IMPORTANT ALTERNATIVE REFERENCE RATES DISCLOSURE FOR PNC DERIVATIVES COUNTERPARTIES

January 2025

As part of the transition away from U.S. Dollar (“USD”) London Interbank Offered Rate (“LIBOR”), various alternative references rates may be used as the reference rate for various financial instruments, including derivatives, loans and other products that you may be considering entering into with PNC Bank, National Association (“PNC”).

The Alternative Reference Rates Committee (“ARRC”), a group of private market participants convened by the Board of Governors of the Federal Reserve System and the Federal Reserve Bank of New York to help ensure a successful transition away from USD LIBOR, recommended the Secured Overnight Financing Rate (“SOFR”) as the alternative reference rate for USD LIBOR.

Notwithstanding the ARRC’s recommendation for SOFR to be the alternative reference rate for USD LIBOR, it is not possible to state with certainty which alternative reference rate(s) will be widely adopted. As a result, a liquid market for your derivatives contracts which use an alternative reference rate may not develop quickly or at all.

An alternative reference rate may behave differently to other alternative reference rates, which could be material, based on the number of transactions underlying such rate, whether such rate is credit sensitive and whether such rate defines a forward-looking term structure. It is important that you understand the composition and characteristics of a particular alternative reference rate to determine whether such rate is appropriate for your hedging needs.

The contractual terms of any derivatives instruments with PNC will provide a process for determining a fallback rate if an alternative reference rate (including, but not limited to, SOFR) is not published on a given day or is permanently discontinued. The contractual provisions of other financial instruments, though, may (i) utilize a different method by which a fallback rate is determined and implemented, (ii) calculate the same fallback rate differently or otherwise use different conventions with respect to the same fallback rate and/or (iii) make inconsistent changes to other economic terms. Any of these differences could result in a mismatch between the reference rate or other economics in your derivatives instruments and your other financial instruments, such as loans for which a derivatives instrument is intended as a hedge. In this regard, it is important for you to determine any such potential mismatches between fallback provisions in derivatives contracts and other financial products.

Prior to entering into any derivatives transaction on an alternative reference rate (such as SOFR), we strongly urge you to ensure that you:

- Understand the composition and characteristics of the applicable alternative reference rate;
- Understand that, during the lifetime of the derivatives transaction, a liquid market for your derivatives contracts may not develop;
- Understand that, during the lifetime of the derivatives transaction, the applicable alternative reference rate may cease to be published or may not be a representative benchmark, and therefore may not be appropriate in a number of different ways and/or for a variety of reasons;

- Recognize that amendments to the product or other actions may be required or become desirable as the market for alternative reference rates continues to evolve; and

- Understand how the current fallback provisions of the derivatives transaction would operate, and review the terms of your other financial products, such as loan agreements, and consider whether the contractual fallbacks for alternative reference rates could directly or indirectly result in a mismatch of the reference rates or other economic terms that apply across your portfolio.

We are providing you this information to ensure that you are aware of the potential risks and other considerations with executing a derivatives transaction on an alternative reference rate. We note that PNC does not owe you any duties, nor have any liability to you, in relation to any alternative reference rate developments. Nothing contained herein should be construed as legal, accounting, tax, trading or other professional advice.

We strongly encourage you to review the contractual terms of any proposed derivatives contracts and other financial instruments linked to an alternative reference rate, and consult with your own independent advisors, to determine whether an applicable alternative reference rate and such contractual terms are appropriate for you and will meet your hedging, tax and accounting objectives.