

2016 CORPORATE SOCIAL RESPONSIBILITY REPORT • THE PNC FINANCIAL SERVICES GROUP

# Together, We Prosper



# PNC Value Chain

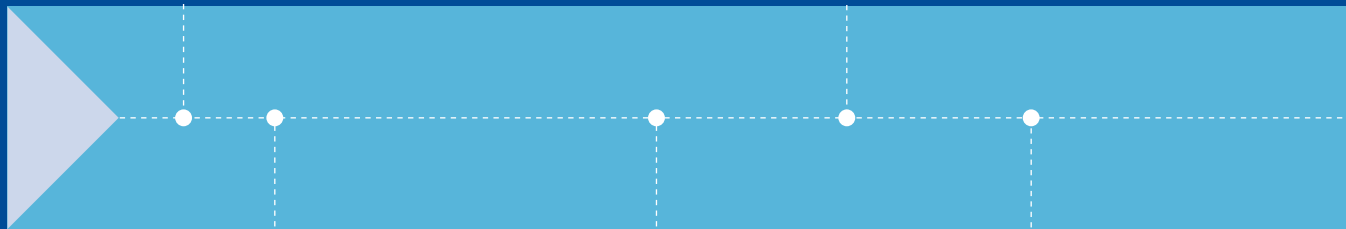


APPROXIMATELY  
**52,000**  
EMPLOYEES



## Countries

INTERNATIONAL OFFICES  
Bahamas, Canada, China,  
Germany, United Kingdom



APPROXIMATELY  
**9,000**



ATMs

APPROXIMATELY  
**2,500**



RETAIL  
LOCATIONS

**\$73M**



IN CHARITABLE  
GIVING

EMPLOYEE  
WAGES  
& BENEFITS



**\$4.8B**

EMPLOYEE  
VOLUNTEERISM  
(in support of PNC  
Grow Up Great)



**75,000**  
HOURS

ATTENDED  
PNC'S FINANCIAL  
EDUCATION  
PROGRAMS



MORE THAN  
**175,000**  
PARTICIPANTS

**\$942M**



IN GOVERNMENT  
PAYMENTS

**\$2.1B**



IN PAYMENTS  
TO PROVIDERS  
OF CAPITAL

**\$305M**



SPENT WITH MINORITY-  
AND WOMEN-OWNED  
SUPPLIERS

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A MESSAGE FROM OUR CHIEF EXECUTIVE OFFICER

# Together, We Prosper



As I write this letter, we find ourselves in a place and time unlike any I can remember in all my years in banking. The competitive landscape is changing. The regulatory environment is evolving. Confidence in the direction of the economy appears to be growing. Business leaders are cautiously optimistic about talk of pro-growth policies that may be advanced by the new administration in Washington. Yet each week seems to be defined by the dissent and demonstrations of citizens in communities all across our country who fear for our future.

This moment is full of opportunity. At the same time, our commitment to our values and to doing what is right for all of those that we serve — our neighbors in the communities where we do business, our customers, our employees, and our shareholders — have never been more important.

As a Main Street bank, we wear many hats for the various constituencies that we serve, and we are dedicated to serving all of them well. In 2016, we took important steps to deliver a better, more convenient, more satisfying banking experience for every customer. We introduced benefits enhancements, including more paid leave for new parents, to make PNC an even better place to work for our 52,000 employees. We supported the communities in which we operate through grants, volunteerism, sponsorship of arts and cultural organizations, and our robust community development banking program. We continued our leadership in green building. And, while our 2016 net income slightly lagged that of the previous year, we positioned ourselves to continue creating long-term value for our shareholders by holding to our disciplined approach to risk management and not chasing short-term gains at the expense of our long-term opportunities.

“Our commitment to corporate social responsibility is the very embodiment of **a philosophy that shapes every decision** that impacts our customers, communities, employees and shareholders.”

This past year saw negative headlines about our industry as regulatory fines were levied against a competitor for alleged behaviors related to sales practices that adversely affected millions of their customers. At PNC, we have reviewed our sales and incentive programs to ensure that the interests of our employees are aligned with those of our customers. We work constantly to make sure our employees understand the importance of doing what is right for our customers, even beyond what is legally required. And we have created numerous channels by which employees are encouraged to raise questions or concerns in our company.

But we also recognize that no organization our size can realistically promise perfection. So, we must instead be perfectly committed to pursuing the highest standard of ethical business practices and risk management to keep our mistakes to a minimum and to do everything in our power to identify and correct them promptly when they do occur.

In this report, you will read about the many steps we've taken to put the customer at center stage and how that is influencing our product and service offerings as well as our ongoing investments in technology and innovation. You will find information about the relationships we continue to cultivate with our communities, from our signature philanthropic program — Grow Up Great — to the \$1.8 billion we average each year in community development loans and investments. As you read ahead, you also will find transparency about our governance practices, details about our commitment to creating a diverse and inclusive performance-driven talent culture, and continued developments around our dedication to environmentally friendly business practices.

The pages that follow outline how we organize our business around the customers and communities we serve; it's what makes PNC a Main Street bank. And our commitment to corporate social

responsibility is the very embodiment of a philosophy that shapes every decision that impacts our customers, communities, employees and shareholders. By doing business with integrity, doing what is right by the people that we serve and looking out for the best interests of all of our stakeholders, we have created a culture that enables PNC — despite economic uncertainty, changes in the competitive environment and other challenges facing our industry — to thrive and grow.

Thank you for your interest in PNC.

**Bill Demchak**

Chairman, President,  
and Chief Executive Officer

1/2

of our customers  
use non-branch channels  
for transactions

1/3

of our customer deposits  
are made at an ATM or  
with a mobile device

## Priority Issues and Report Scope

In 2015, PNC conducted a comprehensive materiality analysis to identify its priority issues while taking into account the concerns and expectations of internal and external stakeholders. This materiality analysis is a requirement of the Global Reporting Initiative's (GRI) G4 framework and informed much of the content in this report.

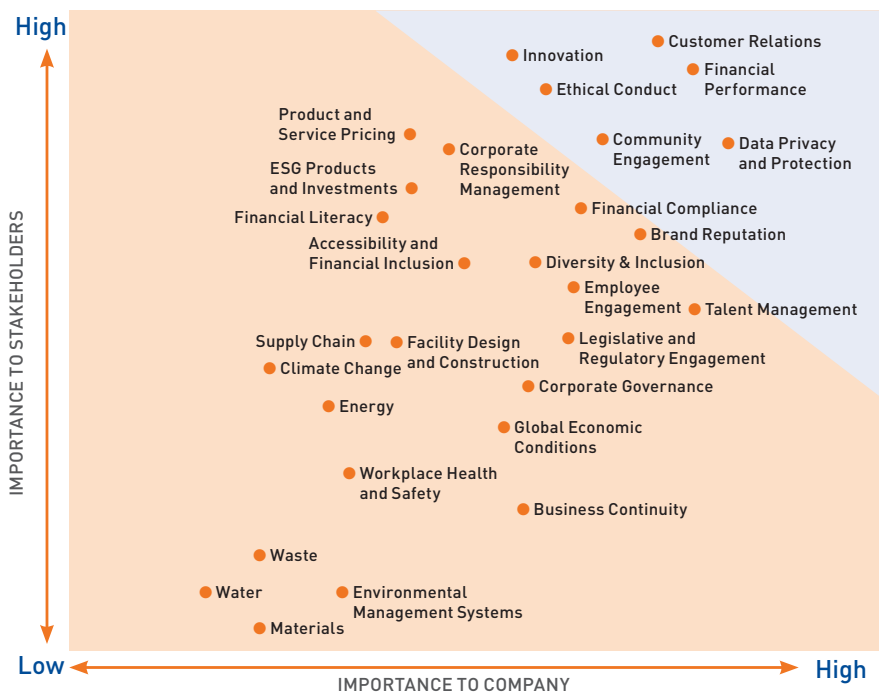
As part of the materiality analysis, we worked with a sustainability consultant to conduct in-depth research, including surveying employees and conducting interviews with PNC executives, customers and suppliers, as well as public officials and community leaders. We selected each participant carefully, surveying employees whose roles are relevant to the company's environmental, social and governance issues, and interviewing external stakeholders who are familiar with PNC's strengths, opportunities and impacts.

### Priority Issues

Among other results, PNC's analysis confirmed that financial performance, customer relations, data privacy and protection, community engagement, innovation and ethical conduct are the issues of greatest importance and impact to PNC and its stakeholders. Below is a materiality matrix that highlights these six issues, among others of varying significance.

### Report Scope

PNC publishes an annual Corporate Social Responsibility (CSR) report. This is our second GRI-based report and has been prepared in accordance with the Core GRI G4 Guidelines, including the Financial Services Sector Disclosure. PNC's 2016 CSR report covers the period of Jan. 1 through Dec. 31, 2016. Our most recent, prior CSR report was published in February 2016.



PNC's analysis confirmed that **financial performance, customer relations, data privacy and protection, community engagement, innovation and ethical conduct** are the issues of greatest importance and impact to PNC and its stakeholders.

In addition to identifying the company's priority issues, PNC's analysis assessed the extent to which these issues impact various stakeholders. Below is a table that outlines the boundaries of these issues, all of which are mapped to GRI G4 Aspects or topics.

**Why It's Important to PNC**

*For more information about why these issues are important to PNC, please see the blue call-out boxes throughout our report.*

PRIORITY ISSUES	GRI G4 MATERIAL ASPECTS	MATERIAL WITHIN THE ORGANIZATION OR EXTERNAL?	RELEVANT EXTERNAL ENTITIES?
<b>FINANCIAL PERFORMANCE</b>	Economic performance	Both	Communities, competitors, customers, NGOs, shareholders, suppliers
<b>CUSTOMER RELATIONS</b>	Product and service labeling	Both	Customers, NGOs, regulators
	Marketing communications	Both	Customers, shareholders, NGOs, regulators
<b>DATA PRIVACY AND PROTECTION</b>	Customer privacy	Both	Customers, shareholders
<b>COMMUNITY ENGAGEMENT</b>	Market presence	Both	Communities, competitors, customers, NGOs, suppliers
	Indirect economic impacts	External	Communities, customers, NGOs, suppliers
	Local communities	External	Communities, NGOs
<b>ETHICAL CONDUCT</b>	Anti-corruption	Both	Customers, shareholders, regulators, suppliers
	Anti-competitive behavior	Both	Competitors, customers, shareholders, regulators, suppliers
<b>INNOVATION</b>	N/A — GRI does not have relevant Aspects	Both	Competitors, customers, shareholders, regulators, suppliers

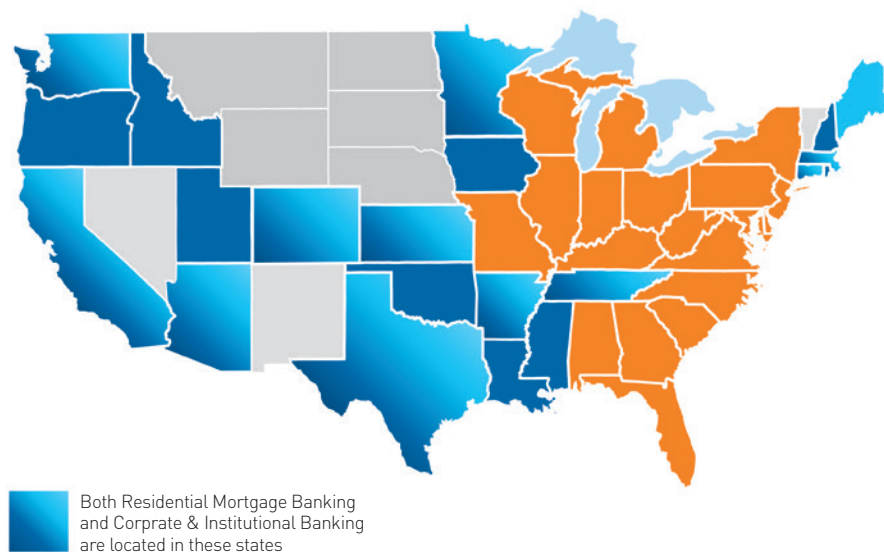




## PNC Corporate and Economic Profile

The PNC Financial Services Group, Inc. is one of the leading financial services organizations in the United States, with \$366 billion in assets and \$257 billion in deposits as of Dec. 31, 2016. For 165 years, PNC has been a strong competitor, innovator and engaged corporate citizen.

Headquartered in Pittsburgh, Pennsylvania, we provide asset management, consumer banking and small business banking primarily in 19 states and the District of Columbia and offer corporate and institutional banking services across the continental United States. PNC bankers and financial consultants bring savvy, local knowledge and truly personal service to all of their banking relationships. Whether serving an individual or institution, PNC can help clients bank intelligently and easily through our four primary lines of business:



### Retail Banking

- > Consumer Banking
- > Business Banking
- > PNC Investments
- > Community Development Banking

Asset Management offices are located primarily in our Retail Banking footprint.

- > Wealth Management
- > Institutional Investments

Residential Mortgage Banking is located in our Retail Banking footprint and has additional offices across the United States.

Corporate & Institutional Banking offices are located nationwide.

- > Capital Markets
- > Commercial Lending
- > Advisory Services



### INTERNATIONAL OFFICES:

Bahamas  
Canada  
China  
Germany  
United Kingdom

## Awards

### HIGH-PERFORMANCE FRANCHISE

- > Most Admired Companies (superregional banks), Fortune (2016)
- > Fortune 200 company (2016)

### DIVERSITY AND INCLUSION

- > “Best-of-the-Best” Top 30 Corporations for Inclusion, National Gay & Lesbian Chamber of Commerce/National Business Inclusion Consortium (2016)
- > One of the Best Places to Work for LGBT Equality, Human Rights Campaign (2016)
- > Top 50 Companies for Executive Women, National Association for Female Executives (2016)
- > Diversity Leader Award, Profiles in Diversity Journal (2015)
- > Top 10 Regional Companies for Diversity, DiversityInc (2015)
- > Top 25 U.S. ERG & Diversity Councils, Association of Diversity Councils (2015)
- > Top 50 Employers, CAREERS & the disABLED (2015)

### EMPLOYER OF CHOICE

- > Great Workplace Award for Employee Engagement, Gallup (2016)
- > 100 Best Companies for Working Mothers, Working Mother (2016)
- > 2020 Women on Boards Winning “W” Company, 2020 Women on Boards (2015)
- > Best Employers for Healthy Lifestyles®, National Business Group on Health® (2015)

### MILITARY & VETERAN SUPPORT

- > Top 100 Military-Friendly Companies, G.I. Jobs (2016)
- > Top Veteran-Friendly Companies, U.S. Veterans (2015)
- > Top 25 Military-Friendly Supplier Diversity Programs, National Association for Veteran-Owned Businesses (2015)

### COMMUNITY

- > Community Reinvestment Award, Excellence in Cross-Sector Community & Collaboration Development for PNC’s Grow Up Great Early Education Initiative (2014)
- > U.S. Chamber of Commerce Foundation Corporate Citizenship Awards, Best Commitment to Education (2014)
- > Outstanding CRA Rating

### ENVIRONMENTAL

- > Net-Zero Energy Certification (PNC’s net-zero energy branch in Fort Lauderdale, Fla.), International Living Future Institute (March 2016)
- > Game Changer Award for Project Finance Innovation, Canadian Solar Industries Association (2016)
- > Leader in Climate Disclosure, Carbon Disclosure Project (2015)

## Economic Profile

ECONOMIC VALUE DISTRIBUTED AMOUNT  
(IN MILLIONS AT 12.31.2016)

Revenues	\$15,162
Operating Costs*	\$ 3,892
Employee Wages & Benefits	\$ 4,841
Payments to Providers of Capital	\$ 2,101
Government Payments	\$ 942
Charitable Giving	\$ 73

\*Operating Costs are calculated in accordance with GRI guidelines.

## Financial Performance

### Why It's Important to PNC

*Our success is defined by how we help our customers achieve their goals, create value for our shareholders, strengthen our communities and empower our employees to grow. Maintaining a prosperous and sustainable business allows us to best serve all of our stakeholders.*

### Management Approach

At PNC, we manage our company for the long term. We are focused on the fundamentals of growing customers, loans, deposits and revenue, and improving profitability, while investing for the future and managing risk, expenses and capital. We continue to invest in our products, markets and brand, and embrace our commitments to our customers, shareholders, employees and the communities where we do business.

We strive to expand and deepen customer relationships by offering a broad range of deposit, fee-based and credit products and services. We are focused on delivering those products and services to our customers with the goal of addressing their financial objectives and putting customers' needs first. Our business model is built on customer loyalty and engagement, understanding our customers' financial goals and offering our diverse products and services to help them achieve financial well-being. Our approach is concentrated on organically growing and deepening client relationships across our lines of business that meet our risk/return measures.

Our strategic priorities are designed to enhance value over the long term. One of our priorities is to build a leading banking franchise in our underpenetrated geographic markets. We are focused on reinventing the retail banking experience by transforming the retail distribution network and the home lending process for a better customer experience and improved efficiency, and growing our consumer loan portfolio. In addition, we are seeking to attract more of the investable assets of new and existing clients, and we continue to focus on expense management while investing in technology to bolster critical business infrastructure and streamline core processes.



**DAN HESSE**  
PNC Board Member

### Q: What do you view as PNC's greatest CSR challenges and opportunities?

**A:** We must make lending decisions in which we effectively balance the needs of our customers and prospective customers with the interests of our other stakeholders. Determining which industries or companies within a particular industry we should lend to isn't always easy. Another challenge is balancing the long-term payback of CSR with Wall Street's focus on the next quarter.

### Q: As a Board member, how do you ensure that CSR is being addressed strategically at a particular company or organization?

**A:** CSR initiatives should be reviewed with the Board of Directors, so I want to see them front and center on the Board's agenda. PNC's commitment to corporate responsibility is part of the reason why I joined PNC's Board in the first place. Recently, I attended a PNC Board dinner that featured a presentation from Sally McCrady, director of Community Affairs, about Grow Up Great. This is just one example of PNC's CSR commitment that warrants—and is receiving—attention from the Board. Equally important are PNC's environmental lending practices, which Mike Lyons, head of Corporate & Institutional Banking, has incorporated into recent Board discussions.

The full Q&A can be found online at [pnc.com/csr](http://pnc.com/csr)



## Investing in Talent Pays Dividends

### OUR JOURNEY TO A TALENT-FOCUSED CULTURE

**Because people have a choice as to where they work, PNC knows that it must offer a superior experience if it wants to attract, develop and retain great employees.**

**In response, we are building a talent-focused culture in which the delivery of this experience begins with the recruiting process and continues throughout an employee's career.**

Such a culture supports PNC and its employees in many ways. Specifically, it goes beyond the company's competitive compensation and generous benefits to also foster diversity and inclusion, facilitate internal mobility (so that employees can easily adopt new roles across the company), promote and reward strong leadership, and provide valuable development, mentoring and networking opportunities.

While these tools and resources no doubt serve our employees, they also serve our customers, who are at the center of all that we do. When our employees have rewarding careers and opportunities for growth, they are more productive and driven to help ensure that PNC is positioned to better compete in the marketplace and to better serve its customers and communities.

### Making Our Talent Commitment Come Alive

PNC's approach to providing career and development opportunities is structured, transparent and consistent across the organization. This approach helps us execute on our longer-term strategy, which is to prioritize employee growth, accelerate leadership development, make career paths clear and factor diversity into all talent decisions. Furthermore, it allows employees to take greater ownership of their careers by providing guidance as to how they may move or advance within the organization. Finally, as part of its commitment to building a talent-focused culture, PNC strongly encourages managers to provide regular feedback to their direct reports and to create an inclusive and collaborative environment.

### WHERE WE ARE HEADED

PNC's talent-focused culture will manifest itself in many ways across our company. Through this culture, we expect to:

- > Leverage our new tools to increase manager effectiveness and help employees navigate potential career paths.
- > Ensure that the right people are in the most critical roles so that we can achieve better business outcomes. Businesses must be empowered to make meaningful decisions using talent-driven data.
- > Provide greater insights to businesses on how they can identify and close gaps in employee competencies and subsequently enhance their teams' performance and efficiency.
- > Incorporate competencies into the recruiting process so that employees clearly understand the knowledge, skills and behaviors required for specific jobs.
- > Ensure that employees and managers understand how their respective competencies should align to their performance goals.
- > Enhance internal mobility so that top talent is identified, rewarded and moved into key roles across the organization.

When our employees have **rewarding careers and opportunities** for growth, they are more productive.

## Workforce

	TOTAL EMPLOYEES	TOTAL FULL-TIME	TOTAL PART-TIME	TEMPORARY*
Female	31,415	29,271	2,144	11
Male	20,500	20,002	498	6
Did not disclose	91	87	4	N/A
<b>TOTAL</b>	<b>52,006</b>	<b>49,360</b>	<b>2,646</b>	<b>17</b>

\*Temporary employees are not reflected in the total employee numbers.

### Training

PNC University (PNCU) continued its commitment in 2016 to provide learning and development solutions to help employees and managers achieve exceptional results. With the goal of enhancing skills and increasing knowledge, PNC focuses on several key areas:

- > Job Skill Training
- > New Employee Orientation
- > Sales and Product Training
- > Ethics and Compliance
- > Employee Development
- > Leadership Development

PNCU offers training to all employees and independent contractors. MyLearning, its learning management system, deploys, manages and tracks approximately 13,000 learning and development opportunities, of which 1,500 are classroom-based, 1,000 are virtual and 10,500 provide online self-study.

### DIVERSITY AND INCLUSION

By recruiting, developing and retaining top talent, we help to create a diverse and inclusive workplace where all employees are respected and have an opportunity to contribute to the company's success.

To further support this workplace, we are committed to developing inclusive leaders who help the company execute against strategic initiatives that integrate diversity and inclusion into every facet of our business.

#### Corporate Diversity Council

Chaired by CEO Bill Demchak, the Corporate Diversity Council (CDC) is responsible for integrating diversity into all business practices. Consisting of senior executives from across the organization, the CDC focuses on PNC's ability to win in the marketplace through the development of an inclusive and talent-focused culture.

### Regional and Line of Business Diversity and Inclusion Councils

PNC's Regional Diversity and Inclusion (D&I) Councils identify and execute upon regional business opportunities that result from changing demographics. They work closely with employees, customers, diverse suppliers and the community to ensure that PNC is best serving its diverse constituents. Similarly, individual Line of Business and other corporate function D&I Councils identify opportunities to integrate PNC's D&I strategy into their respective businesses, aim to enhance employee recruitment, development and engagement, and enrich the customer experience.

#### Diversity and Inclusion Partner Roundtable

The D&I Partner Roundtable is a group of subject-matter experts from across PNC, each of whom has a specific diverse lens as part of their role at the bank, in areas such as supplier diversity, multicultural marketing, women business development, community development, talent and campus recruiting. These experts work collaboratively with the D&I team to share information on goals, objectives, resources and tools. The Roundtable leverages strategies and opportunities to support robust diversity initiatives and drive enhanced business results.

“We don't ‘do diversity’ because it's politically correct or fashionable or simply to comply with the law; **we embrace and promote diversity** because it is the right thing to do.” – Bill Demchak, PNC Chairman, President and Chief Executive Officer



### EMPLOYEE BUSINESS RESOURCE GROUPS (EBRGs)

EBRGs support employees with a shared heritage, gender, sexual orientation or background, and provide a forum for discussion and professional development, as well as an opportunity for employees to contribute to PNC’s success. PNC’s 10 EBRGs are open to all employees regardless of identity or heritage and have thousands of members across 67 chapters and represent the following groups: African American; Asian American; Disability Awareness; Emerging Professionals; Intergenerational; Latino; Lesbian, Gay, Bisexual, Transgender, Queer and Allies (LGBTQA); Multicultural; Veterans/Military and Women. Additionally, PNC’s EBRGs sponsor a mentoring program to assist their members with enhanced opportunities for career and professional development.



**MARSHA JONES**  
Chief Diversity Officer

**Q: What are the greatest challenges facing corporate diversity and inclusion? How do you and your team plan to address these challenges and seize these opportunities at PNC?**

**A:** Historically, corporate diversity and inclusion programs have been areas that were significantly impacted by the economy. When the market performed well, diversity programs and initiatives were well-funded. During difficult times, however, these programs were often the first to be cut. At PNC, diversity has been one of our core values for decades. We believe that we’re at a point now, however, where diversity and inclusion is a critical business asset for the organization, in addition to being a foundational component for a strong corporate culture.

**The full Q&A can be found online at [pnc.com/csr](http://pnc.com/csr)**



### Expanded Learning Topics in Diversity and Inclusion

Through the Diversity and Inclusion Expanded Learning Topics training modules, employees develop their knowledge and skills related to navigating generational differences and leveraging a diverse team, as well as inclusive onboarding, inclusive language, disability awareness and religious expression in the workplace. These courses enhance our efforts to continue to build an inclusive workplace.

### Veterans

PNC is committed to attracting and retaining active military, reservists and veterans. Recognizing the skills, values and experience these individuals bring to the workplace, PNC offers numerous resources, including a Military Advisory Council consisting of executives across PNC who help develop recruiting strategies, a Veteran Young Professionals Resource Group, a Veteran Professional Leadership Program and a dedicated Talent Acquisition team that provides guidance to veterans throughout the hiring process and their careers. Furthermore, our partnership with American Corporate Partners allows PNC employees to mentor veterans in the areas of finance, wealth management, technology and operations, and retail banking.



Corporate & Institutional Banking's Timothy Flynn and his wife, Beth, at the Pittsburgh Marathon. PNC was the title sponsor of the handcycling event.

### People with Disabilities

PNC is committed to better understanding the issue of disabled employment and to attracting, developing and retaining employees with a disability. In addition to partnering with professional organizations that support individuals with a disability, PNC offers accommodations, as well as mentoring, networking and other professional development opportunities.

At the 2016 U.S. Business Leadership Network (USBLN) Conference, PNC was recognized as the "Top Corporation for Disability-Owned Businesses" for demonstrating outstanding inclusion of USBLN-certified disability-owned suppliers, including those owned by service-disabled veterans.

### Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) Equality and Inclusion

For the fourth consecutive year, the Human Rights Campaign (HRC) named PNC among the Best Places to Work for LGBTQ Equality. With a perfect score of 100 on the HRC's 2017 Corporate Equality Index, we earned top ratings for our policies, benefits and practices that support LGBTQ employees and their families. The HRC is America's largest civil rights organization that works to achieve LGBTQ equality. PNC's recognition demonstrates our ongoing commitment to create an inclusive and supportive corporate culture.

Also reflective of PNC's efforts to advance inclusiveness was PNC CEO Bill Demchak's decision to sign a letter — drafted by the HRC and Equality North Carolina — to Governor Pat McCrory, protesting anti-LGBTQ legislation. Mr. Demchak was among dozens of CEOs who signed this letter in April 2016 to take a stance against this controversial legislation, North Carolina House Bill 2.

Also in 2016, the National LGBT Bar Association presented its Out & Proud Corporate Counsel Award to PNC's Legal Department and General Counsel Greg Jordan.



SCORED A PERFECT

100

on the HRC's 2017  
Corporate Equality Index



PNC employees at St. Petersburg Pride.

“Presenting Greg Jordan and the PNC Legal Department with our Philadelphia Out & Proud Corporate Counsel Award demonstrates how important it is to have strong allies. Greg’s commitment to diversity and awareness, both at PNC and throughout his career, is to be applauded and emulated,” said D’Arcy Kemnitz, executive director of the National LGBT Bar Association. “PNC’s continued dedication to LGBT inclusion is seen in important aspects of the work they do, including their partnership with the LGBT Bar to provide internships to LGBT law students each year.”

## EMPLOYEE ENGAGEMENT

PNC is committed to creating a workplace where employees are engaged, respected, supported and recognized. We understand that acknowledging the contributions of our employees is critical to maintaining strong engagement and retaining talent.

*Following are PNC’s 2016 employee engagement and recognition highlights:*

- > For the eighth consecutive year, PNC was named a “Gallup Great Workplace” award winner for excellence in employee engagement in the Retail business. This distinction recognizes companies across the globe that have demonstrated an extraordinary ability to create and sustain an engaged workforce.
- > PNC recognized eight employees during its 24th Annual Performance Awards ceremony, which provides executive leadership with the opportunity to honor an elite class of employees during a ceremony that is live-streamed across the company.
- > Spotlight, our employee recognition program, continued to extend its reach as millions of recognition messages and award points were distributed to employees across all regions and businesses. Also, #GreatKids, a program that tied recognition to community support, resulted in the donation of hundreds of iPads to children and teachers in low- to moderate-income communities.
- > Annual Market All-Stars dinners and awards ceremonies, which occur in each of the regions where we operate, celebrated the accomplishments of high achievers across the company.
- > PNC inducted 340 employees into the Quarter Century Club, which recognizes 25 years of service with the company, at celebratory luncheons across the country. The honorees’ managers, as well as employees with 26 or more years of service, also were invited to share in this milestone achievement.



The 2016 Performance Awards winners with CEO Bill Demchak at the 24th annual award ceremony. **Left to Right:** Back Row – Lamija Grebovic, Terry Boring, Bill Demchak, Shirley Williams, Wayne Cornwell. Front Row – Laura Djumovich, Ted Spurlock, Kim Roberson, Brian Ayala.



INDUCTED

340

employees into the  
Quarter Century Club

### #OneTeam Becomes #GreatKids

In 2014, managers in PNC Technology & Operations (T&O) were searching for a way to make employee recognition more meaningful for both managers and employees. By focusing on how they could recognize individuals while also helping the community, a new pilot program, #OneTeam, was born.

The program allows managers and employees to recognize one another for doing great work and achieving strategic goals by distributing award points through PNC's Spotlight employee recognition program. While employees typically are awarded points for their personal use, when #OneTeam is included in the recognition, points instead go toward the purchase of iPads for PNC Grow Up Great-affiliated organizations. As an added incentive, employees can participate in delivering the iPads.



The iPads donated as part of PNC's Technology & Operations #OneTeam employee recognition program have become valuable classroom learning tools for preschoolers and their teachers.

In light of its success within T&O, #OneTeam has grown and been adopted for use across all of PNC. Since January 2015, #OneTeam, along with the enterprise-wide program, dubbed #GreatKids, has provided 710 iPads to eligible organizations.

### EMPLOYEE BENEFITS

PNC's benefits program is designed to reflect employee priorities and to deliver on one of our core values: quality of life. By considering this value in all that we do, we can help employees better meet the demands of work and family, regardless of their role or the stage of their career.

In 2016, PNC significantly enhanced its maternity and parental leave benefits by granting eligible new parents of any gender six weeks of fully paid leave for birth or adoption. It also grants eligible birth mothers an additional 10 weeks of fully paid maternity leave.

These enhancements, along with PNC's already-competitive compensation and benefits package, further allow PNC to attract and retain top talent and position the company for future growth.

*Following is a summary of the benefits offered to full-time and part-time employees once eligibility requirements are met.*



PNC recently increased its 100-percent-paid maternity and parental leave policies, giving birth moms up to 10 weeks of paid time off and all new parents (including birth moms, new fathers and adoptive parents) up to six weeks of paid time off. These changes were implemented to help PNC continue to attract and retain talent and were largely informed by the company's eNPS survey. This survey, which was launched in November 2015 and is distributed to every employee once per year, asks employees how likely they are to recommend PNC as a place to work, as well as PNC's products and services. PNC has used employees' qualitative feedback, which accompanies quantitative scores assigned to these two areas, to shape new and existing policies and programs, including the company's maternity and parental leave policies.



FULL-TIME EMPLOYEES  
100% PAID MATERNITY FOR

10

weeks after one year  
of service



FULL-TIME EMPLOYEES  
EDUCATION ASSISTANCE

\$5,250

reimbursed annually

## FULL-TIME EMPLOYEES

- > Medical and prescription drug coverage
- > Dental and vision coverage
- > A Health Savings Account (HSA) option that allows employees to set aside pretax money to pay for current or future eligible health care expenses and that may include company contributions
- > Living Well, a holistic employee wellness program
- > Wellness Credit incentives for completing certain Living Well activities; payable as a contribution to an employee's HSA (up to \$1,000) or as cash (up to \$100)
- > Paid vacation and holidays
- > Six paid occasional absence days and one paid personal day
- > Paid parental leave for new parents (six work weeks at 100 percent of pay)
- > Paid maternity leave for new mothers (10 work weeks at 100 percent of pay after one year of service, or six work weeks at 60 percent of pay for those with six months to one year of service)
- > 401(k) plan with a 4 percent company match and a \$2,000 minimum match; effective Jan. 1, 2017, employees can choose traditional pretax and/or Roth after-tax contributions
- > Company-funded pension plan
- > Employee stock purchase plan
- > Educational assistance program, which reimburses up to \$5,250 annually
- > Adoption assistance program, which reimburses up to \$5,000 and provides six work weeks of paid time off per adoption
- > Company-provided basic life insurance and business travel insurance
- > Optional life insurance, including for a spouse, domestic partner and family members
- > Personal accident insurance
- > Commuter benefit program
- > Short-term disability coverage and long-term disability coverage
- > Dependent Care Reimbursement Account
- > 40 hour paid volunteer policy

## PART-TIME EMPLOYEES

- > Medical and prescription drug coverage
- > Dental and vision coverage
- > A Health Savings Account (HSA) option that allows employees to set aside pretax money to pay for current or future eligible health care expenses and that may include company contributions
- > Living Well, a holistic employee wellness program
- > Wellness Credit incentives for completing certain Living Well activities; payable as a contribution to an employee's HSA (up to \$1,000) or as cash (up to \$100)
- > Paid vacation and holidays
- > Paid parental leave for new parents (six work weeks at 100 percent of pay)
- > 401(k) plan with a 4 percent company match and a \$2,000 minimum match; effective Jan. 1, 2017, employees can choose traditional pretax and/or Roth after-tax contributions
- > Company-funded pension plan
- > Employee stock purchase plan
- > Educational assistance program, which reimburses up to \$1,200 annually
- > Company-provided basic life insurance and business travel insurance
- > Pro-rated paid volunteer policy

In 2016, PNC launched an employee survey to evaluate the overall satisfaction of our corporate recognition programs. We found that **86 percent of employees are satisfied or highly satisfied with the programs.**

## TOOLS FOR BETTER HEALTH, FINANCES AND WORK/LIFE

PNC's Living Well program empowers employees to take ownership of their personal well-being. Living Well takes a holistic approach to supporting our employees in the areas of health, life and money.



**Health:** Highlights include free, confidential health assessments and on-site biometric screenings; flu shots; tobacco cessation programs; health coaching; wellness challenges and new mothers' rooms for nursing mothers.



**Life:** Through GuidanceResources, a third-party vendor, Living Well helps our employees find housing, research child and elder care options, connect with legal counseling and resources, plan for their child's college education and prepare for other life changes. In addition, GuidanceResources offers counseling and referral services free of charge. Furthermore, Living Well offers employees highly subsidized back-up child and elder care, as well as formal and informal flexible work arrangements.



**Money:** In October 2016, PNC introduced MoneyWise, an employee program that includes tools, personal guidance, and special discounts and perks to help employees reach their near- and long-term financial goals. Employees also have access to third-party financial counseling through GuidanceResources.

## PNC Competitive Race Sponsorships

In addition to marathons, triathlons and community races, PNC's competitive race sponsorship platform now includes a bike share program, as well as a physical fitness healthy eating initiative in partnership with select YMCAs. PNC's portfolio of race sponsorships, which launched in 2015, grew from 19 to 32 in 2016 and now stretches across 14 states in PNC's footprint.

PNC's race sponsorship platform demonstrates the company's support of events that promote wellness, celebrate communities and bring families together. These events also generate meaningful brand awareness and support the company's business development. As a strong advocate for the physical, financial and personal wellness of our employees, customers and communities, PNC partners with races that offer events for runners, walkers and cyclists of all ages and abilities.

PNC also engages employees by offering wellness incentives to those who participate in race events. These incentives, among other programs and services, are designed to support greater employee wellness.



The starting line at Fort 4 Fitness in Ft. Wayne, IN.

PNC's Living Well program **empowers employees** to take ownership of their personal well-being.

### Milestone Year

In 2016, PNC celebrated two major milestones in its ongoing efforts to help employees find balance at home and at work:



#### 1. PNC's Two On-site Well-being Centers in Pittsburgh, Pennsylvania and Miamisburg, Ohio Celebrated One-Year Anniversaries

These centers provide convenient, affordable and high-quality primary, preventive and urgent care, as well as lab services, annual physicals, well-woman exams and physical therapy. The centers are open to all employees enrolled in PNC medical benefits, their covered spouse/domestic partner and covered dependents over the age of 2.

To expand Well-being Center benefits to employees outside of Pittsburgh and Miamisburg, PNC partnered with a Well-being Center physical therapist to develop an online series of videos. These videos are available on demand and provide basic stretches and ergonomic exercises to help employees feel their best at work and at home.



Liz Harrington, PNC's Wellness and Work-Life Strategy Manager, accepted an award on behalf of PNC for the company's inclusion in Working Mother's Best Companies Hall of Fame.

#### 2. PNC earned a spot in Working Mother's Best Companies Hall of Fame

In 2016 — and for the fifteenth time — PNC was recognized by Working Mother magazine as one of the 2016 Working Mother 100 Best Companies. This annual award honors companies that offer progressive resources, including flexibility, child care, paid parental leave, and leadership and mentoring opportunities, to support the advancement of women in the workforce.



## Customer Focus Defines Our Business

### THE EXPERIENCE MATTERS

**At PNC, our customers are at the center of everything we do. When we say “the Experience Matters,” we aren’t simply sharing a catchy phrase, but rather we are referring to a shared vision that guides PNC’s employees to work together to deliver the best possible customer experience.**

Now in its third year, the Office of the Customer is continuing to deliver on the company’s customer-focus corporate value. PNC recognizes that delivering exceptional customer service is what all customers deserve and that it also can provide a competitive advantage. Regardless of where an employee works in the bank, it is his or her responsibility to deliver an exceptional customer experience, and when issues occur, to ensure that all customer issues are brought to resolution in a timely manner.

The Office of the Customer introduced several programs in 2016 to further drive a customer-focused culture. It launched new tools to help employees understand how their interactions affect individual customers and asked all employees to deliver on a customer-specific performance goal, as well as to adhere to CARES, PNC’s enterprise-wide customer interaction model. CARES provides guidance as to how employees can best serve customers, specifically

by connecting and empathizing with them and by taking full ownership of their experience.

The Office of the Customer also receives customer feedback through the Net Promoter Score (NPS), a way to measure a customer’s likelihood of recommending PNC to others. Each line of business has its own NPS results and uses this information to create action plans to enhance the customer experience.

Within the Retail Bank, the Office of the Customer measures specific aspects of a defined conversation to determine how well employees address customer needs. This measurement is designed to ensure that employees do the right thing for customers and give customers the advice and direction they need to improve their financial well-being. Customer feedback has been largely positive, and in just the last two years, customer loyalty has grown from 59 percent to 62 percent.



### KAREN LARRIMER

Head of Retail Banking and  
Chief Customer Officer

**Q: What are the greatest challenges and opportunities facing Retail Banking in 2017 and beyond?**

**A:** Retail Banking will continue to experience a significant transformation as customer behavior, preferences and expectations evolve. Technology, for example, plays a larger role in customers’ everyday banking and investing more than ever before. This, among other changes, requires that we be incredibly thoughtful and strategic about where and how quickly we invest to ensure that we are best serving customers across all channels, including branches, care centers, ATMs, and online and mobile banking. At PNC, we want to create a seamless experience for our customers so that each new product or service we create is faster and easier to use. Our success is dependent on our ability to serve our customers efficiently through their channel of choice and to provide customers with access to the financial expertise and unique tools they need to successfully manage their money.

The full Q&A can be found online at [pnc.com/csr](http://pnc.com/csr)



### Just Fix It!

PNC employees are accountable for delivering a positive customer experience, which requires them to take ownership of issues by offering solutions and escalating issues, when needed. For those issues that cannot be easily resolved, however, PNC introduced Just Fix It!, a new resource for recommending solutions to issues that otherwise could impact PNC's ability to deliver a positive customer experience.

The purpose of Just Fix It! is to hear firsthand from our employees about which barriers get in the way of delivering an exceptional service every time for every customer. This resource helps us to better understand and address these barriers so that the next customer doesn't experience the same issue.

Since Just Fix It!'s 2015 launch, employees have submitted approximately 1,000 suggestions for how PNC can make impactful improvements for its customers. By completing a simple intranet form, employees can submit their suggestions, which are then reviewed by the Enterprise Customer Experience team for consideration and, in many cases, are implemented.

### Improving our Bank Branches and CARE Centers

One of the Office of the Customer's goals is to make every experience with PNC feel easy, connected and seamless. Throughout 2016, PNC's retail branches and care centers experienced several changes to help improve the client experience:

#### RETAIL AND DIGITAL

- > Moved focus from transactions to advisory services
- > Implemented EMV chip cards
- > Launched a new PNC travel credit card
- > Installed Instant Card Issuance printers at 87 percent of branches
- > Enhanced ATM functionality and services to create a more secure and user-friendly experience
- > Enhanced PNC's mobile capability with Apple, Samsung and Android Pay
- > Implemented a new version of Virtual Wallet
- > Created paperless options for customers
- > Implemented online security enhancements

#### CARE CENTERS

- > Decreased all transfers by nearly 20 percent by answering customers' questions on the first call
- > Increased staff to 2,400 employees to better manage increasing customer demand
- > Implemented additional training to ensure that employees are more knowledgeable of the full scope of PNC products, processes and technology
- > Implemented the CARES framework, which guides employees' conversations to ensure that each unique customer receives the best possible experience

## DIVERSE CUSTOMERS

**PNC provides a wide range of services to non-English speaking customers, including:**

- > Customer service with interpretation services available in more than 240 languages and a dedicated Spanish language customer service team at 1-866-HOLA-PNC
- > Bilingual and multilingual branch personnel in key locations to assist customers with products and services
- > ATMs featuring languages such as Chinese, French, German, Italian, Japanese, Korean, Polish, Portuguese, Spanish and Vietnamese
- > Spanish-language financial education seminars on the foundations of money management, budgeting, borrowing and first-time home buying

### Financial Education for Spanish-Speaking Customers

In 2016, PNC's Multicultural Marketing, Financial Education and Community Development Banking teams launched Fundamentos de la Administración del Dinero. This Spanish version of PNC's *Foundations of Money Management*, used primarily as a prerequisite for potential customers who do not qualify for a traditional checking account but who would like to open a Foundations checking account, was created to help

our Spanish-speaking customers improve their financial literacy and wellness.

The course also can be taken by existing customers who simply want to learn more about money management.

"The Spanish version broadens the potential reach of this program and helps Hispanic customers with a Spanish-language preference to achieve financial well-being" said Carrie Ann Quintana, Vice President, Multicultural Marketing.

The approximately 90-minute course, which can be found at [es.pncfoundations.com](http://es.pncfoundations.com), is optimized for desktop and laptop browsers and is compatible with mobile devices.

### Women's Business Advocates

PNC recognizes that the growth in women-owned businesses offers both opportunity and responsibility. While companies owned by women are a fast-growing business segment in the United States, their revenue and employee headcount still lag those of their male counterparts. Developing business relationships with women who own or run companies allows us to grow our customer base as we provide the insights, connections and financial products and services that their companies need to thrive.

To better support the success of this influential segment, PNC offers bankers proprietary training so that they may better understand the opportunities and challenges facing female financial decision makers. Since this training's inception in 2010, more than 1,700 male and female bankers across the organization have become PNC-Certified Women's Business Advocates (WBA).

### WBA Helps CPI Creative Become a Big-League Player

Since meeting PNC branch manager and WBA Lori Williams in 2008, Carol Philp has quadrupled the size of her business, Pittsburgh-based CPI Creative. Now serving clients ranging from startups to Fortune 100 companies, Philp credits the unwavering support of Lori and PNC for fueling CPI's momentum.

"PNC believed in me at a time when another bank had turned me away, saying my business posed too much risk," says Philp, who provides branded apparel, graphic design, and custom promotional-product design and manufacturing. "Lori recognized our potential and has supported us every step of the way."

Williams' ability to identify and fulfill the needs of women executives and entrepreneurs stems from her commitment to WBA principles. "As women, we tend to like doing business with people we know and trust," she

PNC offers bankers proprietary training so that they may better understand the **opportunities and challenges facing female financial decision makers.**

explains. “PNC WBAs take the time to build relationships so we can truly understand each client’s vision and offer solutions to help her business thrive.”

According to Philp, “It means a lot to a business to have the faith and backing of your bank. And to also have the personal support of an advocate like Lori is more than you could ask for.”



Philp (left) received an award from the Women’s Business Enterprise National Council for her achievements as a business owner. She took PNC’s Williams (right) as her guest to recognize her guidance.

### Veterans

In addition to recruiting active military, reservists and veterans as employees, PNC is equally committed to serving veterans in the community. In 2016 — and for the second consecutive year — PNC presented a mortgage-free home to a military veteran who was injured during combat operations. PNC made the donation to a retired U.S. army sergeant who received a Purple Heart from his deployment in support of Operation Iraqi Freedom. Recognizing the value of a home donation to a wounded veteran, PNC joined the Military Warriors Support Foundation “Homes4WoundedHeroes” program to demonstrate its backing of the veteran community.



From the Military Warriors Support Foundation: (left to right) Executive Director Ken Eakes and Field Operations’ Rick Clay, PNC Customer Experience Director Catherine Grover, Kady, Sawyer and Kenneth Bryant (the hero and his family), and PNC Illinois regional president Scott Swanson.

### PNC Helps Nine Military Veterans Get Life-Changing Service Dogs

Thanks in part to PNC, nine more Pittsburgh-area veterans may be on the road to getting their old lives back.

On October 1, Life Changing Service Dogs for Veterans (LCSDV) held its first Community Mutt Strut, sponsored by PNC, and reached its ambitious goal of funding nine service dogs that will be matched with local recipients. LCSDV, a Pittsburgh-based organization that aims to help reduce veteran suicides, organized the event to support Guardian Angels Medical Service Dogs, a Florida-based nonprofit that trains and places service dogs to help veterans address anxiety, PTSD and other combat-related issues.

The Veterans Administration estimates that 20 U.S. military veterans commit suicide every day, but those who have received a dog from Life Changing Service Dogs for Veterans and its Florida partner, Guardian Angels Medical Service Dogs, have a 100 percent survival rate.

## CUSTOMER INFORMATION SECURITY AND FRAUD PROTECTION

### *Why It's Important to PNC*

*Not only is protecting our customers' privacy our job, but it is a priority. Our ability to help customers achieve their financial goals is possible when we also can safeguard their personal and financial information. If we want to remain competitive and earn and retain the trust of an increasingly discerning customer base, we must continue to invest in our systems to detect, deter and prevent unauthorized access to customer information.*

The security of our customers' personal and financial information is a priority at PNC. Our comprehensive security program provides customers with account features that help protect their accounts from fraud and identity theft. We also use layered technologies and other security controls to protect customer information.

Customers can elect to receive alerts about certain account activity and review recent account activity through online banking. In addition to these tools, which can assist with early fraud detection, PNC's security team constantly monitors card and account activity for potential fraudulent transactions and takes action when potential fraud is detected to mitigate financial loss and other harm to

our customers. Furthermore, PNC has arranged for financial security software from a major technology company to be available to customers at no charge.

Throughout 2016, PNC actively worked with customers potentially impacted by data breaches at other organizations. In addition to tightening fraud monitoring, PNC worked directly with customers to help address their concerns.

In addition to providing tips about PIN management and card protection, we caution customers about email, mail and telephone fraud, and feature alerts from the FBI and FTC on tech support and business email compromise scams. PNC routinely provides these security tips through numerous channels so that customers can take the necessary steps to protect themselves on an ongoing basis, and not just in the aftermath of a publicized security breach.

### PROTECTING CUSTOMER PRIVACY

PNC takes steps to safeguard customer privacy, supporting customers' rights to limit the sharing of their personal information and notifying customers about how this information is collected, shared and protected.

Financial institutions need to share customer information to run their everyday businesses. For example, U.S. law allows the sharing of information that enables

PNC to process transactions, maintain accounts, respond to court orders or legal investigations, report to credit bureaus, offer PNC products or services, and receive feedback about transactions and experiences. Information sharing for marketing purposes, however, is limited upon customer request.

All of this is communicated with customers through the PNC privacy notice provided at a new account opening and annually thereafter. The privacy notice also is provided with all loan closing documents and is available online.

To further protect the privacy of our customers, we maintain administrative, technical and physical controls designed to limit the access to and use of customer information. Additionally, we pursue continuous process improvement to enhance our employees' privacy awareness and training and to provide privacy and security updates and reminders to customers.

As required by law, PNC is registered with relevant international data protection authorities (e.g., United Kingdom and Germany) regarding the collection and processing of personal information and uses European Union (EU) model contract clauses and individual consent to transfer customers' personal information from EU countries to the United States.

Our **comprehensive security program** provides customers with account features that help protect their accounts from fraud and identity theft.

## TECHNOLOGY AND INNOVATION

### Why It's Important to PNC

*Customer preferences are evolving rapidly with more and more PNC customers using online, mobile and ATM channels to complete their business transactions. This requires ongoing investments in technology to meet customers' needs and remain competitive. PNC is continuing its focus on innovation and technology across its businesses and in communities where it operates.*

### PNC, Its Branches and Customers

In 2016 — in an ongoing response to the realities of customer preferences, which continue to evolve due to the increasingly popular shift to online and mobile transactions — PNC consolidated 109 branches while opening 13 new branches and relocating six. The result is a still-robust network of approximately 2,500 branches across our footprint. In addition, PNC converted 167 branches to the “universal” model, which allows branch personnel to focus more on our customers’ financial well-being, while continuing to process customer transactions.

### Community Engagement

PNC’s commitment to supporting the communities in which we operate extends to those impacted by branch

consolidations. Before a consolidation, PNC carefully assesses the relevant branch, particularly if it is located in a rural and/or low- to moderate-income community, to better understand the potential impact on customers. Depending on the potential impact, PNC often engages the relevant community and develops a mitigation plan to best meet the financial needs of local residents and businesses. This plan is unique to each community and takes into account various factors, including but not limited to the channels through which residents and businesses can continue their banking relationship with PNC and the accessibility of a PNC ATM or other bank branch, especially for those who live in rural areas and/or rely on public transportation.

PNC’s plans also consider the need to educate community members about alternate channels, including the Customer Care Center, ATMs, and online, digital and mobile banking. While PNC’s approach to consolidating branches and addressing the needs of those impacted varies by community, we consistently are careful, deliberate and thorough in assessing potential risks and identifying practical solutions.

To further address customer preferences, particularly as they pertain to convenience, PNC equipped 85 percent of our branches with the capability to instantly issue debit cards to customers who opened new accounts or lost their cards. In 2016, PNC issued more than 1.5 million debit cards on demand in branches.



### How to Receive a New Debit Card – Instantly

It was 24 hours before her trip to New York when Grace Oxley misplaced her debit card.

“Not only was I leaving for New York City that weekend, I was leaving for Europe in 2 weeks. I thought it took 7-10 days to receive a new card,” said Oxley, a four-year PNC customer.

“My debit card is my lifeline for my funds.”

Oxley contacted the PNC call center and was surprised to learn her nearby branch in Pittsburgh could print a new debit card for her – within two minutes on average.

“I had no idea branches could do this,” said Oxley. “I was surprised at how quickly the card was printed. Plus, I was able to place a travel notice on my card through the branch. My expectations were exceeded.”

PNC’s leadership asked the company’s technology team to **develop and implement a data center strategy** to ensure that the bank is able to meet customer, regulator and employee expectations.

PNC maintains the fourth largest ATM network in the country with approximately 9,000 machines, 52 percent of which are off bank premises, providing customers and non-customers convenient access for their banking needs. In 2016, we further enhanced customer security by upgrading our ATM fleet to accept EMV or “chip” cards, and we continued to boost our ATM capabilities to deliver both greater convenience and speed.

### PNC's Data Center Strategy

Maintaining operations and the availability of data and business applications is crucial to providing reliable and uninterrupted service to PNC customers. Not long ago — and largely due to its acquisitions — PNC had more than a dozen small and outdated data centers, which were built to serve companies a fraction of its size.

Recognizing that this was a roadblock to continued growth, as well as customer service, PNC's leadership asked the company's technology team to develop and implement a data center strategy to ensure that the bank is able to meet customer, regulator and employee expectations as they pertain to reliability, performance and product offerings.

PNC has established three state-of-the-art data centers that help ensure the availability and recoverability of data and applications in real time. Results from disaster recovery and business continuity

tests demonstrate that the bank is doing what it set out to do, which is to deliver on a strategy that provides an “always on” experience for customers and employees.

The execution of its data center strategy not only positions PNC to meet its business continuity and regulatory requirements, but it provides a computing platform that can grow with the bank.

### DID YOU KNOW?

Today, 60 percent of our retail banking customers use non-teller channels for the majority of their transactions. That's up from 40 percent just three years ago.

51 percent of deposit transactions now come via an ATM or mobile device. This compares to 30 percent three years ago.



### STEVE VAN WYK

PNC Head of Technology and Operations

**Q: What are your top cyber security concerns and how is your team addressing them?**

**A:** As an industry, I think that we have done a good job of protecting our perimeters by working in collaboration with law enforcement and other financial institutions to protect against the ever-changing list of exploits that bad actors are using to get inside the bank.

Those most vulnerable to being attacked are our individual employees, who bad actors often target through phishing emails, among other channels, to obtain the necessary credentials to hack into PNC's systems. Of course, phishing is an email that purports to be from a reputable source, while the actual intention is to gain access to passwords, account numbers or other key information usually for malicious reasons.

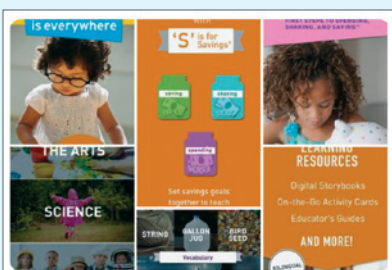
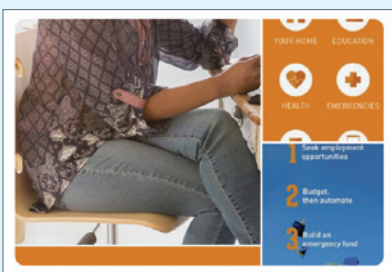
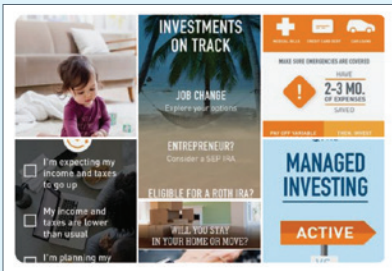
The full Q&A can be found online at [pnc.com/csr](http://pnc.com/csr)



IN 2016, PNC ISSUED

1.5M

debit cards on demand



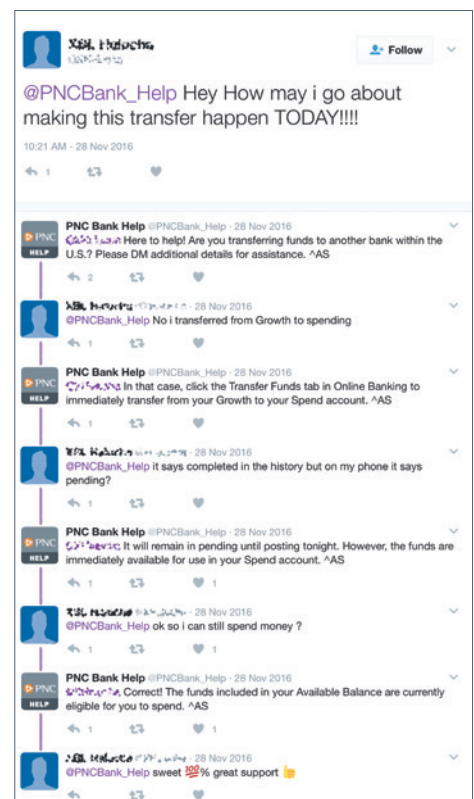
## SOCIAL MEDIA

PNC continued to grow its social presence throughout 2016 with the launch of two new properties, a LinkedIn Showcase page dedicated to thought-leadership content for small- and mid-sized corporations, and four Pinterest boards focused on delivering financial insight to consumers as they plan for life’s milestones.

The August 2016 launch of PNC’s presence on Pinterest was highly successful. PNC’s launch content focused on Early Childhood Education, Understanding Your Finances, All Things Home, and Long-Term Planning. Each board consists of pins covering topics such as “100+ Lesson Plans” [for early educators’ use in the classroom] and “Spending Diet” tips. The content surpassed many of Pinterest’s benchmarks for the financial services industry, achieving a 28 percent higher click-thru rate and a 9 percent lower cost-per-click than Pinterest’s average. As Pinterest has proven to be effective in driving traffic to PNC.com, it will continue to be expanded in 2017.

Meeting customer service needs through social media channels also will remain a priority in 2017. PNC’s dedicated Customer Care team continues to monitor and respond to customer service inquiries on the company’s three

corporate social properties (Facebook, @PNCBank and @PNCBank\_Help), and in 2016, published 66,955 responses to customer questions, feedback and/or complaints. PNC remained diligent in exceeding response-time expectations, resulting in a 37 percent improvement in response time from 35 minutes to 22 minutes.



IMPROVED  
RESPONSE TIME BY  
**37%**

## RESPONSIBLE LENDING AND MORTGAGE PRACTICES

In 2016, PNC originated \$10.6 billion in residential mortgage loans to those purchasing a new home or refinancing a current home.

We are committed to supporting homeownership for low- and moderate-income borrowers and offering mortgage products that are affordable, flexible and sustainable. Among these products are those that adhere to Federal Housing Administration and Department of Veterans Affairs guidelines. Furthermore, our portfolio mortgage product, PNC Community Mortgage, offers flexible underwriting guidelines and a reduced cost structure for prospective borrowers.

Over the past three years, we have helped more than 58,000 low- to moderate-income borrowers purchase, refinance or improve their homes.

In the past year, PNC began to redesign its consumer lending processes and technology through a multi-year home lending transformation project. Our goal is to deliver a seamless home lending experience for our customers by integrating our residential mortgage and home equity lending on a common platform. We will continue to offer the products and services customers want —with the precision and speed they rightfully expect — well into the future.

With this long-term effort, we plan to drive both efficiency and growth over time.

As part of this project, we have contracted with Black Knight Financial Services to implement its mortgage originations technologies and a state-of-the-art loan servicing platform, which will allow us to expand our products and services and enhance the customer experience. Work on these projects began in 2016 and will continue throughout 2017 and beyond.

As one of the nation's top retail lenders and servicers of residential mortgage loans, we are committed to understanding our customers and offering them a variety of products so that they can choose an option that best meets their needs. We understand, however, that life changes and other unexpected hardships can come in many forms and may affect a borrower's ability to repay a mortgage loan.

PNC maintains numerous loss-mitigation and payment modification options, including forbearance, repayment plans, modifications, partial claims, short sales, assumptions and deeds in lieu of payment. Distressed homeowners are encouraged to contact PNC directly to discuss the right option for their individual circumstances.

So that PNC can continue to put customers at the center of the decision-making process, we are committed to preparing our mortgage employees for changes in the marketplace and regulatory environment. This preparation ensures that we can help customers make educated decisions that allow them to buy and stay in their homes.

We are **committed to supporting homeownership** for low- and moderate-income borrowers.



ORIGINATED

**\$10.6B**

in residential mortgage loans.



## FAIR DESIGN AND SALE OF BANKING PRODUCTS AND SOLUTIONS

### **Why It's Important to PNC**

*PNC is committed to performance, integrity, customer focus, respect, diversity, teamwork and quality of life. These core values have helped us become a leading financial services company and guide our everyday actions with customers. To assist our customers in making informed decisions about the products or services that may be right for them, we provide accurate, clear and meaningful marketing information. Also, as a national bank, we are subject to a number of regulations and laws that address our marketing practices and materials, as well as the products and services we offer. The sources of these laws and regulations include the federal and state governments, the Consumer Financial Protection Bureau, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Federal Reserve Board, the Securities and Exchange Commission and the Financial Industry Regulatory Authority. International laws and regulations apply to certain PNC business units.*

Recognizing the role we play in our customers' financial lives, we design products and services that help them manage their day-to-day finances and achieve their financial goals. We also provide options and information so that customers are informed and able to select the financial products and solutions that meet their needs. A prime example of this effort is PNC's Virtual Wallet and Cash Flow Insight products, which feature tools and calendars that allow customers to more easily monitor their balances, conveniently move funds and plan for future cash flow. PNC's SmartAccess® Prepaid Visa® card, a reloadable prepaid card that provides customers with a practical alternative to a traditional bank account, also reflects PNC's focus on convenience. As a reloadable prepaid card, it limits spending to the amount of funds loaded on the card but allows money to be transferred from an eligible PNC checking or savings account to the card via online banking (primary cardholder only), PNC mobile app or Virtual Wallet mobile app. Among other purposes, customers can use a SmartAccess card to:

- > Create a living expenses budget, loading money each week for lunches, morning coffee and snacks.
- > Load their kids' allowances or college spending money to teach financial literacy.
- > Budget for travel and holiday spending.
- > Pay babysitter expenses.
- > Limit spending by adding only what is budgeted. For example, load \$400 a month for groceries.
- > Track spending with daily balance alerts via email or text.

PNC also promotes convenience by allowing customers to bank how and when they like, whether it is in person, over the phone, online or with a mobile or tablet device. We regularly conduct research and solicit feedback in an attempt to learn more about our customers and review customer complaints to identify potential issues and determine whether we can enhance or improve our products and services.

PNC's product and service designers share significant new and enhanced products and services ideas with various business, risk, legal, technology and compliance personnel who review them for compliance with applicable laws

**PNC promotes convenience** by allowing customers to bank how and when they like, whether it is in person, over the phone, online or with a mobile or tablet device.



Our sales and other customer-facing employees receive the training needed to **help customers identify the products or services that best meet their financial goals.**

and regulations, including fair lending and anti-discrimination laws. Another step in the new product and services development process is the review of an initiative for credit, market, operational, legal and reputational risks.

Once a product or service is approved through the appropriate governance processes, the related marketing material is carefully reviewed and approved by one or more members of PNC's legal, risk and compliance teams.

PNC is invested in our employees' delivery of products and services information, features and benefits. That is why our sales and other customer-facing employees receive the training needed to help customers identify the products or services that best meet their financial goals.

PNC's consumer educational resources and tools include articles, videos and social media posts and tweets. For example, PNC Achievement Sessions are videos, blog posts and

other tools that offer tips and lessons about mortgages, debt and saving for retirement, among other topics.

Additionally, the PNC Student Center offers students information about deposit accounts, student loans, planning for college, military benefits and financial literacy, and PNC's Home HQ features tools to help prospective homebuyers weigh the costs and benefits of home ownership.



## Civic Engagement Drives Prosperity

### Why It's Important to PNC

As a Main Street bank, we take pride in how we relate to and serve our employees, customers and communities. Those relationships are at the heart of our business model. For this reason, among others, having a strong leadership presence in each of the neighborhoods we serve is vital. In addition to ensuring that PNC's brand and corporate priorities are consistent across the company's footprint, this leadership approach supports the specific needs of individuals and their communities.

Understanding the importance of this connectivity, PNC is committed to making business decisions that positively impact its communities. This support is critical, as we recognize that we only are as strong as our communities. When they prosper, so does PNC. The corollary also is true in that a strong regional bank, such as PNC, can support the communities where it conducts business through job creation, local infrastructure, small business loans, financial education and sponsorships. These financial services, together with our philanthropic giving and volunteerism, create a series of benefits that strengthen communities.

### Management Approach

**PNC builds strategic relationships with community-based nonprofits that promote growth and cultural enrichment through economic development initiatives, as well as initiatives that enhance educational opportunities for young children. Among other criteria, organizations that receive PNC's support must have a current Internal Revenue Service 501(c)(3) tax-exempt designation, be eligible to receive charitable contributions and operate in areas where PNC has a significant presence.**

Our focus on early childhood education, specifically through PNC Grow Up Great®, leads us to collaborate with non-profit organizations that provide quality programming to improve children's school preparedness. In addition to supporting several key areas, including math, science, the arts and vocabulary development, the organizations that receive funding from PNC adhere to the following criteria:

- > Provide direct services for children in the classroom or community
- > Support teachers' professional development
- > Facilitate families' engagement in their children's education
- > Offer volunteer opportunities for PNC employees

PNC also supports economic development organizations, including those that enhance people's quality of life through neighborhood revitalization, cultural enrichment and human services. Priority is given to community development initiatives that promote the growth of or provide services to targeted low- and moderate-income communities. These initiatives focus on the following issues:

- > Affordable housing
- > Community development
- > Community services
- > Revitalization and stabilization of low- and moderate-income areas
- > Arts and culture



### THE PNC FOUNDATION

At the heart of PNC’s civic engagement is the PNC Foundation, which is committed to understanding and addressing the issues facing the communities we serve. To address these issues, PNC offers solutions that align with its values and resources and leverages its ability to form partnerships with successful, community-based nonprofits. The Foundation focuses its philanthropic initiatives on early childhood education and community and economic development, including the arts and culture.

In 2016, PNC was able to combine its support for both the arts and early childhood education by initiating a grant

program that sustains Pittsburgh Civic Light Opera’s Academy of Musical Theater. This program led to the establishment of the PNC Children’s School, which allows young children to learn about music, dance and theater as they develop the social and cognitive skills needed for long-term learning.

### PNC Arts Alive

The PNC Foundation always has believed that engagement in the arts enriches lives and builds stronger, more vibrant communities. While government and corporate support for the arts has waned, the PNC Foundation launched PNC Arts Alive, a multiyear initiative to make the visual and performing arts more accessible in four of PNC’s communities.

Since its debut in 2009, PNC Arts Alive has awarded approximately \$13 million in grants to enterprising cultural organizations in Columbus, Ohio; St. Louis; greater Philadelphia and southern New Jersey. In 2016, PNC introduced a new Arts Alive initiative in eastern Florida, which includes the city of Jacksonville, as well as Broward and Palm Beach counties.

Arts Alive enriches the arts and culture by awarding grants to organizations that support public programming, emerging art programs and the creative use of technology. Among other events and programs, it has supported new

exhibitions and festivals, pop-up theater and music performances, and mobile art vans.

Grant recipients represent a wide range of disciplines, audiences and participatory experiences, including both small and large and city and suburban arts groups.



Shadowbox Live’s Stacie Boord stars in the original, multi-sensory production “The Tenshu,” presented by PNC Arts Alive. Shadowbox joined forces with Japanese choreographer/director Hiromi Sakamoto and The New York Times bestselling author David Mack to create a one-of-a-kind, cultural-artistic collaboration. “The Tenshu” featured live martial arts, magic, supernatural experiences and giant puppets, and was accompanied by an original rock score.



PNC expanded its Arts Alive initiative to Eastern Florida. Arts organizations qualified for the grants by supporting emerging arts programs, value-added public programming and the creative use of technology while also seeking to expand audiences.



ONE OF

20

most generous Fortune 500 companies, Forbes Magazine



PNC ARTS ALIVE AWARDED

\$13M

in grants to cultural organizations since 2009



The PNC Foundation has a history of supporting communities in times of need. In the past, it has provided relief grants in response to a variety of domestic natural disasters and some international catastrophes. Through its support of the American Red Cross, among other agencies, it helps organizations that provide immediate assistance to residents in affected areas. Most recently, PNC donated \$100,000 to the American Red Cross to support disaster relief efforts for the victims of Hurricane Matthew.

### PNC CHARITABLE SPONSORSHIPS

Through its charitable sponsorships, PNC supports community and economic development, including the arts, culture and financial education. We proactively seek community sponsorships in which PNC employees, community leaders, and local clients and residents can work together to make a positive impact in our communities.

#### PNC Charitable Giving, in millions

<b>Total Investment</b>	<b>\$72.7</b>
PNC Foundation Grants	\$48.3
PNC Charitable Sponsorships	\$24.4
<b>Giving by Focus</b>	
Education	\$25.7
Community & Development	\$16.5
Health & Human Services	\$13.0
Culture & Arts	\$11.4
Civic	\$ 6.1

**We proactively seek community sponsorships** in which PNC employees, community leaders, and local clients and residents can work together to make a positive impact in our communities.



Students at Minadeo Elementary in Pittsburgh, Pa., participated in Halloween activities, including working with glowing Play-Doh and dressing up for the Halloween parade. PNC volunteers facilitated various activities and helped the students dress up in their costumes, the most common of which were Superman, Pokemon, dragons and princesses.

### PNC GROW UP GREAT®

When PNC decided to focus its resources on a specific philanthropic cause, it polled employees to determine the issues that they cared about most. As the topics of greatest interest were children and education, PNC looked at the significant body of research supporting the importance of high-quality early childhood education, which is strongly tied to a reduction in school dropout, poverty and crime rates, as well as a stronger U.S. workforce. With this information, PNC launched Grow Up Great as its signature cause. The \$350 million, multiyear, bilingual initiative helps prepare children from birth to age 5 for success in school and life, and has benefited nearly 3 million children since its 2004 inception.

To create Grow Up Great, PNC partnered with some of the nation's most highly respected early childhood experts, who shared their perspectives on how PNC could maximize its community impact. These experts coordinated focus groups and advisories to support the research and development of educational materials, messages and strategies, and conducted independent evaluations of its programs to identify successes and opportunities for improvement.

Through these evaluations, PNC found that its grant-funded preschool programs positively impacted children, teachers and families. Across all locations offering Grow Up Great arts and science programs, teachers expanded their knowledge and skills related to the subject matter, and participating families

became more engaged in their children's education.

Another major component of PNC Grow Up Great is its community vocabulary initiative. Through this initiative, local nonprofits collaborate with families and other community partners to enhance children's vocabulary development. Numerous arts and science organizations provide parents and caregivers with simple tips and strategies to help young children learn new words in different contexts. An independent evaluation of the program found that participating families engage in strategies to increase their children's vocabulary more often than nonparticipating families.



PNC GROW UP GREAT

# \$350M

multiyear, bilingual initiative helps prepare children for success in school



PNC corporate banker David Kidd talks with children at the Living Arts and Science Center in Lexington, Ky., about animals that can be found in the forest.



PNC volunteers assemble masks for children to color during Be My Neighbor Day at the North Carolina State Fair.



PNC Regional President Jim Hansen reads "Just Saving My Money" by Mercer Mayer to children in Raleigh, NC

## Volunteerism

From serving on committees to volunteering in the classroom and providing manual labor, PNC volunteers have made a significant difference in their local communities. PNC encourages involvement in Grow Up Great through a progressive policy that gives employees up to 40 hours annually of paid time off to volunteer through PNC Grow Up Great.

In addition, employees who volunteer at least 40 hours within a twelve-month period with a PNC Grow Up Great partner are eligible to earn and donate a \$1,000 grant to that nonprofit. Groups of employees volunteering as a team can apply for grants up to \$3,000. To date, more than 54,000 employees have logged more than 650,000 volunteer hours, resulting in \$5.4 million in grants for Grow Up Great partners.

Furthermore, PNC employees have donated more than 933,000 personal and classroom items, including winter coats, mittens, toothbrushes, school supplies and books for preschool children in their local communities.



**SALLY MCCRADY**  
Director of Community Affairs

**Q: How has PNC's strong support of early childhood education been received by educators and nonprofit organizations that are active in early childhood education?**

**A:** It has been amazingly well-received. When we started the program, we thought the grants would be the most important component of the program. While the money is important, the Advisory Council told us that it was our corporate voice that could really make an impact on the issue of early childhood education. They felt that because we were an unexpected advocate for early education, people would listen to us a bit differently.

We've taken this insight very seriously, promoting early education as an economic and workforce development tool, and have received an incredibly positive response from educators and nonprofits. At the end of the day, our goal is to give children the best start to their education so that they not only grow up, but grow up great!

The full Q&A can be found online at [pnc.com/csr](http://pnc.com/csr)



EMPLOYEES DONATED

933,000

personal and classroom items including school supplies, books, coats, and mittens to preschool children.



## PRO BONO WORK

PNC Legal's Pro Bono Project offers PNC attorneys an opportunity to provide free legal services for individuals in their local communities who need but cannot afford legal assistance. The project, which is run by a committee that approves various pro bono opportunities and that encourages participation, allows attorneys to develop new skills and fulfill practice requirements by working with local groups to make a positive impact in their community.

In September 2016, PNC Legal held its second annual "Pro Bono Week," during which it offered seminars, training sessions and pro bono opportunities, including estate planning clinics for seniors in Philadelphia and Pittsburgh, a legal services hotline training in Downers Grove, Illinois, and an election law seminar for all PNC markets.

In 2016, PNC also partnered with the Pennsylvania Innocence Project (PIP) to open PIP's new offices in Pittsburgh. The PIP works to prevent innocent people from being convicted and to exonerate those convicted of crimes they did not commit. The project's mission is to (1) secure the exoneration, release from imprisonment, and restoration to society of persons who are innocent and have been wrongly convicted; (2) provide clinical training and experience to

students in the fields of law, journalism, criminal justice and forensic science; (3) collaborate with law enforcement agencies and the courts to address systemic causes of wrongful convictions; and to (4) strengthen and improve the effectiveness of the Pennsylvania criminal justice system through public education and advocacy. PNC provides PIP with ongoing legal services, handling intake and reviewing new files. PNC attorneys were especially instrumental in helping PIP reduce its backlog of cases awaiting review so that those cases could receive immediate attention.

## FINANCIAL EDUCATION

Financial education is at the core of PNC's culture. We recognize the many ways that people gain insights about financial well-being and customize our educational materials to meet them in the communities where they live and work.

From the online "Achievement Sessions," where independent experts share their strategies for achieving financial goals, to products such as Virtual Wallet Student, a checking/savings product built around a money-management calendar, PNC is focused on the financial health and well-being of all of its customers and communities.

## Equal Justice Works Fellowship

Equal Justice Works (EJW) awards paid public interest fellowships to recent law school graduates, who then provide legal assistance to underserved populations and causes. Today, EJW is the nation's largest provider of public interest fellowships, supporting 250 Fellows each year.

In December 2016, PNC and Pittsburgh-based law firm Reed Smith awarded a joint EJW Fellowship to Jacqueline Perlow, also of Pittsburgh. Jackie's Fellowship will begin in September 2017 and is intended to improve academic performance and reduce educational barriers for immigrant and refugee students.

There are a limited number of providers in the Pittsburgh area who assist immigrants with educational issues, and the services offered are narrow. Many school districts lack the infrastructure needed to serve English language learner students, a population that is rapidly growing and highly diverse.

Through her Fellowship, Jackie will work to address the needs of these students by collaborating with the Pittsburgh Education Law Center, providing legal advocacy, and offering trainings for parents, schools and advocates to highlight the issues facing this population.

PNC Legal held its second annual **"Pro Bono Week"**, during which it offered seminars, training sessions and pro bono opportunities.

In addition, PNC offers a wide range of both proprietary and Federal Deposit Insurance Corporation co-branded courses, including Protecting Yourself from Identity Theft and Raising Money Smart Kids. Furthermore, certain in-person programs are conducted in partnership with local nonprofit organizations to teach first-time homebuyers how to save for, purchase and manage a home, and to help those who have fallen out of the banking system to regain entry.

As part of its outreach to civic and business organizations, PNC trains employees to present to community organizations, to run the company's School Bank Program and to offer Workplace Banking educational programs to business clients' employees.

PNC's school bank program helps students develop good savings habits and money-management skills that are the basis of being an informed consumer. This hands-on experience allows students to learn the basics of banking, enhance their math skills and learn about careers in banking.

#### Foundation Checking

Foundation Checking is a transitional checking account for customers who are just entering or re-entering the banking system. This account has no balance requirements and provides ATM access with lower daily point-of-sale and ATM limits. A key element of Foundation Checking is its financial education component, which teaches the basics of money management. Successful customers can graduate to a standard checking account in six to 18 months.

## LOANS AND INVESTMENTS

In 2016, PNC provided \$2.4 billion in financing that benefited low- and moderate-income populations and communities, including:



> \$1.7 billion in community development loans



> \$272 million in other investments to benefit underserved populations and communities where PNC conducts business



> \$313 million\* in equity commitments to construct affordable housing through the Low-Income Housing Tax Credit (LIHTC) Program



> \$65 million to help finance community-supported economic development projects through the New Markets Tax Credit (NMTC) Program



> \$35 million to restore historic properties and return them to productive use through the Historic Tax Credit (HTC) Program

\*Reflects Community Reinvestment Act-eligible investments made across PNC's footprint.

More than **175,000 participants across the country** attended PNC financial educations programs in 2016.

## COMMUNITY DEVELOPMENT LOANS AND INVESTMENTS

PNC helps to build strong communities and create financial opportunities for individuals, families and businesses through executive leadership, technical expertise, strategic investments, project financing and employee volunteerism. Specifically, PNC's Community Development Banking group boosts the quality of life in low-income neighborhoods through affordable housing, economic revitalization and customized financial solutions. The work of Community Development Banking is supplemented by PNC's Tax Credit Capital Group, which is part of Real Estate Finance and provides expertise and financing through federal tax credit program investments. Flexible loans, public-private partnerships and financial education classes help to revitalize communities in need.



One recent veteran served by ANDP's program is Chad, who served five years in the U.S. Army and was deployed twice to Iraq to ensure the safety and freedom of our country. This year, he took a significant step to ensuring the safety and financial future of his two young daughters by purchasing a home through the ANDP Veterans Affordable Housing Program. "With my home purchase, I'm focusing on my future and that of my family. Paying less in mortgage than I was with rent, and a shorter commute means that I won't have to take as many extra jobs and will be able to spend more time with my girls."

### Atlanta Neighborhood Development Partnership

PNC Bank has supported the Atlanta Neighborhood Development Partnership's (ANDP) efforts to serve low- and moderate-income veterans in Metro Atlanta with a \$15,000 grant and \$250,000 loan. Each year, ANDP offers newly renovated homes for sale at affordable prices to low- and moderate-income veterans who have been honorably discharged.

"PNC's investment helps us cover the costs of acquiring and rehabbing previously foreclosed single-family homes throughout the region. This support has been critical as we face a decline of federal funding for single-family redevelopment. We are now able to focus on a private development model to rehab single-family homes and help more veterans find safe, affordable housing opportunities," said John O'Callaghan, ANDP president and CEO.

### Bakersfield, California's Park 20th

Some of the most vulnerable residents in Bakersfield, California, have a new lease on life after PNC Real Estate provided key financing for an apartment complex that serves the homeless, including veterans and low-income households.

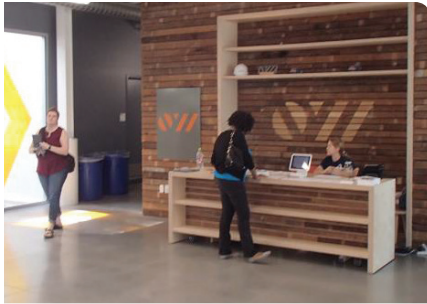
PNC provided a \$4.3 million Low-Income Housing Tax Credit (LIHTC) equity investment in the 56-unit apartment complex called Park 20th. The LIHTC Program provides federal tax credits to incentivize investors to use private equity to develop affordable rental properties.

*This investment is managed by PNC Tax Credit Capital.*



Park 20th, an apartment complex in Bakersfield, Calif., that serves the homeless.

PNC's Community Development Banking group boosts the **quality of life in low-income neighborhoods** through affordable housing, economic revitalization and customized financial solutions.



Open Works wood shop.

### Baltimore's Open Works

PNC provided more than \$4 million in New Markets Tax Credits (NMTC) to help create Open Works, a fabrication incubator for artists, craftsmen and small manufacturers. The incubator, which is housed in a previously-vacant 34,000-square-foot building, features fabrication workshops, including facilities for wood, metal, digital fabrication, digital media, 3D printing, microelectronics and textiles. Supporting up to 250 members at any one time, Open Works features micro-studios for entrepreneurs and artisans, as well as classrooms for youth education and training. Furthermore, PNC will be using the space to teach entrepreneurial financial education workshops to community members. Since opening, the incubator has created six full-time and 10 part-time jobs, as well as 50 contract teacher positions.

*The NMTC investment is managed by PNC Tax Credit Capital. The financial education is managed by Community Development Banking.*

### Dayton, Ohio's United Rehabilitation Services

The United Rehabilitation Services' (URS) mission is to enhance the quality of life for children and adults with disabilities and for other people with special needs. PNC provided a \$2 million loan and \$2.4 million equity investment, as well as \$15,000 in grants, to support the construction of a 21,000-square-foot building that significantly expanded the URS' early childhood education program's capacity. The expansion of this building, which is located in a "highly distressed" area under the NMTC Program, has allowed the URS to serve three times as many infants and two times as many toddlers, preschoolers and school-aged children.

*The NMTC investment is managed by PNC Tax Credit Capital. The debt is managed by Community Development Banking.*

### Fort Wayne's Turnstone Center for the Disabled

The 125,000-square-foot Turnstone Center for Children and Adults with Disabilities is transforming the way Fort Wayne can compete for athletic



Practice at the Turnstone Center.

events on a national scale while also meeting local needs. The nearly \$15 million expansion has created tourism momentum in the region, with an estimated 253 percent increase in the number of athletes, coaches and family members who visit Fort Wayne and Turnstone to participate in tournaments and camps.

PNC provided \$3 million in NMTC, as well as a \$6 million loan, to help finance the unique facility, which is one of only three U.S. facilities that have achieved the Paralympic Sport Club Excellence Program's Gold Club Level.

*The NMTC investment is managed by PNC Tax Credit Capital. The \$6 million loan is managed by Corporate & Institutional Banking.*

### Michigan's Unity Park

PNC continued its partnership with the Community Housing Network (CHN), which provides housing and housing resources to southeast Michigan's vulnerable residents. Previously, PNC provided an \$8.3 million investment in CHN's Unity Park project, a blighted Pontiac, Michigan, neighborhood consisting of 32 new homes. In 2016, PNC provided an additional investment of approximately \$3 million, as well as \$2.6 million in debt financing, which will allow CHN to build twelve new affordable housing units. This now-thriving neighborhood includes a clubhouse and community room, where residents of the eight designated special needs homes receive supportive services to ensure their long-term success.

PNC's partnership with CHN extends to other Oakland and Wayne County affordable housing projects, including Grafton Townhomes, a 48-unit development in Eastpointe, Michigan. Over the past 10 years, PNC and the PNC Foundation have provided more than \$100,000 in sponsorships and grants, as well as financial education, to support the CHN and its residents.

### Milwaukee's Sojourner Family Peace Center

Completed in 2015, Milwaukee's Sojourner Family Peace Center is the result of a decade of effort to create a nonprofit facility that is capable of meeting the comprehensive needs of domestic abuse victims. The 72,000-square-foot Family Peace Center offers domestic violence victims convenient access to in-house services, including housing, legal and law enforcement services, medical services, a resource center and case managers. Sojourner financed the \$22.3 million project through a mix of public and private funding, including a \$6.8 million PNC NMTC equity investment.

*This investment is managed by PNC Tax Credit Capital.*

### New Jersey Community Development Corporation

Under the state's Neighborhood Revitalization Tax Credit program, the New Jersey Community Development Corporation is spearheading the revitalization of the Great Falls Historic District, as well as the Spruce Street corridor. As part of this revitalization, the Park Corner apartments will be built to serve low- to moderate-income residents, increasing the availability of quality affordable housing in Patterson,

New Jersey. The apartment building will be constructed on currently vacant land and features 11 housing units and two 1,500-square-foot retail spaces. PNC financed \$950,000 of the project, which cost nearly \$4 million.

### North Carolina Community Action Association

The PNC Foundation provided \$250,000 to support the North Carolina Community Action Association's Healthy Housing and Neighborhood Beautification Improvement Program, which provides eligible low-income homeowners with external home beautification upgrades, financial literacy and home maintenance education.

PNC's funding complements energy efficiency upgrades that low-income homeowners receive through Duke Energy's Helping Home Fund, such as insulation, heating system upgrades, appliance replacements and other health and safety repairs.

### United Way of Central Alabama and the University of Alabama's School of Business

Through a partnership with PNC and the United Way of Central Alabama, University of Alabama at Birmingham (UAB) students combine classroom skills with real-world lessons to provide free income tax filing to lower-income people



UAB students and community volunteers from United Way of Central Alabama together donated 2,500 hours in 2015 to complete tax returns for nearly 3,500 taxpayers.

who are participating in the Internal Revenue Service's Volunteer Income Tax Assistance (VITA) program.

PNC has provided more than \$30,000 in grants to fund equipment, student VITA training and the creation of the Accounting Career Awareness Program, a pilot program to raise awareness of accounting and finance careers for minority high school students. PNC's support of the VITA program includes free refund check cashing at select branches, prepaid refund cards and financial education programs in the Birmingham community.

Working with PNC and the UAB's Collat School of Business, the United Way of Central Alabama helped more than 3,000 individuals and families receive nearly \$2.5 million in tax refunds.

#### **West Palm Beach's The Lord's Place**

PNC provides financial education classes to clients of The Lord's Place, an organization that serves homeless men, women and children by providing housing, life skills and job training. PNC's classes offer The Lord's Place's clients an introduction to banking, money management and budgeting. Through the bank's Foundations of Money Management program, many residents who previously were unbanked are now able to use convenient, secure and affordable banking services. PNC has provided more than 40 classes and served more than 225 clients over the last two years.

### **Making a Difference through Microloans**

PNC is only as strong as the communities it serves. With this in mind, we are committed to supporting small businesses through various financial products and services, including microloan programs, which help small business owners and aspiring entrepreneurs obtain the financing they need to start new or grow existing businesses.

Among other organizations, PNC has funded Kiva (Pittsburgh, Baltimore and Philadelphia), a nonprofit that allows people to lend money via the internet to low-income entrepreneurs and students; the Flagship Enterprise Center (Indiana), which provides microloans and Small Business Administration loans to small businesses and entrepreneurs who do not meet traditional bank underwriting guidelines; the International Institute of St. Louis, which extends microloans to support entrepreneurship among refugee women; Great Rivers Community Capital, a credit-building program that focuses on how to best help low- to moderate-income individuals build credit and have high credit scores; Grameen America, which provides microloans to women who live in poverty in the United States and which was founded by Nobel Peace Prize winner Muhammad Yunus; and the National Development Council Grow America Fund, which provides small business loans, typically through municipal small business development programs.

## KEY INVESTMENT TOOLS

### Low-Income Housing Tax Credits

Ensuring access to affordable rental housing for families and seniors throughout the United States is important to PNC. In 2016, PNC invested approximately \$376.4 million\* in affordable housing equity, and PNC's Tax Credit Capital Group originated and syndicated an additional \$322.7 million in equity in a series of funds. Overall, PNC has more than \$9.8 billion in affordable housing equity under management.

*This investment is managed by PNC Tax Credit Capital.*

### The U.S. Treasury's CDFI Fund

In November 2016, PNC received \$75 million in NMTCs from the U.S. Treasury's Community Development Financial Institutions (CDFI) Fund, which allocates tax credit authority to Community Development Entities through a competitive application process. Of the 238 applications submitted for the CDFI Fund's \$17.6 billion, a total of \$7 billion in awards was granted to 120 applicants. PNC plans to work with its community partners to allocate its \$75 million to critical community development projects.

*These tax credits are managed by PNC Tax Credit Capital.*

### Preservation Fund

In 2016, PNC reached a new milestone in its effort to preserve affordable rental housing for families and seniors. Through the \$100 million PNC Affordable Rental Housing Preservation Fund 1, LLC, seven socially responsible institutional investors, including PNC, will acquire "at risk" affordable rental properties to help low- and moderate-income families and seniors stay in their rental homes for years to come.

*This fund is managed by PNC Tax Credit Capital.*

*\*Reflects investments made across and outside of PNC's footprint.*

## Smart Growth America

In partnership with PNC, Smart Growth America's Planning for Successful and Equitable Revitalization program helps revitalize communities to benefit families and small businesses of all income levels. Three communities will receive this first round of assistance:

- > **Birmingham, Ala.:** Working with REV Birmingham, an economic development organization, this project aims to help independent retailers and small businesses in the Woodlawn neighborhood remain in their existing locations and expand their offerings as the area grows.
- > **Jersey City, N.J.:** This project is helping the Jersey City Redevelopment Agency identify the obstacles faced by low- and moderate-income rental applicants and develop a methodology to analyze the supply of and demand for low- to moderate-income housing.
- > **Raleigh, N.C.:** This project is working with the Department of City Planning to create equitable development near planned bus rapid transit stations, helping revitalize neighborhoods and ensuring that the new service accommodates long-term residents.

### People, Planet, Place and Performance (p4)

As part of its commitment to strengthen the communities it serves, PNC is lending expertise and leadership to p4, a Pittsburgh-based initiative that aims to ensure that new growth benefits people, enhances a sense of place, contributes to a healthier planet and achieves the highest level of financial and social performance.

Recognizing that not all residents benefit from a city's revitalization, this initiative developed a system of metrics to inform and improve public investments in development projects. Moving forward, such investments should support projects that promote equitable and sustainable growth. PNC is a key partner, working with other Pittsburgh-based corporations, as well as the City of Pittsburgh and The Heinz Endowments, to help identify and address issues including but not limited to transportation, urban development, social equity and public health.

This initiative touches on so many of the areas in which PNC already is invested, from LEED construction and environmental sustainability to affordable housing and early childhood education. Its mission is very much aligned with that of PNC in terms of creating equitable and inclusive communities in which everyone has an opportunity to prosper. Furthermore, both p4 and PNC hope that this initiative and its



successes can be applied to other cities, including those across PNC's footprint.

#### SUPPLIER DIVERSITY

Our continued focus on supplier diversity helps to promote economic and community development in the regions we serve. Through this award-winning program, PNC offers small and disadvantaged businesses and those businesses that are 51 percent owned, operated and controlled by minorities, women, veterans, lesbian, gay, bisexual and transgender individuals with the opportunity to sell value-added products and services to PNC. In 2016, PNC spent \$305 million with diverse suppliers.

The quality and innovation of our supply chain will help drive results and create a competitive advantage in the market.

In 2016, PNC's supplier diversity was recognized by several leading industry organizations, including:

- > Top Corporation for Disability-Owned Businesses, USBLN
- > BEST-of-the-BEST Top 30 Corporation for Inclusion, National Gay & Lesbian Chamber of Commerce and its Partners in National Business Inclusion Consortium
- > Top 101 Corporation for Supplier Diversity, Minority Business News USA Magazine
- > Top Corporations for LGBT Economic Empowerment, Affinity Inc.
- > Military-Friendly Supplier Diversity Programs, National Association of Veteran Business Owners
- > Best of the Best, Black EOE Journal



PNC SPENT MORE THAN  
**\$305M**  
 with minority suppliers





## Strong Governance Supports Sustainable Business

### CODE OF BUSINESS CONDUCT AND ETHICS

**PNC has long demonstrated a commitment to integrity and corporate responsibility, and its commitment has only deepened as it has grown into one of the leading financial services companies in the country.**

Similarly, PNC's Code of Business Conduct and Ethics and ethics-related policies provide important guidance for conducting daily business activities, including complying with laws, managing and reporting conflicts of interest, upholding fair dealing and protecting confidential information. The company does not tolerate unethical or inappropriate behavior and also incorporated a risk management section into its performance reviews to ensure that all employees remain focused on and accountable for the ethical and risk implications of their work. Detailed information about PNC's corporate governance policies and procedures and other documents, including the Code of Business Conduct and Ethics, can be found at [pnc.com/corporategovernance](https://pnc.com/corporategovernance).

#### **Why It's Important to PNC**

*In today's competitive environment, it is vital to have a clear vision and strong principles to guide our actions. Our Code of Business Conduct and Ethics and our values convey our strengths and create a solid foundation for ethical business behavior. For PNC, adherence to our Code, compliance with laws and regulations, and support of fundamental human rights, such as those expressed by the United Nations Universal Declaration of Human Rights, are cornerstones in conducting business.*

### ETHICAL SALES PRACTICES

PNC's culture and business philosophy are predicated on understanding the financial objectives and needs of our customers and then providing product and service options that fit those objectives and needs. While sales are important to PNC, as they are to any bank, the overall customer experience and maintaining the trust of our customers, as well as other stakeholders, are fundamental to our long-term success.

Our sales programs reflect our overarching commitment to our customers. At PNC, sales goals define what we believe is achievable — not what must be achieved regardless of customer desires or circumstances. These goals are developed in partnership across distribution, product management and marketing, and we strive to ensure that the goals set for a particular geographic market, region or branch take into consideration local opportunity, market competition, and PNC's staffing and market presence, among other factors.



### Anti-Corruption

PNC has a strict Anti-Corruption Policy that prohibits its employees from engaging in or tolerating bribery or any other form of corruption. PNC's Anti-Corruption Policy states that all employees must comply with all applicable anti-bribery laws, including the Foreign Corrupt Practices Act, the Bank Bribery Act, the United Kingdom's Bribery Act and Canada's Corruption of Public Officials Act. It also states that violations of these laws can result in serious consequences, up to and including criminal and civil penalties, and specifically prohibits the following:

- > Bribing a government employee/  
government official

- > Bribing a private party
- > Accepting a bribe
- > Failing to prevent a bribe
- > Failing to maintain accurate records of expenditures and proper expenditure authorization

Employees are required to complete ethics training when their employment commences and annually thereafter. Ethics training provides an overview of the Code and ethics policies, including PNC's Anti-Corruption Policy. Training is updated regularly to reflect changes in PNC's business and in laws and regulations. The Code and all ethics policies are available to employees through the company intranet.

The Corporate Ethics Office serves as a valuable resource to employees, ensuring that the company's ethics policies are enforced and providing further guidance on ethical matters. PNC has a defined set of procedures for employees to follow should they suspect that an employee or third party is violating these policies. The Business Conduct and Ethics Hotline, which employees may choose to use anonymously, is available 24/7 to report concerns. In addition, PNC's Code of Business Conduct and Ethics expressly prohibits retaliation for good faith reporting.

### Bank Secrecy Act (BSA), Anti-Money Laundering (AML) and Sanctions Program

PNC strictly complies with all applicable laws and regulations regarding sanctions, money laundering, terrorist financing and other financial crimes.

Further, PNC has a written BSA/AML and Sanctions Compliance Program approved by its Board of Directors. This program includes a system of internal controls for reporting BSA-related information and for preventing, detecting and reporting sanctions violations, money laundering, terrorist financing, and other financial crimes and suspicious activity in a timely manner.

The Risk Committee of the Board of Directors has appointed an enterprise-wide BSA/AML Compliance Officer who serves as PNC's primary point of contact with PNC's regulatory authorities on AML and sanctions matters and oversees PNC's compliance with BSA/AML and sanctions requirements. All PNC employees are required to complete annual AML, BSA and sanctions compliance training, which also includes details on identifying and escalating unusual or suspicious activity. Finally, PNC's Internal Audit Department coordinates and conducts an independent review and validation of the BSA/AML and Sanctions Compliance Program.

### POLITICAL CONTRIBUTIONS AND ENGAGEMENT

Like any federally-chartered bank, PNC Bank is prohibited by law from making contributions to candidates and political parties in all federal and many state elections. Our policies reflect this prohibition. Even where permitted by law, PNC does not contribute corporate funds for election campaigns, nor do we make any political contributions to candidates, candidate campaign committees, political parties or committees, independent expenditure committees or Super PACs.

Consistent with campaign finance laws, PNC sponsors Political Action Committees (PACs), supported entirely by voluntary employee contributions, that contribute at the federal, state and local levels. Bipartisan contributions support candidates, parties or committees whose views align with PNC's priorities. In 2016, federal candidate and federal PAC contributions through PNC's PACs totaled \$338,850. As required by law, contributions made by the PNC PACs are reported in filings with the Federal Election Commission, as well as the relevant state or local commissions, which are publicly available.

PNC belongs to national trade associations, state banking associations and local chambers of commerce that represent the interests of both the financial services industry and the broader business community. These organizations work to represent the industry and advocate on major public policy issues of importance to PNC and the communities we serve.

While PNC employees have the right to voluntarily participate in the political process, there are legal restrictions on personal political activities. These restrictions, which are the result of some of PNC's businesses, may limit or prohibit personal political contributions, solicitation of political contributions or sponsorship of political events. To help comply with these legal restrictions, PNC provides all employees with information to determine whether they are required to pre-clear their personal or immediate family's political activities with the Corporate Ethics Office. PNC does not provide reimbursement or compensation to anyone for personal political contributions under any circumstances.

Consistent with campaign finance laws, PNC sponsors Political Action Committees (PACs), **supported entirely by voluntary employee contributions**, that contribute at the federal, state and local levels.

## CORPORATE GOVERNANCE

PNC's corporate governance structure assists the Board of Directors in overseeing PNC's business and in fulfilling the Board's fiduciary duties. The Board supports a governance structure that is appropriate for PNC's business and strategic objectives, transparent to the public and PNC's stakeholders, and flexible enough to accommodate a dynamic environment. We regularly review and enhance our governance processes and policies. To help convey this philosophy, the Board has adopted and disclosed corporate governance guidelines, as well as policies on director and executive stock ownership, all of which can be found at [pnc.com/corporategovernance](http://pnc.com/corporategovernance). In accordance with these guidelines:

- > At least two-thirds of directors meet the New York Stock Exchange criteria for independence
- > Directors meet regularly without management present
- > A director must promptly tender a resignation if he or she does not receive a majority of the votes cast at a meeting for the uncontested election of directors
- > Directors have unrestricted access to PNC employees

- > Stakeholders receive information on how they can communicate with the Board
- > Shareholders receive information on how they can provide director candidates to the Nominating and Governance Committee for consideration
- > Each Board committee has a written charter of responsibilities
- > The Board evaluates its performance at least annually
- > Directors and senior executives are required to retain certain amounts of PNC equity

The corporate governance guidelines outline the annual director assessment process, which includes an evaluation of independence, as well as a consideration of diversity, age, skills and experience in the context of the Board's current needs, meeting attendance and participation, and the value of a director's contributions to the Board and its committees. Under the above guidelines, the Board has appointed a lead independent director and determined that all of our directors are independent under applicable rules with the exception of our chairman and CEO.

While PNC has not adopted minimum qualifications for its directors, the following Board-approved criteria are considered in identifying individuals who are qualified to become Board members:

- > A sustained record of high achievement in financial services, business, industry, government, academia, the professions, or civic, charitable or nonprofit organizations
- > Competence and integrity
- > A strong commitment to the ethical and diligent pursuit of shareholders' best interests
- > The strength of character necessary to challenge management's recommendations and actions, when appropriate, and to confirm the adequacy and completeness of management's responses to such challenges
- > A strong desire to maintain the Board's diversity in terms of race and gender
- > Personal qualities that contribute to an atmosphere of respect and collegiality among the members of the Board of Directors

Through application of these criteria, the Board is composed of directors possessing a broad range of skills, experience and personal characteristics that result in a diverse Board of Directors.

Our Board has four standing committees that meet on a regular basis: Audit, Nominating and Governance, Personnel and Compensation, and

Recognizing the value and impact of sustainable business practices, **PNC's Board of Directors has oversight of the company's CSR program** and regularly discusses related initiatives, as well as risks and opportunities.

Risk. The charters of these standing committees can be found at [pnc.com/corporategovernance](https://pnc.com/corporategovernance). We have a standing Executive Committee that meets, if needed, to act on behalf of our Board. We also have a Technology Subcommittee of our Risk Committee to facilitate Board-level oversight responsibilities with respect to technology risk, technology risk management, cybersecurity, information security, business continuity and significant technology initiatives and programs. Furthermore, we have created a Special Compliance Committee to assist the Board in its oversight and reporting responsibilities under a regulatory consent order.

In 2016, PNC held 13 Board meetings. PNC also held regular meetings for its Audit, Nominating and Governance, Personnel and Compensation, Risk, and Special Compliance committees, as well as its Technology Subcommittee. The Executive Committee did not meet in 2016. Each director attended at least 75 percent of the total meetings held by the Board and the committees and subcommittees on which he or she served.

### Compensation Philosophy

To succeed in a highly competitive environment, PNC must attract, motivate, retain and reward employees who are crucial to our business success. We believe that we have designed an effective and balanced compensation program that is aligned with our risk management standards.

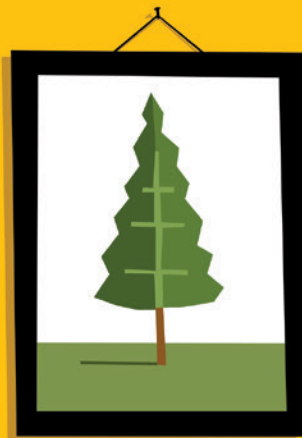
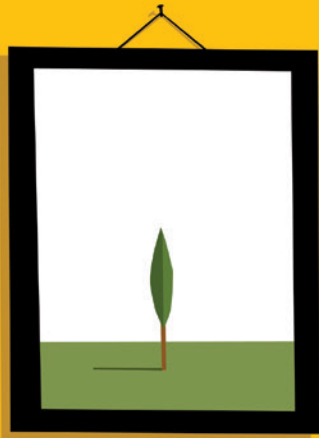
The Board's Personnel and Compensation Committee, composed entirely of independent directors, maintains clear independence from management when evaluating the executive compensation program and making compensation decisions. We strive to make public disclosure of our executive compensation program and make decisions clear and understandable. PNC's executive compensation philosophy is based on a few core principles:

- > Pay for performance
- > Align executive compensation with long-term shareholder value creation
- > Provide competitive compensation opportunities to attract, retain and motivate executives
- > Encourage a focus on the long-term success of PNC and discourage excessive risk taking

### 2020 WOMEN ON BOARDS

On Nov. 4, PNC hosted the Pittsburgh chapter of 2020 Women on Boards for a workshop that included a panel discussion moderated by Chief Diversity Officer Marsha Jones. According to PNC General Counsel Greg Jordan, who served as a panelist alongside PNC Board members Kay Coles James and Marjorie Rodgers Cheshire, "Women in leadership are integral to successful corporate governance, and this is a matter of commitment for PNC. Today, we have more women serving on our Board and more women on our Executive Committee than at any other point in our company's history. But like institutions across the country, we have more work to do in the area of gender diversity. So we were delighted to host a workshop offering exposure to local CEOs and board directors, as well as networking and leadership development opportunities, to better position participants for board service."

**The Board of Directors receives annual environmental, social and governance updates**, including those on the PNC Foundation, talent and diversity, cybersecurity, political contributions, environmental lending practices and the Community Reinvestment Act.



## Environmentally Friendly Business Practices Define Our Operations

**PNC recognizes that environmental issues, including climate change, may impact our business, our clients and the communities in which we operate. As one of the nation's largest financial institutions, we understand the importance of balancing financial priorities with environmental issues, and believe that doing so is critical to practicing sound risk management and being a good corporate citizen.**

As part of our commitment to environmental responsibility, we are working to reduce our energy and water consumption, as well as our carbon emissions (Scopes 1 and 2) by 30 percent by 2020, using 2009 as our baseline year. We also are looking beyond our operations to ensure that our lending, among other services, supports renewable, energy efficient and low-carbon energy sources, as well as other environmentally beneficial activities.

### SUSTAINABLE OPERATIONS

As a service-based company, PNC's largest direct impact on the environment can be attributed to our building portfolio, which includes bank branches, office buildings, operation centers and data centers. As a result, PNC has long committed to develop sustainable, high-performing buildings and to constantly seek ways to enhance operational efficiency.

### Energy Management

PNC's Performance and Innovation Group is responsible for developing and executing on the strategy to reduce the company's energy and water consumption and carbon emissions. Seeking efficiency opportunities that support cost savings, reliable services and occupant comfort, the group conducts energy and water audits, tracks building performance and targets low-performing sites for retrofits. The group's previous activities include but are not limited to lighting retrofits in 27 offices and more than 1,000 branches and the development of more than 6 million square feet of LEED® and ENERGY STAR® certified space. Through these efforts, PNC has decreased its annual utility payments more than \$15 million since 2009 and is on track to meet its 2020 environmental goals.

**PNC has long committed to develop sustainable,** high-performing buildings and to constantly seek ways to enhance operational efficiency.



### Corporate Headquarters

PNC's new headquarters, The Tower at PNC Plaza, has raised the bar for workplace innovation and sustainability. The Tower, which achieved LEED Platinum certification, was designed to provide a collaborative and innovative workplace for employees and to perform more efficiently than a comparable building due to its state-of-the-art green technology. This technology also provides a healthy workplace in which employees have access to fresh air, sunlight and views of downtown Pittsburgh. The Tower has become a hub of activity for the company and the local community. In 2016, we hosted more than 230 events in our auditorium for PNC employees and their guests.

### Net-Zero Energy Certification

In March 2016, PNC's net-zero energy branch in Fort Lauderdale, Florida, was recognized with the International Living Future Institute's Net-Zero Energy Certification. Our branch marks the 16th building in the world — and the first retail location — to earn this recognition. In just one year, the branch generated the same amount of electricity as that used annually by seven U.S. homes.

### Paperless

While PNC is often recognized for its green buildings, we also are invested in green workplace practices. Specifically, we

launched several multi-year "paperless" projects that will reduce the company's paper consumption and save millions of dollars while also enhancing efficiency and security.

One component of the company's paperless efforts is managing print devices, including printers, copiers, scanners and fax machines. Since early 2016, a Paperless Site Optimization team has been reviewing employee needs, as well as equipment use, leases and efficiency, to ensure that the company is providing employees with the tools and resources they need while also being mindful of its paper and energy consumption and costs.

Customer preferences are rapidly evolving with more PNC customers using online, mobile and ATM channels to complete their business transactions. PNC has made significant investments in the paperless delivery of communications to better serve customers while reducing costs. Seventy-seven percent of active Online Banking customers now receive online statements. This equates to 66 percent of all checking account customers receiving online statements and millions of dollars in annual savings. Furthermore, deposit, lending and credit card account opening documents are now generated from the new platform, and deposit account servicing documents are digitally delivered to enrolled customers.



James E. Rohr Auditorium, in The Tower at PNC Plaza.



The Tower at PNC Plaza's Indoor Park.



77%

of active online banking customers receive electronic statements

## Employee Engagement

After pursuing major improvements to lighting and HVAC equipment across our footprint, we now are focusing on plug load energy, which is used by computers, task lights, cell phone chargers and other appliances that plug into an outlet. Plug load energy is challenging to address due to occupants' varying and unpredictable energy consumption. However, this is an area in which employees have the ability to reduce their individual consumption by approximately 40 percent. Moreover, based on a 2014 research project that PNC conducted with Carnegie Mellon University, we learned that it is possible to reduce energy use by 7 percent simply through effective communications.

Recognizing the potential connection between employee communications and energy savings, PNC's Performance and Innovation Group launched a "Bring to Light" energy campaign to educate employees about energy conservation both at work and home. In November, the campaign featured six stories on PNC's intranet about energy topics, trends and conservation practices. By encouraging behaviors that have the greatest impact and that are most visible to others, the campaign empowered employees to make simple changes that can lead to significant improvements and cost savings.

## Supplier Engagement

Recognizing our products' and services' indirect impacts on the environment, we regularly engage key suppliers on environmental issues and plan to expand these efforts over the next few years. Our focus has been understanding and tracking the greenhouse gas emissions from our largest sources, including rental vehicles, air travel and office paper.

Other areas of interest are our building materials and office products suppliers, from which we source products that contain recycled content, that are locally harvested or manufactured, and that support healthy indoor air quality. In 2016, approximately 15 percent of all office products purchased by PNC contained recycled content or held a green certification.



### KEVIN WADE

Director of Corporate Real Estate

**Q: How do you view your team's role in supporting the communities where PNC serves?**

**A:** Our philosophy is to source locally as much as possible. As we strive to be a good corporate citizen and understand the political and business environment, our approach not only helps the local economy but also benefits our company. Also, we look at the needs of those in our market and adapt our projects accordingly. While we of course have standards, we recognize the importance of being able to adapt. For example, changing design to meet surrounding aesthetics or to coincide historically and architecturally may be expected or essential in some markets, but not necessary in others.

**Q: Five years from now, how do you envision corporate offices being different?**

**A:** I expect it to be more flexible and efficient than anything that we or anyone else has ever seen. Everything would be shared and scalable to better serve employees' purpose and needs. As technology changes, there will be a direct impact on space. For example, if desktop technology shifts from laptops to a version of cloud computing, employees will become even more mobile, requiring our space design to allow for greater mobility.

The full Q&A can be found online at [pnc.com/csr](http://pnc.com/csr)

## Environmental Indicators\*

	2009**	2015	2016
<b>GENERAL INFORMATION</b>			
Employees	55,820	52,513	52,006
Real Estate (square feet, thousands)	30,000	29,526	28,123
Annual Revenue (\$MM)	16,228	15,225	15,162
<b>INTERNAL PAPER USE***</b>			
8.5x11 sheets (thousands)	680,000	368,399	312,973
Sheets per employee	12,182	7,015	6,018
<b>FACILITIES</b>			
LEED-certified projects	<b>68</b>	<b>262</b>	<b>289</b>
<i>New construction</i>	66	157	159
<i>Commercial interiors</i>	2	105	130
ENERGY STAR-certified buildings	0	105	155
Space certified (square feet, thousands)****	1,016	5,558	6,025
Portfolio certified****	3.4%	19%	21%
<b>EMISSIONS (Metric tons CO2e)</b>			
Direct emissions (Scope 1)	<b>48,962</b>	<b>45,970</b>	<b>40,706</b>
<i>Natural gas</i>	26,425	27,286	22,701
<i>Jet fuel</i>	4,014	3,936	3,756
<i>Other direct sources</i>	18,523	14,748	14,250
Indirect emissions (Scope 2)	<b>431,243</b>	<b>296,893</b>	<b>294,305</b>
<i>Electricity</i>	428,061	293,193	290,769
<i>Other indirect sources</i>	3,182	3,700	3,536
Other emissions (Scope 3)	<b>172,533</b>	<b>159,803</b>	<b>155,384</b>
<i>Business air travel</i>	9,877	14,353	13,845
<i>Rental cars</i>	4,626	3,570	4,373
<i>Other sources</i>	158,030	140,167	137,165
Target emissions (Scopes 1-2)	<b>480,205</b>	<b>342,863</b>	<b>335,011</b>
Target emissions (metric tons CO2e) per 1,000 square feet	16.01	11.61	11.91
Target emissions (metric tons CO2e) per employee	8.60	6.53	6.44
Target emissions (metric tons CO2e) per million \$ revenue	29.59	22.52	22.10
<b>BUILDING ENERGY CONSUMPTION (MWh)</b>			
Total building energy consumption	<b>888,353</b>	<b>695,844</b>	<b>642,632</b>
<i>Electricity</i>	730,054	529,863	501,444
<i>Natural gas</i>	142,066	150,446	125,163
<i>Steam</i>	10,498	12,218	11,704
<i>Other</i>	5,735	3,328	4,322
Energy use (kWh) per square foot	28.17	23.57	22.85
Energy use (kWh) per employee	15,139	13,251	12,357
Energy use (kWh) per million \$ revenue	54,742	45,705	42,384
<b>Green Power (MWh)</b>			
Purchased Renewable Energy Credits (RECs)	0	17,883	24,077
<b>Water Consumption</b>			
Purchased water (gallons, thousands)	416,068	365,036	347,673





\* This data may change once it has been verified by Bureau Veritas. Any changes will be reflected in the online version of PNC's 2016 CSR report by July 2017.

\*\* PNC measures its environmental performance against 2009 baseline metrics, when PNC acquired National City, which doubled the size of our company.

\*\*\* Paper data includes all internal white copy paper.

\*\*\*\* Includes both LEED- and ENERGY STAR-certified projects.

## PNC's Environmental Performance

2020 Reduction Goal	<b>CARBON EMISSIONS</b>  <b>30%</b>	<b>ENERGY</b>  <b>30%</b>	<b>WATER</b>  <b>30%</b>	<b>PAPER</b>  <b>10%</b> annual reduction goal
Progress Since 2009	<b>30%</b>	<b>28%</b>	<b>16%</b>	<b>54%</b>
Savings Equivalent	Emissions from <b>33,095</b> vehicles driven for one year	Energy to power <b>18,235</b> U.S. homes for one year	Water usage of <b>468</b> U.S. homes for one year	The harvest of <b>44,043</b> trees

## SUSTAINABLE FINANCE\*

In addition to monitoring our internal operations, we support the transition to a low-carbon economy by helping our clients finance energy efficient and renewable energy projects, among other environmentally beneficial activities. In 2015 and 2016, PNC's sustainable financing totaled more than \$5 billion, which includes contributions from PNC's Equipment Finance, Public Finance and Real Estate Finance businesses, as well as other areas.

### Energy Financing

PNC supports the continued adoption of renewable energy and encourages innovation in the deployment of alternative energy sources by helping customers implement economically viable, renewable energy solutions. In 2016, for example, PNC's Energy Capital business provided financing to the city of Riverside, California, for a 1.4 MWdc fuel cell power plant located at the California Regional Wastewater Quality Control Plant. Fuel cell installations are compact, clean, base-load power plants serving distributed generation needs. They run 24 hours per day, seven days a week and serve as back-up power to entities such as the

Wastewater Quality Control Plant, which require uninterrupted power.

Another example of PNC's support of renewable energy solutions in 2016 was PNC Energy Capital's financing of an 84.1 MWdc ground-mounted photovoltaic project. The project is located on 490 acres of land in Fresno County, California, and produces energy that will be fed into the grid and used to offset the electricity consumed by the University of California public university system.

In 2014, Panasonic Eco Solutions Canada (Panasonic), in conjunction with PNC Equipment Finance, a division of PNC Bank Canada Branch (PNC Canada), the Canadian arm of PNC Bank, N.A., created a financing proposition whereby Panasonic provides full turn-key engineering, procurement and construction services, 100 percent construction financing, operations and maintenance, as well as a production guarantee, on solar photovoltaic projects' future performance. These elements allow PNC Canada to offer attractive long-term financing to the project owner. In recognition of this partnership, Panasonic and PNC won the 2016 Canadian Solar Industries Association Game Changer Award in the "Project Finance" category.

"PNC is honored to share the Game Changer Award for Project Finance Innovation with Panasonic," said Bruce Schruder, senior vice president and senior account executive, Equipment Finance division, PNC Bank Canada Branch. "Projects financed by our collaboration help generate clean power for manufacturers and Main Streets across Canada while at the same time providing PNC's Canadian customers with the banking to reach their environmental goals."



This Solar Flow-Through Fund 600 kw DC site, which is located in the Greater Toronto area, was serviced by Panasonic and PNC Canada. For the next 20 years, this project will produce green electricity for Ontario's electrical grid.



The University of California's 490 acre solar farm in Fresno County, Calif.

\* Includes underwritings and financing commitments associated with municipal issuances, real estate financing and commercial loans and leases supporting environmentally beneficial assets, entities and projects, including energy efficiency, green buildings, renewable energy, pollution prevention, sustainable transportation and sustainable water management.

**PNC's sustainable financing totaled more than \$5 billion**, which includes contributions from PNC's Equipment Finance, Public Finance and Real Estate Finance businesses, as well as other areas.

Since Panasonic and PNC Canada introduced their financing program, they have serviced numerous solar projects that have involved multiple developers, energy producers and buyers. The number of projects is anticipated to increase significantly due to the program's competitiveness, flexibility and successful track record.

### Green Bonds

One of the largest components of PNC's sustainable finance efforts is our underwriting of municipal bonds that drive greater efficiency and pollution control. This includes both traditional bonds and designated "green bonds." In 2016, PNC became a signatory to the Green Bond Principles, which are guidelines managed by the International Capital Markets Association that prescribe best practices for underwriting and issuing green bonds.

### Responsible Investments

In addition to sustainable financing, PNC Asset Management Group (AMG) manages a Responsible Investing (RI) platform focused on investment strategies that consider financial returns, as well as environmental, social and governance impacts. At the end of 2016, PNC AMG's dedicated RI products, active and passive overlays, and other RI strategies totaled approximately \$2 billion in assets under management spread across the business units of Hawthorn, Wealth Management,

Institutional Asset Management and PNC Capital Advisors. Committed to improving its ability to help clients better express their values and beliefs, PNC has a team of dedicated professionals who provide RI support to AMG's advisors and clients.

### COMMUNITY AND INDUSTRY PARTNERSHIPS

To ensure that we continue to learn best practices, support community initiatives and increase transparency around our performance, PNC actively engages with a number of sustainability-focused groups and industry challenges. In 2016, PNC continued its partnerships with the following organizations:

- > CDP (formerly Carbon Disclosure Project), which publishes the carbon emissions and management practices of more than 3,000 of the world's largest corporations
- > The President's Better Buildings Challenge, which aims to make U.S. commercial office buildings 20 percent more efficient by 2020
- > The Cleveland 2030 District and the Pittsburgh 2030 District Challenges, which aim to reduce energy and water consumption and transportation emissions by 50 percent in both cities' downtown business districts by 2030

- > Sustainable Pittsburgh's Green Workplace Challenge, which engages southwestern Pennsylvania's businesses to reduce resource use and greenhouse gas emissions and to promote sustainable business practices

In addition, PNC is an active member of the Association of Energy Engineers, Green Building Alliance, Emerge Alliance, Environmental Bankers Association, Solar Energy Industry Association, U.S. Green Building Council, and Urban Land Institute.

### Envision Downtown

PNC continues to provide strong leadership to Envision Downtown, a public/private partnership between Pittsburgh Mayor William Peduto and the Pittsburgh Downtown Partnership. With the support of PNC, Envision Downtown is rapidly delivering innovative transportation solutions that make it easier, safer and more enjoyable for residents, professionals and visitors to travel to, through and around Downtown Pittsburgh.

Through Envision Downtown, PNC is contributing to the development of a Downtown Pittsburgh that prioritizes pedestrians, transit riders and bike commuters and is helping advance the adoption of smart city technologies, which have the potential to dramatically reduce traffic, air pollution and climate-harming emissions.

For the sixth consecutive year, PNC responded to CDP's annual questionnaire about climate change. **Our response earned PNC an A-, which exceeds the "C" industry average.** PNC's CDP response can be found at [pnc.com/climatedisclosure](http://pnc.com/climatedisclosure).



## Managing Risks Protects Our Stakeholders

**PNC is focused on helping customers realize their financial goals while diligently managing our risks. We have the experience, expertise and innovative products to provide our customers with insight, and we don't take unnecessary risks or trade long-term value for short-term opportunity. Outlined below are programs, policies and initiatives that demonstrate our approach to successfully managing select environmental, social and governance risks.**

### **ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT (ESRM)**

PNC recognizes that environmental issues, including climate change, may impact our business, our clients and the communities in which we operate. We have adopted a framework to assess, mitigate and manage related risks at both the portfolio and individual transaction levels. This framework includes robust and regular portfolio analyses, stress-testing, and the establishment of policies and procedures governing our underwriting and portfolio management practices. Broadly, our environmental risk management framework reflects our risk appetite as well as our balanced approach to serving our customers, shareholders, employees and communities.

This framework is regularly reviewed by senior management and, consistent with our broader Corporate Social Responsibility governance process, overseen by the firm's Board of Directors. In addition, we remain highly engaged with key external stakeholders to ensure that our practices align with our commitment to corporate sustainability. PNC's Manager of Corporate Sustainability helps coordinate and oversee Corporate and Institutional Banking's environmental and social risk management efforts. This role facilitates regular communication between business partners as it pertains to materiality, renewable energy financing, environmental assessments and socially responsible investing.



### **MIKE LYONS**

**Head of Corporate & Institutional Banking**

**Q: How do you envision our approach to ESRM evolving over the next five years?**

**A:** We know that corporate responsibility will continue to grow in importance, especially as technology and environmental issues evolve. Therefore, we will continue to learn and make thoughtful decisions as we go, and we will continue to engage with our constituents to better understand what's most important to them. Among other insights, our stakeholders have taught us that in addition to managing risk, we can and should capitalize on business opportunities, such as those related to the transition to a low-carbon economy. We will pursue financing opportunities that support the environment and are consistent with our risk framework.

**The full Q&A can be found online at [pnc.com/csr](https://pnc.com/csr)**



## PNC's Environmental Risk Management Framework

	MOODY'S DEFINITION	IMPACTED SECTORS	PNC ACTIONS
<b>Immediate/ Elevated</b>	<b>Sectors</b> "already experiencing material credit implications as a result of environmental risk"	<ul style="list-style-type: none"> <li>&gt;Coal mining</li> <li>&gt;Coal related</li> <li>&gt;Unregulated utilities and unregulated power co.</li> </ul>	<ul style="list-style-type: none"> <li>&gt;Lending policy regarding Coal Mining and Coal-related Power Plants</li> <li>&gt; 2015 environments stress test focused on Clean Power Plan</li> <li>&gt; Focus on environmental risks in prescreen process for prospective clients</li> <li>&gt; Enhanced environmental due diligence for coal mining companies and electric power generation utilities (completed initially when onboarding new clients and at least annually for existing clients)</li> <li>&gt; Human right due diligence</li> </ul>
<b>Emerging/ Elevated</b>	<b>Sectors with</b> "clear exposure to environmental risks that, in aggregate, could be material to credit quality over medium term, 3 to 5 years, but are less likely in the next 3 years"	<ul style="list-style-type: none"> <li>&gt;Auto Manufacturers</li> <li>&gt;Building Materials</li> <li>&gt;Commodity Chemicals</li> <li>&gt;Mining Excluding Coal</li> <li>&gt;Oil &amp; Gas Independent Exploration and Production</li> <li>&gt;O&amp;G Refining and Marketing</li> <li>&gt;Power Generation Projects</li> <li>&gt;Steel</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 2015 environmental stress test focused on Transportation Industry</li> <li>&gt; Focus on environmental risks in prescreen process for prospective clients</li> <li>&gt; Enhanced environmental due diligence for oil and gas companies (completed initially when onboarding new clients and at least annually for existing clients)</li> </ul>

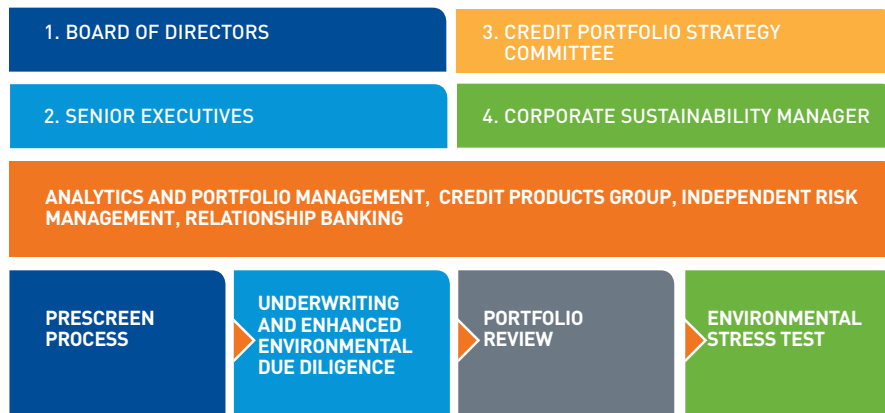
\*Source: Moody's Investors Service. "Environmental Risks: Heat Map Shows Wide Variations in Credit Impact Across Sectors" (November 30, 2015).

### Portfolio Analysis

PNC regularly reviews its exposure to various industries across the wholesale credit portfolio. These reviews provide PNC with a better understanding of the current and emerging risks, and help inform the strategy for managing future transactions to maintain our risk appetite. Corporate Banking also incorporates an environmental assessment into its risk-based, customer-level portfolio reviews. These quarterly reviews assess customer relationships across Corporate Banking and enhance our understanding of environmental risks across our existing portfolio.

**PNC regularly conducts stress tests** to better understand how certain environmental risks could impact its wholesale credit portfolio.

## PNC's ESRM Oversight and Execution



### Environmental Stress Test

As part of its portfolio management practice, PNC regularly conducts stress tests to better understand how certain environmental risks could impact its wholesale credit portfolio. This process involves teams of business and risk employees who first research how the sector being reviewed could be impacted and then consider the risks, such as carbon emission regulations and knock-on impacts, directly and indirectly impacting that sector. By using our regulatory stress-testing framework and models, and applying various downgrade scenarios that “shock” the sector, we are able to estimate the impact on a specific customer portfolio, including the probability of default and loss. Furthermore, we run

these shocked portfolios through our risk migration matrices to better understand the cumulative impact on our portfolio over a certain time period. PNC's stress-test results are presented to PNC's firm-wide Credit Portfolio Strategy Committee, which manages the overall risk-and-return balance of PNC's loan portfolio.

While our 2015 environmental risk review focused on the U.S. EPA's Clean Power Plan, our 2016 stress test focused on carbon transition risk in the transportation sector, specifically automobile manufacturers and airlines. While the stress test results did not indicate material near-term risks, they did drive discussion of the potential impacts of electric vehicles, as well as a lower demand for oil.

### Transaction Review

Environmental due diligence is performed by and on behalf of PNC to determine whether issues exist that could impact a customer's assets, operations or financial condition. Environmental issues may create risks for PNC by directly impacting collateral provided as security for an obligation or by reducing the cash flow needed to address this obligation.

### Prescreen Process

Corporate Banking incorporates an early-stage environmental risk assessment into the due diligence it conducts across all industries. This environmental prescreening process for prospective clients occurs prior to PNC's presentation of a term sheet. As part of our management procedures, we communicate any changes to our policies and procedures to Corporate Banking employees through our Commercial Credit Policy & Procedure Updates newsletter.

### Underwriting

Corporate Banking continued its focus on environmental risk, including maintaining credit underwriting procedures to codify supplemental due diligence criteria requirements for companies in the following industries: Coal Mining, Electric Power Generation Utilities, and Oil and Gas. This enhanced due diligence, which must be completed as part of the underwriting process, focuses on:

- > The borrower's past and present environmental compliance with laws and regulations
- > The borrower's financial resources, including liquidity and access to public debt and equity markets, needed to adhere to environmental mandates
- > The borrower's internal policies, procedures and resources related to environmental risk management
- > The transaction's compliance with PNC's credit and underwriting policies related to environmental risk

As part of our commitment to increasing transparency, we now report on the frequency with which we conduct this later-stage enhanced due diligence for potential new clients. In 2016, PNC conducted enhanced due diligence on 11 new clients, who were subject to our supplemental due diligence criteria, and ultimately approved nine for financing.

The limited size of this population reflects our risk appetite across these industries, which has reduced the number of potential clients we evaluate and ultimately underwrite.

In addition to reviewing new clients, we conduct annual reviews for existing clients in these industries that incorporate similar environmental assessments. These reviews facilitate greater client engagement and allow us to identify potential concerns and help clients better mitigate risks.

### Coal Mining and Coal-Fired Power Plants

PNC's lending to coal mining companies has declined significantly over the past several years, and we are committed to further reductions moving forward. In addition, PNC maintains extensive due diligence policies related to energy companies and now prohibits new lending to coal producers with anything more than a de minimis exposure to mountaintop removal (MTR) mining. PNC also prohibits construction financing of all single-site coal-fired power plants.

### Human Rights Due Diligence

At PNC, we aim to do business with clients that respect human rights. In mid-2016, we introduced a human rights due diligence process focused on select industries with operations that can significantly impact local communities and their residents. The procedure requires that we complete this due diligence for each new borrower and annually for each existing borrower that qualifies. This new process, which helps us assess our clients' commitment and capability to support human rights, further aligns PNC's lending practices with the company's commitment to corporate social responsibility.

### Real Estate Secured Transactions

The owner of real estate may have direct liability for past and/or present environmental issues associated with the real estate. PNC, if the holder of a security interest in the real estate, could be directly impacted by these issues. Environmental issues may erode collateral value, drain cash flow, or alter construction plans and timeframes. As such, PNC reviews environmental due diligence reports required by bank procedures and supplies sound recommendations to secured lenders based upon specific business transaction needs.

Corporate Banking incorporates an **early-stage environmental risk assessment** into the due diligence it conducts across all industries.

### ENTERPRISE THIRD-PARTY MANAGEMENT PROGRAM

In 2016, PNC took another step forward in minimizing business risk by deploying a new enterprise third-party management system. This platform helps the company identify, manage and mitigate third-party risk and comply with regulatory requirements. It also demonstrates PNC's commitment to providing the tools and resources that support a holistic approach to managing risk across the organization.

Moving into 2017, our supply chain organization will begin deploying a procure-to-pay model to facilitate the end-to-end management of the third-party life cycle. By supporting this type of procurement structure, which leverages technology to streamline the entire process — from supplier selection to payment — PNC will be better positioned to further deliver on its commitment to create a sustainable supply chain. Our suppliers also will benefit from this new model, specifically through more efficient processing and invoicing that will result in fewer inquiries and improved response times. Furthermore, our customers will benefit from our ability to track supplier performance and to measure and improve departmental performance and customer service. The streamlining of our procurement functions, as well as the elevation of our accounts payable department from a back-office

operation to a strategic component of our overall supply chain, are key steps toward creating and maintaining a more sustainable operation.

### BUSINESS CONTINUITY

PNC is committed to protecting the health and safety of its employees, contractors, customers and third parties, and to safeguarding the company's products and services through business continuity, disaster recovery and crisis-management planning.

In support of this commitment, PNC's Business Continuity Management program is responsible for identifying potential threats to the company, as well as the impacts of those threats. It provides a framework for building organizational resiliency and recovery capabilities that enable PNC to safeguard the interests of key stakeholders, as well as the company's brand, reputation and business. In addition to identifying and mitigating internal and external business disruptions, this program was designed to facilitate an efficient recovery of PNC's facilities, employee work, third parties and technology in the event of a disruption.

The governance structure of PNC's business continuity program integrates a top-down direction and governance model through established risk committees, executive management, and clearly defined accountabilities and succession planning across PNC's business units

and staff functions. This includes direct engagement of the Board of Directors, executive management and PNC management and staff, as appropriate. Furthermore, a Business Continuity Steering Committee, comprised of functional leaders across the organization, facilitates the ongoing review, prioritization and execution of business continuity strategies and initiatives.

PNC's Business Continuity Program also has established a crisis-management strategy that encompasses crisis teams, crisis plans and standardized processes. A key component of this strategy involves close coordination with various agencies, authorities and organizations that also have an important role in responding to natural disasters, political unrest, cyber-attacks and other incidents that carry potential risks to the company.

To ensure the success of this strategy and our larger business continuity program, we regularly track our progress in minimizing the impact of internal and external crises. In addition to evaluating our threats, including those related to employee health, technical failures and natural disasters, we analyze historical impacts, including loss of technology, third parties, facilities and human capital. Such tracking allows us to identify trends and create processes to address future threats more efficiently.

PNC is committed to providing the tools and resources that support **a holistic approach to managing risk across the organization.**



## Engaging Stakeholders Builds Trust

**Our success largely depends on strong relationships with our stakeholders. To develop and maintain these relationships, we must build trust and engage in two-way communication with our stakeholder groups. We must be transparent in our words and actions and actively listen and respond to their questions and concerns. The table on the next two pages provides a few examples of how PNC communicates with, receives feedback from and responds to stakeholders:**

In addition to actively communicating with our stakeholders, we regularly monitor PNC and financial industry media coverage and social media conversations, which allows us to better gauge PNC's reputation in all of the regions in which we operate. Furthermore, our 2015 materiality analysis helped us to confirm which issues are most important to PNC and our stakeholders, and subsequently, where we should better focus our resources and attention.



Chief Human Resources Officer Vicki Henn speaks with employees at a town hall in greater Maryland.

# Stakeholder Engagement

	EMPLOYEES	CUSTOMERS	COMMUNITIES
Channels and Frequency	<ul style="list-style-type: none"> <li>&gt; 30 corporate town halls per year</li> <li>&gt; Pre- and post-corporate town hall surveys</li> <li>&gt; Employee engagement surveys</li> <li>&gt; Daily articles and regular videos and employee polls published on PNC News Online (intranet) and Just for Managers (an intranet page dedicated to managers), both of which allow readers to rate content</li> <li>&gt; PNC News Online feedback mailbox</li> <li>&gt; PNC's online collaboration network, which includes but is not limited to forums, blogs, wikis, communities, microblogging and file sharing</li> <li>&gt; Annual surveys (through PNC's materiality analysis, among other initiatives)</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Office of the Customer</li> <li>&gt; Daily interactions on social media (Facebook, Twitter, LinkedIn)</li> <li>&gt; Daily interactions on PNC Live Chat</li> <li>&gt; Daily customer surveys</li> <li>&gt; Quarterly qualitative research, including focus groups, ideation sessions and one-on-one interviews</li> <li>&gt; Daily phone calls facilitated by PNC's Customer Care</li> <li>&gt; Interviews (through PNC's materiality analysis, among other initiatives)</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Concerns raised through our customer interactions are monitored and tracked, and are appropriately managed by dedicated teams that follow specific processes and procedures to respond to and resolve issues. Concerns raised through our Office of the Customer are addressed and/or shared with the appropriate business leaders for final resolution.</li> <li>&gt; Community Development Banking team</li> <li>&gt; Daily emails and phone calls</li> <li>&gt; Dedicated websites for various community programs (PNC Legacy Project, PNC Grow Up Great, etc.)</li> <li>&gt; Interviews (through PNC's materiality analysis, among other initiatives)</li> <li>&gt; Regular evaluations to identify program successes and areas for improvement</li> <li>&gt; Occasional focus groups to help research and develop educational materials, messages and strategies</li> <li>&gt; Occasional surveys to measure the effectiveness of educational materials that were created to benefit school readiness</li> </ul>
Key Topics and Concerns	<ul style="list-style-type: none"> <li>&gt; Benefits</li> <li>&gt; Development opportunities</li> <li>&gt; The company's leadership</li> </ul>	<ul style="list-style-type: none"> <li>&gt; PNC regularly and rigorously monitors key topics and concerns raised by our customers. Such topics include but are not limited to account servicing, customer service, data privacy, and product and services features and benefits.</li> <li>&gt; PNC highly values customers' feedback and measures and tracks all insights daily, weekly, monthly, quarterly, semi-annually and annually.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Revitalizing our urban cores, where people increasingly want to live and work, remains a topic of interest in the communities we serve. PNC is frequently approached to provide financial and civic support for programs that ensure equitable development benefitting legacy lower-income residents and quality of life, including the arts, culture, and economic and workforce development.</li> </ul>
Response to Topics and Concerns	<ul style="list-style-type: none"> <li>&gt; PNC's benefits are competitive with those of our peers and position the company for future growth.</li> <li>&gt; We always are listening to our employees and work hard to recognize and reward their accomplishments.</li> <li>&gt; We provide numerous development tools and opportunities to help employees at all levels grow their careers at PNC.</li> <li>&gt; PNC provides managers with the tools and resources they need to drive business results, manage risk and develop diverse teams.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Concerns raised through our customer interactions are monitored and tracked, and are appropriately managed by dedicated teams that follow specific processes and procedures to respond to and resolve issues.</li> <li>&gt; Concerns raised through our Office of the Customer are addressed and/or shared with the appropriate business leaders for final resolution.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Feedback received through PNC's evaluations and interviews, among other channels, impacts grant and programming decisions. PNC consults both its own and outside experts when solutions may involve financial services. For example, after Hurricane Matthew affected much of the U.S. Southeast coast, PNC offered mortgage assistance for customers in communities designated as federal disaster areas. PNC Community Development Banking also convenes regional advisory councils comprised of local community and bank leaders to discuss the needs of low- and moderate-income households and communities. These discussions often drive PNC's support of community initiatives, project financing and product and services enhancement.</li> </ul>

## SHAREHOLDERS

- > Quarterly earnings materials and conference calls
- > Investor conferences and presentations
- > Investor meetings
- > Annual meeting of shareholders
- > SEC filings
- > Investor outreach

- > Execution of PNC's strategic priorities
- > Interest rate environment
- > Regulatory environment
- > Loan growth
- > Expense management
- > Positive operating leverage
- > Capital returns
- > Sector credit quality
- > Mergers and acquisitions

> PNC regularly and proactively communicates and facilitates a clear understanding of the company's strategic direction and resulting financial performance. We seek to understand and address our shareholders' interests and concerns in a timely manner through our public written and verbal shareholder communication channels.

## GOVERNMENT

- > Ongoing dialogue by senior leaders with regulators and federal, state and local government officials
- > Regular interactions through Government Relations and Regulatory Affairs teams
- > Participation in government-sponsored events and initiatives
- > PNC's Executive Committee and Regional Presidents organization, which regularly communicate with government officials
- > Participation in government outreach activities arranged by industry groups, including the American Bankers Association

- > Capital and financial strength
- > Availability of, and fair access to, credit and banking services
- > Community reinvestment
- > Compliance with laws and regulations, including the laws governing money laundering and terrorist financing

- > PNC maintains strong capital and liquidity positions.
- > PNC provides businesses and consumers across its geographies access to a wide array of competitively priced lending and deposit services.
- > PNC maintains robust, enterprise-wide fair lending, BSA, AML, sanctions and consumer compliance programs.
- > PNC Bank received an "Outstanding" rating under the Community Reinvestment Act.

## SUPPLIERS

- > Daily emails and phone calls
- > Quarterly, annual and biannual meetings during which PNC business leaders and executives meet with suppliers.
- > PNC's Supplier Diversity Portal
- > Interviews (through PNC's materiality analysis, among other initiatives).
- > PNC's Enterprise Third Party Management program

> The key concerns raised by our suppliers relate to the legal terms and conditions contained in PNC Master Agreements. Specifically, the insurance levels and indemnification language that PNC and other large companies typically require of their suppliers may be unnecessary, irrelevant or challenging for smaller suppliers and engagements. Suppliers also voice concerns regarding the due diligence and ongoing monitoring activities they must complete prior to and while working with PNC.

> In response to suppliers' concerns, PNC has created a short-form agreement that addresses lower-risk and lower-spend engagements whereby PNC can satisfy its risk mitigation obligations with less onerous terms and conditions. This new agreement has made it easier for small businesses to contract with PNC. Furthermore, while our third-party due diligence activities are in large part dictated by federal regulation, we work closely with our suppliers to assist them through this process.

## NON-GOVERNMENTAL ORGANIZATIONS

- > Interactions on social media (Facebook, Twitter, LinkedIn)
- > Daily/weekly emails and phone calls
- > Regular meetings
- > PNC employees' service on community boards of directors

> NGOs are most concerned with raising capital and better serving their communities.

> PNC often responds by providing time and financial resources.



## GRI Index

GENERAL		
Standard Disclosures, Aspects and Indicators	Response	Location
Strategy and Analysis		
G4-1		A Message from Our CEO, pages 2 and 3
Organizational Profile		
G4-3		PNC Corporate and Economic Profile, page 7
G4-4		For PNC's primary brands, PNC Corporate and Economic Profile, page 7. For PNC's products and services, PNC's 2016 10-K, pages 1 and 2.
G4-5		PNC Corporate and Economic Profile, page 7
G4-6	The sustainability topics covered in PNC's 2016 CSR report are relevant to all of the countries where PNC operates.	PNC Value Chain
G4-7	The PNC Financial Services Group, Inc. is a publicly owned company incorporated in the Commonwealth of Pennsylvania and headquartered in Pittsburgh, Pennsylvania. PNC's common stock is listed on the New York Stock Exchange and is traded under the ticker symbol "PNC." The PNC Financial Services Group, Inc. is the ultimate parent company within PNC's organizational structure and indirectly owns 100 percent of the outstanding stock of its sole subsidiary, PNC Bank.	
G4-8		PNC Corporate and Economic Profile, page 7. PNC's 2016 10-K, pages 1 and 2.
G4-9	The vast majority of PNC's operations and employees are located in the United States. PNC's limited foreign operations are conducted through two foreign branches as well as certain subsidiaries. PNC Bank's only two foreign branches are located in Toronto, Canada and Nassau, Bahamas. PNC's principal foreign subsidiaries, both of which are indirect subsidiaries of PNC Bank, are: <ul style="list-style-type: none"> <li>– Harris Williams &amp; Co. Ltd., which provides financial advisory services to companies in the European Union through offices located in London, United Kingdom and Frankfurt, Germany, and</li> <li>– PNC Financial Services UK Ltd., which provides asset-backed commercial loans in the United Kingdom through offices located in London and several other locations in the U.K.</li> </ul> Assets, revenue and earnings attributable to foreign activities were not material in the periods presented.	For employees, PNC Value Chain. For assets, Corporate and Economic Profile, page 7. For products and services, PNC's 2016 10-K, pages 1 and 2.
G4-10	An insubstantial portion of PNC's work is performed by workers who are legally recognized as self-employed or by individuals other than employees or supervised workers. Also, PNC does not experience significant variations in employment numbers.	Investing in Talent Pays Dividends, page 12. PNC's 2016 10-K, pages 1, 2 and 15.
G4-11	None of PNC's employees are covered by collective bargaining agreements.	

GENERAL		
Standard Disclosures, Aspects and Indicators	Response	Location
G4-12		Civic Engagement Drives Prosperity, page 45. Environmentally Friendly Business Practices Define Our Operations, page 55. Managing Risk Protects Our Stakeholders, page 65.
G4-13	There were no significant changes to PNC's supply chain during the reporting period.	For changes regarding PNC's retail banking business, Customer Focus Defines Our Business, page 22 and 26. For more information about the state of PNC's business, PNC's 2016 10-K, pages 1 and 2.
G4-14	<p>PNC has applied the precautionary principle in its approach to environmental challenges since the late 1990s, when it first adopted green building practices to decrease operating expenses, increase employee satisfaction and reduce its environmental impact. In 2002, PNC became the first major U.S. bank to apply green building standards to all newly constructed or renovated retail branches and office buildings and now has more than 280 LEED-certified projects in 19 states, as well as Washington, D.C. and London. PNC's green building and energy management programs have helped the company reduce its energy consumption by nearly 28 percent since 2009.</p> <p>In addition to its internal operations, PNC has used the precautionary principle in how it manages environmental risk related to its lending portfolio.</p>	For more information regarding PNC's management approach as it relates to the company's lending portfolio, Managing Risk Protects Our Stakeholders, pages 61 to 64.
G4-15	In 2016, PNC became a signatory of the Green Bond Principles, voluntary guidelines managed by the International Capital Markets Association that outline best practices for issuing green bonds.	Environmentally Friendly Business Practices Define Our Operations, page 59.

<b>GENERAL</b>		
Standard Disclosures, Aspects and Indicators	Response	Location
G4-16	PNC holds a governance position in, participates in committees or projects of and/or provides substantive funding to the following associations and advocacy organizations: The American Bankers Association; Bank Administration Institute; Clearing House Association; Commercial Real Estate Council; Committee for Economic Development; Committee to Encourage Corporate Philanthropy; Consumer Bankers Association; Financial Services Roundtable; Global Business Coalition on Education; Mortgage Bankers Association; National Futures Association; Public Affairs Council; U.S. Chamber of Commerce Center for Capital Markets Competitiveness; U.S. Green Building Council; and the U.S. Hispanic Chamber of Commerce.	
<b>Identified Aspects Related to PNC's Materiality Analysis and Their Boundaries</b>		
G4-17	The consolidated financial statements and the 2016 CSR report represent The PNC Financial Services Group, Inc.	Consolidated Financial Statements in PNC's 2016 10-K, pages 81 to 86
G4-18	In the spring of 2015, PNC conducted its first materiality analysis. The results of this (not the) analysis informed PNC's 2016 CSR report.	Priority Issues and Report Scope, pages 4 and 5
G4-19	The Aspects related to PNC's materiality analysis that largely define PNC's 2016 CSR report content include: Economic Performance, Product and Service Labeling, Marketing Communications, Customer Privacy, Market Presence, Indirect Economic Impacts, Local Communities, Anti-Corruption and Anti-Competitive Behavior.	
G4-20	For each Aspect related to PNC's materiality analysis that has impacts inside the organization, impacts occur across all of PNC's operation.	Priority Issues and Report Scope, page 5
G4-21	For each Aspect related to PNC's materiality analysis that has impacts outside the organization, impacts occur across all geographies of PNC's operation.	Priority Issues and Report Scope, page 5
G4-22	In 2015, PNC's Energy Management and Sustainability Group revised its methodology to more accurately and efficiently capture the company's energy data.	
G4-23	PNC's 2016 CSR report does not reflect any significant changes in Scope or Aspect Boundaries compared to the company's 2015 CSR report.	
<b>Strategy and Analysis</b>		
G4-24		Engaging Stakeholders Builds Trust, pages 68 and 69
G4-25	PNC's stakeholders include those who impact or are impacted by PNC and its operations. These individuals and entities may be connected to and interested in the company from an employment, business, investment, regulatory, legal and/or reputational perspective. PNC engages with all stakeholders through different channels and with varying frequency.	Engaging Stakeholders Builds Trust, page 67
G4-26		Engaging Stakeholders Builds Trust, pages 68 and 69
G4-27		Engaging Stakeholders Builds Trust, pages 68 and 69

<b>GENERAL</b>		
Standard Disclosures, Aspects and Indicators	Response	Location
<b>Report Profile</b>		
G4-28		Priority Issues and Report Scope, page 4
G4-29	March 2016	
G4-30	Annual	
G4-31		Contact Us, page 77
G4-32		Priority Issues and Report Scope, page 4
G4-33	PNC's CSR report was not externally assured. All environmental data, however, will be assured by Bureau Veritas. Any changes to this environmental data as a result of verification will be reflected in the online version of PNC's report by July 2017.	
<b>Governance</b>		
G4-34		Strong Governance Supports Sustainable Business, pages 50 and 51
<b>Ethics and Integrity</b>		
G4-56		Strong Governance Supports Sustainable Business, pages 47 to 49.

SPECIFIC	Standard Disclosures, Aspects and Indicators	Response	Location
Economic Performance			
DMA			For management approach, PNC Corporate and Economic Profile, page 7. For PNC's community investment strategy, Civic Engagement Drives Prosperity, pages 33 to 36 and 40 to 44.
EC1			For direct economic value generated and distributed, PNC Corporate and Economic Profile, page 9 and PNC's 2016 10-K, pages 81 to 86. For a breakdown of community investments by theme, Civic Engagement Drives Prosperity, pages 35 and 39.
EC2			PNC's 2017 CDP report, sections 5.1a to 6.1c, which are available at <a href="http://pnc.com/carbondisclosure">pnc.com/carbondisclosure</a> . Our 2017 CDP report will be available in late 2017.
EC3			PNC's 2016 10-K, pages 132 to 139
Market Presence			
DMA			Civic Engagement Drives Prosperity, page 33

SPECIFIC Standard Disclosures, Aspects and Indicators	Response	Location
EC6	<p>In alignment with its commitment to the communities in which it conducts business, PNC makes a concerted effort to hire senior managers from these communities. In addition to seeking talent from our local communities, we frequently promote from within the organization, giving high-performing managers and employees an opportunity to advance their careers by taking on leadership roles.</p> <p>Note: PNC does not track the number or percentage of senior managers hired from its communities.</p> <p><b>Significant Locations of Operation:</b> For the purposes of this report, PNC considers Pittsburgh, Pa.; Cleveland, Ohio; Philadelphia, Pa. and Washington, D.C. to be its significant locations of operation. Pittsburgh is PNC's headquarters location; Cleveland was the headquarters location of National City, which PNC acquired in 2008; Philadelphia is PNC's largest retail presence; and Washington, D.C. is significant due to its PNC predecessor bank and regulator presence.</p> <p><b>Senior Managers:</b> For the purposes of this report, PNC defines a senior manager as someone who is responsible for the strategic management, leadership and direction of a business segment or staff function. Senior managers are seasoned leaders with extensive business experience and broad and deep functional expertise. They are significant members of the management team and often represent the organization in dealings with clients and external entities. A senior manager often reports to one of the company's 10 Executive Committee members, who report to PNC CEO Bill Demchak, or to one of the Executive Committee members' direct reports.</p>	
Indirect Economic Impacts		
DMA		Civic Engagement Drives Prosperity, page 33
EC7		Civic Engagement Drives Prosperity, pages 39 to 45
Local Communities		
DMA		Civic Engagement Drives Prosperity, page 33
S01	<p>Prior to purchasing an existing building or land for new construction, PNC conducts an environmental impact assessment to confirm a particular site's history and identify potential risks. Among other items, PNC evaluates the sites for potential risks, including soil and groundwater contamination and indoor air quality issues. PNC's assessments are designed to help ensure a healthy work environment for employees, to reduce PNC's operational and maintenance needs and costs, and to meet state and federal requirements to include quantitative data that reflects the percentage of PNC's real estate portfolio for which we conduct an environmental impact assessment.</p>	
FS14		PNC's 2015 CSR report, page 18

SPECIFIC Standard Disclosures, Aspects and Indicators	Response	Location
<b>Anti-Corruption</b>		
DMA		Strong Governance Supports Sustainable Business, page 48
S03	All of PNC's businesses are assessed for risks related to corruption.	Strong Governance Supports Sustainable Business, pages 48 and 49. For risk factors that impact PNC, PNC's 2016 10-K, pages 16 to 26.
<b>Anti-Competitive Behavior</b>		
DMA		Strong Governance Supports Sustainable Business, 48 and 49
S07	In 2016, PNC faced no legal actions for anti-competitive behavior, anti-trust and monopoly practices.	
<b>Product and Service Labeling</b>		
DMA		Customer Focus Defines Our Business, pages 30 and 31
PR5		Customer Focus Defines Our Business, page 21
<b>Marketing Communications</b>		
DMA		Customer Focus Defines Our Business, pages 30 and 31
PR7	This information has been omitted due to specific confidentiality constraints.	
<b>Customer Privacy</b>		
DMA		Customer Focus Defines Our Business, page 25
PR8	In 2016, PNC identified no substantiated reports of breaches of PNC's computer systems resulting in the loss of customer data.	Customer Focus Defines Our Business, page 25

## Contact Us

For questions about this report, please call 412-762-4550  
or email [corporate.communications@pnc.com](mailto:corporate.communications@pnc.com).

For customer inquiries, please call 1-888-PNC-BANK.

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For investor inquiries, please email [investor.relations@pnc.com](mailto:investor.relations@pnc.com).

For community inquiries, please email [community.development@pnc.com](mailto:community.development@pnc.com).

For media inquiries, please call 412-762-4550  
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You also can find us on Facebook, Twitter and LinkedIn:

**Facebook:** PNC Bank, [www.facebook.com/pncbank/](http://www.facebook.com/pncbank/)

**Twitter:** @PNCNews, @PNCBank and @PNCBank\_Help

**LinkedIn:** PNC, [www.linkedin.com/company/pnc-bank](http://www.linkedin.com/company/pnc-bank)

The content in PNC's 2016 CSR report is accurate as of December 31, 2016. Any updates or changes to this report will be reflected in the online version of our CSR report, which can be found at [www.pnc.com/csr](http://www.pnc.com/csr).

This CSR report should be read in conjunction with PNC's 2016 Annual Report and 2017 Proxy Statement, both of which contain additional information about our company. This report uses certain terms, including those that the GRI sustainability reporting guidelines refer to as "Material Aspects," to reflect the issues of greatest importance to PNC and our stakeholders. Used in this context, these terms should not be confused with the terms, "material" or "materiality," as defined by or construed in accordance with securities law, or as used in the context of financial statements and financial reporting. Furthermore, any forward-looking statements contained in this report should not be unduly relied upon, as actual results could differ materially from expectations. For more information about such statements, please refer to the "Forward-Looking Statements" and "Risk Factors" sections of our Form 10-K in PNC's Annual Report for the year ended Dec. 31, 2016, which can be found at [www.pnc.com/investorrelations](http://www.pnc.com/investorrelations).

This material does not constitute an offer or solicitation in any jurisdiction where or to whom it would be unauthorized or unlawful to do so.

Bank deposit products and services provided by PNC Bank, National Association. **Member FDIC**

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Not FDIC Insured • Not Bank Guaranteed • Not A Deposit  
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