PNC Releases Results of Annual Dodd-Frank Company-Run Stress Test

PITTSBURGH, June 21, 2019 /PRNewswire/ -- The PNC Financial Services Group, Inc. (NYSE: PNC) announced today the results of its annual company-run stress test conducted in accordance with regulations of the Board of Governors of the Federal Reserve System (Federal Reserve) and the Office of the Comptroller of the Currency (OCC) under the Dodd-Frank Wall Street Reform and Consumer Protection Act. These company-run stress tests are designed to help assess whether banking organizations have sufficient capital to absorb losses and support operations during hypothetical severely adverse economic conditions over a nine-quarter projection period. The projection period for the 2019 test covers January 1, 2019 to March 31, 2021.

The supervisory severely adverse scenario provided by the Federal Reserve and OCC for the 2019 annual company-run stress test assumes a severe global recession that is accompanied by both a period of heightened stress in commercial real estate and corporate debt markets, as well as a sharp drop in asset prices. Under the hypothetical severely adverse scenario provided by the agencies, PNC estimates that its ending and minimum regulatory capital ratios would be as follows:

Basel III Regulatory Capital Ratios:	Ending Q1 2021	Minimum
Common Equity Tier 1	8.0%	8.0%
Tier 1 Risk-Based Capital	9.3%	9.3%
Total Risk-Based Capital	12.0%	12.0%
Tier 1 Leverage	8.1%	8.1%
Supplementary Leverage	6.7%	6.7%

These results are the product of a forward-looking regulatory exercise using hypothetical macroeconomic assumptions that are far more adverse than currently expected by the Federal Reserve or PNC, and do not represent a forecast of PNC's future capital levels or anticipated economic conditions.

As required by applicable regulations, capital ratios are calculated (a) for the first quarter of 2019 using the actual capital actions expected to be undertaken in that quarter and (b) for the remaining eight quarters of the stress period, assuming that (i) there are no repurchases or redemptions of regulatory capital instruments; (ii) there are no issuances of common stock or preferred stock (other than equity issuances pursuant to expensed employee compensation programs); (iii) the dollar amount of quarterly common stock dividends is equal to the quarterly average dollar amount of common stock dividends paid during the second, third, and fourth quarters of 2018 and first quarter of 2019 (for PNC, the quarterly average amount of common dividends during this period was $420 million); and (iv) payments on other regulatory capital instruments are made equal to the stated dividend, interest, or principal due.

The Basel III risk-based ratios were determined using the standardized approach for risk weights included in

the Basel III rules.

Results of PNC's annual company-run stress test, including PNC's estimates of pre-provision net revenue, other revenue, loan and other losses, net income before taxes, and regulatory capital ratios for PNC, as well as additional information on the methodologies used in conducting the stress test, may be found at www.pnc.com/regulatorydisclosures.

The PNC Financial Services Group, Inc. is one of the largest diversified financial services institutions in the United States, organized around its customers and communities for strong relationships and local delivery of retail and business banking including a full range of lending products; specialized services for corporations and government entities, including corporate banking, real estate finance and asset-based lending; wealth management and asset management. For information about PNC, visit www.pnc.com.

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SOURCE The PNC Financial Services Group, Inc.

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