

Pennsylvania

Diverse Revenue Streams

An Interview with James E. Rohr,
Chairman and Chief Executive Officer, The PNC Financial Services Group, Inc.



James E. Rohr

EDITORS' NOTE Prior to assuming his current post, James Rohr served as Chief Operating Officer of PNC. He previously served as President (from 1992), Director (from 1990), and Vice Chairman (from 1989). The recipient of the Banker of the Year award from American Banker magazine in 2007, Rohr serves on RAND Corporation's board of trustees and on several boards of directors, including those of Allegheny Technologies Inc. and Equitable Resources, Inc. He is also Chairman of the Allegheny Conference on Community Development. Rohr received a bachelor of arts degree from the University of Notre Dame and an MBA from Ohio State University.

COMPANY BRIEF Headquartered in Pittsburgh, The PNC Financial Services Group, Inc. (www.pnc.com), is a leading supplier of financial products and services, providing retail and business banking; specialized services for corporations and government entities, including corporate banking, real estate finance, and asset-based lending; wealth management; asset management; and global fund services. Its flagship line of business, PNC Bank, offers consumer and corporate services through 1,100 branches across the mid-Atlantic region. In addition, the firm owns about 34 percent of the publicly traded fund manager BlackRock. PNC employs around 27,000 people and is traded on the New York Stock Exchange under the ticker symbol PNC.

Have you been happy with the recent growth of PNC's business?

Yes, I have. We've chosen an approach that has very diverse revenue streams – more diverse than those of our peers. Indeed, almost 60 percent of our revenues come from non-interest income, as opposed to the 35 percent of revenues that most banks get from fee-based businesses and services. Our diverse business mix means we don't have to make bets on the yield curve or on the credit curve, which is clearly an advantage in the current climate. Just like in an investment portfolio, diversity is a good thing in banking; concentration is a little risky. And in our business, managing risk is very important. This approach has worked out well for us.

Is it challenging to differentiate in the market today? How do you show what makes a brand like PNC unique?

It's an extraordinarily competitive environment. There are a lot of financial services companies, and a lot of our products are very similar. In some areas, however, such as technology, we have been able to differentiate ourselves. *CIO* magazine annually picks the top 100 technology companies in America, and in recent years, we've been in that top 100, as one of only two banks included. In addition, our customer service sets us apart. We spend a lot of time and effort making sure we provide exceptional service to customers. That is an important part of our brand.

You mentioned that you are a market leader in technology. How is technology changing the way you operate?

We have a single platform, so we can do things for all of our customers across PNC. Other banks have mobile platforms, which don't allow them to leverage their technology across the whole company. Our single platform has a major impact on our efficiency, and it also facilitates our development. We can spend more money on product development, because we don't have to support mobile systems. So technology is a differentiating factor for us.

You talk about diversity in your business, but what about in your workforce? Is it important for your employee base to mirror the diversity of your client base?

It's extremely important, especially now. I'm the Chairman of the Diversity Council here. If you're not acquiring and leveraging diverse talent within your company, you're ignoring talent that another company could bring into their

franchise. If you're building a company for the future, you would be naive not to be recruiting and developing a diverse talent pool.

How does PNC strive to be a good corporate citizen?

Giving back has always been part of our culture. The Committee for Encouraging Corporate Philanthropy presented us with the Large Company Excellence Award in February for our philanthropy programs. Nearly all of our employees are involved, whether it's with our Grow Up Great program, or a number of other projects that we support.

You're involved in the Allegheny Conference on Community Development. Why do you feel that's such a critical organization, and how has it affected business within western Pennsylvania?

The Allegheny Conference has been the engine in the region for almost 50 years. It examines long-term issues that the Mayor might not be able to look at, from cleaning up the smoky air in the '50s to building new stadiums and working on the image of the city, as we have done today. We've approached the 250th anniversary of Pittsburgh as an opportunity to create and support numerous community projects, not the least of which is to enhance the self-image of our region among all our residents.

"Imagine What You Can Do Here" is an ad campaign that was put together by the Allegheny Conference, and the entire community is supporting it. Pittsburgh has been named the most livable city in the United States twice in the past seven years. We have the shortest commute of any major city. We have one of the lowest crime rates of any major city. We have what has been named "the number-one cultural district in the country." So we live in a region that enjoys many amenities and worklife advantages.

When addressing the issues that face the state, how critical is it to have an effective dialogue between public officials and private-sector leaders?

There really does need to be collaboration, and Governor Rendell has been extraordinarily good at having those discussions. We live in such a complex world, and our governance structure is extraordinarily complex. I don't envy the Governor, or any political leader, trying to manage the responsibilities and problems that come across their desks. But, clearly, we can achieve great things if we work on these issues together. ●