



The PNC Financial Services Group, Inc.

Liquidity Coverage Ratio Disclosure

March 31, 2022

Table of Contents

<u>Section</u>	<u>Page</u>
Introduction	1
Liquidity Coverage Ratio	2
High Quality Liquid Assets	4
Funding Sources	4
Net Cash Outflows	4
Deposits	5
Commitments	5
Maturity Mismatch Add-on	5
Liquidity Risk Management	5

Introduction

The PNC Financial Services Group, Inc. (PNC) is one of the largest diversified financial services companies in the United States (U.S.) and is headquartered in Pittsburgh, Pennsylvania. We have businesses engaged in retail banking, including residential mortgage, corporate and institutional banking and asset management, providing many of our products and services nationally. Our retail branch network is located coast-to-coast. At March 31, 2022, consolidated total assets, total deposits and total shareholders' equity were \$541.2 billion, \$450.2 billion and \$49.2 billion, respectively.

PNC is a bank holding company registered under the Bank Holding Company Act of 1956 and a financial holding company under the Gramm-Leach-Bliley Act. Our bank subsidiary is PNC Bank, National Association (PNC Bank), a national bank headquartered in Pittsburgh, Pennsylvania.

The Liquidity Coverage Ratio (LCR) disclosures are required by the LCR rules issued by the Board of Governors of the Federal Reserve System. These disclosures provide information about our LCR, liquidity risk management, sources of liquidity and contractual obligations and commitments and should be read in conjunction with our Securities and Exchange Commission (SEC) filings, including the Annual Report on Form 10-K for the year ended December 31, 2021 (2021 Form 10-K) and Quarterly Report on Form 10-Q for the period ended March 31, 2022 (March 31, 2022 Form 10-Q). These SEC filings are available at www.pnc.com/secfilings. The LCR disclosures and other regulatory disclosures are available at www.pnc.com/regulatorydisclosures.

Further, the financial information presented within this LCR disclosure may differ from similar information presented in the Consolidated Financial Statements and Notes To Consolidated Financial Statements on Forms 10-K and 10-Q. Unless specified otherwise, all amounts and information within are presented in conformity with the definitions and requirements of the LCR rules.

Forward-Looking Statements

This disclosure may contain forward-looking statements, which 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. See the Cautionary Statement Regarding Forward-Looking Information in PNC's March 31, 2022 Form 10-Q for more information. Also see all risks and uncertainties disclosed in PNC's SEC filings, including its 2021 Form 10-K, and subsequent reports on Forms 10-K, 10-Q and 8-K, Proxy Statements on Schedule 14A, and, if applicable, its registration statements under the Securities Act of 1933, as amended, all of which are or will upon filing be accessible on PNC's website at www.pnc.com/secfilings and on the SEC's website at www.sec.gov.

Liquidity Coverage Ratio

The LCR is a regulatory minimum liquidity requirement designed to ensure that covered banking organizations maintain an adequate level of unencumbered high quality liquid assets (HQLA) to meet net liquidity needs over the course of a hypothetical 30-day stress scenario. The LCR, for disclosure purposes, is calculated as the quarterly average of the daily amount of an institution's HQLA, as defined and calculated in accordance with the LCR rules, divided by its estimated net cash outflows, with net cash outflows determined by applying the prescribed outflow factors in the LCR rules. The resulting quotient is expressed as a percentage. The regulatory minimum LCR that we are required to maintain is 100%. PNC is required to calculate the LCR on a daily basis, and as of March 31, 2022, the LCR for PNC exceeded the requirement of 100%.

The following table summarizes PNC's average LCR for the three months ended March 31, 2022 based on the LCR rules:

Table 1: Liquidity Coverage Ratio

Average weighted amount (in millions)	Three months ended March 31, 2022
HQLA	\$ 96,014
Estimated net cash outflows	88,022
LCR	109 %
HQLA in excess of estimated net cash outflows	\$ 7,992

PNC's average LCR for the three months ended March 31, 2022 was 109%, unchanged from our average LCR for the three months ended December 31, 2021 of 109%.

HQLA consists of cash balances held with the Federal Reserve Bank and Level 1 and Level 2 securities. Estimated net cash outflows primarily relate to our deposits and lending-related commitments. Refer to Table 2: Liquidity Coverage Ratio and Related Components and Table 3: HQLA Composition for additional information.

The following table provides additional detail on PNC's average LCR, average unweighted and weighted amount of HQLA, cash outflows and cash inflows for the three months ended March 31, 2022:

Table 2: Liquidity Coverage Ratio and Related Components

Dollars in millions		Three months ended March 31, 2022	
		Average Unweighted Amount	Average Weighted Amount (a)
High Quality Liquid Assets			
1	Total eligible HQLA, of which:	\$ 96,014	\$ 96,014
2	Eligible level 1 liquid assets	96,014	96,014
3	Eligible level 2A liquid assets		
4	Eligible level 2B liquid assets		
Cash Outflow Amounts			
5	Deposit outflow from retail customers and counterparties, of which:	\$ 270,157	\$ 15,514
6	Stable retail deposit outflow	178,288	5,349
7	Other retail funding outflow	83,184	8,395
8	Brokered deposit outflow	8,685	1,770
9	Unsecured wholesale funding outflow, of which:	163,714	56,814
10	Operational deposit outflow	90,862	22,138
11	Non-operational funding outflow	72,067	33,891
12	Unsecured debt outflow	785	785
13	Secured wholesale funding and asset exchange outflow	21,756	2,941
14	Additional outflow requirements, of which:	187,565	30,640
15	Outflow related to derivative exposures and other collateral requirements	2,595	2,429
16	Outflow related to credit and liquidity facilities including unconsolidated structured transactions and mortgage commitments	184,970	28,211
17	Other contractual funding obligation outflow	304	304
18	Other contingent funding obligations outflow	4,350	130
19	Total Cash Outflow	\$ 647,846	\$ 106,343
Cash Inflow Amounts			
20	Secured lending and asset exchange cash inflow	\$ 2,189	\$ 143
21	Retail cash inflow	1,321	661
22	Unsecured wholesale cash inflow	1,923	1,041
23	Other cash inflows, of which:	2,598	2,598
24	Net derivative cash inflow	1,589	1,589
25	Securities cash inflow	1,009	1,009
26	Broker-dealer segregated account inflow		
27	Other cash inflow		
28	Total Cash Inflow	\$ 8,031	\$ 4,443
		Average Weighted Amount (b)	
29	HQLA Amount		\$ 96,014
30	Total Estimated Net Cash Outflow Amount Excluding the Maturity Mismatch Add-on		\$ 101,900
31	Maturity Mismatch Add-on		1,655
32	Total unadjusted net cash outflow amount		\$ 103,555
33	Outflow adjustment percentage		85 %
34	Total net cash outflow amount		\$ 88,022
35	Liquidity Coverage Ratio (%)		109 %

(a) Average weighted amount represents the average balances after applying HQLA haircuts and outflow/inflow rates prescribed by the LCR rules.

(b) The amounts reported in this column may not equal the calculation of those amounts using component amounts reported in rows 1-28 due to technical factors such as the application of the level 2 asset caps, the total inflow cap, and for depository institution holding companies subject to subpart G, the application of the modification to total net cash outflows.

High Quality Liquid Assets

HQLA is the amount of liquid assets that qualify for inclusion in the LCR. HQLA primarily consists of unencumbered cash and high quality liquid securities as defined in the LCR rules. The average weighted amount of HQLA was \$96.0 billion for the three months ended March 31, 2022.

The following table presents the composition of PNC's HQLA by asset class for the three months ended March 31, 2022:

Table 3: HQLA Composition

	Three months ended March 31, 2022	
(in millions)	Average weighted amount	
HQLA		
Eligible cash (a)	\$	62,409
Eligible level 1 securities (b)		33,605
Total eligible Level 1 assets		96,014
Eligible level 2a securities (c)		
Eligible level 2b securities		
Total eligible Level 2 assets		
Total HQLA	\$	96,014

(a) Cash represents balances held with the Federal Reserve Bank.

(b) Level 1 securities are U.S. Treasuries and securities guaranteed by sovereign entities with no prescribed HQLA haircut under the LCR rules.

(c) Level 2 securities are primarily securities guaranteed by a U.S. government sponsored enterprise, sovereign entity, or multilateral development bank net of prescribed HQLA haircuts under the LCR rules.

Funding Sources

Our largest source of liquidity on a consolidated basis is the customer deposit base generated by our banking businesses. These deposits provide relatively stable and low-cost funding. We also obtain liquidity through various forms of funding, including long-term debt (senior notes, subordinated debt and Federal Home Loan Bank (FHLB) borrowings) and short-term borrowings (securities sold under repurchase agreements, commercial paper and other short-term borrowings).

PNC Bank maintains additional secured borrowing capacity with the FHLB and through the Federal Reserve Bank discount window. The Federal Reserve Bank, however, is not viewed as a primary means of funding our routine business activities, but rather as a potential source of liquidity in a stressed environment or during a market disruption. At March 31, 2022, our unused secured borrowing capacity at the FHLB and the Federal Reserve Bank totaled \$96.2 billion.

For additional information on funding sources and sources of liquidity, refer to the Funding Sources section of the Consolidated Balance Sheet Review and the Liquidity and Capital Management section of Risk Management in Part I, Item 2 of our March 31, 2022 Form 10-Q.

Net Cash Outflows

Total net cash outflows are defined as the total expected cash outflows minus the total expected cash inflows in the hypothetical 30-day stress scenario. Cash outflows and cash inflows are calculated by multiplying unweighted balances of PNC's funding, assets and obligations by prescribed rates that are defined in the LCR rules. As detailed in Table 2, our largest average weighted cash outflows for the three months ended March 31, 2022 were deposits and credit and liquidity facilities related to unfunded commitments which are discussed in further detail below. Other cash outflows, including outflows associated with unsecured debt, secured wholesale funding, derivatives, and other contractual/contingent funding obligations, as well as cash inflows associated with secured lending, retail lending, unsecured wholesale lending, derivatives and securities composed the remainder of the average weighted net cash outflows for the three months ended March 31, 2022, excluding the maturity mismatch add-on.

Deposits

As noted previously, our largest source of liquidity on a consolidated basis is our customer deposit base, which provides a relatively stable source of funding and limits our reliance on wholesale funding markets. The majority of PNC's deposits are retail or wholesale operational, which are both considered to be stable sources of liquidity. For the three months ended March 31, 2022, PNC had total average retail deposits of \$270.2 billion and average associated weighted cash outflows of \$15.5 billion, resulting in an implied cash outflow rate of 6%. PNC also had for the three months ended March 31, 2022, total average operational wholesale deposits of \$90.9 billion, with average associated weighted cash outflows of \$22.1 billion, which resulted in an implied cash outflow rate of 24%. Additionally, PNC had total average non-operational wholesale deposits of \$72.1 billion, with average associated weighted cash outflows of \$33.9 billion, which resulted in an implied cash outflow rate of 47%. The prescribed outflow rates for non-operational wholesale funding are higher than the outflow rates for other deposit sources under the LCR rules.

Commitments

The LCR rules require us to apply prescribed outflow rates against off-balance sheet obligations and transactions. In the normal course of business, we have various commitments outstanding, such as commitments to extend credit, net outstanding standby letters of credit and other commitments. Commitments to extend credit represent arrangements to lend funds or provide liquidity subject to specified contractual conditions to commercial and consumer customers. Net outstanding standby letters of credit, including those issued by other financial institutions where we share the risk, support obligations of our customers to third parties, such as insurance agreements and the facilitation of transactions involving capital markets product execution. For additional information refer to Note 8 Commitments in our March 31, 2022 Form 10-Q and Note 11 Commitments in the Notes to Consolidated Financial Statements in Item 8 of our 2021 Form 10-K.

Maturity Mismatch Add-on

The maturity mismatch add-on identifies gaps between the contractual inflows and outflows of liquidity during the period, specifically when there are early outflows and late inflows in the 30-day stress period. In Table 2, the quarterly average for the maturity mismatch add-on did not have a material impact on the total estimated net cash outflow amount.

Liquidity Risk Management

Management monitors liquidity through a series of early warning indicators that may indicate a potential market, or PNC-specific, liquidity stress event. In addition, management performs a set of liquidity stress tests over multiple time horizons with varying levels of severity and maintains a contingency funding plan to address a potential liquidity stress event. In the most severe liquidity stress simulation, we assume that our liquidity position is under pressure, while the market in general is under systemic pressure. The simulation considers, among other things, the impact of restricted access to both secured and unsecured external sources of funding, accelerated runoff of customer deposits, valuation pressure on assets and heavy demand to fund committed obligations. Liquidity-related risk limits are established within our Enterprise Liquidity Management Policy and supporting policies. Management committees, including the Asset and Liability Committee, and the Board of Directors and its Risk Committee regularly review compliance with key established limits.

For discussion of Enterprise Risk Management, including our Risk Culture, Enterprise Strategy, Risk Governance and Framework, Risk Identification, Risk Assessment, Risk Controls and Monitoring, and Risk Aggregation and Reporting, see the Risk Management section in Item 7 of our 2021 Form 10-K.