



The PNC Financial Services Group, Inc. Business Continuity Program



CONTENTS

A. INTRODUCTION	3
B. GOVERNANCE MODEL	3
C. PROGRAM COMPONENTS	4
Business Impact Analysis (BIA)	4
Risk Assessments	4
Planning and Mitigation	4
Recovery Testing	4
Risk Monitoring	5
Third Party Continuity	5
Awareness and Training	5
Reporting	5
D. CRISIS MANAGEMENT	5
E. INTERNAL AUDIT	6



A. Introduction

Business continuity management is a process that identifies potential threats to an organization and the impacts to business operations those threats might cause. It provides a framework for building organizational resiliency and recovery capabilities that enable an effective response that safeguards the interests of key stakeholders, reputation, brand and activities. The PNC Financial Services Group, Inc.'s (PNC) Business Continuity Program leads the organization's business continuity activities, which include business recovery, disaster recovery, and crisis management.

The program is based on a defined methodology that is aligned to industry best practices and the Federal Financial Institutions Examination Council (FFIEC) Guidelines. The program methodology has four embedded components:

1. Business Impact Analysis – prioritization of business recovery and its necessary components based on potential loss implications;
2. Risk Assessment – assessment of the likelihood and potential impact of threats that may lead to a business disruption;
3. Planning and Mitigation – establishment and ongoing maintenance of recovery plans for business processes and their interrelated components; and,
4. Recovery Testing – conducting periodic recovery testing of PNC's critical processes and components.

The guiding principles of the program are based on the priority to protect the health and safety of PNC employees, contractors, customers, and third parties. PNC is committed to safeguarding the ongoing availability of PNC products and services through effective business continuity, disaster recovery, and crisis management planning. To that end:

- PNC develops and maintains a set of Business Continuity (BC) plans, including business, technology, and crisis management plans, which are administered through an enterprise BC program that considers the prioritization of business objectives and critical operations that are essential for recovery in the case of a disruptive event.
- The program addresses key aspects of BC including but not limited to: personnel; communications; technology; facilities; third parties; electronic payment systems; liquidity concerns; financial disbursements; and manual operations;
- BC plans are updated as appropriate to reflect the current operating environment based on changes in business processes and interdependencies, risk assessments, audit recommendations, and testing results.
- BC plans are reviewed and approved at least annually by PNC business unit and support function management to determine whether any modifications are necessary in light of changes to operations, structure, business, or location.

B. Governance Model

The governance model is designed to provide centralized governance and oversight while enabling business ownership. Centrally managed business continuity guidelines and tools provide for assessment and mitigation of risks and development of recovery strategies. Each business segment has an



established business continuity team with defined roles and responsibilities to enable consistent business continuity planning and execution across the enterprise.

The 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 the PNC management and staff. 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.

C. Program Components

PNC prepares for the risk of potential disruptive events based on regulatory guidelines and PNC's understanding of industry standards and practices. The program helps to ensure that both expected and unexpected risks are identified, assessed and appropriately managed through activities designed to mitigate the risk associated with disruptive events and to enable the organization to meet recovery objectives.

The program executes on the following lifecycle:

- **Business Impact Analysis (BIA)**
Performed annually and includes assessment and prioritization of business functions, identification of the legal, regulatory, reputational, and financial impact of business disruptions, estimation of maximum allowable downtime and level of losses, and estimation of recovery time objectives, recovery point objectives, and recovery of the critical path.
- **Risk Assessments**
Conducted and documented to evaluate the BIA assumptions, analyze threats to PNC (including employees and facilities), its customers and markets, prioritize potential business disruptions, and provide a policies and procedures gap analysis. Risk assessments will identify gaps between recovery demands and existing capabilities for technology, facilities, employees, and third parties.
- **Planning and Mitigation**
Focused on identifying, assessing, and reducing risk to an acceptable level through the development, implementation, and maintenance of a comprehensive BC program and related plans. Plans developed under the program must be effective in minimizing service disruptions and financial loss and allow for flexibility to respond to unanticipated threat scenarios and changing internal conditions. The plans should be specific regarding what conditions prompt crisis management implementation and the immediate steps to be taken during a disruptive event. Plans will be disseminated and communicated to PNC employees.
- **Recovery Testing**
Instrumental part of the methodology to validate the planning requirements identified within the business impact analysis and risks assessment. An enterprise-wide testing and risk monitoring program is maintained for the execution of annual testing sufficient to validate the viability of BC plans. The testing program includes but is not limited to:
 - Verifying defined roles and responsibilities;
 - Establishing the breadth, depth, and frequency of testing activities based on process criticality and/or changes to operating environments;



- Ensuring testing of internal and external parties and supporting systems, processes and resources;
- Demonstrating the ability of recovery arrangements to sustain the business until permanent operations are established;
- Documenting and reporting test results;
- An independent review by a third party; and
- Identifying gaps as a result of testing and incorporating revisions to the testing program as necessary.

Other disciplines with the program include:

- **Risk Monitoring**
Monitoring of activities and plans provides assurance that the program is effective and remains viable. Specific BC components not aligned with the program are identified and remediation efforts implemented to address such gaps. Reports of risks and activities are produced with the objective of comprehensive and transparent reporting through the governance structure.
- **Third Party Continuity**
Assessing the ability of third parties to respond to service disruptions and conducting recovery testing with third parties critical to business operations.
- **Awareness and Training**
PNC provides business continuity planning awareness via internal meetings with lines of business, executive committee reviews, employee forums, awareness events held at locations across the PNC footprint, and internal websites. Business continuity training is available to employees through PNC's learning portal and includes general awareness training, manager web based training, and reference guides for specific areas of focus within the BC program.
- **Reporting**
Management reporting, which is an integrated part of PNC's Business Continuity Program, is designed to summarize and highlight recovery and business resumption capabilities for specific businesses and services. It also provides a transparent overview among interdependent business activities. The reporting components are presented in aggregated management reports and provided to executive management and various committees.

D. Crisis Management

The Business Continuity Program has established a crisis management capability, including defined crisis teams, crisis plans and standardized processes. PNC's Enterprise Crisis Management team developed partnerships with a wide range of agencies, authorities and organizations to receive incident and event notification allowing for a quick and coordinated organizational response to crisis events. Additional steps, which also serve to mitigate and reduce impact to customer services, include:

- Establishment of crisis management teams that conduct impact assessment, notify critical contacts, and coordinate overall response.
- Coordinating crisis communications to provide notification and impact assessment to employees, customers, regulators, and third parties.



- Execution of scenario-based walkthroughs, which promote an understanding of assessed impact, crisis response, and recovery capabilities.
- Testing of crisis management response processes, tools, and resources that improve overall effectiveness of crisis management.

E. Internal Audit

PNC has a full, in-house Internal Audit (IA) staff. Its mission is to provide assurance to the Audit Committee of the Board of Directors and management as to the adequacy and effectiveness of PNC's risk management, control, and governance processes. This assurance covers PNC's Business Continuity Management Program.

IA uses a risk based approach to determine the frequency with which audits are performed based on the inherent risk and key initiatives of the area. Every year, IA publishes an annual written audit plan. As the plan is executed, all of the results are communicated to the Audit Committee of the Board of Directors.

During an audit, IA assesses the control design of individual processes and executes a test plan to assess the operating effectiveness of key controls. In conducting its activities, IA adheres to a formal methodology and conforms to professional standards set forth by the Institute of Internal Auditors. At the conclusion of the audit, IA produces a written report. Every report includes an overall audit opinion and a rating for any audit issue included therein. Medium and High rated issues require a management response, are formally tracked to conclusion, and include IA validation of corrective actions. All audit results are disseminated to key stakeholders, including PNC senior and relevant management, the Audit Committee of the Board of Directors, the Federal Reserve, the Office of the Comptroller of the Currency, and PNC's external audit firm.