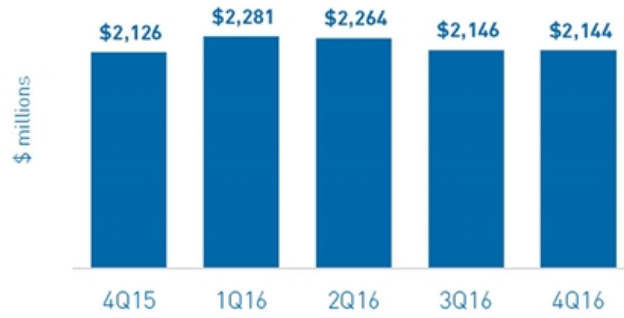
Well-Managed Expenses During a Time of Reinvestment and Growth



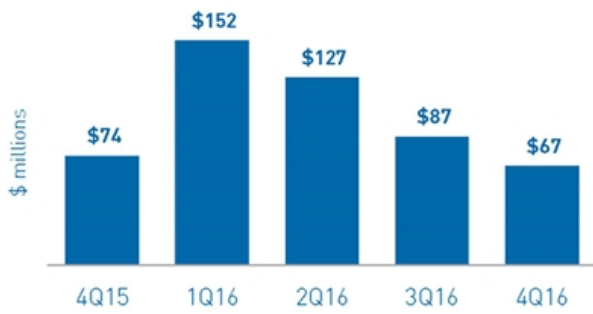
2016 Highlights

- Maintained strong expense discipline while:
 - Investing in technology and business infrastructure
 - Transforming the retail banking experience
 - Growing fee income
- Completed \$400 million 2016 Continuous Improvement Program (CIP)
- 2017 CIP target of \$350 million
 - CIP savings partially fund the significant investments we are making in our business

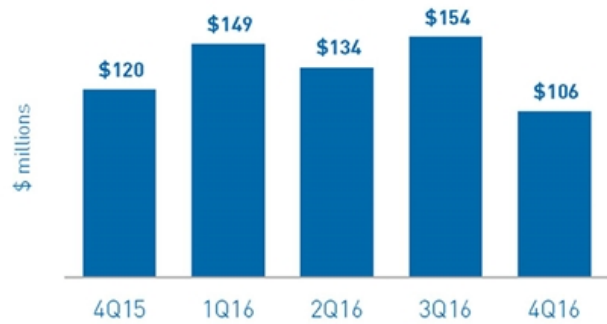
Nonperforming Loans



Provision



Net Charge-Offs



NCO / Average Loans for 4Q16: 0.20%

- Annualized Net charge-offs (NCO) to average loans for the three months ended

| | | |
|-------------------------|---------------------|----------------------|
| Balance Sheet | Loans | Up mid-single digits |
| | | |
| Income Statement | Revenue | Up mid-single digits |
| | Noninterest expense | Up low-single digits |

Path to positive operating leverage absent interest rate hikes

– Refer to Cautionary Statement in the Appendix, including economic and other assumptions. Does not take into account impact of potential legal and regulatory contingencies.



| | | |
|-------------------------|---------------------|------------------------|
| Balance Sheet | Loans | Up modestly |
| | | |
| Income Statement | Net interest income | Stable |
| | Fee income | Down mid-single digits |
| | Noninterest expense | Down low-single digits |
| | Loan loss provision | \$75 - \$125 million |

– Refer to Cautionary Statement in the Appendix, including economic and other assumptions. Does not take into account impact of potential legal and regulatory contingencies.

Appendix: **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 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 Board, 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.
 - Commodity price volatility.
 - 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 those we are currently expecting. These statements are based on our current view that the U.S. economy and the labor market will grow moderately in 2017, boosted by stable oil/energy prices, improving consumer spending and housing activity, and expanded federal fiscal policy stimulus as a result of the 2016 elections. Short-term interest rates and bond yields are expected to continue rising in 2017, along with inflation. These forward-looking statements also do not, unless otherwise indicated, take into account the impact of potential legal and regulatory contingencies.
- 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 Board as part of PNC's comprehensive capital plan for the applicable period in connection with the Federal Reserve Board's 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 Board.
- 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 international regulatory capital framework developed by the Basel Committee on Banking Supervision (Basel Committee), the international body responsible for developing global regulatory standards for banking organizations for consideration and adoption by national jurisdictions), 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 initiatives of the Basel Committee.
 - 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.

Appendix: **Cautionary Statement Regarding Forward-Looking Information**



- 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.
- 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, pandemics, 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 2015 Form 10-K and our 2016 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.

As a result of the staggered effective dates of the final U.S. Basel III regulatory capital rules (Basel III rules), 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 in 2016 and 2015 are calculated using the standardized approach for determining risk-weighted assets, and the definitions of, and deductions from, regulatory capital under the Basel III rules (as such definitions and deductions are phased-in for 2016 and 2015, respectively). We refer to the capital ratios calculated using the phased-in Basel III provisions in effect for each year and, for the risk-based ratios, standardized approach risk-weighted assets, as Transitional Basel III ratios. Under the standardized approach for determining credit risk-weighted assets, exposures are generally assigned a pre-defined risk weight. Exposures to high volatility commercial real estate, past due exposures, equity exposures and securitization exposures are generally subject to higher risk weights than other types of exposures.

We provide information below regarding PNC's estimated December 31, 2016 and actual September 30, 2016 and December 31, 2015 Transitional Basel III common equity Tier 1 ratios and PNC's estimated pro forma fully phased-in Basel III common equity Tier 1 ratio. Under the Basel III rules adopted by the U.S. banking agencies, significant common stock investments in unconsolidated financial institutions, mortgage servicing rights and deferred tax assets must be deducted from capital (subject to a phase-in schedule and net of associated deferred tax liabilities) 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 III regulatory capital includes (subject to a phase-in schedule) accumulated other comprehensive income related to securities currently and previously held as available for sale, as well as pension and other postretirement plans.

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

| | 2016 Transitional Basel III (estimated) | | 2015 Transitional Basel III | Pro forma Fully Phased-In Basel III (Non-GAAP) (estimated) | | |
|---|---|-------------------|--|---|-------------------|------------------|
| | Dec. 31, 2016 | Sept. 30, 2016 | Dec. 31, 2015 | Dec. 31, 2016 | Sept. 30, 2016 | Dec. 31, 2015 |
| <i>\$ in millions</i> | | | | | | |
| Common stock, related surplus, and retained earnings, net of treasury stock | \$41,987 | \$41,604 | \$41,128 | \$41,987 | \$41,604 | \$41,128 |
| Less regulatory capital adjustments: | | | | | | |
| Goodwill and disallowed intangibles, net of deferred tax liabilities | (8,976) | (8,993) | (8,972) | (9,074) | (9,102) | (9,172) |
| Basel III total threshold deductions | (776) | (731) | (470) | (1,452) | (1,218) | (1,294) |
| Accumulated other comprehensive income ^(a) | (238) | 181 | (81) | (396) | 302 | (201) |
| All other adjustments | (142) | (177) | (112) | (150) | (180) | (182) |
| Basel III Common equity Tier 1 capital | \$31,855 | \$31,884 | \$31,493 | \$30,915 | \$31,406 | \$30,279 |
| Basel III standardized approach risk-weighted assets ^(b) | \$300,573 | \$300,308 | 295,905 | \$308,770 | \$308,665 | \$303,707 |
| Basel III advanced approaches risk-weighted assets ^(c) | N/A | N/A | N/A | \$278,632 | \$280,150 | \$264,931 |
| Basel III Common equity Tier 1 capital ratio | 10.6% | 10.6% | 10.6% | 10.0% | 10.2% | 10.0% |
| Risk-weight and associated rules utilized | Standardized (with 2016 transition adjustments) | | Standardized (with 2015 transition adjustments) | Standardized | | |

(a) 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.

(b) Basel III standardized approach risk-weighted assets are based on the Basel III standardized approach rules and include credit and market risk-weighted assets.

(c) Basel III advanced approaches risk-weighted assets are based on the Basel III advanced approaches rules, and include credit, market and operational risk-weighted assets. During the parallel run qualification phase PNC has refined the data, models and internal processes used as part of the advanced approaches for determining risk-weighted assets. We anticipate additional refinements through the parallel run qualification phase.

PNC utilizes the pro forma fully phased-in Basel III capital ratios to assess its capital position (without the benefit of phase-ins), as these ratios represent the regulatory capital standards that will be ultimately applicable to PNC under the final Basel III rules. 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, may be subject to variability based on the ongoing evolution, validation and regulatory approval of PNC's models that are integral to the calculation of advanced approaches risk-weighted assets as PNC moves through the parallel run approval process.

Fee Income

| <i>\$ in millions</i> | For the year ended | | | For the three months ended | | |
|---------------------------------------|--------------------|-------------|-----------------|----------------------------|-------------|-----------------|
| | FY16 | FY15 | % Change | 4Q16 | 3Q16 | % Change |
| Asset management | \$1,521 | \$1,567 | (3%) | \$399 | \$404 | (1%) |
| Consumer services | 1,388 | 1,335 | 4% | 349 | 348 | - |
| Corporate services | 1,504 | 1,491 | 1% | 387 | 389 | (1%) |
| Residential mortgage | 567 | 566 | - | 142 | 160 | (11%) |
| Service charges on deposits | 667 | 651 | 2% | 172 | 174 | (1%) |
| Total fee income | \$5,647 | \$5,610 | 1% | \$1,449 | \$1,475 | (2%) |
| Other, including net securities gains | 1,124 | 1,337 | (16%) | 295 | 259 | 14% |
| Total noninterest income, as reported | \$6,771 | \$6,947 | (3%) | \$1,744 | \$1,734 | 1% |

Tangible Book Value per Common Share Ratio

| <i>\$ in millions, except per share data</i> | Dec. 31, 2016 | Sept. 30, 2016 | Dec. 31, 2015 | % Change | |
|--|------------------|-------------------|------------------|----------------------------|-----------------------------|
| | | | | 12/31/16 vs. 9/30/16 | 12/31/16 vs. 12/31/15 |
| Book value per common share | \$86.10 | \$86.57 | \$81.84 | -1% | 5% |
| Tangible book value per common share | | | | | |
| Common shareholders' equity | \$41,797 | \$42,251 | \$41,258 | | |
| Goodwill and Other intangible assets | (9,376) | (9,408) | (9,482) | | |
| Deferred tax liabilities on Goodwill and Other intangible assets | 304 | 306 | 310 | | |
| Tangible common shareholders' equity | \$32,725 | \$33,149 | \$32,086 | | |
| Period-end common shares outstanding (in millions) | 485 | 488 | 504 | | |
| Tangible book value per common share (Non-GAAP) | \$67.41 | \$67.93 | \$63.65 | -1% | 6% |

Tangible book value per common share is a non-GAAP measure and is calculated based on tangible common shareholders' equity divided by period end common shares outstanding. We believe this non-GAAP 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.

Pretax Pre-Provision Earnings

| <i>\$ in millions</i> | For the year ended | | | For the three months ended | | |
|--|--------------------|-------------|-----------------|----------------------------|-------------|-----------------|
| | FY16 | FY15 | % Change | 4Q16 | 3Q16 | % Change |
| Net interest income | \$8,391 | \$8,278 | 1% | \$2,130 | \$2,095 | 2% |
| Noninterest income | 6,771 | 6,947 | (3%) | 1,744 | 1,734 | 1% |
| Total revenue | \$15,162 | \$15,225 | - | \$3,874 | \$3,829 | 1% |
| Noninterest expense | (9,476) | (9,463) | - | (2,441) | (2,394) | 2% |
| Pretax pre-provision earnings (Non-GAAP) | \$5,686 | \$5,762 | (1%) | \$1,433 | \$1,435 | - |
| Net income | \$3,985 | \$4,143 | (4%) | \$1,047 | \$1,006 | 4% |

We believe that pretax, pre-provision earnings, a non-GAAP financial measure, is useful as a tool to help evaluate the ability to provide for credit costs through operations.

Return on Tangible Common Equity

| <i>\$ in millions</i> | For the year ended | | For the three months ended | |
|--|--------------------|------------------|----------------------------|-------------------|
| | Dec. 31, 2016 | Dec. 31, 2015 | Dec. 31, 2016 | Sept. 30, 2016 |
| Return on average common shareholders' equity | 8.85% | 9.50% | 9.31% | 8.74% |
| Average common shareholders' equity | \$ 41,694 | \$ 40,873 | \$ 41,833 | \$ 41,940 |
| Average Goodwill and Other intangible assets | (9,429) | (9,534) | (9,392) | (9,417) |
| Average deferred tax liabilities on Goodwill and Other intangible assets | 307 | 314 | 305 | 307 |
| Average tangible common equity | \$ 32,572 | \$ 31,653 | \$ 32,746 | \$ 32,830 |
| Net income attributable to common shareholders | \$ 3,688 | \$ 3,881 | \$ 982 | \$ 924 |
| Net income attributable to common shareholders, if annualized | \$ 3,688 | \$ 3,881 | \$ 3,896 | \$ 3,666 |
| Return on average tangible common equity | 11.32% | 12.26% | 11.90% | 11.17% |

Return on average tangible common equity is a non-GAAP measure and is calculated based on annualized net income attributable to common shareholders divided by tangible common equity. We believe that return on average tangible common equity is useful as a tool to help measure and assess a company's use of common equity.

Core Net Interest Income

| <i>\$ in millions</i> | For the year ended | | | For the three months ended | | |
|-------------------------------------|--------------------|-------------|-----------------|----------------------------|-------------|-----------------|
| | FY16 | FY15 | % Change | 4Q16 | 3Q16 | % Change |
| Core net interest income (Non-GAAP) | \$ 8,113 | \$ 7,859 | 3% | \$ 2,064 | \$ 2,033 | 2% |
| Purchase accounting accretion | 278 | 419 | (34%) | 66 | 62 | 6% |
| Total net interest income | \$ 8,391 | \$ 8,278 | 1% | \$ 2,130 | \$ 2,095 | 2% |

Average Total Consumer Lending, Excluding Runoff Portfolios

| | For the three months ended | | Change |
|---|----------------------------|------------------|-------------------------|
| | Dec. 31, 2016 | Sep. 30, 2016 | 12/31/16 vs. 9/30/16 |
| <i>Average balances</i> <i>\$ in millions</i> | | | |
| Total Consumer Lending | \$72,357 | \$72,033 | \$324 |
| Less: Runoff portfolios | | | |
| Non-strategic Assets segment ^(a) | \$4,649 | \$4,883 | (\$234) |
| Retail Banking segment ^(b) | \$4,377 | \$4,606 | (\$229) |
| Total runoff portfolios | \$9,026 | \$9,489 | (\$463) |
| Average Total Consumer Lending, Excluding Runoff Portfolios | \$63,331 | \$62,544 | \$787 |

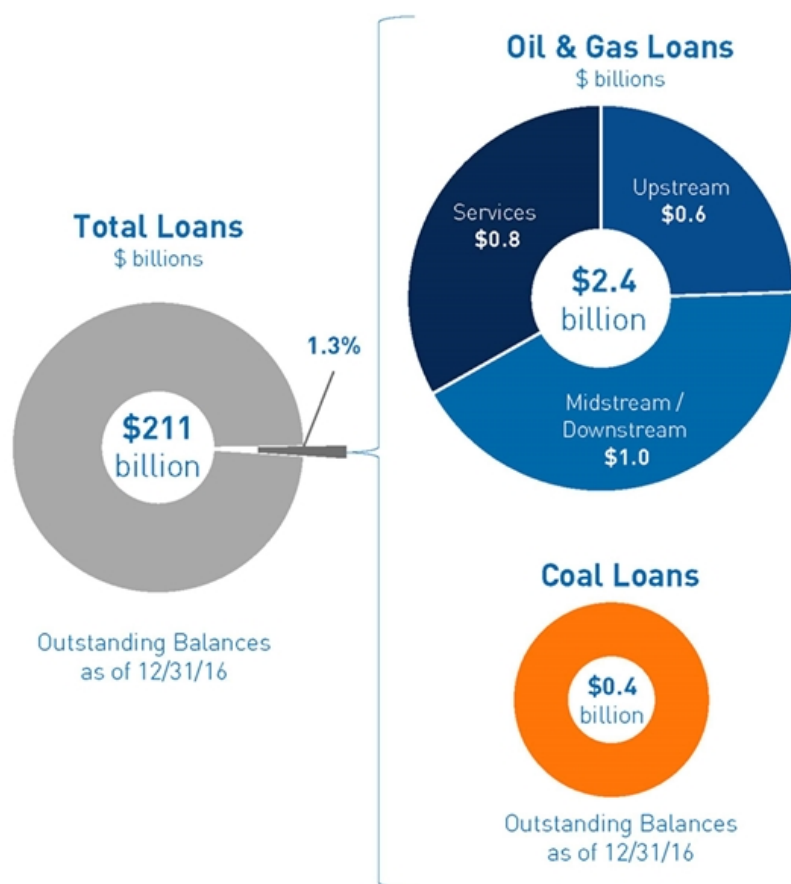
^(a) Consists of consumer and residential real estate loans within our Non-Strategic Assets segment.

^(b) Consists of certain discontinued government guaranteed education, indirect other, and residential mortgage portfolios within our Retail Banking segment.

Net Visa Activity

| <i>\$ in millions</i> | For the three months ended | | | | | | | |
|--|----------------------------|---------|---------|---------|---------|---------|---------|---------|
| | 2016 | | | | 2015 | | | |
| | Dec. 31 | Sep. 30 | Jun. 30 | Mar. 31 | Dec. 31 | Sep. 30 | Jun. 30 | Mar. 31 |
| Gains on Visa Sales | \$ - | \$ - | \$ 82 | \$ 44 | \$ 47 | \$ 43 | \$ 79 | \$ - |
| Derivative Fair Value Adjustments ^(a) | (20) | (11) | (51) | (12) | (5) | (0) | (0) | 2 |
| Net Visa Activity | \$ (20) | \$ (11) | \$ 31 | \$ 32 | \$ 42 | \$ 43 | \$ 79 | \$ 2 |

^(a) Derivative fair value adjustments related to swap agreements with purchasers of Visa Class B common shares in connection with all prior sales; 2Q16 and 4Q16 Visa derivative fair value adjustments were primarily driven by changes in anticipated timing of litigation resolution.



| Oil & Gas Loans | 4Q16 | 3Q16 |
|-----------------------------------|----------------------|---------------|
| Reserves | 6% | 6% |
| % of outstanding loans criticized | 39% | 39% |
| Utilization | 31% | 32% |
| Total exposure | \$7.9 billion | \$7.8 billion |

| Coal Loans | 4Q16 | 3Q16 |
|-----------------------------------|----------------------|---------------|
| Reserves | 8% | 7% |
| % of outstanding loans criticized | 38% | 41% |
| Utilization | 46% | 46% |
| Total exposure | \$0.9 billion | \$1.0 billion |