

PNC FINANCIAL SERVICES GROUP INC

Form FWP

February 03, 2010

The PNC Financial Services Group, Inc.
Planned TARP Preferred Redemption,
Sale of PNC Global Investment Servicing and
Equity Offering
February 2, 2010

Filed
Pursuant
to
Rule
433
Registration
No.
333-164364

2

**Cautionary Statement Regarding Forward-Looking
Information and Adjusted Information**

This presentation includes snapshot information about PNC used by way of illustration. It is not intended as a full business context of all of the information made available by PNC in its SEC filings. The presentation also contains forward-looking statements relating to PNC's future business, operations, financial condition, financial performance, capital and liquidity levels, and assets subject to numerous assumptions, risks and uncertainties, which change over time.

The forward-looking statements in this presentation are qualified by the factors affecting forward-looking statements identified included in the Appendix, which is included in the version of the presentation materials posted on our corporate website at [www.pnc.com](#)

detail regarding some of these factors in our 2008 Form 10-K and 2009 Form 10-Qs, including in the Risk Factors and Risk Management sections of our 2008 Form 10-K and 2009 Form 10-Qs, and in other SEC filings (accessible on the SEC's website at www.sec.gov and on or through our corporate website at www.pnc.com) and elsewhere in this presentation as inactive textual references only. Information on these websites is not part of this document. Future events or circumstances may change our outlook or expectations and may also affect the nature of the assumptions, risk factors and other statements are subject. The forward-looking statements in this presentation speak only as of the date of this presentation. We will update those statements.

In this presentation, we will sometimes refer to adjusted results to help illustrate the impact of certain types of items, including the BlackRock's acquisition of Barclays Global Investors (BGI), our fourth quarter 2008 conforming provision for credit losses, and our 2009 and 2008 periods. This information supplements our results as reported in accordance with GAAP and should not be viewed as a substitute for our GAAP results. We believe that this additional information and the reconciliations we provide may be useful to investors, analysts, regulators and other interested parties in understanding these respective items on our results for the periods presented due to the extent to which the items are not indicative of our ongoing operations. In certain discussions, we may also provide information on yields and margins for all interest-earning assets calculated using net interest income, including increasing the interest income earned on tax-exempt assets to make it fully equivalent to interest income earned on taxable investments. This information may be useful when comparing yields and margins for all earning assets.

This presentation may also include discussion of other non-GAAP financial measures, which, to the extent not so qualified, may not be comparable to the reconciliation information available on our corporate website at www.pnc.com under "About PNC Investor Relations."

3

Key Messages

PNC Continues to Build a Great Company.

PNC Continues to Build a Great Company.

(1) Estimated. See pages 5 and 19 for further information.

Planned redemption of \$7.6 billion of PNC preferred stock held by the US Treasury

-

Will eliminate \$380 million in annual preferred

dividends

Definitive agreement to sell PNC Global Investment
Servicing (GIS) for \$2.3 billion

-

\$1.6 billion increase to Tier 1 common capital

1

upon

closing

Planned \$3.0 billion PNC common equity offering

Proforma Tier 1 common capital ratio

1

of 8.0% to provide

flexibility for future growth

4

Equity Offering

J.P. Morgan, Morgan Stanley

Global coordinators

In conjunction with other capital and liquidity

actions announced today, redemption of PNC

preferred stock held by the US Dept. of the

Treasury

Use of proceeds

February 3,
2010

Expected equity pricing

\$25.8 billion

Market cap (as of 2/1/2010)

461,416,582

Shares outstanding (pre-offer as of 1/31/2010)

\$55.86

Stock price (as of 2/1/2010)

100% primary common equity

Share composition

\$3.0 billion / 15%

Offering size/over-allotment

PNC/NYSE

Ticker/Exchange

The PNC Financial Services Group, Inc.

Issuer

5
Risk-Based Capital Ratios
1.6
1.6
Net impact of sale of GIS
3
10.3%
8.0%
Proforma ratios

\$23.4

\$18.1

Proforma

11.5%

6.0%

Ratios

3.0

(.3)

\$13.8

Tier 1 common

1

3.0

Common equity offering

2

(7.6)

TARP redemption

2

\$26.4

December 31, 2009

Tier 1 risk based

1

\$ in billions

(1) Estimated. (2) Anticipated to occur in the first quarter 2010. (3) Anticipated to occur in the third quarter of 2010 subject to regulatory approvals and certain other customary closing conditions. Further information is provided in the Appendix.

Net cash outflow from the TARP preferred redemption is expected to be \$7.6 billion. PNC expects to issue \$1.5 billion to \$2 billion of senior debt to provide additional bank holding company liquidity.

6
Relative Capital Positioning
December 31, 2009 Tier 1 common ratio
6.5%
6.8%
7.0%
7.2%
7.7%
8.2%

8.5%
8.8%
10.7%
6.0%
7.8%
8.0%
7.5%
PNC
WFC
USB
FITB
RF
KEY
STI
BAC
PNC
CMA
BBT
JPM
COF

(1) Estimated. See page 5 for further information. Peer source: company reports.

7
CO
TX
KS
OK
(offices in 21
countries)
BlackRock
8

th
\$270 billion

Assets

U.S. Rank

1

Dec. 31, 2009

6,473

2,512

\$187 billion

5

th

ATMs

5

th

Branches

5

th

Deposits

(1) Rankings source: SNL DataSource.

PNC's Powerful Franchise

Retail

Footprint covering nearly 1/3 of the

U.S. population

Asset Management

One of the largest bank-held asset

managers in the U.S.

Residential Mortgage

Corporate & Institutional

A leader in serving middle-market

customers and government entities

One of the nation's largest mortgage

platforms

8

PNC's Framework for Success
Execute on and deliver the PNC
business model
Capitalize on integration
opportunities
Emphasize continuous
improvement culture
Leverage credit that meets our

risk/return criteria
Focus on cross selling PNC's
deep product offerings
Focus front door
on risk-
adjusted returns
Leverage back door
credit
liquidation capabilities
Maximize credit portfolio value
Reposition deposit gathering
strategies
Action Plans
0.17%
N/A
45%
3.5%
93%
Peers
2
Dec. 31,
2009
0.62%
1
>\$1.2 billion
43%
1
2.4%
84%
PNC
Dec. 31, 2009
1.30%+
\$1.5 billion
>50%
0.3%-0.5%
80%-90%
Target
Return on
average assets
(for the year
ended)
Key Metrics
Loan to
deposit ratio
(as of)
Provision to
average loans
(for the year
ended)
Noninterest

income/total
revenue
(for the year
ended)
Integration
cost savings
(4Q09, annualized)
Executing our
strategies
PNC Business
Model
Staying core
funded
Returning to a
moderate risk
profile
Growing high
quality, diverse
revenue
streams
Creating
positive
operating
leverage

(1) Excludes the impact of the \$1.1 billion pretax, \$687 million after-tax, gain related to BlackRock's acquisition of Barclays (the BLK/BGI gain). Including the gain, noninterest income to total revenue percentage for the year was 47% and the return .87%. Further information is provided in the Appendix. (2) Peers represents average of banks identified in the Appendix. Source

9

2009 Financial Highlights

Execution of the PNC business model delivered exceptional results

Well-positioned balance sheet at year end with an improved risk profile,
increased loan loss reserves, more liquidity and more capital

Strong revenue performance of \$17 billion from diversified sources

Disciplined

expense

management

-
increased integration cost savings goal
to \$1.5 billion annualized

Pretax
pre-provision
earnings

1
exceeded
credit
costs

by
\$3.3

billion
\$4.36

\$2,403

\$16,988

FY09

\$3,871

\$3,987

\$4,048

\$5,082

Revenue

\$2.17

\$1,107

4Q09

\$1.03

\$530

1Q09

\$1.00

\$559

3Q09

\$207

Net income

\$.14

2Q09

Earnings per diluted common share

In millions, except per share

(1) Total revenue less noninterest expense. Revenue includes the \$1.1 billion BLK/BGI gain in the fourth quarter of 2009. For
Appendix.

10

A Higher Quality, Differentiated Balance Sheet

Core funded -

loan to deposit ratio of 84%

Appropriately reserved -

loss coverage

ratio of 6.2%

1

Improved securities portfolio risk profile

enhanced liquidity and shift to
government and agency securities

Asset sensitive
duration of equity
negative 1 year

Proforma

2

Expected improvement to capital quality

common

equity

would

be

\$26

billion

Balance sheet positioning

\$270

22

8

14

39

\$187

\$270

57

157

\$56

Dec. 31,

2009

Common equity

Preferred equity

Total liabilities and equity

Borrowed funds

Deposits

Other liabilities

Other assets

Loans

Total assets

Investment securities

Category (billions)

PNC Made Substantial Progress in 2009 Transitioning the

PNC Made Substantial Progress in 2009 Transitioning the

Balance Sheet to Reflect Our Business Model.

Balance Sheet to Reflect Our Business Model.

(1) Calculated as the allowance for loan and lease losses combined with the remaining impairment marks on loans acquired from National City that were impaired per FASB ASC 310-30 (AICPA SOP 03-3) as a percentage of the outstanding loan portfolio as of December 31, 2009. (2) Reflects impact of equity offering and the impact of the planned sale of GIS. Further information is provided on pages 18 and 19.

11
Stronger Loss Coverage
Total loans
6.2%
Commercial real estate
9.4%
Commercial
4.0%
Residential real estate

12.5%

Consumer

4.7%

2009 reserves / total loans

4.99%

4.75%

4.54%

4.28%

3.94%

3.38%

3.22%

2.96%

2.64%

2.54%

2.45%

2.34%

1.69%

JPM

FITB

COF

KEY

BAC

RF

PNC

WFC

STI

USB

BBT

CMA

MTB

2009 reserves / net charge-offs

1.9

1.7

1.5

1.5

1.4

1.4

1.3

1.3

1.1

1.1

1.1

1.0

0.9

PNC

MTB

BBT

FITB

RF

JPM

WFC
USB
CMA
KEY
BAC
STI
COF

As of or for the year ended for 2009. Peer source: SNL DataSource. (1) Calculated as the allowance for loan and lease losses c with the remaining impairment marks on loans acquired from National City that were impaired per FASB ASC 310-30 (AICPA as a percentage of the outstanding loan portfolio at December 31, 2009.

PNC loss coverage

1

including marks:

X

12

Pretax Pre-Provision Earnings

1

Substantially

Exceed Credit Costs

PNC full year 2009

PNC Is Recognized for the Ability to Create Positive Operating

PNC Is Recognized for the Ability to Create Positive Operating

Leverage to Help Offset Credit Costs.

Leverage to Help Offset Credit Costs.

\$17.0

\$9.7

\$7.3

\$3.9

Peer source: SNL DataSource. (1) Total revenue less noninterest expense. Revenue includes the \$1.1 billion BLK/BGI gain excluded from earnings. (2) For full year 2009, GIS revenue was \$781 million, expenses were \$781 million, pretax pre-provision earnings were \$99 million and provision was \$0. (3) Further information is provided in the Appendix.

Revenue

Expense

Pretax pre-

provision

earnings

1

Provision

\$16.2

\$9.0

\$7.2

\$3.9

Excluding GIS

2

1.86

1.85

1.83

1.50

1.47

1.37

1.32

1.22

1.09

0.89

0.66

0.40

0.27

MTB

PNC

WFC

JPM

USB

BBT

COF

FITB

BAC

CMA

RF

STI

KEY

2009 pretax

pre-provision

earnings

1

/provision
Excluding
the
BLK/BGI
gain
1.57x

3

X

13

Cost Saves

A Substantial Contributor to 2010

(1) Annualized acquisition-related cost savings goal. (2) 2010 expectations exclude the impact of the \$1.1 billion BLK/BGI gain. (3) 2010 impact of the planned sale of GIS. (3) Total revenue less noninterest expense.

PNC integration cost saves (millions)

2009

captured

\$800

\$1,300+

June 2011

\$1,500

2010

expectation

2010 expectations

Net interest income and net interest
margin consistent with 3Q09
annualized

Lower noninterest income due to
2009 impact of MSR hedging gains

Reduced expenses driven by
increased acquisition cost saves and
lower integration costs

Credit cost improvement as the
economy recovers

Significant pretax pre-provision
4Q09

annualized

>\$1,200

2

goal

1

earnings

3

will continue to exceed
credit costs

14

Summary

PNC Continues to Build a Great Company.

PNC Continues to Build a Great Company.

The execution of the PNC business model resulted in exceptional 2009 performance

Actions announced today are consistent with PNC's disciplined use of capital

-

Redemption of TARP preferred will eliminate a degree of uncertainty for

our shareholders, customers and employees

-

Issuance of common equity will improve the composition of our capital structure

-

Definitive agreement to sell GIS captures value at the appropriate time
PNC's realistic opportunities for growth are expected to deliver significant value

Appendix

16
Cautionary Statement Regarding Forward-Looking
Information
Appendix
This
presentation
includes
 snapshot
information

about
PNC
used
by
way
of
illustration
and
is
not
intended
as
a
full
business
or
financial
review.

It should not be viewed in isolation but rather in the context of all of the information made available by PNC in its SEC filings. We also make statements in this presentation, and we may from time to time make other statements, regarding our outlook or earnings, revenues, expenses, capital levels, liquidity levels, asset quality and/or other matters regarding or affecting PNC that statements within the meaning of the Private Securities Litigation Reform Act. Forward-looking statements are typically identified

believe,
plan,
expect,
anticipate,
intend,
outlook,
estimate,
forecast,
will,
project

and other similar words and expressions. Forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made. We do not assume any duty and do not undertake to update forward-looking statements. Actual results or future events could differ, possibly materially, from those that we anticipated in our forward-looking statements and future results could differ materially from our historical performance.

Our forward-looking statements are subject to the following principal risks and uncertainties. We provide greater detail regarding the following factors

in
our
2008
Form
10-K
and
2009
Form
10-Qs,
including

in
the
Risk
Factors
and
Risk
Management
sections

of
those
reports,
and

in
our
other

SEC filings. Our forward-looking statements may also be subject to other risks and uncertainties, including those that we may

this
presentation

or
in

our
filings

with
the

SEC,
accessible

on
the

SEC's
website

at

www.sec.gov

and

on

or

through

our

corporate

website

at

www.pnc.com/secfilings.

We

have

included

these

web

addresses

as

inactive

textual

references
only.
Information
on
these
websites
is
not
part
of this document.

Our businesses and financial results are affected by business and economic conditions, both generally and specifically in the markets in which we operate. In particular, our businesses and financial results may be impacted by:

- o Changes in interest rates and valuations in the debt, equity and other financial markets;

- o Disruptions in the liquidity and other functioning of financial markets, including such disruptions in the markets for real estate commonly securing financial products;

- o Actions by the Federal Reserve and other government agencies, including those that impact money supply and market interest rates;

- o Changes in our customers', suppliers' and other counterparties' performance in general and their creditworthiness in particular;

- o Changes in levels of unemployment; and

- o Changes in customer preferences and behavior, whether as a result of changing business and economic conditions or other factors.

A continuation of recent turbulence in significant portions of the US and global financial markets, particularly if it worsens, could impact our performance,

both directly and indirectly by affecting our revenues and the

value
of
our
assets
and
liabilities
and
indirectly
by
affecting
our
counterparties
and
the
economy generally.

Our
business
and
financial
performance
could
be
impacted
as
the
financial
industry
restructures
in
the
current
environment,
both
by
changes
in
the

creditworthiness and performance of our counterparties and by changes in the competitive and regulatory landscape.

Given current economic and financial market conditions, our forward-looking financial statements are subject to the risk that substantially different than we are currently expecting. These statements are based on our current expectations that interest rate will move downward in the first half of 2010 but will move upward in the second half of the year and our view that the modest economic recovery that we expect will extend through 2010.

17
Cautionary Statement Regarding Forward-Looking
Information
(continued)
Appendix

Legal and regulatory developments could have an impact on our ability to operate our businesses or our financial condition or our competitive position or reputation. Reputational impacts, in turn, could affect matters such as business generation and retention, attract and retain management, liquidity, and funding. These legal and regulatory developments could include:

- o Changes resulting from legislative and regulatory responses to the current economic and financial industry environment, including future conditions or restrictions imposed as a result of our participation in the TARP Capital Purchase Program;
- o Other legislative and regulatory reforms, including broad-based restructuring of financial industry regulation as well as change regulations involving tax, pension, bankruptcy, consumer protection, and other aspects of the financial institution industry;
- o Increased litigation risk from recent regulatory and other governmental developments;
- o Unfavorable resolution of legal proceedings or other claims and regulatory and other governmental inquiries;
- o The results of the regulatory examination and supervision process, including our failure to satisfy the requirements of agreements with governmental agencies;
- o Changes in accounting policies and principles; and
- o Changes to regulations governing bank capital, including as a result of the so-called "Basel 3" initiatives.

If we do not redeem the Series N Preferred stock we issued to the US Department of the Treasury such securities may limit our capital to our shareholders and are dilutive to our common shares. If we are unable previously to redeem the shares, the dividend is payable substantially after five years.

Our business and operating results are affected by our ability to identify and effectively manage risks inherent in our businesses. We manage risks, where appropriate, through the effective use of third-party insurance, derivatives, and capital management techniques, and by our ability to meet regulatory capital standards.

The adequacy of our intellectual property protection, and the extent of any costs associated with obtaining rights in intellectual property from others, can impact our business and operating results.

Our ability to anticipate and respond to technological changes can have an impact on our ability to respond to customer needs and competitive demands.

Our ability to implement our business initiatives and strategies could affect our financial performance over the next several years.

Competition can have an impact on customer acquisition, growth and retention, as well as on our credit spreads and product pricing, market share, deposits and revenues.

Our business and operating results can also be affected by widespread natural disasters, terrorist activities or international hostilities. The result of the impact on the economy and capital and other financial markets generally or on us or on our customers, suppliers or other parties is not specifically known.

Also, risks and uncertainties that could affect the results anticipated in forward-looking statements or from historical performance are discussed in more detail in BlackRock's filings with the SEC, including in the Risk Factors section of BlackRock's annual reports. BlackRock's SEC filings are accessible on the SEC's website and on or through BlackRock's website at www.blackrock.com. These filings are referenced for informational purposes only and should not be deemed to constitute a part of this document.

In addition, our acquisition of National City Corporation ("National City") on December 31, 2008 presents us with a number of risks both to the acquisition itself and to the integration of the acquired businesses into PNC. These risks and uncertainties include the

The anticipated benefits of the transaction, including anticipated cost savings and strategic gains, may be significantly harder to achieve than expected or may not be achieved in their entirety as a result of unexpected factors or events.

18
Cautionary Statement Regarding Forward-Looking
Information
(continued)
Appendix
Our
ability
to
achieve

anticipated
results
from
this
transaction
is
dependent
on
the
state
going
forward
of
the
economic
and
financial
markets,

which have been under significant stress recently. Specifically, we may incur more credit losses from National City's loan portfolio. Other issues related to achieving anticipated financial results include the possibility that deposit attrition or attrition in key client relationships may be greater than expected.

Legal proceedings or other claims made and governmental investigations currently pending against National City, as well as claims filed, made or commenced relating to National City's business and activities before the acquisition, could adversely impact our results.

Our ability to achieve anticipated results is also dependent on our ability to bring National City's systems, operating models, and processes into conformity with ours and to do so on our planned time schedule. The integration of National City's business and operations into ours includes conversion of National City's different systems and procedures, may take longer than anticipated or be more costly than anticipated. There are also unanticipated adverse results relating to National City's or PNC's existing businesses. PNC's ability to integrate National City's business may be adversely affected by the fact that this transaction has resulted in PNC entering several markets where PNC did not previously have a retail presence.

In addition to the National City transaction, we grow our business from time to time by acquiring other financial services companies.

general
present
us
with
risks,
in
addition
to
those
presented
by
the
nature
of
the
business
acquired,
similar
to
some

or
all
of
those
described
above
relating
to
the
National
City
acquisition.

Any annualized, proforma, estimated, third party or consensus numbers in this presentation are used for illustrative or comparative purposes and may not reflect actual results. Any consensus earnings estimates are calculated based on the earnings projections made by that company. The analysts' opinions, estimates or forecasts (and therefore the consensus earnings estimates) are theirs alone, are not those of PNC or its management, and may not reflect PNC's or other company's actual or anticipated results.

19
Impact
of
Planned
Sale
of
GIS
1
(0.2)

(0.0)

Adjustments

/

other

2

1.1

Net intangible

1.3

Goodwill and other intangible assets

Elimination of net intangible:

Less:

(1.5)

Book equity / intercompany debt

Cash

Book

(billions)

\$1.6

(0.2)

0.5

(0.3)

0.8

\$2.3

PNC tangible capital improvement

Eligible deferred income taxes on goodwill
and other intangible assets

After tax gain / increase in cash

Taxes

Pretax gain

Sales price

1.8

(0.3)

2.1

\$2.3

Estimated gain, cash proceeds and capital enhancement

Appendix

(1) Transaction is currently expected to close in the third quarter of 2010, subject to regulatory approvals and certain other closing conditions. (2) Book column amount reflects transaction expenses of \$46 million; cash column amount reflects transaction expenses of \$46 million and \$138 million of deferred tax reversal.

20

Non-GAAP to GAAP Reconciliation

Appendix

(a) Calculated using a marginal federal income tax rate of 35%. The after-tax gain on the BlackRock/BGI transaction also reflects taxes.

For the three months ended, *in millions*

Pretax

Income taxes

(benefit) (a)

Net income
Reported net income (loss)
(\$246)
National City conforming provision for credit losses
\$504
(\$176)
328
Net income excluding National City conforming provision for credit losses
\$82

Year ended, *in millions*

Pretax

Income taxes

(benefit) (a)

Net income

Diluted EPS

Reported net income

\$2,403

\$4.36

Gain on BlackRock/BGI transaction

(\$1,076)

\$389

(687)

(1.51)

Net income excluding gain on BlackRock/BGI transaction

\$1,716

\$2.85

Year ended, *in millions*

Net income

Average assets

Return on

average assets

Reported

\$2,403

\$276,876

0.87%

Excluding gain on BlackRock/BGI transaction

\$1,716

\$276,876

0.62%

December 31, 2008

PNC

believes

that

information

adjusted

for

the

impact

of

certain
items
may
be
useful
due
to
the
extent
to
which
the
items
are
not
indicative
of
our
ongoing
operations.
December 31, 2009
PNC
believes
that
information
adjusted
for
the
impact
of
certain
items
may
be
useful
due
to
the
extent
to
which
the
items
are
not
indicative
of
our
ongoing
operations.

December 31, 2009

21
Non-GAAP to GAAP Reconciliation
Appendix
in millions
Reported
Gain on
BlackRock/BGI
transaction
Reported

excluding
 BlackRock/BGI
 gain
 Reported
 Gain on
 BlackRock/BGI
 transaction
 Reported
 excluding
 BlackRock/BGI
 gain
 Net interest income
 \$9,054
 \$9,054
 \$2,345
 \$2,345
 Noninterest income
 7,934
 \$1,076
 6,858
 2,737
 \$1,076
 1,661
 Total revenue
 \$16,988
 \$1,076
 \$15,912
 \$5,082
 \$1,076
 \$4,006
 Noninterest income/total revenue
 47%
 43%
 54%
 41%
 in millions
 Reported
 excluding
 BlackRock/BGI
 gain
 Global Investment
 Servicing
 Reported
 excluding
 BlackRock/BGI
 gain and Global
 Investment
 Servicing
 Net interest income
 \$9,054

(\$29)

\$9,083

Noninterest income

6,858

810

6,048

Total revenue

\$15,912

\$781

\$15,131

Noninterest income/total revenue

43%

40%

Year ended Dec. 31, 2009

Three months ended Dec. 31, 2009

Year ended Dec. 31, 2009

PNC believes that information adjusted for the impact of certain items may be useful due to the extent to which the items are n
operations.

22

Non-GAAP to GAAP Reconciliation

Appendix

Year ended

March 31, 2009

June 30, 2009

Sept. 30, 2009

Dec. 31, 2009

Dec. 31, 2009

in millions

Total revenue

\$3,871

\$3,987

\$4,048

\$5,082

\$16,988

Noninterest expense

2,328

2,658

2,379

2,369

9,734

Pretax pre-provision earnings

\$1,543

\$1,329

\$1,669

\$2,713

\$7,254

Provision for credit losses

880

1,087

914

1,049

3,930

Excess of pretax pre-provision earnings over credit losses

\$663

\$242

\$755

\$1,664

\$3,324

Net charge-offs

\$431

\$795

\$650

\$835

\$2,711

Pretax pre-provision earnings / provision

1.85

Total revenue

\$3,871

\$3,987

\$4,048

\$5,082

\$16,988

Gain on BlackRock/BGI transaction

1,076

1,076

Total revenue excluding BlackRock/BGI gain

3,871

3,987

4,048

4,006

15,912

Noninterest expense

2,328

2,658

2,379

2,369

9,734

Pretax pre-provision earnings excluding BlackRock/BGI gain

\$1,543

\$1,329

\$1,669

\$1,637

\$6,178

Provision for credit losses

880

1,087

914

1,049

3,930

Excess of pretax pre-provision earnings excluding BlackRock/BGI
gain over credit losses

\$663

\$242

\$755

\$588

\$2,248

Net charge-offs

\$431

\$795

\$650

\$835

\$2,711

Pretax pre-provision earnings excluding BlackRock/BGI gain /
provision

1.57

Three months ended

PNC believes that pretax pre-provision earnings is useful as a tool to help evaluate ability to provide for credit costs through op
for the impact of certain items may be useful due to the extent to which the items are not indicative of our ongoing operations.

23
Non-GAAP to GAAP Reconciliation
Appendix
Adjustments,
Income taxes
Net
Diluted
Adjustments,
Income taxes

Net
 Diluted
 For the three months ended, *in millions except per share data*
 Pretax
 (benefit) (a)
 Income
 EPS
 Pretax
 (benefit) (a)
 Income
 EPS
 Net income, as reported
 \$1,107
 \$2.17
 \$559
 \$1.00
 Adjustments:
 Gain on BlackRock/BGI transaction
 (\$1,076)
 \$389
 (687)
 (1.49)

 Integration costs
 155

 (54)

 101

 .22

 \$89
 (\$31)
 58
 .12

 Net income, as adjusted
 \$521
 \$.90
 \$617
 \$1.12
 Adjustments,
 Income taxes
 Net
 Diluted
 For the three months ended, *in millions except per share data*
 Pretax
 (benefit) (a)
 Income

EPS

Net income (loss), as reported

(\$246)

\$(.77)

Adjustments:

Conforming provision for credit losses - National City

\$504

(\$176)

328

.94

Other integration costs

81

(29)

52

.15

Net income, as adjusted

\$134

\$.32

Adjustments,

Income taxes

Net

Diluted

Adjustments,

Income taxes

Net

Diluted

Year ended, *in millions except per share data*

Pretax

(benefit) (a)

Income

EPS

Pretax

(benefit) (a)

Income

EPS

Net income, as reported

\$2,403

\$4.36

\$914

\$2.44

Adjustments:

Gain on BlackRock/BGI transaction

\$(1,076)

\$389

(687)

(1.51)

Conforming provision for credit losses - National City

\$504

(\$176)

328

.95

Other integration costs

421

(147)

274

.60

145

(51)

94

.27

Net income, as adjusted

\$1,990

\$3.45

\$1,336

\$3.66

December 31, 2009

September 30, 2009

December 31, 2008

December 31, 2009

December 31, 2008

PNC believes that information adjusted for the impact of certain items may be useful due to the extent to which the items are material.

(a) Calculated using a marginal federal income tax rate of 35%. The after-tax gain on the BlackRock/BGI transaction also reflects the impact of the tax rate.

24
Peer Group of Banks
Appendix
The PNC Financial Services Group, Inc.
PNC
BB&T Corporation
BBT
Bank of America Corporation
BAC

Capital One Financial, Inc.
COF
Comerica Inc.
CMA
Fifth Third Bancorp
FITB
JPMorgan Chase
JPM
KeyCorp
KEY
M&T Bank
MTB
Regions Financial Corporation
RF
SunTrust Banks, Inc.
STI
U.S. Bancorp
USB
Wells Fargo & Company
WFC
Ticker

25

The PNC Financial Services Group, Inc.

PNC has filed a registration statement (including a prospectus) (File No. 333-164364) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents PNC has filed with the SEC for more complete information about PNC and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, copies of the prospectus may be obtained

from J.P. Morgan Securities Inc. toll free at (866) 803-9204 or Morgan Stanley & Co. Incorporated toll free at (800) 718-1649.