



January 29, 2007

Mr. John Nacchio
City of Philadelphia
City Treasurer's Office
640 Municipal Services Building
1401 J.F. Kennedy Boulevard
Philadelphia, PA 19102-1681

Dear John:

PNC Bank appreciates the many opportunities to work with the City of Philadelphia on a variety of projects. We value our longstanding commitment to help the City and its various agencies enhance the services provided to our neighbors in communities across Philadelphia.

We are pleased to present our annual statement of community reinvestment goals planned for 2007 in Philadelphia's low and moderate-income neighborhoods:

- In the category of home mortgage and home improvement loans, PNC Bank's goal is to complete 585 loan transactions with individuals residing in low and moderate-income census tracts.
- In the category of small business loans, PNC Bank's goal is to complete 500 loan transactions with business located in low and moderate-income census tracts.
- In the category of community development investments, PNC Bank's goal is to complete \$1.9 million in transactions and or grant funding to organizations located in low and moderate-income census tracts.

Helping to make neighborhoods across our City better places to live and work is a goal PNC Bank shares with the City of Philadelphia's management, administration and leadership teams. Please contact my office with any questions of concern about PNC's statement of community reinvestment goals for 2007.

Regards,

Jeffrey Warner
Vice President
PNC Bank

cc: J. William Mills, III, President
Carol Clark Lawrence, SVP, PNC Community Development Banking
Salvatore J. Patti, VP/Group Manager, PNC Business Banking

Enclosures

**City of Philadelphia
Office of the City Treasurer**



**Authorized Depository
COMPLIANCE:
Philadelphia City Code
CHAPTER 19-200. CITY FUNDS--
DEPOSITS, INVESTMENTS,
DISBURSEMENTS**

**Annual Request for
Community Reinvestment
Goals
Calendar Year 2007**

INTRODUCTION:

In January of each calendar year an Authorized City Depository must provide the City with their annual statement of Community Reinvestment Goals (CRG). Providing the statement of CRG to the City is a legislative requirement of Chapter 19-201 sub-section (f) of the Philadelphia City Code.

- (f) *“provide the City with an annual statement of community reinvestment goals including the number of small business loans, home mortgages, home improvement loans, and community development investments to be made within low and moderate-income neighborhoods in the City of Philadelphia.”*

The City Treasurer, in support of obtaining the required information and having the primary municipal banking business relationship with the list of authorized City Depositories is collecting the CRG information for the City. Also, in order to facilitate a CRG response and capture the relevant information consistent with the CRG requirement, a standard format is being provided to collect the responses. It is requested that you complete the e-format that follows using “Word”. It provides for data entry blocks to enter the numeric information, and includes text boxes that will expand with the length of the response.

In addition to submitting the Authorized Depository’s CRG, also include the most current Federal Community Reinvestment Act (**CRA**) **Rating**. Attach, if available, the disclosure document resulting in the CRA rating issued from the Federal Deposit Insurance Corporation (FDIC), or the Office of the Comptroller of the Currency (OCC), or the Office of Thrift Supervision (OTS) or the Inter-agency information available from the Federal Financial Institutions Examination Council (FFIEC).

GENERAL INSTRUCTIONS:

Provide a response to all questions, requests for policy statements, goals, and other information about the Bank or Financial Institution. One (1) copy of the completed RFI should be mailed with a cover letter to the Office of the City Treasurer (address below) no later than January 31, 2007. In addition, e-mail or submit a disk or CD Rom as an electronic copy of the response in either a “Word.doc” or “PDF” file format to:

John Nacchio
Philadelphia City Treasurer
Municipal Services Building
Suite 640
1401 John F. Kennedy Blvd
Philadelphia, PA 19102

Phone: 215-686-2303
E-Mailed: John.Nacchio@phila.gov

COMMUNITY REINVESTMENT GOALS

(Financial institution's annual Community Reinvestment Goals should include information on the number of small business loans, home mortgages, home improvement loans, and community development investments to be made within low and moderate-income neighborhoods within the City of Philadelphia.)

1. Institution Information

- a. Provide the address of the financial institution's corporate, regional and local headquarters, and CRG contact:

Corporate headquarters

Address 1	One PNC Plaza
Address 2	249 Fifth Avenue
City, State, Zip	Pittsburgh, PA 15222-2707

Regional headquarters:

Address 1	1600 Market Street
Address 2	
City, State, Zip	Philadelphia, PA 19103

Local headquarters:

Address 1	1600 Market Street
Address 2	
City, State, Zip	Philadelphia, PA 19103

Primary GRG contact's name, title, telephone and fax number, and email address:

Primary Contact/ Representative Name	Carol Clark Lawrence
Title	Senior Vice President
Address	1600 Market Street, Philadelphia, Pa 19103
Phone Number	215-585-4606
Fax Number	215-585-8605
Email Address	carol.lawrence@pnc.com

2. GOALS

- a. **Provide an overview of the financial institution's annual Community Reinvestment Goals.**

See goals enumerated below in letter b.

- b. **Provide the number of small business loans, home mortgages, home improvement loans, and community development investments to be made within low and moderate-income neighborhoods within the City of Philadelphia.**

Type	2006 Goals	2006 Results	2007 Goals
Small Business Loans	424	1,198	500
Home Mortgages	73	81	85
Home Improvement Loans	490	521	500
Community Development Investments *	\$1.8 million	\$24,055,090	\$1.9 million

* 2006 results for community development investments include several affordable housing projects. These projects are market/demand driven and therefore are not reflected in the calculation of goals for community development investments.

If applicable, explain why 2006 results did not meet the stated goal or other significant comments related to the 2006 or 2007 goals.

NA

- c. **Provide the actual number and dollars of small business loans, home mortgages, home improvement loans, and community development investments made in neighborhoods within the City of Philadelphia.**

Calendar Year 2006

Number of Loans

Type	Low	Mod	Mid	Upp	Total
Residential Mortgage	20	61	Na	Na	81
Home Improvement	152	369	Na	Na	521
Small Business Loans	457	741	Na	Na	1,198
Community Development	Na	Na	Na	Na	25
Consumer Loans	Na	Na	Na	Na	Na
Total:	629	1,171			1,825

Value of Loans (\$)

Type	Low	Mod	Mid	Upp	Total
Residential Mortgage	\$1,956,000	\$6,813,000	Na	Na	\$8,769,000
Home Improvement	\$3,991,000	\$11,017,000	Na	Na	\$15,008,000
Small Business Loans	\$39,181,000	\$61,037,000	Na	Na	\$100,218,000
Community Development	Na	Na	Na	Na	\$23,595,339
Consumer Loans	Na	Na	Na	Na	Na
Total:	\$45,128,000	\$78,867,000			\$147,590,339

NOTES:

- A.) **Data subject to change.** The HMDA and CRA data in this report was provided using preliminary year-end data. Official HMDA and CRA submission files are not submitted to the FFIEC until March 1st 2007.
- B.) As of 2005, PNC re-entered the residential mortgage origination business. 2006 results are indicative of the second year of this effort.
- C.) The number and value of Community Development Investments represent investments and loans made in Low and Moderate income neighborhoods only and are not tracked by individual census tract.

- d. **Provide information or general statement of other types of community development investments made in neighborhoods within the City of Philadelphia (for example: Grants, Education, Public or related Commercial Development). Note: If possible avoid attachments and use only the space provided.**

Please see below.

Strategic partnerships, generous grants and loans, financial education, volunteer support and products that meet the needs of individuals from all walks of life are the hallmarks of PNC's commitment to Philadelphia's citizens, neighborhoods and overall economic vitality of the City of Philadelphia.

PNC has long been committed to forming groundbreaking alliances that strengthen the economic fabric of our city and help thousands of individuals become stronger, more independent citizens. Our approach is a holistic one, in which we use combinations of Community Financial Commitments, Corporate Contributions, Community Development, Financial Education and Banking Services.

Holistic Support to Communities

Under the Philadelphia Neighborhood Partnership Plan, PNC announced a 10-year, \$2.5 million collaboration in 2005 with Project H.O.M.E. for sustained positive change in North Central Philadelphia. It's in the St. Elizabeth's neighborhood that has some of the highest poverty, unemployment and high school drop-out rates in the City. This partnership with Project H.O.M.E is creating new housing, supported by homebuyer's clubs and below-rate mortgages. It mobilizes community residents and addresses many issues including safety, health, job training and business revitalization.

In addition to funding, we created a comprehensive strategy for the program and provide human capital, including more than 1,000 hours of volunteer work. Specific plans include the rehabilitation of over 100 vacant homes, conversion of vacant lots to open space, educational and workforce development programs, financial education and parenting workshops and business revitalization along Ridge Avenue.

In the first year, nine houses were renovated and sold to first-time homebuyers and another fifteen properties have been purchased for refurbishing. Thirty-four families have been counseled through homebuyers' workshops. Along Ridge Avenue, a beautiful mosaic, the Gateway Sculpture was created. The Business Association there now has more than two dozen active members and PNC provided four marketing and development workshops to support their business goals. To beautify the neighborhood and improve safety, there have been 10 neighborhood clean-ups, along with two Arts, Culture and Safe Nights Festivals.

Corporate Contributions

PNC has long been an avid supporter of arts and culture, understanding that the industry brings \$600 million and 11,000 related jobs to the region. For more than 15 years, we have been presenting sponsor of the Philadelphia Flower Show that brings \$30 million in economic vitality to the region annually and raises \$1 million for the beautification of the City through Philadelphia Green, the nation's largest urban greening program and a partner in the Mayor's Neighborhood Transformation Initiative. Foundation grants to numerous arts and cultural organizations such as Historic Philadelphia's new 'Once Upon a Nation' storytelling program for tourists--demonstrate our commitment to arts and culture at a local level.

Beyond dollars, PNC contributes the leadership and manpower of senior level bankers who are contributing hundreds of hours to dozens of the City's non-profit organizations. For example, Executive Vice President of Corporate Banking Bill Friel is a board member of the Franklin Institute. Senior Vice President of Treasury Management Dennis Maliszewski is a board member of Strings for Schools; Director of Client and Community Relations Jean Hager is on the board of the Arts & Business Council of Greater Philadelphia, as well as the Arden Theater; Senior Vice President Nancy Wolcott is on the board for the Mann Center; Senior Vice

President John Conaway of Wealth Management is on the board of the Greater Philadelphia Cultural Alliance; and Vice President of Government Banking Jeff Warner is on the board of the Children's Crisis Treatment Center. Senior Vice President/Manager of Community Development Carol Lawrence is active on several boards including: Regional Housing Legal Services, Project Home, Philadelphia Development Partnership, Center for Literacy, Local Initiative Support Corporation, Greater Philadelphia Urban Affairs Coalition and the Arthur Ash Youth and Tennis Education Center. PNC President Bill Mills is a former chairman of BLOCS, and currently serves on the executive committee of the Greater Philadelphia Chamber of Commerce, chairs on the Corporate Executive board of the Philadelphia Museum of Art, and on the boards of the Pennsylvania Horticultural Society and the Police Athletic League.

Mills is also a member of the Mayor's new Children's Commission, led by Lynne Honickman and Naomi Post Street. The Commission was created as a catalyst for positive change and a leadership voice for Philadelphia's children. Among its many accomplishments, the group supported the lowering of the compulsory age for school attendance and rallied behind the prevention of youth violence. Bill Mills led the Commission on the announcement of Philadelphia's Children's Report Card, which advances the use of data and research to guide policy and fiscal planning for programs to support the city's children.

Commitment to Citizens Through Education

When it comes to Philadelphia's citizens, PNC is unmatched in its commitment to building lifelong learning opportunities that promote individual success and workforce development. We believe that support for education should start with our youngest citizens. In September 2003, the Bank launched PNC Grow Up Great, a 10-year, \$100 million investment in preschool readiness—the largest corporate contribution ever to this cause. Our national partners are Sesame Workshop, PBS Kids, Fred Rogers' Family Communications Inc. and Head Start.

The program includes PNC Foundation grants to early childhood organizations, employee volunteerism, advocacy efforts and educational materials for children, parents and educators. The first of these materials is 'Happy, Healthy, Ready to Learn'—a free educational kit including DVD, magazine and kids' activity book from Sesame Workshop that is available to the public at all PNC branches. To increase the accessibility of the information we also offer the kit in Spanish.

Among the grants provided is one to the YMCA of Philadelphia & Vicinity's North Head Start program at St. Elizabeth's. The funding supports a model program to improve preschooler's math skills as well as financial literacy classes for both parents and teachers. Now in its third year, the program is thriving. It has doubled the percentage of children who passed to "level 2" mathematics—from 26 percent to 52 percent, and the teachers have started to share "best practices" with other head start programs in Philadelphia. They have also been working closely with the School District of Philadelphia on transitioning kids from the program into kindergarten.

Employees are annually given 40 hours of paid time off to volunteer for PNC Grow Up Great. In the spring of 2006, PNC employees donated new school supplies to the YMCA Head Start and in the fall donated thousands of books in our second annual PNC Grow Up Great book drive.

Expanding education, PNC was the presenting sponsor of the Pennsylvania Ballet's *The Nutcracker*, and brought the Mouse King and Sugar Plum Fairy to visit the children at St. Elizabeth's. The Sugar Plum Fairy did a special reading of *The Nutcracker* to the children, and the Ballet's educational outreach staff got the children on their feet and dancing. The Ballet also

re-worked their grade-school workbooks to be age-appropriate for pre-school children. These were distributed to the children at St. Elizabeth's, as well.

Among the many available partner organizations is Philadelphia Reads. As part of a five-year partnership, every week we work one-on-one with more than 100 first- and second-graders at the Hunter School in North Philadelphia and the Decatur Elementary and Patterson School in Southwest Philadelphia.

PNC is also among the first area banks to take advantage of the Pennsylvania Educational Improvement Tax Credit Initiative. Through use of State tax credits, we have contributed more than \$2.5 million over four years to non-profit scholarship and educational improvement organizations. In 2006, we provided nearly \$100,000 in pre-school scholarships to schools such as Gesu, St. Martin of Tours, Jubilee and French International School of Philadelphia.

PNC's commitment also extends to higher education. PNC's \$1 million grant has created the first-ever PNC Professorship in Early Childhood Education at Temple University's College of Education. With Dr. Barbara Wasik in the position, Temple is assisting young children both through existing partnerships with city schools and an ambitious research agenda focusing on early childhood education and literacy.

Financial Education

When it comes to financial education, PNC begins with elementary school children and continues through adults. We are the corporate sponsor of Banking on Our Future, in partnership with Operation Hope, a national economic literacy program for youth ages eight to 18. At PNC headquarters, we house the regional Banking on Our Future program coordinator who trains PNC volunteers and bankers from throughout the region to teach Philadelphia school children about financial literacy. In 2006, PNC brought financial literacy programs to 3,500 students, through the efforts of 30 volunteers at 40 schools and churches.

In addition, we partnered with the Philadelphia Commercial Development Corporation for the Entrepreneurial Express Training Program, which provides hands-on business training to inner city teens and encourages them to implement business plans and become Philadelphia entrepreneurs.

PNC expanded our commitment to the Allegheny West Foundation, a community development corporation that enhances the Allegheny West neighborhoods of upper North Philadelphia, with our support in building affordable housing. To date, all 14 homes in Allegheny West's housing development have been financed through PNC. We provided a \$450,000 line of credit for working capital funding of pre-development and construction related costs. We financed the rehabilitation of four properties under the commitment of \$600,000. PNC also instructed 60 prospective homeowners in budgeting, credit, and mortgages at local Homebuyers Clubs.

In addition, Allegheny West has taken on Tioga United, who is PNC's blueprint community via The Federal Home Loan Bank's program. Allegheny West and PNC will support the development of affordable housing in the Tioga neighborhoods of North Philadelphia.

Community Development

PNC is investing more than ever in affordable housing. In 2006, we invested \$23,000,000 in Philadelphia, which is a new record. In April, we closed an \$11,000,000 investment in the third phase of the Philadelphia Housing Authority's Lucien E. Blackwell Homes (formerly Mill Creek) in West Philadelphia. This created an additional 35 affordable homes. In December, we closed an \$11,000,000 investment in St. John Neumann Place, which

will convert the former St. John Neumann High School in the Grays Ferry neighborhood of South Philadelphia into 75 affordable apartments for elderly households. Catholic Health Services of the Archdiocese of Philadelphia are sponsoring this development.

Banking Services

PNC's Foundation Checking account is designed especially for individuals who need to establish financial stability. The free account is combined with free educational classes and magazines so people get control of their finances and thus, find it easier to pay bills on time, avoid overdrawing their account, and budgeting until their next payday. It includes no minimum balance or monthly service charge, a free PNC Bank check card, unlimited check writing, pre-set daily limits on ATM withdrawals and debit card transactions to help customers better manage their cash.

For small business owners, PNC has free business checking with no minimum balance requirements or maintenance fees. In addition, a business line of credit is available in an amount as low as \$2,500. For college students, there is a student plan with free checking and savings, AutoAlerts so students are notified about account thresholds and that gives parents the flexibility to transfer funds easily.

PNC also offers the Personal Access Loan, a product which converts house equity into cash and allows consumers to borrow as little as \$1,000. Loans are made for up to 100 percent of property values and there are no restrictions on the use of the resulting funds. For the product launch, PNC teamed up with Philadelphia Neighborhood Housing Services and with ACORN, whose members went door-to-door in Philadelphia neighborhoods to spread the word.

In 2002, PNC helped the City launch the PHIL Loan program, giving creditworthy homeowners up to \$25,000 in loans for up to 20 years with no equity or house appraisals necessary. PNC is by far the leading financial institute, doing the most PHIL Loans in the City.

We offer financial literacy classes specifically tailored for college students -these demonstrate the proper way to handle finances, pay off college debt and save for the future. Special classes designed for the university's employees are also available through a partnership with Temple's human resources department.

Additionally, we offer 1-866-HOLA PNC—a 24 hour a day, 7 day a week service staffed with Spanish-speaking PNC representatives and translation services for people who speak other languages. PNC has also made a commitment to hiring multi-lingual/bi-lingual employees in order to service growing populations of immigrants from around the globe.

Federal - Community Reinvestment Act Rating

Rating for the Year 2006:

Outstanding

The related disclosure document is attached in electronic PDF or Word: yes